

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED March 31, 2021
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____
Commission File Number: 001-35538

The Carlyle Group Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

45-2832612
(I.R.S. Employer
Identification No.)

1001 Pennsylvania Avenue, NW
Washington, DC, 20004-2505
(Address of principal executive offices) (Zip Code)

(202) 729-5626
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	CG	The Nasdaq Global Select Market

As of April 28, 2021, there were 354,572,612 shares of common stock of the registrant outstanding.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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Forward-Looking Statements

This report may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, contingencies, our dividend policy, and other non-historical statements. You can identify these forward-looking statements by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements including, but not limited to, those described under the sections entitled “Risk Factors” in this report and in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the United States Securities and Exchange Commission (“SEC”) on February 11, 2021, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other periodic filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Website and Social Media Disclosure

We use our website (www.carlyle.com), our corporate Facebook page (<https://www.facebook.com/onecarlyle/>), our corporate Twitter account (@OneCarlyle or www.twitter.com/onecarlyle), our corporate Instagram account (@onecarlyle or www.instagram.com/onecarlyle), our corporate LinkedIn account (www.linkedin.com/company/the-carlyle-group) and our corporate YouTube channel (www.youtube.com/user/onecarlyle) as channels of distribution of material company information. For example, financial and other material information regarding our company is routinely posted on and accessible at www.carlyle.com. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about Carlyle when you enroll your email address by visiting the “Email Alert Subscription” section at <http://ir.carlyle.com/email-alerts>. The contents of our website and social media channels are not, however, a part of this Quarterly Report on Form 10-Q and are not incorporated by reference herein.

On January 1, 2020, we completed our conversion from a Delaware limited partnership named The Carlyle Group L.P. into a Delaware Corporation named The Carlyle Group Inc. Pursuant to the Conversion, at the specified effective time on January 1, 2020, each common unit of The Carlyle Group L.P. outstanding immediately prior to the effective time converted into one share of common stock of The Carlyle Group Inc. and each special voting unit and general partner unit was canceled for no consideration. In addition, holders of the partnership units in Carlyle Holdings I L.P., Carlyle Holdings II L.P., and Carlyle Holdings III L.P. exchanged such units for an equivalent number of shares of common stock and certain other restructuring steps occurred (the conversion, together with such restructuring steps and related transactions, the “Conversion”).

Unless the context suggests otherwise, references in this report to “Carlyle,” the “Company,” “we,” “us” and “our” refer (i) prior to the consummation of the Conversion to The Carlyle Group L.P. and its consolidated subsidiaries and (ii) from and after the consummation of the Conversion to The Carlyle Group Inc. and its consolidated subsidiaries. References to our common stock or shares in periods prior to the Conversion refer to the common units of The Carlyle Group L.P. When we refer to our “senior Carlyle professionals,” we are referring to the partner-level personnel of our firm. References in this report to the ownership of the senior Carlyle professionals include the ownership of personal planning vehicles of these individuals. When we refer to the “Carlyle Holdings partnerships” or “Carlyle Holdings,” we are referring to Carlyle Holdings I L.P., Carlyle Holdings II L.P., and Carlyle Holdings III L.P., which prior to the Conversion were the holding partnerships through which the Company and our senior Carlyle professionals and other holders of Carlyle Holdings partnership units owned their respective interests in our business.

“Carlyle funds,” “our funds” and “our investment funds” refer to the investment funds and vehicles advised by Carlyle.

“Carry funds” generally refers to closed-end investment vehicles, in which commitments are drawn down over a specified investment period, and in which the general partner receives a special residual allocation of income from limited partners, which we refer to as carried interest, in the event that specified investment returns are achieved by the fund. Disclosures referring to carry funds will also include the impact of certain commitments which do not earn carried interest, but

are either part of, or associated with our carry funds. The rate of carried interest, as well as the share of carried interest allocated to Carlyle, may vary across the carry fund platform. Carry funds generally include the following investment vehicles across our three business segments:

- Global Private Equity: Buyout, middle market and growth capital, real estate, and natural resources funds advised by Carlyle, as well as certain energy funds advised by our strategic partner NGP Energy Capital Management (“NGP”) in which Carlyle is entitled to receive a share of carried interest (“NGP Carry Funds”)
- Global Credit: Distressed credit, energy credit, opportunistic credit, corporate mezzanine funds, aircraft financing and servicing, and other closed-end credit funds advised by Carlyle
- Investment Solutions: Funds and vehicles advised by AlpInvest Partners B.V. (“AlpInvest”) and Metropolitan Real Estate Equity Management, LLC (“Metropolitan”), which include primary fund, secondary and co-investment strategies

Carry funds specifically exclude certain funds advised by NGP in which Carlyle is not entitled to receive a share of carried interest (or “NGP Predecessor Funds”), collateralized loan obligation vehicles (“CLOs”), business development companies and direct lending managed accounts, as well as capital raised from third-party investors to acquire a 76.6% interest in Fortitude Holdings.

For an explanation of the fund acronyms used throughout this Quarterly Report, refer to “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation – Our Family of Funds.”

“Fee-earning assets under management” or “Fee-earning AUM” refers to the assets we manage or advise from which we derive recurring fund management fees. Our Fee-earning AUM is generally based on one of the following, once fees have been activated:

- (a) the amount of limited partner capital commitments, generally for carry funds where the original investment period has not expired, for AlpInvest carry funds during the commitment fee period and for Metropolitan carry funds during the weighted-average investment period of the underlying funds;
- (b) the remaining amount of limited partner invested capital at cost, generally for carry funds and certain co-investment vehicles where the original investment period has expired, Metropolitan carry funds after the expiration of the weighted-average investment period of the underlying funds, and one of our business development companies;
- (c) the amount of aggregate fee-earning collateral balance of our CLOs and other securitization vehicles, as defined in the fund indentures (typically exclusive of equities and defaulted positions) as of the quarterly cut-off date;
- (d) the external investor portion of the net asset value of our open-ended funds (pre-redemptions and subscriptions), as well as certain carry funds;
- (e) the gross assets (including assets acquired with leverage), excluding cash and cash equivalents, of one of our business development companies and certain carry funds; or
- (f) the lower of cost or fair value of invested capital, generally for AlpInvest carry funds where the commitment fee period has expired and certain carry funds where the investment period has expired.

“Assets under management” or “AUM” refers to the assets we manage or advise. Our AUM generally equals the sum of the following:

- (a) the aggregate fair value of our carry funds and related co-investment vehicles, NGP Predecessor Funds and separately managed accounts, plus the capital that Carlyle is entitled to call from investors in those funds and vehicles (including Carlyle commitments to those funds and vehicles and those of senior Carlyle professionals and employees) pursuant to the terms of their capital commitments to those funds and vehicles;
- (b) the amount of aggregate collateral balance and principal cash or aggregate principal amount of the notes of our CLOs and other structured products (inclusive of all positions);
- (c) the net asset value (pre-redemptions and subscriptions) of our open-ended funds; and
- (d) the gross assets (including assets acquired with leverage) of our business development companies, plus the capital that Carlyle is entitled to call from investors in those vehicles pursuant to the terms of their capital commitments to those vehicles.

We include in our calculation of AUM and Fee-earning AUM certain energy and renewable resources funds that we jointly advise with Riverstone Holdings L.L.C. (“Riverstone”), the NGP Predecessor Funds and NGP Carry Funds (collectively, the “NGP Energy Funds”) that are advised by NGP, as well as capital raised from third-party investors to acquire a 76.6% interest in Fortitude Holdings.

For most of our carry funds, total AUM includes the fair value of the capital invested, whereas Fee-earning AUM includes the amount of capital commitments or the remaining amount of invested capital, depending on whether the original investment period for the fund has expired. As such, Fee-earning AUM may be greater than total AUM when the aggregate fair value of the remaining investments is less than the cost of those investments.

Our calculations of AUM and Fee-earning AUM may differ from the calculations of other asset managers. As a result, these measures may not be comparable to similar measures presented by other asset managers. In addition, our calculation of AUM (but not Fee-earning AUM) includes uncalled commitments to, and the fair value of invested capital in, our investment funds from Carlyle and our personnel, regardless of whether such commitments or invested capital are subject to management fees, incentive fees or performance allocations. Our calculations of AUM or Fee-earning AUM are not based on any definition of AUM or Fee-earning AUM that is set forth in the agreements governing the investment funds that we manage or advise.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The Carlyle Group Inc.
Condensed Consolidated Balance Sheets
(Dollars in millions)

	March 31, 2021 (Unaudited)	December 31, 2020
Assets		
Cash and cash equivalents	\$ 880.4	\$ 987.6
Cash and cash equivalents held at Consolidated Funds	174.6	148.6
Restricted cash	6.6	2.0
Investments, including accrued performance allocations of \$6,532.0 million and \$4,968.6 million as of March 31, 2021 and December 31, 2020, respectively	9,044.5	7,380.9
Investments of Consolidated Funds	5,824.8	6,056.9
Due from affiliates and other receivables, net	245.7	272.5
Due from affiliates and other receivables of Consolidated Funds, net	169.8	89.1
Fixed assets, net	148.9	149.2
Lease right-of-use assets, net	364.7	361.1
Deposits and other	51.8	51.7
Intangible assets, net	45.0	48.7
Deferred tax assets	18.5	96.5
Total assets	<u>\$ 16,975.3</u>	<u>\$ 15,644.8</u>
Liabilities and equity		
Debt obligations	\$ 1,940.6	\$ 1,970.9
Loans payable of Consolidated Funds	5,459.8	5,563.0
Accounts payable, accrued expenses and other liabilities	215.5	286.3
Accrued compensation and benefits	3,579.3	3,222.6
Due to affiliates	408.1	436.7
Deferred revenue	343.8	89.0
Deferred tax liabilities	245.2	57.8
Other liabilities of Consolidated Funds	530.6	556.1
Lease liabilities	519.6	513.5
Accrued giveback obligations	20.6	18.7
Total liabilities	<u>13,263.1</u>	<u>12,714.6</u>
Commitments and contingencies		
Common stock, \$0.01 par value, 100,000,000,000 shares authorized (354,528,701 and 353,520,576 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively)	3.5	3.5
Additional paid-in-capital	2,573.7	2,546.2
Retained earnings	1,118.8	348.2
Accumulated other comprehensive loss	(234.0)	(208.7)
Non-controlling interests in consolidated entities	250.2	241.0
Total equity	<u>3,712.2</u>	<u>2,930.2</u>
Total liabilities and equity	<u>\$ 16,975.3</u>	<u>\$ 15,644.8</u>

See accompanying notes.

The Carlyle Group Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(Dollars in millions, except share and per share data)

	Three Months Ended	
	March 31,	
	2021	2020
Revenues		
Fund management fees	\$ 381.0	\$ 355.9
Incentive fees	9.5	8.9
Investment income (loss)		
Performance allocations	1,786.1	(937.6)
Principal investment income (loss)	179.1	(253.3)
Total investment income (loss)	1,965.2	(1,190.9)
Interest and other income	20.4	27.4
Interest and other income of Consolidated Funds	61.1	53.0
Total revenues	2,437.2	(745.7)
Expenses		
Compensation and benefits		
Cash-based compensation and benefits	228.5	204.3
Equity-based compensation	32.4	29.1
Performance allocations and incentive fee related compensation	866.6	(442.5)
Total compensation and benefits	1,127.5	(209.1)
General, administrative and other expenses	91.7	69.6
Interest	23.0	23.9
Interest and other expenses of Consolidated Funds	42.4	45.6
Other non-operating expenses	0.6	0.2
Total expenses	1,285.2	(69.8)
Other income (loss)		
Net investment income (loss) of Consolidated Funds	12.3	(113.1)
Income (loss) before provision for income taxes	1,164.3	(789.0)
Provision (benefit) for income taxes	273.4	(80.0)
Net income (loss)	890.9	(709.0)
Net income (loss) attributable to non-controlling interests in consolidated entities	21.6	(97.0)
Net income (loss) attributable to The Carlyle Group Inc.	\$ 869.3	\$ (612.0)
Net income (loss) attributable to The Carlyle Group Inc. per common share (see Note 11)		
Basic	\$ 2.45	\$ (1.76)
Diluted	\$ 2.41	\$ (1.76)
Weighted-average common shares		
Basic	354,230,092	348,239,759
Diluted	360,504,780	348,239,759

Substantially all revenue is earned from affiliates of the Company. See accompanying notes.

The Carlyle Group Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(Dollars in millions)

	Three Months Ended	
	March 31,	
	2021	2020
Net income (loss)	\$ 890.9	\$ (709.0)
Other comprehensive income (loss)		
Foreign currency translation adjustments	(27.9)	(22.9)
Unrealized losses on Fortitude Re available-for-sale securities	—	(7.7)
Defined benefit plans		
Unrealized gain (loss) for the period	1.3	(3.2)
Less: reclassification adjustment for gain during the period, included in cash-based compensation and benefits expense	0.5	0.4
Other comprehensive loss	(26.1)	(33.4)
Comprehensive income (loss)	864.8	(742.4)
Comprehensive income (loss) attributable to non-controlling interests in consolidated entities	20.8	(109.7)
Comprehensive income (loss) attributable to The Carlyle Group Inc.	\$ 844.0	\$ (632.7)

See accompanying notes.

The Carlyle Group Inc.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)
(Dollars and shares in millions)

	Common Shares	Common Stock	Additional Paid-in-Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Entities	Total Equity
Balance at December 31, 2020	353.5	\$ 3.5	\$ 2,546.2	\$ 348.2	\$ (208.7)	\$ 241.0	\$ 2,930.2
Shares repurchased	(0.3)	—	—	(10.0)	—	—	(10.0)
Equity-based compensation	—	—	27.5	—	—	—	27.5
Shares issued for equity-based awards	1.3	—	—	—	—	—	—
Contributions	—	—	—	—	—	3.7	3.7
Distributions	—	—	—	(88.7)	—	(15.3)	(104.0)
Net income	—	—	—	869.3	—	21.6	890.9
Currency translation adjustments	—	—	—	—	(27.1)	(0.8)	(27.9)
Defined benefit plans, net	—	—	—	—	1.8	—	1.8
Balance at March 31, 2021	354.5	\$ 3.5	\$ 2,573.7	\$ 1,118.8	\$ (234.0)	\$ 250.2	\$ 3,712.2

	Common Units	Common Shares	Partners' Capital	Common Stock	Additional Paid-in-Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Entities	Non-controlling Interests in Carlyle Holdings	Total Equity
Balance at December 31, 2019	\$ 117.8	\$ —	\$ 703.8	\$ —	\$ —	\$ —	\$ (85.2)	\$ 333.5	\$ 2,017.5	\$ 2,969.6
Reclassification resulting from Conversion - Partners' Capital	(117.8)	117.8	(703.8)	1.2	702.6	—	—	—	—	—
Reclassification resulting from Conversion - Non-controlling Interest in Carlyle Holdings	—	229.4	—	2.3	2,015.2	—	—	—	(2,017.5)	—
Shares repurchased	—	(1.1)	—	—	(26.4)	—	—	—	—	(26.4)
Tax effects resulting from Conversion	—	—	—	—	(64.4)	—	10.8	—	—	(53.6)
Equity-based compensation	—	—	—	—	29.4	—	—	—	—	29.4
Shares issued for equity-based awards	—	2.3	—	—	—	—	—	—	—	—
Contributions	—	—	—	—	—	—	—	4.2	—	4.2
Distributions	—	—	—	—	(87.4)	—	—	(24.3)	—	(111.7)
Net loss	—	—	—	—	—	(612.0)	—	(97.0)	—	(709.0)
Currency translation adjustments	—	—	—	—	—	—	(10.2)	(12.7)	—	(22.9)
Unrealized loss on Fortitude Re available-for-sale securities	—	—	—	—	—	—	(7.7)	—	—	(7.7)
Defined benefit plans, net	—	—	—	—	—	—	(2.8)	—	—	(2.8)
Balance at March 31, 2020	\$ —	\$ 348.4	\$ —	\$ 3.5	\$ 2,569.0	\$ (612.0)	\$ (95.1)	\$ 203.7	\$ —	\$ 2,069.1

See accompanying notes.

The Carlyle Group Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in millions)

	Three Months Ended March 31,	
	2021	2020
Cash flows from operating activities		
Net income (loss)	\$ 890.9	\$ (709.0)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	13.4	12.6
Equity-based compensation	32.4	29.1
Non-cash performance allocations and incentive fees	(865.4)	550.5
Non-cash principal investment (income) loss	(176.2)	252.1
Other non-cash amounts	8.5	(9.5)
Consolidated Funds related:		
Realized/unrealized (gain) loss on investments of Consolidated Funds	(89.3)	932.7
Realized/unrealized (gain) loss from loans payable of Consolidated Funds	77.0	(819.6)
Purchases of investments by Consolidated Funds	(925.5)	(807.5)
Proceeds from sale and settlements of investments by Consolidated Funds	1,074.1	327.2
Non-cash interest income, net	(3.2)	(1.2)
Change in cash and cash equivalents held at Consolidated Funds	(30.9)	(51.4)
Change in other receivables held at Consolidated Funds	(84.3)	(15.9)
Change in other liabilities held at Consolidated Funds	(7.3)	162.3
Other non-cash amounts of Consolidated Funds	—	(0.2)
Purchases of investments	(63.8)	(42.7)
Proceeds from the sale of investments	156.0	99.8
Payments of contingent consideration	(49.9)	—
Changes in deferred taxes, net	260.3	(101.0)
Change in due from affiliates and other receivables	(6.8)	11.1
Change in deposits and other	(1.4)	(2.1)
Change in accounts payable, accrued expenses and other liabilities	(69.1)	(54.0)
Change in accrued compensation and benefits	(328.0)	(196.6)
Change in due to affiliates	(0.4)	(35.2)
Change in lease right-of-use assets and lease liabilities	2.6	(3.3)
Change in deferred revenue	255.8	225.9
Net cash provided by (used in) operating activities	<u>69.5</u>	<u>(245.9)</u>
Cash flows from investing activities		
Purchases of fixed assets, net	(9.7)	(13.2)
Net cash used in investing activities	<u>(9.7)</u>	<u>(13.2)</u>
Cash flows from financing activities		
Borrowings under credit facilities	—	251.0
Repayments under credit facilities	—	(35.8)
Payments on debt obligations	(66.6)	(0.3)
Proceeds from debt obligations, net of financing costs	43.4	—
Net borrowings (payments) on loans payable of Consolidated Funds	(20.0)	393.3
Dividends to common stockholders	(88.7)	(87.4)
Payment of deferred consideration for Carlyle Holdings units	(68.8)	(68.8)
Contributions from non-controlling interest holders	3.7	4.2
Distributions to non-controlling interest holders	(15.3)	(24.3)
Common shares repurchased	(10.0)	(26.4)
Change in due to/from affiliates financing activities	71.1	51.1
Change in due to/from affiliates and other receivables of Consolidated Funds	—	—
Net cash provided by (used in) financing activities	<u>(151.2)</u>	<u>456.6</u>
Effect of foreign exchange rate changes	(11.2)	(17.0)
Increase (decrease) in cash, cash equivalents and restricted cash	<u>(102.6)</u>	<u>180.5</u>
Cash, cash equivalents and restricted cash, beginning of period	989.6	828.0
Cash, cash equivalents and restricted cash, end of period	<u>\$ 887.0</u>	<u>\$ 1,008.5</u>
Supplemental non-cash disclosures		
Tax effects from the conversion to a Corporation recorded in equity	<u>\$ —</u>	<u>\$ 53.6</u>
Reconciliation of cash, cash equivalents and restricted cash, end of period:		
Cash and cash equivalents	\$ 880.4	\$ 1,007.9
Restricted cash	6.6	0.6
Total cash, cash equivalents and restricted cash, end of period	<u>\$ 887.0</u>	<u>\$ 1,008.5</u>
Cash and cash equivalents held at Consolidated Funds	<u>\$ 174.6</u>	<u>\$ 170.9</u>

See accompanying notes.

**Notes to the Condensed Consolidated Financial Statements
(Unaudited)**

1. Organization and Basis of Presentation

Effective on January 1, 2020, The Carlyle Group L.P. converted from a Delaware limited partnership to a Delaware corporation named The Carlyle Group Inc. (the "Conversion"). As a result of the Conversion, each common unit was converted into a share of common stock. Under the laws of its incorporation, The Carlyle Group Inc. is deemed to be the same entity as The Carlyle Group L.P. (the "Partnership"). Unless the context suggests otherwise, references to "Carlyle" or the "Company," refer to (i) The Carlyle Group Inc. and its consolidated subsidiaries following the Conversion and (ii) The Carlyle Group L.P. and its consolidated subsidiaries prior to the Conversion.

Prior to the Conversion, the Company recorded significant non-controlling interests in Carlyle Holdings I L.P., Carlyle Holdings II L.P. and Carlyle Holdings III L.P. (collectively, "Carlyle Holdings"), the holdings partnerships through which the Company and senior Carlyle professionals and other holders of Carlyle Holdings partnership units owned their respective interests in the business. In the Conversion, the limited partners of the Carlyle Holdings partnerships exchanged their Carlyle Holdings partnership units for an equivalent number of shares of common stock of The Carlyle Group Inc. As a result, in periods following the Conversion, the consolidated balance sheet and statement of operations of The Carlyle Group Inc. does not reflect any non-controlling interests in Carlyle Holdings, and net income (loss) attributable to Carlyle Holdings refers to the net income (loss) of The Carlyle Group Inc. and its consolidated subsidiaries, net of non-controlling interests in consolidated entities.

Carlyle is one of the world's largest global investment firms that originates, structures, and acts as lead equity investor in management-led buyouts, strategic minority equity investments, equity private placements, consolidations and buildups, growth capital financings, real estate opportunities, bank loans, high-yield debt, distressed assets, mezzanine debt, and other investment opportunities. Carlyle provides investment management services to, and has transactions with, various private equity funds, real estate funds, private credit funds, collateralized loan obligations ("CLOs"), and other investment products sponsored by the Company for the investment of client assets in the normal course of business. Carlyle typically serves as the general partner, investment manager or collateral manager, making day-to-day investment decisions concerning the assets of these products. Carlyle operates its business through three reportable segments: Global Private Equity, Global Credit, and Investment Solutions (see Note 14).

Basis of Presentation

The accompanying financial statements include the accounts of the Company and its consolidated subsidiaries. In addition, certain Carlyle-affiliated funds, related co-investment entities and certain CLOs managed by the Company (collectively the "Consolidated Funds") have been consolidated in the accompanying financial statements pursuant to accounting principles generally accepted in the United States ("U.S. GAAP"), as described in Note 2. The consolidation of the Consolidated Funds generally has a gross-up effect on assets, liabilities and cash flows, and generally has no effect on the net income attributable to the Company. The economic ownership interests of the other investors in the Consolidated Funds are reflected as non-controlling interests in consolidated entities in the accompanying consolidated financial statements (see Note 2).

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information. These statements, including notes, have not been audited, exclude some of the disclosures required for annual financial statements, and should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 filed with the Securities and Exchange Commission ("SEC"). The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, consisting of normal recurring accruals, which are necessary for the fair presentation of the financial condition and results of operations for the interim periods presented.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Company consolidates all entities that it controls either through a majority voting interest or as the primary beneficiary of variable interest entities ("VIEs").

The Company evaluates (1) whether it holds a variable interest in an entity, (2) whether the entity is a VIE, and (3) whether the Company's involvement would make it the primary beneficiary. In evaluating whether the Company holds a variable interest, fees (including management fees, incentive fees and performance allocations) that are customary and commensurate with the level of services provided, and where the Company does not hold other economic interests in the entity

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that would absorb more than an insignificant amount of the expected losses or returns of the entity, are not considered variable interests. The Company considers all economic interests, including indirect interests, to determine if a fee is considered a variable interest.

For those entities where the Company holds a variable interest, the Company determines whether each of these entities qualifies as a VIE and, if so, whether or not the Company is the primary beneficiary. The assessment of whether the entity is a VIE is generally performed qualitatively, which requires judgment. These judgments include: (a) determining whether the equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) evaluating whether the equity holders, as a group, can make decisions that have a significant effect on the economic performance of the entity, (c) determining whether two or more parties' equity interests should be aggregated, and (d) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive returns from an entity.

For entities that are determined to be VIEs, the Company consolidates those entities where it has concluded it is the primary beneficiary. The primary beneficiary is defined as the variable interest holder with (a) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. In evaluating whether the Company is the primary beneficiary, the Company evaluates its economic interests in the entity held either directly or indirectly by the Company.

As of March 31, 2021, assets and liabilities of the consolidated VIEs reflected in the unaudited condensed consolidated balance sheets were \$6.1 billion and \$6.0 billion, respectively. Except to the extent of the consolidated assets of the VIEs, the holders of the consolidated VIEs' liabilities generally do not have recourse to the Company.

Substantially all of the Company's Consolidated Funds are CLOs, which are VIEs that issue loans payable that are backed by diversified collateral asset portfolios consisting primarily of loans or structured debt. In exchange for managing the collateral for the CLOs, the Company earns investment management fees, including in some cases subordinated management fees and contingent incentive fees. In cases where the Company consolidates the CLOs (primarily because of a retained interest that is significant to the CLO), those management fees have been eliminated as intercompany transactions. As of March 31, 2021, the Company held \$173.9 million of investments in these CLOs which represents its maximum risk of loss. The Company's investments in these CLOs are generally subordinated to other interests in the entities and entitle the Company to receive a pro rata portion of the residual cash flows, if any, from the entities. Investors in the CLOs have no recourse against the Company for any losses sustained in the CLO structure.

Entities that do not qualify as VIEs are generally assessed for consolidation as voting interest entities. Under the voting interest entity model, the Company consolidates those entities it controls through a majority voting interest.

All significant inter-entity transactions and balances of entities consolidated have been eliminated.

Investments in Unconsolidated Variable Interest Entities

The Company holds variable interests in certain VIEs that are not consolidated because the Company is not the primary beneficiary, including its investments in certain Investment Solutions carry funds, certain CLOs and its strategic investment in NGP Management Company, L.L.C. ("NGP Management" and, together with its affiliates, "NGP"). Refer to Note 4 for information on the strategic investment in NGP. The Company's involvement with such entities is in the form of direct equity interests and fee arrangements. The maximum exposure to loss represents the loss of assets recognized by the Company relating to its variable interests in these unconsolidated entities.

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The assets recognized in the Company's consolidated balance sheets related to the Company's variable interests in these non-consolidated VIEs were as follows:

	As of	
	March 31, 2021	December 31, 2020
(Dollars in millions)		
Investments	\$ 972.2	\$ 988.6
Accrued performance revenues	225.4	177.1
Management fee receivables	25.8	26.5
Total	\$ 1,223.4	\$ 1,192.2

These amounts represent the Company's maximum exposure to loss related to the unconsolidated VIEs as of March 31, 2021 and December 31, 2020.

Basis of Accounting

The accompanying financial statements are prepared in accordance with U.S. GAAP. Management has determined that the Company's Funds are investment companies under U.S. GAAP for the purposes of financial reporting. U.S. GAAP for an investment company requires investments to be recorded at estimated fair value and the unrealized gains and/or losses in an investment's fair value are recognized on a current basis in the statements of operations. Additionally, the Funds do not consolidate their majority-owned and controlled investments (the "Portfolio Companies"). In the preparation of these unaudited condensed consolidated financial statements, the Company has retained the specialized accounting for the Funds.

All of the investments held and notes issued by the Consolidated Funds are presented at their estimated fair values in the Company's condensed consolidated balance sheets. Interest and other income of the Consolidated Funds as well as interest expense and other expenses of the Consolidated Funds are included in the Company's unaudited condensed consolidated statements of operations.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management's estimates are based on historical experiences and other factors, including expectations of future events that management believes to be reasonable under the circumstances. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Assumptions and estimates regarding the valuation of investments and their resulting impact on performance allocations involve a higher degree of judgment and complexity and these assumptions and estimates may be significant to the consolidated financial statements and the resulting impact on performance allocations and incentive fees. Actual results could differ from these estimates and such differences could be material.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting, under which the purchase price of the acquisition is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date. Contingent consideration obligations that are elements of consideration transferred are recognized as of the acquisition date as part of the fair value transferred in exchange for the acquired business. Acquisition-related costs incurred in connection with a business combination are expensed as incurred.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. ASC 606 includes a five-step framework that requires an entity to: (i) identify the contract(s) with a customer, which includes assessing the collectibility of the consideration to which it will be entitled in exchange for the goods or services transferred to the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when the entity satisfies a performance obligation.

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The Company accounts for performance allocations that represent a performance-based capital allocation from fund limited partners to the Company (commonly known as “carried interest”, which comprises substantially all of the Company’s previously reported performance fee revenues) as earnings from financial assets within the scope of ASC 323, *Investments - Equity Method and Joint Ventures*, and therefore are not in the scope of ASC 606. In accordance with ASC 323, the Company records equity method income (losses) as a component of investment income based on the change in its proportionate claim on net assets of the investment fund, including performance allocations, assuming the investment fund was liquidated as of each reporting date pursuant to each fund’s governing agreements. See Note 4 for additional information on the components of investments and investment income. Performance fees that do not meet the definition of performance-based capital allocations are in the scope of ASC 606 and are included in incentive fees in the unaudited condensed consolidated statements of operations. The calculation of unrealized performance revenues utilizes investment valuations of the funds’ underlying investments, which are derived using the policies, methodologies and templates prepared by the Company’s valuation group, as described in Note 3, Fair Value Measurement.

While the determination of who is the customer in a contractual arrangement will be made on a contract-by-contract basis, the customer will generally be the investment fund for the Company’s significant management and advisory contracts. The customer determination impacts the Company’s analysis of the accounting for contract costs. Also, the recovery of certain costs incurred on behalf of Carlyle funds, primarily travel and entertainment costs, are presented gross in the unaudited condensed consolidated statements of operations, as the Company controls the inputs to its investment management performance obligation.

Fund Management Fees

The Company provides management services to funds in which it holds a general partner interest or has a management agreement. The Company considers the performance obligations in its contracts with its funds to be the promise to provide (or to arrange for third parties to provide) investment management services related to the management, policies and operations of the funds.

As it relates to the Company’s performance obligation to provide investment management services, the Company typically satisfies this performance obligation over time as the services are rendered, since the funds simultaneously receive and consume the benefits provided as the Company performs the service. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the funds. Management fees earned from each investment management contract over the contract life represent variable consideration because the consideration the Company is entitled to varies based on fluctuations in the basis for the management fee, for example fund net asset value (“NAV”) or assets under management (“AUM”). Given that the management fee basis is susceptible to market factors outside of the Company’s influence, management fees are constrained and, therefore, estimates of future period management fees are generally not included in the transaction price. Revenue recognized for the investment management services provided is generally the amount determined at the end of the period because that is when the uncertainty for that period is resolved.

For closed-end carry funds in the Global Private Equity and Global Credit segments, management fees generally range from 1.0% to 2.0% of commitments during the fund’s investment period based on limited partners’ capital commitments to the funds. Following the expiration or termination of the investment period, management fees generally are based on the lower of cost or fair value of invested capital and the rate charged may also be reduced to between 0.6% and 2.0%. For certain separately managed accounts, longer-dated carry funds, and other closed-end funds, management fees generally range from 0.2% to 1.0% based on contributions for unrealized investments, the current value of the investment, or adjusted book value. The Company will receive management fees during a specified period of time, which is generally ten years from the initial closing date, or, in some instances, from the final closing date, but such termination date may be earlier in certain limited circumstances or later if extended for successive one-year periods, typically up to a maximum of two years. Depending upon the contracted terms of investment advisory or investment management and related agreements, these fees are generally called semi-annually in advance and are recognized as earned over the subsequent six month period. For certain longer-dated carry funds and certain other closed-end funds, management fees are called quarterly over the life of the funds.

Within the Global Credit segment, for CLOs and other structured products, management fees generally range from 0.4% to 0.5% based on the total par amounts of assets or the aggregate principal amount of the notes in the CLO and are due quarterly based on the terms and recognized over the respective period. Management fees for the CLOs and other structured products are governed by indentures and collateral management agreements. The Company will receive management fees for the CLOs until redemption of the securities issued by the CLOs, which is generally five to ten years after issuance. Management fees for the business development companies are due quarterly in arrears at annual rates that range from 1.25% of invested capital to 1.5% of gross assets, excluding cash and cash equivalents.

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Management fees for the Company's carry fund vehicles in the Investment Solutions segment generally range from 0.25% to 1.0% of the vehicle's capital commitments during the commitment fee period of the relevant fund or the weighted-average investment period of the underlying funds. Following the expiration of the commitment fee period or weighted-average investment period of such funds, the management fees generally range from 0.25% to 1.0% on (i) the lower of cost or fair value of the capital invested, (ii) the net asset value for unrealized investments, or (iii) the contributions for unrealized investments; however, certain separately managed accounts earn management fees at all times on contributions for unrealized investments or on the initial commitment amount. Management fees for the Investment Solutions carry fund vehicles are generally due quarterly and recognized over the related quarter.

As of March 31, 2021 and December 31, 2020, management fee receivables, net of allowances for credit losses, were \$110.0 million and \$102.7 million, respectively, and are included in due from affiliates and other receivables, net, in the unaudited condensed consolidated balance sheets.

The Company also provides transaction advisory and portfolio advisory services to the portfolio companies, and where covered by separate contractual agreements, recognizes fees for these services when the performance obligation has been satisfied and collection is reasonably assured. The Company also recognizes underwriting fees from the Company's loan syndication and capital markets business, Carlyle Global Capital Markets. Fund management fees include transaction and portfolio advisory fees, as well as capital markets fees, of \$18.0 million and \$4.4 million for the three months ended March 31, 2021 and 2020, respectively, net of any offsets as defined in the respective partnership agreements.

Fund management fees exclude the reimbursement of any partnership expenses paid by the Company on behalf of the Carlyle funds pursuant to the limited partnership agreements, including amounts related to the pursuit of actual, proposed, or unconsummated investments, professional fees, expenses associated with the acquisition, holding and disposition of investments, and other fund administrative expenses. For the professional fees that the Company arranges for the investment funds, the Company concluded that the nature of its promise is to arrange for the services to be provided and it does not control the services provided by third parties before they are transferred to the customer. Therefore, the Company concluded it is acting in the capacity of an agent. Accordingly, the reimbursement for these professional fees paid on behalf of the investment funds is presented on a net basis in general, administrative and other expenses in the unaudited condensed consolidated statements of operations.

The Company also incurs certain costs, primarily employee travel and entertainment costs, employee compensation and systems costs, for which it receives reimbursement from the investment funds in connection with its performance obligation to provide investment and management services. For reimbursable travel, compensation and systems costs, the Company concluded it controls the services provided by its employees and the resources used to develop applicable systems before they are transferred to the customer and therefore is a principal. Accordingly, the reimbursement for these costs incurred by the Company to manage the fund limited partnerships are presented on a gross basis in interest and other income in the unaudited condensed consolidated statements of operations and the expense in general, administrative and other expenses or cash-based compensation and benefits expenses in the unaudited condensed consolidated statements of operations.

Incentive Fees

In connection with management contracts from certain of its Global Credit funds, the Company is also entitled to receive performance-based incentive fees when the return on assets under management exceeds certain benchmark returns or other performance targets. In such arrangements, incentive fees are recognized when the performance benchmark has been achieved. Incentive fees are variable consideration because they are contingent upon the investment vehicle achieving stipulated investment return hurdles. Investment returns are highly susceptible to market factors outside of the Company's influence. Accordingly, incentive fees are constrained until the uncertainty is resolved. Estimates of future period incentive fees are generally not included in the transaction price because these estimates are constrained. The transaction price for incentive fees is generally the amount determined at the end of each accounting period to which they relate because that is when the uncertainty for that period is resolved, as these fees are not subject to clawback.

Investment Income (Loss), including Performance Allocations

Investment income (loss) represents the unrealized and realized gains and losses resulting from the Company's equity method investments, including any associated general partner performance allocations, and other principal investments, including CLOs.

General partner performance allocations consist of the allocation of profits from certain of the funds to which the Company is entitled (commonly known as carried interest).

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For closed-end carry funds in the Global Private Equity and Global Credit segments, the Company is generally entitled to a 20% allocation (or 10% to 20% on certain longer-dated carry funds, certain credit funds, and external co-investment vehicles, up to 25% on certain Global Private Equity funds in the event performance benchmarks are achieved, or approximately 2% to 10% for most of the Investment Solutions segment carry fund vehicles) of the net realized income or gain as a carried interest after returning the invested capital, the allocation of preferred returns of generally 7% to 9% (or 4% to 7% for certain longer-dated carry funds) and return of certain fund costs (generally subject to catch-up provisions as set forth in the fund limited partnership agreement). Carried interest is recognized upon appreciation of the funds' investment values above certain return hurdles set forth in each respective partnership agreement. The Company recognizes revenues attributable to performance allocations based upon the amount that would be due pursuant to the fund partnership agreement at each period end as if the funds were terminated at that date. Accordingly, the amount recognized as investment income for performance allocations reflects the Company's share of the gains and losses of the associated funds' underlying investments measured at their then-current fair values relative to the fair values as of the end of the prior period. Because of the inherent uncertainty, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and it is reasonably possible that the difference could be material.

Carried interest is ultimately realized when: (i) an underlying investment is profitably disposed of, (ii) certain costs borne by the limited partner investors have been reimbursed, (iii) the fund's cumulative returns are in excess of the preferred return and (iv) the Company has decided to collect carry rather than return additional capital to limited partner investors. Realized carried interest may be required to be returned by the Company in future periods if the funds' investment values decline below certain levels. When the fair value of a fund's investments remains constant or falls below certain return hurdles, previously recognized performance allocations are reversed. In all cases, each fund is considered separately in this regard, and for a given fund, performance allocations can never be negative over the life of a fund. If upon a hypothetical liquidation of a fund's investments at their then-current fair values, previously recognized and distributed carried interest would be required to be returned, a liability is established for the potential giveback obligation.

Principal investment income (loss) is realized when the Company redeems all or a portion of its investment or when the Company receives or is due cash income, such as dividends or distributions. Principal investment income (loss) also includes the Company's allocation of earnings from its investment in Fortitude Re through June 2, 2020 (see Note 4). As it relates to the Company's investments in NGP (see Note 4), principal investment income includes the related amortization of the basis difference between the Company's carrying value of its investment and the Company's share of underlying net assets of the investee, as well as the compensation expense associated with compensatory arrangements provided by the Company to employees of its equity method investee. Unrealized principal investment income (loss) results from the Company's proportionate share of the investee's unrealized earnings, including changes in the fair value of the underlying investment, as well as the reversal of unrealized gain (loss) at the time an investment is realized.

Interest Income

Interest income is recognized when earned. For debt securities representing non-investment grade beneficial interests in securitizations, the effective yield is determined based on the estimated cash flows of the security. Changes in the effective yield of these securities due to changes in estimated cash flows are recognized on a prospective basis as adjustments to interest income in future periods. Interest income earned by the Company is included in interest and other income in the accompanying unaudited condensed consolidated statements of operations. Interest income of the Consolidated Funds was \$56.9 million and \$51.1 million for the three months ended March 31, 2021 and 2020, respectively, and is included in interest and other income of Consolidated Funds in the accompanying unaudited condensed consolidated statements of operations.

Credit Losses

Under ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)*, the Company measures all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. As part of its adoption process, the Company assessed the collection risk characteristics of the outstanding amounts in its due from affiliates balance to define the following pools of receivables:

- Reimbursable fund expenses receivables,
- Management fee receivables,
- Incentive fee receivables,
- Transaction fee receivables,
- Portfolio fee receivables, and
- Notes receivable.

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The Company generally utilizes either historical credit loss information or discounted cash flows to calculate expected credit losses for each pool. The Company's receivables are predominantly with its investment funds, which have low risk of credit loss based on the Company's historical experience. Historical credit loss data may be adjusted for current conditions and reasonable and supportable forecasts, including the Company's expectation of near-term realization based on the liquidity of the affiliated investment funds.

Compensation and Benefits

Cash-based Compensation and Benefits – Cash-based compensation and benefits includes salaries, bonuses (discretionary awards and guaranteed amounts), performance payment arrangements and benefits paid and payable to Carlyle employees. Bonuses are accrued over the service period to which they relate.

Equity-Based Compensation – Compensation expense relating to the issuance of equity-based awards is measured at fair value on the grant date. The compensation expense for awards that vest over a future service period is recognized over the relevant service period on a straight-line basis. The compensation expense for awards that do not require future service is recognized immediately. Cash settled equity-based awards are classified as liabilities and are re-measured at the end of each reporting period. The compensation expense for awards that contain performance conditions is recognized when it is probable that the performance conditions will be achieved; in certain instances, such compensation expense may be recognized prior to the grant date of the award. The compensation expense for awards that contain market conditions is based on a grant-date fair value that factors in the probability that the market conditions will be achieved and is recognized over the requisite service period on a straight-line basis.

Equity-based awards issued to non-employees are generally recognized as general, administrative and other expenses, except to the extent they are recognized as part of the Company's equity method earnings because they are issued to employees of equity method investees.

The Company recognizes equity-based award forfeitures in the period they occur as a reversal of previously recognized compensation expense. The reduction in compensation expense is determined based on the specific awards forfeited during that period. Furthermore, the Company recognizes all excess tax benefits and deficiencies as income tax benefit or expense in the unaudited condensed consolidated statements of operations.

Performance Allocations and Incentive Fee Related Compensation – A portion of the performance allocations and incentive fees earned is due to employees and advisors of the Company. These amounts are accounted for as compensation expense in conjunction with the recognition of the related performance allocations and incentive fee revenue and, until paid, are recognized as a component of the accrued compensation and benefits liability. Accordingly, upon a reversal of performance allocations or incentive fee revenue, the related compensation expense, if any, is also reversed. As of March 31, 2021 and December 31, 2020, the Company had recorded a liability of \$3.3 billion and \$2.5 billion, respectively, related to the portion of accrued performance allocations and incentive fees due to employees and advisors, respectively, which was included in accrued compensation and benefits in the accompanying unaudited condensed consolidated balance sheets.

Income Taxes

The Carlyle Group Inc. is a corporation for U.S. federal income tax purposes and thus is subject to U.S. federal, state and local corporate income taxes. Tax positions taken by the Company are subject to periodic audit by U.S. federal, state, local and foreign taxing authorities. The interim provision for income taxes is calculated using the discrete effective tax rate method as allowed by ASC 740, *Accounting for Income Taxes*. The discrete method is applied when the application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. The discrete method treats the year to date period as if it was the annual period and determines the income tax expense or benefit on that basis.

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement reporting and the tax basis of assets and liabilities using enacted tax rates in effect for the period in which the difference is expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period of the change in the provision for income taxes. Further, deferred tax assets are recognized for the expected realization of available net operating loss and tax credit carry forwards. A valuation allowance is recorded on the Company's gross deferred tax assets when it is "more likely than not" that such asset will not be realized. When evaluating the realizability of the Company's deferred tax assets, all evidence, both positive and negative, is evaluated. Items considered in this analysis include the ability to carry back losses, the reversal of temporary differences, tax planning strategies, and expectations of future

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earnings. Lastly, the Company accounts for the tax on global intangible low-taxed income (“GILTI”) as incurred and therefore has not recorded deferred taxes related to GILTI on its foreign subsidiaries.

Under U.S. GAAP for income taxes, the amount of tax benefit to be recognized is the amount of benefit that is “more likely than not” to be sustained upon examination. The Company analyzes its tax filing positions in all of the U.S. federal, state, local and foreign tax jurisdictions where it is required to file income tax returns, as well as for all open tax years in these jurisdictions. If, based on this analysis, the Company determines that uncertainties in tax positions exist, a liability is established, which is included in accounts payable, accrued expenses and other liabilities in the unaudited condensed consolidated financial statements. The Company recognizes accrued interest and penalties related to unrecognized tax positions in the provision for income taxes. If recognized, the entire amount of unrecognized tax positions would be recorded as a reduction in the provision for income taxes.

Tax Receivable Agreement

In connection with the Company’s initial public offering, the Company entered into a tax receivable agreement with the limited partners of the Carlyle Holdings partnerships whereby certain subsidiaries of the Partnership agreed to pay to the limited partners of the Carlyle Holdings partnerships involved in any exchange transaction 85% of the amount of cash tax savings, if any, in U.S. federal, state and local income tax realized as a result of increases in tax basis resulting from exchanges of Carlyle Holdings Partnership units for common units of The Carlyle Group L.P. From and after the consummation of the Conversion, holders of the Carlyle Holdings partnership units do not have any rights to payments under the tax receivable agreement except for payment obligations pre-existing at the time of the Conversion with respect to exchanges that occurred prior to the Conversion.

With respect to exchanges that occurred prior to the Conversion, the Company recorded an increase in deferred tax assets for the estimated income tax effects of the increases in tax basis based on enacted federal and state tax rates at the date of the exchange. All of the effects to the deferred tax asset of changes in any of the Company’s estimates after the tax year of the exchange will be reflected in the provision for income taxes. Similarly, the effect of subsequent changes in the enacted tax rates will be reflected in the provision for income taxes.

Non-controlling Interests

Non-controlling interests in consolidated entities represent the component of equity in consolidated entities held by third-party investors. These interests are adjusted for general partner allocations which occur during the reporting period. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests. Transaction costs incurred in connection with such changes in ownership of a subsidiary are recorded as a direct charge to equity.

Earnings Per Common Share

The Company computes earnings per common share in accordance with ASC 260, *Earnings Per Share*. Basic earnings per common share is calculated by dividing net income (loss) attributable to the common shares of the Company by the weighted-average number of common shares outstanding for the period. Diluted earnings per common share reflects the assumed conversion of all dilutive securities.

Investments

Investments include (i) the Company’s ownership interests (typically general partner interests) in the Funds, (ii) strategic investments made by the Company (both of which are accounted for as equity method investments), (iii) the investments held by the Consolidated Funds (which are presented at fair value in the Company’s unaudited condensed consolidated financial statements), and (iv) certain credit-oriented investments, including investments in the CLOs and the preferred securities of TCG BDC, Inc. (the “BDC Preferred Shares”) (which are accounted for as trading securities).

The valuation procedures utilized for investments of the Funds vary depending on the nature of the investment. The fair value of investments in publicly-traded securities is based on the closing price of the security with adjustments to reflect appropriate discounts if the securities are subject to restrictions.

The fair value of non-equity securities or other investments, which may include instruments that are not listed on an exchange, considers, among other factors, external pricing sources, such as dealer quotes or independent pricing services, recent trading activity or other information that, in the opinion of the Company, may not have been reflected in pricing obtained from external sources.

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When valuing private securities or assets without readily determinable market prices, the Company gives consideration to operating results, financial condition, economic and/or market events, recent sales prices and other pertinent information. These valuation procedures may vary by investment, but include such techniques as comparable public market valuation, comparable acquisition valuation and discounted cash flow analysis. Because of the inherent uncertainty, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and it is reasonably possible that the difference could be material. Furthermore, there is no assurance that, upon liquidation, the Company will realize the values presented herein.

Upon the sale of a security or other investment, the realized net gain or loss is computed on a weighted average cost basis, with the exception of the investments held by the CLOs, which compute the realized net gain or loss on a first in, first out basis. Securities transactions are recorded on a trade date basis.

Principal Equity Method Investments

The Company accounts for all investments in which it has or is otherwise presumed to have significant influence, including investments in the unconsolidated Funds and strategic investments, using the equity method of accounting. The carrying value of equity method investments is determined based on amounts invested by the Company, adjusted for the equity in earnings or losses of the investee (including performance allocations) allocated based on the respective partnership agreement, less distributions received. The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable.

Cash and Cash Equivalents

Cash and cash equivalents include cash held at banks and cash held for distributions, including investments with original maturities of less than three months when purchased.

Cash and Cash Equivalents Held at Consolidated Funds

Cash and cash equivalents held at Consolidated Funds consists of cash and cash equivalents held by the Consolidated Funds, which, although not legally restricted, is not available to fund the general liquidity needs of the Company.

Restricted Cash

Restricted cash primarily represents cash held by the Company's foreign subsidiaries due to certain government regulatory capital requirements as well as certain amounts held on behalf of Carlyle funds.

Derivative Instruments

The Company uses derivative instruments primarily to reduce its exposure to changes in foreign currency exchange rates. Derivative instruments are recognized at fair value in the unaudited condensed consolidated balance sheets with changes in fair value recognized in the unaudited condensed consolidated statements of operations for all derivatives not designated as hedging instruments.

Securities Sold Under Agreements to Repurchase

As it relates to certain European CLOs sponsored by the Company, securities sold under agreements to repurchase ("repurchase agreements") are accounted for as collateralized financing transactions. The Company provides securities to counterparties to collateralize amounts borrowed under repurchase agreements on terms that permit the counterparties to repledge or resell the securities to others. As of March 31, 2021, \$107.5 million of securities were transferred to counterparties under repurchase agreements and are included within investments in the unaudited condensed consolidated balance sheets. Cash received under repurchase agreements is recognized as a liability within debt obligations in the unaudited condensed consolidated balance sheets. Interest expense is recognized on an effective yield basis and is included within interest expense in the unaudited condensed consolidated statements of operations. See Note 5 for additional information.

Fixed Assets

Fixed assets consist of furniture, fixtures and equipment, leasehold improvements, and computer hardware and software and are stated at cost, less accumulated depreciation and amortization. Depreciation is recognized on a straight-line method over the assets' estimated useful lives, which for leasehold improvements are the lesser of the lease terms or the life of the asset, and

**Notes to the Condensed Consolidated Financial Statements
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three to seven years for other fixed assets. Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Leases

The Company accounts for its leases in accordance with ASU 2016-2, *Leases (Topic 842)*, and recognizes a lease liability and right-of-use asset in the condensed consolidated balance sheet for contracts that it determines are leases or contain a lease. The Company's leases primarily consist of operating leases for office space in various countries around the world. The Company also has operating leases for office equipment and vehicles, which are not significant. The Company does not separate non-lease components from lease components for its office space and equipment operating leases and instead accounts for each separate lease component and its associated non-lease component as a single lease component. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the leases. The Company's right-of-use assets and lease liabilities are recognized at lease commencement based on the present value of lease payments over the lease term. Lease right-of-use assets include initial direct costs incurred by the Company and are presented net of deferred rent and lease incentives. Absent an implicit interest rate in the lease, the Company uses its incremental borrowing rate, adjusted for the effects of collateralization, based on the information available at commencement in determining the present value of lease payments. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise those options. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company does not recognize a lease liability or right-of-use asset on the balance sheet for short-term leases. Instead, the Company recognizes short-term lease payments as an expense on a straight-line basis over the lease term. A short-term lease is defined as a lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. When determining whether a lease qualifies as a short-term lease, the Company evaluates the lease term and the purchase option in the same manner as all other leases.

Intangible Assets and Goodwill

The Company's intangible assets consist of acquired contractual rights to earn future fee income, including management and advisory fees, customer relationships, and acquired trademarks. Finite-lived intangible assets are amortized over their estimated useful lives, which range from four to ten years, and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Intangible asset amortization expense was \$3.3 million and \$3.6 million during the three months ended March 31, 2021 and 2020, respectively, and is included in general, administrative, and other expenses in the unaudited condensed consolidated statements of operations.

Goodwill represents the excess of cost over the identifiable net assets of businesses acquired and is recorded in the functional currency of the acquired entity. Goodwill is recognized as an asset and is reviewed for impairment annually as of October 1st and between annual tests when events and circumstances indicate that impairment may have occurred.

Deferred Revenue

Deferred revenue represents management fees and other revenue received prior to the balance sheet date, which has not yet been earned. The increase in the deferred revenue balance for the three months ended March 31, 2021 was primarily driven by cash payments received in advance of the Company satisfying its performance obligations, partially offset by revenues that were included in the deferred revenue balance at the beginning of the period.

Accumulated Other Comprehensive Income (Loss)

The Company's accumulated other comprehensive income (loss) is comprised of foreign currency translation adjustments and gains and losses on defined benefit plans sponsored by AlpInvest. The components of accumulated other comprehensive income (loss) as of March 31, 2021 and December 31, 2020 were as follows:

	As of	
	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Currency translation adjustments	\$ (208.5)	\$ (181.4)
Unrealized losses on defined benefit plans	(25.5)	(27.3)
Total	\$ (234.0)	\$ (208.7)

**Notes to the Condensed Consolidated Financial Statements
(Unaudited)****Foreign Currency Translation**

Non-U.S. dollar denominated assets and liabilities are translated at period-end rates of exchange, and the unaudited condensed consolidated statements of operations are translated at rates of exchange in effect throughout the period. Foreign currency gains (losses) resulting from transactions outside of the functional currency of an entity of \$(6.1) million and \$17.2 million for the three months ended March 31, 2021 and 2020, respectively, are included in general, administrative and other expenses in the unaudited condensed consolidated statements of operations.

Recent Accounting PronouncementsRecently Issued Accounting Standards Adopted as of January 1, 2021

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12, among other changes, (i) removes certain exceptions to the general principles in Topic 740, (ii) provides a policy election to not allocate consolidated income taxes when a member of a consolidated tax return is not subject to income tax and (iii) provides guidance to evaluate whether a step-up in tax basis of goodwill relates to a business combination in which book goodwill was recognized or a separate transaction. The guidance was adopted by the Company on January 1, 2021 and the impact was not material.

3. Fair Value Measurement

The fair value measurement accounting guidance establishes a hierarchical disclosure framework which ranks the observability of market price inputs used in measuring financial instruments at fair value. The observability of inputs is impacted by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices, or for which fair value can be measured from quoted prices in active markets, will generally have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

Level I – inputs to the valuation methodology are quoted prices available in active markets for identical instruments as of the reporting date. The types of financial instruments in this category include unrestricted securities, such as equities and derivatives, listed in active markets. The Company does not adjust the quoted price for these instruments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

Level II – inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. The types of financial instruments in this category include less liquid and restricted securities listed in active markets, securities traded in other than active markets, government and agency securities, and certain over-the-counter derivatives where the fair value is based on observable inputs.

Level III – inputs to the valuation methodology are unobservable and significant to overall fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation. The types of financial instruments in this category include investments in privately-held entities, non-investment grade residual interests in securitizations, collateralized loan obligations, and certain over-the-counter derivatives where fair value is based on unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

In certain cases, debt and equity securities are valued on the basis of prices from an orderly transaction between market participants provided by reputable dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices, market transactions in comparable investments and various relationships between investments.

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis by the above fair value hierarchy levels as of March 31, 2021:

(Dollars in millions)	Level I	Level II	Level III	Total
Assets				
Investments of Consolidated Funds:				
Equity securities	\$ —	\$ —	\$ 9.5	\$ 9.5
Bonds	—	—	525.2	525.2
Loans	—	—	5,271.0	5,271.0
Investments in CLOs and other	—	—	538.5	538.5
Foreign currency forward contracts	—	4.3	—	4.3
Subtotal	\$ —	\$ 4.3	\$ 6,344.2	\$ 6,348.5
Investments measured at net asset value ⁽¹⁾				34.9
Total				\$ 6,383.4
Liabilities				
Loans payable of Consolidated Funds ⁽²⁾	\$ —	\$ —	\$ 5,440.7	\$ 5,440.7
Total	\$ —	\$ —	\$ 5,440.7	\$ 5,440.7

- (1) Balance represents Fund Investments that the Company reports based on the most recent available information which typically has a lag of up to 90 days, of which \$19.1 million relates to investments of consolidated funds.
- (2) Senior and subordinated notes issued by CLO vehicles are valued based on the more observable fair value of the CLO financial assets, less (i) the fair value of any beneficial interests held by the Company and (ii) the carrying value of any beneficial interests that represent compensation for services.

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis by the above fair value hierarchy levels as of December 31, 2020:

(Dollars in millions)	Level I	Level II	Level III	Total
Assets				
Investments of Consolidated Funds:				
Equity securities	\$ —	\$ —	\$ 9.4	\$ 9.4
Bonds	—	—	550.4	550.4
Loans	—	—	5,497.1	5,497.1
Investments in CLOs and other	—	—	6,056.9	6,056.9
Foreign currency forward contracts	—	0.7	—	0.7
Subtotal	\$ —	\$ 0.7	\$ 6,627.7	\$ 6,628.4
Investments measured at net asset value ⁽¹⁾				16.4
Total				\$ 6,644.8
Liabilities				
Loans payable of Consolidated Funds ⁽²⁾	\$ —	\$ —	\$ 5,563.0	\$ 5,563.0
Foreign currency forward contracts	—	0.4	—	0.4
Total	\$ —	\$ 0.4	\$ 5,563.0	\$ 5,563.4

- (1) Balance represents Fund Investments that the Company reports based on the most recent available information which typically has a lag of up to 90 days.
- (2) Senior and subordinated notes issued by CLO vehicles are valued based on the more observable fair value of the CLO financial assets, less (i) the fair value of any beneficial interests held by the Company and (ii) the carrying value of any beneficial interests that represent compensation for services.

**Notes to the Condensed Consolidated Financial Statements
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Investment professionals with responsibility for the underlying investments are responsible for preparing the investment valuations pursuant to the policies, methodologies and templates prepared by the Company's valuation group, which is a team made up of dedicated valuation professionals reporting to the Company's chief accounting officer. The valuation group is responsible for maintaining the Company's valuation policy and related guidance, templates and systems that are designed to be consistent with the guidance found in ASC 820, *Fair Value Measurement*. These valuations, inputs and preliminary conclusions are reviewed by the fund accounting teams. The valuations are then reviewed and approved by the respective fund valuation subcommittees, which include the respective fund head(s), segment head, chief financial officer and chief accounting officer, as well as members of the valuation group. The valuation group compiles the aggregate results and significant matters and presents them for review and approval by the global valuation committee, which includes the Company's co-chairmen of the board, chairman emeritus, chief executive officer, chief risk officer, chief financial officer, chief accounting officer, and the business segment heads, and observed by the chief compliance officer, the director of internal audit, the Company's audit committee and others. Additionally, each quarter a sample of valuations is reviewed by external valuation firms. Valuations of the funds' investments are used in the calculation of accrued performance allocations, or "carried interest".

In the absence of observable market prices, the Company values its investments using valuation methodologies applied on a consistent basis. For some investments little market activity may exist. Management's determination of fair value is then based on the best information available in the circumstances and may incorporate management's own assumptions and involve a significant degree of judgment, taking into consideration a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risks. Investments for which market prices are not observable include private investments in the equity of operating companies and real estate properties, and certain debt positions. The valuation technique for each of these investments is described below:

Private Equity and Real Estate Investments – The fair values of private equity investments are determined by reference to projected net earnings, earnings before interest, taxes, depreciation and amortization ("EBITDA"), the discounted cash flow method, public market or private transactions, valuations for comparable companies or sales of comparable assets, and other measures which, in many cases, are unaudited at the time received. The methods used to estimate the fair value of real estate investments include the discounted cash flow method and/or capitalization rate ("cap rate") analysis. Valuations may be derived by reference to observable valuation measures for comparable companies or transactions (e.g., applying a key performance metric of the investment such as EBITDA or net operating income to a relevant valuation multiple or cap rate observed in the range of comparable companies or transactions), adjusted by management for differences between the investment and the referenced comparables, and in some instances by reference to option pricing models or other similar models. Adjustments to observable valuation measures are frequently made upon the initial investment to calibrate the initial investment valuation to industry observable inputs. Such adjustments are made to align the investment to observable industry inputs for differences in size, profitability, projected growth rates, geography and capital structure if applicable. The adjustments are reviewed with each subsequent valuation to assess how the investment has evolved relative to the observable inputs. Additionally, the investment may be subject to certain specific risks and/or development milestones which are also taken into account in the valuation assessment. Option pricing models and similar tools do not currently drive a significant portion of private equity or real estate valuations and are used primarily to value warrants, derivatives, certain restrictions and other atypical investment instruments.

Credit-Oriented Investments – The fair values of credit-oriented investments (including corporate treasury investments) are generally determined on the basis of prices between market participants provided by reputable dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices, market transactions in comparable investments and various relationships between investments. Specifically, for investments in distressed debt and corporate loans and bonds, the fair values are generally determined by valuations of comparable investments. In some instances, the Company may utilize other valuation techniques, including the discounted cash flow method.

CLO Investments and CLO Loans Payable – The Company measures the financial liabilities of its consolidated CLOs based on the fair value of the financial assets of its consolidated CLOs, as the Company believes the fair value of the financial assets are more observable. The fair values of the CLO assets are primarily based on quotations from reputable dealers or relevant pricing services. In situations where valuation quotations are unavailable, the assets are valued based on similar securities, market index changes, and other factors. Generally, the assets of the CLOs are not publicly traded and are classified as Level III. Similar to the CLO assets, the fair values of the CLO structured asset positions are primarily determined based on relevant pricing services or, in certain instances, discounted cash flow analyses. Those analyses consider the position size, liquidity, current financial condition of the CLOs, the third party financing environment, reinvestment rates, recovery lags, discount rates and default forecasts and are compared to broker quotations from market makers and third party dealers. The Company performs certain procedures to ensure the

Notes to the Condensed Consolidated Financial Statements
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reliability of the quotations from pricing services for its CLO assets and CLO structured asset positions, which generally includes corroborating prices with a discounted cash flow analysis.

The Company measures the CLO loans payable held by third party beneficial interest holders on the basis of the fair value of the financial assets of the CLO and the beneficial interests held by the Company. The Company continues to measure the CLO loans payable that it holds at fair value based on relevant pricing services or discounted cash flow analyses, as described above.

Fund Investments – The Company’s primary and secondary investments in external funds are valued based on its proportionate share of the net assets provided by the third party general partners of the underlying fund partnerships based on the most recent available information which typically has a lag of up to 90 days. The terms of the investments generally preclude the ability to redeem the investment. Distributions from these investments will be received as the underlying assets in the funds are liquidated, the timing of which cannot be readily determined.

The changes in financial instruments measured at fair value for which the Company has used Level III inputs to determine fair value are as follows (Dollars in millions):

	Financial Assets				
	Three Months Ended March 31, 2021				
	Investments of Consolidated Funds				
	Equity securities	Bonds	Loans	Investments in CLOs and other ⁽¹⁾	Total
Balance, beginning of period	\$ 9.4	\$ 550.4	\$ 5,497.1	\$ 570.8	\$ 6,627.7
Purchases	0.1	151.0	755.3	29.0	935.4
Sales and distributions	(0.6)	(155.4)	(676.2)	(70.0)	(902.2)
Settlements	—	(3.6)	(238.3)	—	(241.9)
Realized and unrealized gains (losses), net					
Included in earnings	0.9	4.4	87.2	5.4	97.9
Included in other comprehensive income	(0.3)	(21.6)	(154.1)	3.3	(172.7)
Balance, end of period	\$ 9.5	\$ 525.2	\$ 5,271.0	\$ 538.5	\$ 6,344.2
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	\$ 0.7	\$ 3.2	\$ 79.1	\$ 5.1	\$ 88.1
Changes in unrealized gains (losses) included in other comprehensive income related to financial assets still held at the reporting date	\$ (0.3)	\$ (16.6)	\$ (134.3)	\$ 3.3	\$ (147.9)

(1) The beginning balance of Investments in CLOs and other has been revised to reflect the exclusion of Fund Investments measured at fair value using the NAV per share practical expedient from the fair value hierarchy.

	Financial Assets				
	Three Months Ended March 31, 2020				
	Investments of Consolidated Funds				
	Equity securities	Bonds	Loans	Investments in CLOs and other	Total
Balance, beginning of period	\$ 19.4	\$ 574.1	\$ 4,413.8	\$ 496.2	\$ 5,503.5
Purchases	79.3	50.6	677.6	18.1	825.6
Sales and distributions	—	(67.1)	(156.9)	(43.9)	(267.9)
Settlements	—	—	(103.2)	—	(103.2)
Realized and unrealized gains (losses), net					
Included in earnings	(7.5)	(121.2)	(801.0)	(61.4)	(991.1)
Included in other comprehensive income	—	(12.5)	(80.1)	(12.6)	(105.2)
Balance, end of period	\$ 91.2	\$ 423.9	\$ 3,950.2	\$ 396.4	\$ 4,861.7
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	\$ (7.5)	\$ (121.3)	\$ (801.0)	\$ (61.4)	\$ (991.2)
Changes in unrealized gains (losses) included in other comprehensive income related to financial assets still held at the reporting date	\$ —	\$ (11.0)	\$ (72.6)	\$ (12.6)	\$ (96.2)

Notes to the Condensed Consolidated Financial Statements
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	Financial Liabilities	
	Loans Payable of Consolidated Funds	
	Three Months Ended March 31,	
	2021	2020
Balance, beginning of period	\$ 5,563.0	\$ 4,685.2
Borrowings	105.4	1,038.4
Paydowns	(144.4)	(729.0)
Realized and unrealized (gains) losses, net		
Included in earnings	77.0	(816.6)
Included in other comprehensive income	(160.3)	(87.2)
Balance, end of period	\$ 5,440.7	\$ 4,090.8
Changes in unrealized (gains) losses included in earnings related to financial liabilities still held at the reporting date	\$ 77.0	\$ (816.9)
Changes in unrealized (gains) losses included in other comprehensive income related to financial liabilities still held at the reporting date	\$ (158.3)	\$ (79.6)

Realized and unrealized gains and losses included in earnings for Level III investments for investments in CLOs and other investments are included in investment income (loss), and such gains and losses for investments of Consolidated Funds and loans payable of Consolidated Funds are included in net investment gains (losses) of Consolidated Funds in the unaudited condensed consolidated statements of operations.

Gains and losses included in other comprehensive income for all Level III financial asset and liabilities are included in accumulated other comprehensive loss, non-controlling interests in consolidated entities.

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The following table summarizes quantitative information about the Company's Level III inputs as of March 31, 2021:

<i>(Dollars in millions)</i>	Fair Value at March 31, 2021	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Assets				
Investments of Consolidated Funds:				
Equity securities	\$ 9.5	Consensus Pricing	Indicative Quotes (\$ per share)	0.00 - 42.88 (0.64)
Bonds	525.2	Consensus Pricing	Indicative Quotes (% of Par)	83 - 111 (99)
Loans	5,271.0	Consensus Pricing	Indicative Quotes (% of Par)	34 - 127 (98)
	<u>5,805.7</u>			
Investments in CLOs and other:				
Senior secured notes	406.4	Consensus Pricing with Discounted Cash Flow	Indicative Quotes (% of Par)	85 - 101 (99)
			Discount Margins (Basis Points)	50 - 1,430 (204)
			Default Rates	1% - 2% (1%)
			Recovery Rates	50% - 70% (60%)
Subordinated notes and preferred shares	56.5	Consensus Pricing with Discounted Cash Flow	Indicative Quotes (% of Par)	35 - 93 (51)
			Discount Rates	10% - 25% (18%)
			Default Rates	1% - 2% (1%)
			Recovery Rates	50% - 70% (60%)
BDC preferred shares	69.6	Discounted Cash Flow	Discount Rates	6% - 6% (6%)
Aviation subordinated notes	6.0	Discounted Cash Flow	Discount Rates	19% - 19% (19%)
Total	<u>\$ 6,344.2</u>			
Liabilities				
Loans payable of Consolidated Funds:				
Senior secured notes	\$ 5,241.4	Other ⁽¹⁾	N/A	N/A
Subordinated notes and preferred shares	199.3	Consensus Pricing with Discounted Cash Flow	Indicative Quotes (% of Par)	38 - 94 (58)
			Discount Rates	10% - 25% (16%)
			Default Rates	1% - 2% (1%)
			Recovery Rates	50% - 70% (60%)
Total	<u>\$ 5,440.7</u>			

(1) Senior and subordinated notes issued by CLO vehicles are classified based on the more observable fair value of the CLO financial assets, less (i) the fair value of any beneficial interests held by the Company and (ii) the carrying value of any beneficial interests that represent compensation for services.

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The following table summarizes quantitative information about the Company's Level III inputs as of December 31, 2020:

<i>(Dollars in millions)</i>	Fair Value at December 31, 2020	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Assets				
Investments of Consolidated Funds:				
Equity securities	\$ 9.4	Consensus Pricing	Indicative Quotes (\$ per share)	0.00 - 40.00 (0.57)
Bonds	550.4	Consensus Pricing	Indicative Quotes (% of Par)	85 - 108 (98)
Loans	5,497.1	Consensus Pricing	Indicative Quotes (% of Par)	15 - 108 (97)
	<u>6,056.9</u>			
Investments in CLOs and other				
Senior secured notes	437.0	Discounted Cash Flow with Consensus Pricing	Discount Margins (Basis Points)	85 - 1,725 (227)
			Default Rates	1% - 2% (1%)
			Recovery Rates	50% - 70% (60%)
Subordinated notes and preferred shares	52.5	Discounted Cash Flow with Consensus Pricing	Indicative Quotes (% of Par)	71 - 100 (98)
			Discount Rate	16% - 30% (23%)
			Default Rates	1% - 2% (1%)
			Recovery Rates	50% - 70% (60%)
			Indicative Quotes (% of Par)	31 - 90 (46)
BDC preferred shares	60.0	Discounted Cash Flow	Discount Rates	7% - 7% (7%)
Aviation subordinated notes	7.2	Discounted Cash Flow	Discount Rates	20% - 20% (20%)
Loans	14.1	Consensus Pricing	Indicative Quotes (% of Par)	98 - 100 (100)
Total	<u>\$ 6,627.7</u>			
Liabilities				
Loans payable of Consolidated Funds:				
Senior secured notes	\$ 5,358.9	Other ⁽¹⁾	N/A	N/A
Subordinated notes and preferred shares	204.1	Discounted Cash Flow with Consensus Pricing	Discount Rates	16% - 30% (22%)
			Default Rates	1% - 2% (1%)
			Recovery Rates	50% - 70% (60%)
			Indicative Quotes (% of Par)	30 - 91 (50)
Total	<u>\$ 5,563.0</u>			

(1) Senior and subordinated notes issued by CLO vehicles are classified based on the more observable fair value of the CLO financial assets, less (i) the fair value of any beneficial interests held by the Company and (ii) the carrying value of any beneficial interests that represent compensation for services.

The significant unobservable inputs used in the fair value measurement of investments of the Company's consolidated funds are indicative quotes. Significant decreases in indicative quotes in isolation would result in a significantly lower fair value measurement.

The significant unobservable inputs used in the fair value measurement of the Company's investments in CLOs and other investments include indicative quotes, discount margins, discount rates, default rates, and recovery rates. Significant decreases in indicative quotes or recovery rates in isolation would result in a significantly lower fair value measurement. Significant increases in discount margins, discount rates or default rates in isolation would result in a significantly lower fair value measurement.

The significant unobservable inputs used in the fair value measurement of the Company's loans payable of Consolidated Funds are indicative quotes, discount rates, default rates, and recovery rates. Significant increases in discount rates or default rates in isolation would result in a significantly lower fair value measurement. Significant decreases in indicative quotes or recovery rates in isolation would result in a significantly lower fair value measurement.

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4. Investments

Investments consist of the following:

	As of	
	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Accrued performance allocations	\$ 6,532.0	\$ 4,968.6
Principal equity method investments, excluding performance allocations	1,936.7	1,810.8
Principal investments in CLOs and other	575.8	601.5
Total	<u>\$ 9,044.5</u>	<u>\$ 7,380.9</u>

Accrued Performance Allocations

The components of accrued performance allocations are as follows:

	As of	
	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Global Private Equity	\$ 5,319.9	\$ 3,926.1
Global Credit	155.4	132.3
Investment Solutions ⁽¹⁾	1,056.7	910.2
Total	<u>\$ 6,532.0</u>	<u>\$ 4,968.6</u>

(1) The Company's primary and secondary investments in external funds are generally valued based on its proportionate share of the net assets provided by the third party general partners of the underlying fund partnerships based on the most recent available information which typically has a lag of up to 90 days. As a result, amounts presented may not include the impact of economic activity in the current quarter.

Approximately 38% and 41% of accrued performance allocations at March 31, 2021 and December 31, 2020, respectively, are related to Carlyle Partners VI, L.P., one of the Company's Global Private Equity funds.

Accrued performance allocations are shown gross of the Company's accrued performance allocations and incentive fee-related compensation (see Note 6), and accrued giveback obligations, which are separately presented in the unaudited condensed consolidated balance sheets. The components of the accrued giveback obligations are as follows:

	As of	
	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Global Private Equity	\$ (18.4)	\$ (18.4)
Global Credit	(2.2)	(0.3)
Total	<u>\$ (20.6)</u>	<u>\$ (18.7)</u>

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Principal Equity Method Investments, Excluding Performance Allocations

The Company's principal equity method investments (excluding performance allocations) include its fund investments in Global Private Equity, Global Credit, and Investment Solutions typically as general partner interests, and its strategic investments in Fortitude Re (included within Global Credit) and NGP (included within Global Private Equity), which are not consolidated. Principal investments are related to the following segments:

	As of	
	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Global Private Equity	\$ 1,152.9	\$ 1,082.1
Global Credit	718.9	671.9
Investment Solutions	64.9	56.8
Total	<u>\$ 1,936.7</u>	<u>\$ 1,810.8</u>

Strategic Investment in Fortitude Re (f/k/a DSA Re)

On November 13, 2018, the Company acquired a 19.9% interest in Fortitude Group Holdings, LLC ("Fortitude Holdings"), a wholly owned subsidiary of American International Group, Inc. ("AIG") ("the Minority Transaction"), pursuant to a Membership Interest Purchase Agreement by and among the Company, AIG and Fortitude Holdings, dated as of July 31, 2018 (the "2018 MIPA"). Fortitude Holdings owns 100% of the outstanding common shares of Fortitude Reinsurance Company Ltd., a Bermuda domiciled reinsurer ("Fortitude Re", f/k/a "DSA Re") established to reinsure a portfolio of AIG's legacy life, annuity and property and casualty liabilities.

The Company paid \$381 million in cash at closing of the Minority Transaction (the "Initial Purchase Price") and expects to pay up to \$95 million in additional deferred consideration following December 31, 2023. In May 2020, the Initial Purchase Price was adjusted upward by \$99.5 million in accordance with the 2018 MIPA as Fortitude Holdings chose not to distribute a planned non-pro rata dividend to AIG prior to May 13, 2020. The Company paid \$79.6 million of such adjustment in May 2020 and will pay the remaining \$19.9 million following December 31, 2023.

On June 2, 2020, Carlyle FRL, L.P. ("Carlyle FRL"), a Carlyle-affiliated investment fund, acquired a 51.6% ownership interest in Fortitude Holdings from AIG (the "Control Transaction") and T&D United Capital Co., Ltd. ("T&D"), a subsidiary of T&D Holdings, Inc., purchased a 25.0% ownership interest as a strategic third-party investor pursuant to a Membership Interest Purchase Agreement by and among the Company, AIG, Carlyle FRL, and T&D, dated as of November 25, 2019 (the "2019 MIPA"). At closing, the Company contributed its existing 19.9% interest in Fortitude Holdings to Carlyle FRL, such that Carlyle FRL holds a 71.5% interest in Fortitude Holdings. Taken together, Carlyle FRL and T&D have 96.5% ownership of Fortitude Holdings. Additionally, AIG agreed to a post-closing purchase price adjustment pursuant to which AIG will contribute to Fortitude Re an amount to cover certain adverse reserve developments in Fortitude Re's property and casualty insurance business, based on an agreed methodology, that occur on or prior to December 31, 2023, up to \$500 million.

The Company has a strategic asset management relationship with Fortitude Holdings pursuant to which Fortitude Holdings committed to allocate assets in asset management strategies and vehicles of the Company and its affiliates. If Fortitude Holdings fails to allocate an agreed upon amount of assets to the Company's asset management strategies and vehicles within 30 to 36 months of the closing of the Minority Transaction, the Company may be entitled to certain payments from Fortitude Holdings based on the commitment shortfall and assumed customary rates. As of March 31, 2021, Fortitude Holdings and AIG have committed approximately \$4.7 billion of capital to-date to various Carlyle strategies.

Prior to the Control Transaction, the Company's investment was accounted for under the equity method of accounting by recognizing its pro rata share of Fortitude Holdings' U.S. GAAP earnings, which is included in principal investment income in the unaudited condensed consolidated statements of operations. These amounts are inclusive of unrealized gains (losses) related to the change in fair value of embedded derivatives related to certain reinsurance contracts included in Fortitude Re's U.S. GAAP financial statements. Modified coinsurance is subject to the general accounting principles for hedging, specifically the guidance originally issued as Derivatives Implementation Group Issue No. B36: *Embedded Derivatives: Modified Coinsurance Agreements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments* ("DIG B36"). As of December 31, 2019, the Company's investment in Fortitude Holdings was \$1,200.9 million, which reflected \$628.2 million of cumulative unrealized gains related to the change in the fair value of embedded derivatives.

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At the time the Company contributed its existing 19.9% stake in Fortitude Holdings to Carlyle FRL, the Company's investment became an ownership interest in the fund. Accordingly, the Company began accounting for its investment under the equity method based on its net asset value in Carlyle FRL, which is an investment company that accounts for its investment in Fortitude Holdings at fair value. The contribution of the Company's 19.9% interest to Carlyle FRL resulted in a loss in principal investment income (loss) of \$620.7 million in the three months ended June 30, 2020. As of March 31, 2021, the Company's investment in Carlyle FRL was \$599.9 million, relative to its cost of \$465.4 million. Following the contribution, the Company no longer records its pro rata share of the U.S. GAAP earnings of Fortitude Holdings. Refer to Note 4 in the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2020 for summarized financial information of Fortitude Holdings for the three months ended March 31, 2020, given the significance of the results of Fortitude Holdings relative to the Company's results prior to the contribution of its interest to Carlyle FRL.

Strategic Investment in NGP

The Company has equity interests in NGP Management Company, L.L.C. ("NGP Management"), the general partners of certain carry funds advised by NGP, and principal investments in certain NGP funds. The Company accounts for its investments in NGP under the equity method of accounting, and includes these investments in the Global Private Equity segment. These interests entitle the Company to an allocation of income equal to 55.0% of the management fee-related revenues of NGP Management which serves as the investment advisor to certain NGP funds as well as 47.5% of the performance allocations received by certain current and future NGP fund general partners.

The Company's investments in NGP as of March 31, 2021 and December 31, 2020 are as follows:

	As of	
	March 31, 2021	December 31, 2020
(Dollars in millions)		
Investment in NGP Management	\$ 374.1	\$ 373.5
Principal investments in NGP funds	56.9	51.4
Total investments in NGP	\$ 431.0	\$ 424.9

Investment in NGP Management. The Company's equity interests in NGP Management entitle the Company to an allocation of income equal to 55.0% of the management fee-related revenues of NGP Management, which serves as the investment advisor to the NGP Energy Funds. Management fees are generally calculated as 1.0% to 2.0% of the limited partners' commitments during the fund's investment period, and 0.6% to 2.0% based on the lower of cost or fair market value of invested capital following the expiration or termination of the investment period. Management fee-related revenues from NGP Management are primarily driven by NGP XII, NGP XI and NGP X during the three months ended March 31, 2021 and 2020.

The Company records investment income (loss) for its equity income allocation from NGP management fee-related revenues and also records its share of any allocated expenses from NGP Management, expenses associated with the compensatory elements of the strategic investment, and the amortization of the basis differences related to the definite-lived identifiable intangible assets of NGP Management. The net investment income (loss) recognized in the Company's unaudited condensed consolidated statements of operations for the three months ended March 31, 2021 and 2020 were as follows:

	Three Months Ended March 31,	
	2021	2020
(Dollars in millions)		
Management fee-related revenues from NGP Management	\$ 18.3	\$ 18.8
Expenses related to the investment in NGP Management	(2.9)	(2.8)
Amortization of basis differences from the investment in NGP Management	(0.7)	(1.1)
Net investment income from NGP Management	\$ 14.7	\$ 14.9

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The difference between the Company's remaining carrying value of its investment and its share of the underlying net assets of the investee was \$3.5 million and \$4.2 million as of March 31, 2021 and December 31, 2020, respectively; these differences are amortized over a period of 10 years from the initial investment date. The Company assesses the remaining carrying value of its equity method investment for impairment whenever events or circumstances indicate that the carrying value may not be recoverable, and considers factors including, but not limited to, expected cash flows from its interest in future management fees and NGP's ability to raise new funds.

Investment in the General Partners of NGP Carry Funds. The Company's investment in the general partners of the NGP Carry Funds entitle it to 47.5% of the performance allocations received by certain current and future NGP fund general partners. The Company records its equity income allocation from NGP performance allocations in principal investment income (loss) from equity method investments rather than performance allocations in its unaudited condensed consolidated statements of operations. There were no net investment earnings (losses) related to these performance allocations for the three months ended March 31, 2021 and 2020.

Principal Investments in NGP Funds. The Company also holds principal investments in the NGP Carry Funds. The Company recognized net investment earnings (losses) of \$6.0 million and \$(16.2) million for the three months ended March 31, 2021 and 2020, respectively, related to these investments and which are included in principal investment income in its unaudited condensed consolidated statements of operations.

Principal Investments in CLOs and Other Investments

Principal investments in CLOs and other investments as of March 31, 2021 and December 31, 2020 were \$575.8 million and \$601.5 million, respectively, and primarily consisted of investments in CLO senior and subordinated notes. A portion of these investments is collateral to CLO term loans (see Note 5). As of March 31, 2021 and December 31, 2020, principal investments in CLOs and other investments also included the Company's investment in the BDC Preferred Shares at fair value of \$69.6 million and \$60.0 million, respectively (see Note 8).

Investment Income (Loss)

The components of investment income (loss) are as follows:

	Three Months Ended March 31,	
	2021	2020
(Dollars in millions)		
Performance allocations		
Realized	\$ 170.9	\$ 173.8
Unrealized	1,615.2	(1,111.4)
	<u>1,786.1</u>	<u>(937.6)</u>
Principal investment income (loss) from equity method investments (excluding performance allocations)		
Realized	41.2	30.6
Unrealized	123.6	(211.7)
	<u>164.8</u>	<u>(181.1)</u>
Principal investment income (loss) from investments in CLOs and other investments		
Realized	(0.9)	0.2
Unrealized	15.2	(72.4)
	<u>14.3</u>	<u>(72.2)</u>
Total	<u>\$ 1,965.2</u>	<u>\$ (1,190.9)</u>

Notes to the Condensed Consolidated Financial Statements
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The performance allocations included in revenues are derived from the following segments:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Global Private Equity	\$ 1,566.5	\$ (809.3)
Global Credit	21.0	(63.0)
Investment Solutions	198.6	(65.3)
Total	<u>\$ 1,786.1</u>	<u>\$ (937.6)</u>

Approximately 53%, or \$940.9 million, of performance allocations for the three months ended March 31, 2021 are related to the following funds along with total revenue recognized (total revenue includes performance allocations, fund management fees, and principal investment income):

- Carlyle Partners VI, L.P. (Global Private Equity segment) - \$576.4 million, and
- Carlyle Europe Partners IV, L.P. (Global Private Equity segment) - \$424.4 million.

Approximately 59%, or \$(551.5) million, of performance allocations for the three months ended March 31, 2020 are related to the following funds along with total revenue recognized (total revenue includes performance allocations, fund management fees, and principal investment income):

- Carlyle Partners VI, L.P. (Global Private Equity segment) - \$(552.4) million,
- Carlyle International Energy Partners I, L.P. (Global Private Equity segment) - \$(159.5) million, and
- Carlyle Asia Partners IV, L.P. (Global Private Equity segment) - \$179.1 million.

Carlyle's income (loss) from its principal equity method investments consists of:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Global Private Equity	\$ 105.6	\$ (50.0)
Global Credit	53.6	(130.6)
Investment Solutions	5.6	(0.5)
Total	<u>\$ 164.8</u>	<u>\$ (181.1)</u>

The principal investment income (loss) in Global Credit for the three months ended March 31, 2021 and 2020 includes \$45.5 million and \$(111.9) million, respectively, from our equity method investment in Fortitude Holdings.

Investments of Consolidated Funds

The Company consolidates the financial positions and results of operations of certain CLOs in which it is the primary beneficiary. During the three months ended March 31, 2021, the Company did not form any new CLO for which the Company is the primary beneficiary.

There were no individual investments with a fair value greater than five percent of the Company's total assets for any period presented.

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Interest and Other Income of Consolidated Funds

The components of interest and other income of Consolidated Funds are as follows:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Interest income from investments	\$ 56.9	\$ 51.1
Other income	4.2	1.9
Total	\$ 61.1	\$ 53.0

Net Investment Gains (Losses) of Consolidated Funds

Net investment gains (losses) of Consolidated Funds include net realized gains (losses) from sales of investments and unrealized gains (losses) resulting from changes in fair value of the Consolidated Funds' investments. The components of net investment gains (losses) of Consolidated Funds are as follows:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Gains (losses) from investments of Consolidated Funds	\$ 89.3	\$ (932.7)
Gains (losses) from liabilities of CLOs	(77.0)	819.6
Total	\$ 12.3	\$ (113.1)

The following table presents realized and unrealized gains (losses) earned from investments of the Consolidated Funds:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Realized gains (losses)	\$ 4.7	\$ (0.5)
Net change in unrealized gains (losses)	84.6	(932.2)
Total	\$ 89.3	\$ (932.7)

5. Borrowings

The Company borrows and enters into credit agreements for its general operating and investment purposes. The Company's debt obligations consist of the following:

	March 31, 2021		December 31, 2020	
	Borrowing Outstanding	Carrying Value	Borrowing Outstanding	Carrying Value
	(Dollars in millions)			
CLO Borrowings (See below)	\$ 325.7	\$ 323.1	\$ 356.1	\$ 353.6
3.875% Senior Notes Due 2/01/2023	250.0	249.6	250.0	249.5
5.625% Senior Notes Due 3/30/2043	600.0	600.7	600.0	600.7
5.650% Senior Notes Due 9/15/2048	350.0	346.0	350.0	346.0
3.500% Senior Notes Due 9/19/2029	425.0	421.2	425.0	421.1
Total debt obligations	\$ 1,950.7	\$ 1,940.6	\$ 1,981.1	\$ 1,970.9

Senior Credit Facility

As of March 31, 2021, the senior credit facility included \$775.0 million in a revolving credit facility. The revolving credit facility is scheduled to mature on February 11, 2024, and principal amounts outstanding under the revolving credit facility

Notes to the Condensed Consolidated Financial Statements
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accrue interest, at the option of the borrowers, either (a) at an alternate base rate plus an applicable margin not to exceed 0.50%, or (b) at LIBOR plus an applicable margin not to exceed 1.50% (at March 31, 2021, the interest rate was 1.36%). The Company made no borrowings under the senior credit facility during the three months ended March 31, 2021 and there were no amounts outstanding at March 31, 2021.

Global Credit Revolving Credit Facility

On December 17, 2018, certain subsidiaries of the Company established a \$250.0 million revolving line of credit, primarily intended to support certain lending activities within the Global Credit segment. The credit facility includes a \$125.0 million line of credit with a one-year term, which was amended in December 2020 to extend its maturity to December 2021, and a \$125.0 million line of credit with a three-year term. Principal amounts outstanding under the facility accrue interest, at the option of the borrowers, either (a) at an alternate base rate plus an applicable margin not to exceed 1.00%, or (b) at the Eurocurrency rate plus an applicable margin, not to exceed 2.00%. The Company made no borrowings under the credit facility during the three months ended March 31, 2021, and there were no amounts outstanding as of March 31, 2021.

CLO Borrowings

For certain of the Company's CLOs, the Company finances a portion of its investment in the CLOs through the proceeds received from term loans and other financing arrangements with financial institutions. The Company's outstanding CLO borrowings consist of the following (Dollars in millions):

Formation Date	Borrowing Outstanding March 31, 2021	Borrowing Outstanding December 31, 2020	Maturity Date (1)	Interest Rate as of March 31, 2021	
February 28, 2017	\$ 75.7	\$ 79.9	November 17, 2031	2.34%	(2)
April 19, 2017	22.7	22.7	April 22, 2031	2.16%	(3) (14)
June 28, 2017	22.9	22.9	July 22, 2031	2.15%	(4) (14)
August 2, 2017	—	22.7	July 23, 2029	N/A	(5) (14)
August 2, 2017	—	21.3	August 3, 2022	N/A	(6)
August 14, 2017	—	22.4	August 15, 2030	N/A	(7) (14)
November 30, 2017	22.7	22.7	January 16, 2030	1.97%	(8)(14)(15)
December 6, 2017	19.0	19.0	October 16, 2030	1.89%	(9)(14)(15)
December 7, 2017	20.8	20.8	January 19, 2029	1.59%	(10)(14)(15)
January 30, 2018	19.2	19.2	January 23, 2030	1.85%	(11)(14)(15)
March 1, 2018	15.2	15.2	January 16, 2031	1.79%	(12)(14)(15)
March 15, 2019	1.9	22.6	March 15, 2032	8.04%	(13)
August 20, 2019	22.0	22.9	August 15, 2032	2.52%	(13)
September 15, 2020	20.9	21.8	April 15, 2033	1.59%	(13)
January 8, 2021	22.0	—	January 15, 2034	2.49%	(13)
March 9, 2021	21.0	—	August 15, 2030	1.37%	(13)
March 30, 2021	19.7	—	March 15, 2032	2.02%	(13)
	<u>\$ 325.7</u>	<u>\$ 356.1</u>			

- (1) Maturity date is earlier of date indicated or the date that the CLO is dissolved.
- (2) Outstanding borrowing of €64.4 million; incurs interest at EURIBOR plus applicable margins as defined in the agreement.
- (3) Incurs interest at LIBOR plus 1.932%. This term loan was fully repaid in April 2021.
- (4) Incurs interest at LIBOR plus 1.923%. This term loan was fully repaid in April 2021.
- (5) Incurred interest at LIBOR plus 1.808%. This term loan was fully repaid in February 2021.
- (6) Original borrowing of €17.4 million; incurred interest at EURIBOR plus 1.75% and had full recourse to the Company. This term loan was fully repaid in March 2021.
- (7) Incurred interest at LIBOR plus 1.848%. This term loan was fully repaid in March 2021.
- (8) Incurs interest at LIBOR plus 1.731%. This term loan was fully repaid in April 2021.
- (9) Incurs interest at LIBOR plus 1.647%.
- (10) Incurs interest at LIBOR plus 1.365%.

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- (11) Incurs interest at LIBOR plus 1.624%.
- (12) Incurs interest at LIBOR plus 1.552%.
- (13) Incurs interest at the average effective interest rate of each class of purchased securities plus 0.50% spread percentage.
- (14) Term loan issued under master credit agreement.
- (15) CLO Indentures for the respective CLO borrowings entered on November 30, 2017 and after provide for an alternative rate framework determined at the Company's discretion upon a trigger event of LIBOR.

The CLO term loans are secured by the Company's investments in the respective CLO, have a general unsecured interest in the Carlyle entity that manages the CLO, and generally do not have recourse to any other Carlyle entity. Interest expense for the three months ended March 31, 2021 and 2020 was \$1.9 million and \$2.5 million, respectively. The fair value of the outstanding balance of the CLO term loans at March 31, 2021 approximated par value based on current market rates for similar debt instruments. These CLO term loans are classified as Level III within the fair value hierarchy.

European CLO Financing - February 28, 2017

On February 28, 2017, a subsidiary of the Company entered into a financing agreement with several financial institutions under which these financial institutions have provided a €64.4 million term loan (\$75.7 million at March 31, 2021) to the Company. This term loan is secured by the Company's investments in the retained notes in certain European CLOs that were formed in 2014 and 2015. This term loan will mature on the earlier of November 17, 2031 or the date that the certain European CLO retained notes have been redeemed. The Company may prepay the term loan in whole or in part at any time after the third anniversary of the date of issuance without penalty. Prepayment of the term loan within the first three years will incur a penalty based on the prepayment amount. Interest on this term loan accrues at EURIBOR plus applicable margins (2.34% at March 31, 2021).

Master Credit Agreement - Term Loans

In January 2017, the Company entered into a master credit agreement with a financial institution under which the financial institution provided term loans to the Company for the purchase of eligible interests in CLOs. Term loans issued under this master credit agreement are secured by the Company's investment in the respective CLO as well as any senior management fee and subordinated management fee payable by each CLO. Term loans bear interest at LIBOR plus a weighted average spread over LIBOR on the CLO notes and an applicable margin, which is due quarterly. CLO Indentures for the respective CLO borrowings entered on November 30, 2017 and after provide for an alternative rate framework determined at the Company's discretion upon a trigger event of LIBOR. This agreement terminated in January 2020. Outstanding CLO term loans will mature at each respective borrowing's maturity date.

CLO Repurchase Agreements

On February 5, 2019, the Company entered into a €100.0 million master credit facility agreement (the "CLO Financing Facility") to finance a portion of the risk retention investments in certain European CLOs managed by the Company. Subject to the terms and conditions of the CLO Financing Facility, the Company and the counterparty may enter into repurchase agreements on such terms agreed upon by the parties. Each transaction entered into under the CLO Financing Facility will bear interest at a rate based on the weighted average effective interest rate of each class of securities that have been sold plus a spread to be agreed upon by the parties. As of March 31, 2021, €8.5 million of the CLO Financing Facility remained available.

Each transaction entered into under the CLO Financing Facility provides for payment netting and, in the case of a default or similar event with respect to the counterparty to the CLO Financing Facility, provides for netting across transactions. Generally, upon a counterparty default, the Company can terminate all transactions under the CLO Financing Facility and offset amounts it owes in respect of any one transaction against collateral, if any, or other amounts it has received in respect of any other transactions under the CLO Financing Facility; provided, however, that in the case of certain defaults, the Company may only be able to terminate and offset solely with respect to the transaction affected by the default. During the term of a transaction entered into under the CLO Financing Facility, the Company will deliver cash or additional securities acceptable to the counterparty if the securities sold are in default. Upon termination of a transaction, the Company will repurchase the previously sold securities from the counterparty at a previously determined repurchase price. The CLO Financing Facility may be terminated at any time upon certain defaults or circumstances agreed upon by the parties.

The repurchase agreements may result in credit exposure in the event the counterparty to the transaction is unable to fulfill its contractual obligations. The Company minimizes the credit risk associated with these activities by monitoring counterparty credit exposure and collateral values. Other than margin requirements, the Company is not subject to additional

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terms or contingencies which would expose the Company to additional obligations based upon the performance of the securities pledged as collateral.

Senior Notes

Certain indirect subsidiaries of the the Company have issued long term borrowings in the form of senior notes, on which interest is payable semi-annually in arrears. The following table provides information regarding these senior notes (Dollars in millions):

	Aggregate Principal Amount	Fair Value ⁽¹⁾ As of		Interest Expense	
		March 31, 2021	December 31, 2020	Three Months Ended March 31,	
				2021	2020
3.875% Senior Notes Due 2/1/2023 ⁽²⁾	\$ 250.0	\$ 265.8	\$ 270.0	\$ 2.5	\$ 2.5
5.625% Senior Notes Due 3/30/2043 ⁽³⁾	600.0	740.2	782.6	8.4	8.4
5.650% Senior Notes Due 9/15/2048 ⁽⁴⁾	350.0	444.6	469.3	5.0	5.0
3.500% Senior Notes Due 9/19/2029 ⁽⁵⁾	425.0	445.2	476.6	3.8	3.8
				<u>\$ 19.7</u>	<u>\$ 19.7</u>

(1) Including accrued interest. Fair value is based on indicative quotes and the notes are classified as Level II within the fair value hierarchy.

(2) Issued in January 2013 at 99.966% of par.

(3) Issued \$400.0 million in aggregate principal at 99.583% of par in March 2013. An additional \$200.0 million in aggregate principal was issued at 104.315% of par in March 2014, and is treated as a single class with the outstanding \$400.0 million in senior notes previously issued.

(4) Issued in September 2018 at 99.914% of par.

(5) Issued in September 2019 at 99.841% of par.

The issuers may redeem the senior notes, in whole at any time or in part from time to time, at a price equal to the greater of (i) 100% of the principal amount of the notes being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on any notes being redeemed discounted to the redemption date on a semiannual basis at the Treasury Rate plus 40 basis points (30 basis points in the case of the 3.875% and 3.500% senior notes), plus in each case accrued and unpaid interest on the principal amounts being redeemed.

Debt Covenants

The Company is subject to various financial covenants under its loan agreements including, among other items, maintenance of a minimum amount of management fee-earning assets. The Company is also subject to various non-financial covenants under its loan agreements and the indentures governing its senior notes. The Company was in compliance with all financial and non-financial covenants under its various loan agreements as of March 31, 2021.

Loans Payable of Consolidated Funds

Loans payable of Consolidated Funds primarily represent amounts due to holders of debt securities issued by the CLOs. Several of the CLOs issued preferred shares representing the most subordinated interest, however these tranches are mandatorily redeemable upon the maturity dates of the senior secured loans payable, and as a result have been classified as liabilities and are included in loans payable of Consolidated Funds in the unaudited condensed consolidated balance sheets.

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As of March 31, 2021 and December 31, 2020, the following borrowings were outstanding, which includes preferred shares classified as liabilities (Dollars in millions):

As of March 31, 2021				
	Borrowing Outstanding	Fair Value	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Senior secured notes	\$ 5,257.0	\$ 5,241.4	1.75 %	10.13
Subordinated notes, preferred shares and other	216.9	199.3	N/A (1)	10.25
Total	\$ 5,473.9	\$ 5,440.7		

As of December 31, 2020				
	Borrowing Outstanding	Fair Value	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Senior secured notes	\$ 5,442.2	\$ 5,358.9	1.74 %	10.36
Subordinated notes, preferred shares and other	164.2	204.1	N/A (1)	10.49
Total	\$ 5,606.4	\$ 5,563.0		

(1) The subordinated notes and preferred shares do not have contractual interest rates, but instead receive distributions from the excess cash flows of the CLOs.

Loans payable of the CLOs are collateralized by the assets held by the CLOs and the assets of one CLO may not be used to satisfy the liabilities of another. This collateral consisted of cash and cash equivalents, corporate loans, corporate bonds and other securities. As of March 31, 2021 and December 31, 2020, the fair value of the CLO assets was \$6.1 billion and \$6.3 billion, respectively.

6. Accrued Compensation and Benefits

Accrued compensation and benefits consist of the following:

	As of	
	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Accrued performance allocations and incentive fee related compensation	\$ 3,271.1	\$ 2,534.4
Accrued bonuses	138.2	469.6
Employment-based contingent cash consideration	13.4	50.6
Other	156.6	168.0
Total	\$ 3,579.3	\$ 3,222.6

The following table presents realized and unrealized performance allocations and incentive fee related compensation:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Realized	\$ 92.7	\$ 112.9
Unrealized	773.9	(555.4)
Total	\$ 866.6	\$ (442.5)

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7. Commitments and Contingencies**Capital Commitments**

The Company and its unconsolidated affiliates have unfunded commitments to entities within the following segments as of March 31, 2021 (Dollars in millions):

	Unfunded Commitments	
Global Private Equity	\$	2,613.8
Global Credit		361.2
Investment Solutions		320.3
Total	\$	3,295.3

Of the \$3.3 billion of unfunded commitments, approximately \$2.8 billion is subscribed individually by senior Carlyle professionals, advisors and other professionals, with the balance funded directly by the Company. In addition to these unfunded commitments, the Company may from time to time exercise its right to purchase additional interests in its investment funds that become available in the ordinary course of their operations. Additionally as of March 31, 2021, certain subsidiaries of the Company had \$4.3 million in unfunded commitments related to the origination and syndication of loans and securities under the Carlyle Global Capital Markets platform.

Guaranteed Loans

On September 3, 2019, the Company entered into an agreement with a financial institution pursuant to which the Company is the guarantor on loans made to eligible employees investing in Carlyle sponsored funds (the "Program"). The Program has an initial period of one year, renewed annually, and accrues interest at either the WSJ Prime Rate minus 1.00% floating or the 12MAT Index plus 2.00% floating, in either case with a floor rate of 3.50% (versus actual rates of 2.25% and 2.13%, respectively, as of March 31, 2021). The aggregate Program limit of all loans is \$100.0 million, and is collateralized by each borrower's interest in the Carlyle sponsored funds. As of March 31, 2021, approximately \$16.7 million was outstanding under the Program and payable by the employees. The Company has not funded any amounts under the guarantee to date, and believes the likelihood of any material funding under this guarantee to be remote. The fair value of the guarantee is not significant to the consolidated financial statements. The Program replaced a similar agreement with another financial institution, and as of March 31, 2021, approximately \$0.2 million remained outstanding and guaranteed by the Company under that previous agreement.

Certain consolidated subsidiaries of the Company are the guarantors of revolving credit facilities for certain funds in the Investment Solutions segment. The guarantee is limited to the lesser of the total amount drawn under the credit facilities or the net asset value of the guarantor subsidiaries, which was approximately \$31.1 million as of March 31, 2021. The outstanding balances are secured by uncalled capital commitments from the underlying funds and the Company believes the likelihood of any material funding under this guarantee to be remote.

Contingent Obligations (Giveback)

A liability for potential repayment of previously received performance allocations of \$20.6 million at March 31, 2021 is shown as accrued giveback obligations in the unaudited condensed consolidated balance sheets, representing the giveback obligation that would need to be paid if the funds were liquidated at their current fair values at March 31, 2021. However, the ultimate giveback obligation, if any, generally is not paid until the end of a fund's life or earlier if the giveback becomes fixed and early payment is agreed upon by the fund's partners (see Note 2). The Company has no unbilled receivables from former and current employees and senior Carlyle professionals as of March 31, 2021 or December 31, 2020 related to giveback obligations. Any such receivables would be collateralized by investments made by individual senior Carlyle professionals and employees in Carlyle-sponsored funds. In addition, \$139.9 million and \$175.9 million have been withheld from distributions of carried interest to senior Carlyle professionals and employees for potential giveback obligations as of March 31, 2021 and December 31, 2020, respectively. Such amounts are held on behalf of the respective current and former Carlyle employees to satisfy any givebacks they may owe and are held by entities not included in the accompanying condensed consolidated balance sheets. Current and former senior Carlyle professionals and employees are personally responsible for their giveback obligations. As of March 31, 2021, approximately \$9.8 million of the Company's accrued giveback obligation is the responsibility of various current and former senior Carlyle professionals and other former limited partners of the Carlyle Holdings partnerships, and the net accrued giveback obligation attributable to the Company is \$10.8 million.

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If, at March 31, 2021, all of the investments held by the Company's Funds were deemed worthless, a possibility that management views as remote, the amount of realized and distributed carried interest subject to potential giveback would be \$0.5 billion, on an after-tax basis where applicable, of which approximately \$0.3 billion would be the responsibility of current and former senior Carlyle professionals.

Leases

The Company's leases primarily consist of operating leases for office space in various countries around the world, including its headquarters in Washington, D.C. The Company relocated one of its New York City offices in December 2020 to new office space in Midtown New York. These leases have remaining lease terms of 1 year to 15 years, some of which include options to extend for up to 5 years and some of which include an option to terminate the leases within 1 year. The Company also has operating leases for office equipment and vehicles, which are not significant.

The following table summarizes the Company's lease cost, cash flows and other supplemental information related to its operating leases (Dollars in millions):

	Three Months Ended March 31,	
	2021	2020
Operating lease cost	\$ 14.0	\$ 11.8
Sublease income	(0.7)	(0.6)
Total operating lease cost	<u>\$ 13.3</u>	<u>\$ 11.2</u>
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 11.3	\$ 14.9
Weighted-average remaining lease term	12.3 years	9.6 years
Weighted-average discount rate	4.2 %	5.3 %

Maturities of lease liabilities related to operating leases were as follows (Dollars in millions):

Year ending December 31,	
2021 (excluding the three months ended March 31, 2021)	\$ 39.1
2022	63.4
2023	57.8
2024	54.4
2025	52.2
Thereafter	397.9
Total lease payments	<u>\$ 664.8</u>
Less imputed interest	(145.2)
Total lease liabilities	<u>\$ 519.6</u>

Legal Matters

In the ordinary course of business, the Company is a party to litigation, investigations, inquiries, employment-related matters, disputes and other potential claims. Certain of these matters are described below. The Company is not currently able to estimate the reasonably possible amount of loss or range of loss, in excess of amounts accrued, for the matters that have not been resolved. The Company does not believe it is probable that the outcome of any existing litigation, investigations, disputes or other potential claims will materially affect the Company or these financial statements in excess of amounts accrued. The Company believes that the matters described below are without merit.

Along with many other companies and individuals in the financial sector, the Company and Carlyle Mezzanine Partners, L.P. ("CMP") are named as defendants in *Foy v. Austin Capital*, a case filed in June 2009 in state court in New Mexico, which purports to be a *qui tam* suit on behalf of the State of New Mexico under the state Fraud Against Taxpayers Act ("FATA"). The

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suit alleges that investment decisions by New Mexico public investment funds were improperly influenced by campaign contributions and payments to politically connected placement agents. The plaintiffs seek, among other things, actual damages for lost income, rescission of the investment transactions described in the complaint and disgorgement of all fees received. In September 2017, the Court dismissed the lawsuit and the plaintiffs then filed an appeal seeking to reverse that decision. In June 2020, the Court of Appeals affirmed the decision dismissing the case. On June 24, 2020, plaintiffs filed a motion for rehearing with the Court of Appeals. On June 30, 2020, the Court of Appeals denied that motion. Plaintiffs filed an appeal to the New Mexico Supreme Court. On October 9, 2020, the New Mexico Supreme Court denied Foy's petition for certiorari. On October 27, 2020, Foy filed two motions for rehearing with the New Mexico Supreme Court.

Carlyle Capital Corporation Limited ("CCC") was a fund sponsored by the Company that invested in AAA-rated residential mortgage backed securities on a highly leveraged basis. In March of 2008, amidst turmoil throughout the mortgage markets and money markets, CCC filed for insolvency protection in Guernsey. The Guernsey liquidators who took control of CCC in March 2008 filed a suit on July 7, 2010 against the Company, certain of its affiliates and the former directors of CCC in the Royal Court of Guernsey seeking more than \$1.0 billion in damages in a case styled *Carlyle Capital Corporation Limited v. Conway et al.* On September 4, 2017, the Royal Court of Guernsey ruled that the Company and Directors of CCC acted reasonably and appropriately in the management and governance of CCC and that none of the Company, its affiliates or former directors of CCC had any liability. In December 2017, the plaintiff filed a notice of appeal of the trial court decision. On April 12, 2019, the Guernsey Court of Appeal dismissed the appeal and affirmed the trial court's decision. On July 31, 2019, the plaintiffs filed a notice of appeal with the Judicial Committee of the Privy Council. On April 2, 2020, the parties entered into a binding Heads of Agreement and on April 21 executed a definitive settlement agreement, which received court approval on May 1, 2020. Pursuant to this agreement, the Company retains the amounts already received from the plaintiff to reimburse the Company for legal fees and expenses incurred to defend against the claims (approximately £23.3 million) and received the funds deposited as security with the Privy Council (approximately £850,000). All claims have now been dismissed. The Company recognized \$29.9 million as a reduction to general, administrative and other expenses in the accompanying unaudited condensed consolidated statements of operations during the three months ended March 31, 2020.

The Company currently is and expects to continue to be, from time to time, subject to examinations, formal and informal inquiries and investigations by various U.S. and non-U.S. governmental and regulatory agencies, including but not limited to, the SEC, Department of Justice, state attorneys general, FINRA, National Futures Association and the U.K. Financial Conduct Authority. The Company routinely cooperates with such examinations, inquiries and investigations, and they may result in the commencement of civil, criminal, or administrative or other proceedings against the Company or its personnel.

It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings and employment-related matters, and some of the matters discussed above involve claims for potentially large and/or indeterminate amounts of damages. Based on information known by management, management does not believe that as of the date of this filing the final resolutions of the matters above will have a material effect upon the Company's unaudited condensed consolidated financial statements. However, given the potentially large and/or indeterminate amounts of damages sought in certain of these matters and the inherent unpredictability of investigations and litigations, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company's financial results in any particular period.

The Company accrues an estimated loss contingency liability when it is probable that such a liability has been incurred and the amount of the loss can be reasonably estimated. As of March 31, 2021, the Company had recorded liabilities aggregating to approximately \$35 million for litigation-related contingencies, regulatory examinations and inquiries, and other matters. The Company evaluates its outstanding legal and regulatory proceedings and other matters each quarter to assess its loss contingency accruals, and makes adjustments in such accruals, upward or downward, as appropriate, based on management's best judgment after consultation with counsel. There is no assurance that the Company's accruals for loss contingencies will not need to be adjusted in the future or that, in light of the uncertainties involved in such matters, the ultimate resolution of these matters will not significantly exceed the accruals that the Company has recorded.

Indemnifications

In the normal course of business, the Company and its subsidiaries enter into contracts that contain a variety of representations and warranties and provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company believes the risk of material loss to be remote.

Risks and Uncertainties

Carlyle's funds seek investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the underlying investees conduct their operations, as well as general

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economic, political, regulatory and public health conditions, may have a significant negative impact on the Company's investments and profitability. The funds managed by the Company may also experience a slowdown in the deployment of capital, which could adversely affect the Company's ability to raise capital for new or successor funds and could also impact the management fees the Company earns on its carry funds and managed accounts. Such events are beyond the Company's control, and the likelihood that they may occur and the effect on the Company cannot be predicted.

Furthermore, certain of the funds' investments are made in private companies and there are generally no public markets for the underlying securities at the current time. The funds' ability to liquidate their publicly-traded investments are often subject to limitations, including discounts that may be required to be taken on quoted prices due to the number of shares being sold. The funds' ability to liquidate their investments and realize value is subject to significant limitations and uncertainties, including among others currency fluctuations and natural disasters.

The Company and the funds make investments outside of the United States. Investments outside the United States may be subject to less developed bankruptcy, corporate, partnership and other laws (which may have the effect of disregarding or otherwise circumventing the limited liability structures potentially causing the actions or liabilities of one fund or a portfolio company to adversely impact the Company or an unrelated fund or portfolio company). Non-U.S. investments are subject to the same risks associated with the Company's U.S. investments as well as additional risks, such as fluctuations in foreign currency exchange rates, unexpected changes in regulatory requirements, heightened risk of political and economic instability, difficulties in managing non-U.S. investments, potentially adverse tax consequences and the burden of complying with a wide variety of foreign laws.

Furthermore, Carlyle is exposed to economic risk concentrations related to certain large investments as well as concentrations of investments in certain industries and geographies.

Additionally, the Company encounters credit risk. Credit risk is the risk of default by a counterparty in the Company's investments in debt securities, loans, leases and derivatives that result from a borrower's, lessee's or derivative counterparty's inability or unwillingness to make required or expected payments.

The Company considers cash, cash equivalents, securities, receivables, principal equity method investments, accounts payable, accrued expenses, other liabilities, loans, senior notes, assets and liabilities of Consolidated Funds and contingent and other consideration for acquisitions to be its financial instruments. Except for the senior notes, the carrying amounts reported in the unaudited condensed consolidated balance sheets for these financial instruments equal or closely approximate their fair values. The fair value of the senior notes is disclosed in Note 5.

8. Related Party Transactions

Due from Affiliates and Other Receivables, Net

The Company had the following due from affiliates and other receivables at March 31, 2021 and December 31, 2020:

	As of	
	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Accrued incentive fees	\$ 9.3	\$ 9.5
Notes receivable and accrued interest from affiliates	9.4	17.9
Management fee, reimbursable expenses and other receivables from unconsolidated funds and affiliates, net	227.0	245.1
Total	<u>\$ 245.7</u>	<u>\$ 272.5</u>

Notes receivable represent loans that the Company has provided to certain unconsolidated funds to meet short-term obligations to purchase investments. Reimbursable expenses and other receivables from certain of the unconsolidated funds and portfolio companies relate to management fees receivable from limited partners, advisory fees receivable and expenses paid on behalf of these entities. These costs represent costs related to the pursuit of actual or proposed investments, professional fees and expenses associated with the acquisition, holding and disposition of the investments. The affiliates are obligated at the discretion of the Company to reimburse the expenses. Based on management's determination, the Company accrues and

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charges interest on amounts due from affiliate accounts at interest rates ranging up to 6.96% as of March 31, 2021. The accrued and charged interest to the affiliates was not significant for any period presented.

These receivables are assessed regularly for collectability and amounts determined to be uncollectible are charged directly to general, administrative and other expenses in the condensed consolidated statements of operations. A corresponding allowance for doubtful accounts is recorded and such amounts were not significant for any period presented.

Due to Affiliates

The Company had the following due to affiliates balances at March 31, 2021 and December 31, 2020:

	As of	
	March 31, 2021	December 31, 2020
(Dollars in millions)		
Due to non-consolidated affiliates	\$ 80.9	\$ 49.2
Deferred consideration for Carlyle Holdings units	198.7	266.7
Amounts owed under the tax receivable agreement	98.0	98.0
Other	30.5	22.8
Total	\$ 408.1	\$ 436.7

The Company has recorded obligations for amounts due to certain of its affiliates. The Company periodically offsets expenses it has paid on behalf of its affiliates against these obligations. The amount owed under the tax receivable agreement is related primarily to the acquisition by the Company of Carlyle Holdings partnership units in June 2015 and March 2014, respectively, the exchange in May 2012 by CalPERS of its Carlyle Holdings partnership units for Partnership common units, as well as certain unit exchanges by senior Carlyle professionals prior to the Conversion. Deferred consideration for Carlyle Holdings units relates to the remaining obligation to the holders of Carlyle Holdings partnership units who will receive cash payments aggregating to \$1.50 per Carlyle Holdings partnership unit exchanged in connection with the Conversion, payable in five annual installments of \$0.30. The first and second annual installment payments occurred in January 2020 and January 2021, respectively. The obligation was initially recorded at fair value, net of a discount of \$11.3 million and measured using Level III inputs in the fair value hierarchy.

Other Related Party Transactions

In the normal course of business, the Company has made use of aircraft owned by entities controlled by senior Carlyle professionals. The senior Carlyle professionals paid for their purchases of aircraft and bear all operating, personnel and maintenance costs associated with their operation for personal use. Payment by the Company for the business use of these aircraft by senior Carlyle professionals and other employees, which is made at market rates, totaled \$0.4 million and \$1.8 million for the three months ended March 31, 2021 and 2020, respectively. The accrual of aircraft fees is included in general, administrative, and other expenses in the unaudited condensed consolidated statements of operations.

On May 5, 2020, the Company purchased 2,000,000 shares of cumulative convertible preferred stock from TCG BDC in a private placement at a price of \$25 per share (the "BDC Preferred Shares"). Dividends are payable on a quarterly basis in an initial amount equal to 7.0% per annum payable in cash, or, at TCG BDC's option, 9.0% per annual payable in additional shares of BDC Preferred Stock. During the three months ended March 31, 2021, the Company recorded \$0.9 million for the cash dividends declared by TCG BDC, which is included in interest and other income in the unaudited condensed consolidated statements of operations. The Company's investment in the BDC Preferred Shares, which is recorded at fair value, is \$69.6 million as of March 31, 2021 and included in investments, including accrued performance allocations, in the unaudited condensed consolidated balance sheets.

Senior Carlyle professionals and employees are permitted to participate in co-investment entities that invest in Carlyle funds or alongside Carlyle funds. In many cases, participation is limited by law to individuals who qualify under applicable legal requirements. These co-investment entities generally do not require senior Carlyle professionals and employees to pay management fees or performance allocations, however, Carlyle professionals and employees are required to pay their portion of partnership expenses.

Carried interest income from the funds can be distributed to senior Carlyle professionals and employees on a current basis, but is subject to repayment by the subsidiary of the Company that acts as general partner of the fund in the event that

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certain specified return thresholds are not ultimately achieved. The senior Carlyle professionals and certain other investment professionals have personally guaranteed, subject to certain limitations, the obligation of these subsidiaries in respect of this general partner obligation. Such guarantees are several and not joint and are limited to a particular individual's distributions received.

The Company does business with some of its portfolio companies; all such arrangements are on a negotiated basis.

Substantially all revenue is earned from affiliates of Carlyle.

9. Income Taxes

Following the Conversion on January 1, 2020, all of the income before provision for income taxes attributable to the Company is subject to U.S. federal, state, and local corporate income taxes. Prior to the Conversion, the Company was generally organized as a series of pass through entities pursuant to the United States Internal Revenue Code. As such, the Company was not responsible for the tax liability due on certain income earned during the year. Such income is taxed at the unitholder and non-controlling interest holder level, and any income tax is the responsibility of the unitholders and is paid at that level.

The Company's provision (benefit) for income taxes was \$273.4 million and \$(80.0) million for the three months ended March 31, 2021 and 2020, respectively. During the three months ended March 31, 2020, the provision for income taxes reflects a tax benefit of \$170.3 million related to the net loss recorded during the period, net of the \$90.3 million expense related to Conversion. For additional information regarding the impact of Conversion, refer to Note 11 in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. The Company's effective tax rate was approximately 23% and 10% for the three months ended March 31, 2021 and 2020, respectively. The effective tax rate for the three months ended March 31, 2021 is primarily comprised of the 21% U.S. federal corporate income tax rate plus U.S. state and foreign corporate income taxes, partially offset by non-controlling interests. U.S. federal taxes relate to deferred taxes, as current period earnings were offset by net operating loss carryforwards. The effective tax rate for the three months ended March 31, 2020 differs from the statutory rate primarily due to the income tax expense resulting from the Conversion offsetting the tax benefit from the net loss recorded in the period.

In the normal course of business, the Company is subject to examination by federal and certain state, local and foreign tax regulators. With a few exceptions, as of March 31, 2021, the Company's U.S. federal income tax returns for tax years 2017 through 2019 are open under the normal three-year statute of limitations and therefore subject to examination. State and local tax returns are generally subject to audit for tax years 2015 to 2019. Foreign tax returns are generally subject to audit for tax years 2011 to 2019. Certain of the Company's affiliates are currently under audit by federal, state and foreign tax authorities.

The Company does not believe that the outcome of these audits will require it to record material reserves for uncertain tax positions or that the outcome will have a material impact on the consolidated financial statements. The Company does not believe that it has any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next twelve months.

10. Non-controlling Interests in Consolidated Entities

The components of the Company's non-controlling interests in consolidated entities are as follows:

	As of	
	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Non-Carlyle interests in Consolidated Funds	\$ 1.1	\$ 1.2
Non-Carlyle interests in majority-owned subsidiaries	234.0	223.3
Non-controlling interest in carried interest, giveback obligations and cash held for carried interest distributions	15.1	16.5
Non-controlling interests in consolidated entities	<u>\$ 250.2</u>	<u>\$ 241.0</u>

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The components of the Company's non-controlling interests in income (loss) of consolidated entities are as follows:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Non-Carlyle interests in Consolidated Funds	\$ (0.1)	\$ (7.4)
Non-Carlyle interests in majority-owned subsidiaries	19.1	(89.0)
Non-controlling interest in carried interest, giveback obligations and cash held for carried interest distributions	2.6	(0.6)
Non-controlling interests in income (loss) of consolidated entities	<u>\$ 21.6</u>	<u>\$ (97.0)</u>

11. Earnings Per Common Share

Basic and diluted net income (loss) per common share are calculated as follows:

	Three Months Ended March 31, 2021	
	Basic	Diluted
Net income attributable to common shares	\$ 869,300,000	\$ 869,300,000
Weighted-average common shares outstanding	354,230,092	360,504,780
Net income per common share	<u>\$ 2.45</u>	<u>\$ 2.41</u>

	Three Months Ended March 31, 2020	
	Basic	Diluted
Net loss attributable to common shares	\$ (612,000,000)	\$ (612,000,000)
Weighted-average common shares outstanding	348,239,759	348,239,759
Net loss per common share	<u>\$ (1.76)</u>	<u>\$ (1.76)</u>

The weighted-average common shares outstanding, basic and diluted, are calculated as follows:

	Three Months Ended March 31, 2021	
	Basic	Diluted
The Carlyle Group Inc. weighted-average common shares outstanding	354,230,092	354,230,092
Unvested restricted stock units	—	4,422,988
Issuable The Carlyle Group Inc. common shares	—	1,851,700
Weighted-average common shares outstanding	<u>354,230,092</u>	<u>360,504,780</u>

	Three Months Ended March 31, 2020	
	Basic	Diluted
The Carlyle Group Inc. weighted-average common shares outstanding	348,239,759	348,239,759
Unvested restricted stock units	—	—
Issuable The Carlyle Group Inc. common shares	—	—
Weighted-average common shares outstanding	<u>348,239,759</u>	<u>348,239,759</u>

The Company applies the treasury stock method to determine the dilutive weighted-average common shares represented by the unvested restricted stock units. Also included in the determination of dilutive weighted-average common shares are issuable common shares associated with the Company's acquisitions, strategic investments in NGP and performance-vesting

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restricted stock units. All such awards were antidilutive and excluded from the computation of diluted earnings per share given the net loss attributable to common stockholders for the three months ended March 31, 2020.

12. Equity

Stock Repurchase Program

In December 2018, the Board of Directors of the Company authorized the repurchase of up to \$200.0 million of common units and/or Carlyle Holdings units, inclusive of amounts under the February 2016 repurchase program described below. As part of the Conversion, in January 2020 the Board of Directors re-authorized the December 2018 repurchase program. In February 2021, the Board of Directors replenished the repurchase program to its limit of \$200 million of common stock from its maximum remaining repurchase amount of \$139.1 million. Under this repurchase program, shares of common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and actual number of shares of common stock repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This repurchase program may be suspended or discontinued at any time and does not have a specified expiration date. During the three months ended March 31, 2021, the Company paid an aggregate of \$10.0 million to repurchase and retire approximately 0.3 million shares with all of the repurchases done via open market and brokered transactions. As of March 31, 2021, \$190.0 million of repurchase capacity remains under the program.

Dividends

The table below presents information regarding the quarterly dividends on the common shares, which were made at the sole discretion of the Board of Directors of the Company.

Dividend Record Date	Dividend Payment Date	Dividend per Common Share	Dividend to Common Stockholders
(Dollars in millions, except per share data)			
May 12, 2020	May 19, 2020	\$ 0.25	\$ 87.2
August 11, 2020	August 18, 2020	0.25	88.3
November 10, 2020	November 17, 2020	0.25	88.4
February 16, 2021	February 23, 2021	0.25	88.7
Total 2020 Dividend Year		\$ 1.00	\$ 352.6
May 11, 2021	May 19, 2021	\$ 0.25	\$ 88.7
Total 2021 Dividend Year (through Q1 2021)		\$ 0.25	\$ 88.7

The Board of Directors will take into account general economic and business conditions, as well as the Company's strategic plans and prospects, business and investment opportunities, financial condition and obligations, legal, tax and regulatory restrictions, other constraints on the payment of dividends by the Company to its common stockholders or by subsidiaries to the Company, and other such factors as the Board of Directors may deem relevant. In addition, the terms of the Company's credit facility provide certain limits on the Company's ability to pay dividends.

13. Equity-Based Compensation

In May 2012, Carlyle Group Management L.L.C., the general partner of the Partnership, adopted the Equity Incentive Plan. The Equity Incentive Plan, which was amended on January 1, 2020 in connection with the Conversion to reflect shares of the Company's common stock, is a source of equity-based awards permitting the Company to grant to Carlyle employees, directors and consultants non-qualified options, share appreciation rights, common shares, restricted stock units and other awards based on the Company's common shares. The total number of the Company's common shares which were initially available for grant under the Equity Incentive Plan was 30,450,000. The Equity Incentive Plan contains a provision which automatically increases the number of the Company's common shares available for grant based on a pre-determined formula; this increase occurs annually on January 1. As of January 1, 2021, pursuant to the formula, the total number of the Company's common shares available for grant under the Equity Incentive Plan was 35,352,057.

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A summary of the status of the Company's non-vested equity-based awards as of March 31, 2021 and a summary of changes for the three months ended March 31, 2021, are presented below:

Unvested Shares	Restricted Stock Units	Weighted- Average Grant Date Fair Value	Unvested Common Shares ⁽¹⁾	Weighted- Average Grant Date Fair Value
Balance, December 31, 2020	8,523,082	\$ 21.70	748,344	\$ 25.39
Granted	9,508,771	\$ 30.31	291,396	\$ 32.93
Vested	1,288,297	\$ 25.71	—	\$ —
Forfeited	66,865	\$ 21.79	—	\$ —
Balance, March 31, 2021	<u>16,676,691</u>	<u>\$ 26.09</u>	<u>1,039,740</u>	<u>\$ 27.50</u>

(1) Includes common shares issued in connection with the Company's strategic investment in NGP.

In February 2021, the Company granted 6.6 million long-term, strategic restricted stock units to certain senior professionals, the majority of which are subject to vesting based on the achievement of annual performance targets over four years. Compensation cost will be recognized over the requisite service period if it is probable that the performance condition will be satisfied.

The Company recorded compensation expense for restricted stock units of \$32.4 million and \$29.1 million for the three months ended March 31, 2021 and 2020, respectively, with \$6.7 million and \$7.3 million of corresponding deferred tax benefits, respectively. As of March 31, 2021, the total unrecognized equity-based compensation expense related to unvested restricted stock units was \$367.1 million, which is expected to be recognized over a weighted-average term of 2.5 years.

14. Segment Reporting

Historically, the Company conducted its operations through four reportable segments: Corporate Private Equity, Real Assets, Global Credit, and Investment Solutions. In the fourth quarter of 2020, in connection with the transition to a sole chief executive officer on October 1, 2020, senior management began re-evaluating the Company's operating structure. As a result, the Company revised its operating segments by combining Corporate Private Equity and Real Assets into a single segment called Global Private Equity to reflect how the chief operating decision makers manage and assess the performance of the business and allocate resources. The presentation of the Company's segment financial information for the three months ended March 31, 2020 has been modified to reflect this change, and will consequently be different from the historical segment financial results previously reported by the Company in its reports filed with the SEC. There was no impact to the Global Credit and Investment Solutions segments as a result of this change.

Carlyle conducts its operations through three reportable segments:

Global Private Equity – The Global Private Equity segment is comprised of the Company's operations that advise a diverse group of funds that invest in buyout, middle market and growth capital, real estate and natural resources transactions.

Global Credit – The Global Credit segment advises a group of funds that pursue investment opportunities across various types of credit, including loans and structured credit, direct lending, opportunistic credit, energy credit, distressed credit, aircraft financing and servicing, and capital solutions.

Investment Solutions – The Investment Solutions segment advises global private equity fund of funds programs and related co-investment and secondary activities through AlpInvest. This segment also includes Metropolitan Real Estate ("MRE"), a global manager of real estate fund of funds and related co-investment and secondary activities, which was sold on April 1, 2021 (see Note 15 to these unaudited condensed consolidated financial statements for more information).

The Company's reportable business segments are differentiated by their various investment focuses and strategies. Overhead costs are generally allocated based on cash-based compensation and benefits expense for each segment. The Company's earnings from its investment in NGP are presented in the respective operating captions within the Global Private Equity segment.

Distributable Earnings. Distributable Earnings, or "DE," is a key performance benchmark used in the Company's industry and is evaluated regularly by management in making resource deployment and compensation decisions and in assessing performance of the Company's three reportable segments. Management also uses DE in budgeting, forecasting, and the overall management of the Company's segments. Management believes that reporting DE is helpful to understanding the

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Company's business and that investors should review the same supplemental financial measure that management uses to analyze the Company's segment performance. DE is intended to show the amount of net realized earnings without the effects of the consolidation of the Consolidated Funds. DE is derived from the Company's segment reported results and is used to assess performance.

Distributable Earnings differs from income (loss) before provision for income taxes computed in accordance with U.S. GAAP in that it includes certain tax expenses associated with certain foreign performance revenues (comprised of performance allocations and incentive fees), and does not include unrealized performance allocations and related compensation expense, unrealized principal investment income, equity-based compensation expense, net income (loss) attributable to non-Carlyle interests in consolidated entities, or charges (credits) related to Carlyle corporate actions and non-recurring items. Charges (credits) related to Carlyle corporate actions and non-recurring items include: charges (credits) associated with acquisitions, dispositions, or strategic investments, changes in the tax receivable agreement liability, corporate conversion costs, amortization and any impairment charges associated with acquired intangible assets, transaction costs associated with acquisitions and dispositions, charges associated with earnouts and contingent consideration including gains and losses associated with the estimated fair value of contingent considerations issued in conjunction with acquisitions or strategic investments, impairment charges associated with lease right-of-use assets, gains and losses from the retirement of debt, charges associated with contract terminations and employee severance. Management believes the inclusion or exclusion of these items provides investors with a meaningful indication of the Company's core operating performance.

Fee Related Earnings. Fee Related Earnings, or "FRE," is used to assess the ability of the business to cover direct base compensation and operating expenses from total fee revenues. FRE differs from income (loss) before provision for income taxes computed in accordance with U.S. GAAP in that it adjusts for the items included in the calculation of DE and also adjusts DE to exclude net realized performance revenues, realized principal investment income, net interest (interest income less interest expense), and certain general, administrative and other expenses when the timing of any future payment is uncertain.

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The following tables present the financial data for the Company's three reportable segments for the three months ended March 31, 2021:

	Three Months Ended March 31, 2021			
	Global Private Equity	Global Credit	Investment Solutions	Total
	(Dollars in millions)			
Segment Revenues				
Fund level fee revenues				
Fund management fees	\$ 260.2	\$ 80.0	\$ 52.0	\$ 392.2
Portfolio advisory and transaction fees, net and other	10.6	8.8	0.3	19.7
Total fund level fee revenues	270.8	88.8	52.3	411.9
Realized performance revenues	134.1	0.1	34.2	168.4
Realized principal investment income	23.7	5.9	0.4	30.0
Interest income	0.2	2.0	—	2.2
Total revenues	428.8	96.8	86.9	612.5
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	129.1	53.7	29.4	212.2
Realized performance revenues related compensation	60.2	—	32.2	92.4
Total compensation and benefits	189.3	53.7	61.6	304.6
General, administrative, and other indirect expenses	41.4	11.8	8.4	61.6
Depreciation and amortization expense	6.1	1.9	1.1	9.1
Interest expense	13.8	6.3	2.2	22.3
Total expenses	250.6	73.7	73.3	397.6
Distributable Earnings	\$ 178.2	\$ 23.1	\$ 13.6	\$ 214.9
(-) Realized Net Performance Revenues	73.9	0.1	2.0	76.0
(-) Realized Principal Investment Income	23.7	5.9	0.4	30.0
(+) Net Interest	13.6	4.3	2.2	20.1
(=) Fee Related Earnings	94.2	21.4	13.4	129.0
Segment assets as of March 31, 2021	\$ 7,768.5	\$ 1,861.5	\$ 1,356.5	\$ 10,986.5

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The following tables present the financial data for the Company's three reportable segments for the three months ended March 31, 2020:

	Three Months Ended March 31, 2020			
	Global Private Equity	Global Credit	Investment Solutions	Total
(Dollars in millions)				
Segment Revenues				
Fund level fee revenues				
Fund management fees	\$ 268.7	\$ 73.0	\$ 39.8	\$ 381.5
Portfolio advisory and transaction fees, net and other	4.2	2.6	—	6.8
Total fund level fee revenues	272.9	75.6	39.8	388.3
Realized performance revenues	65.2	21.0	85.4	171.6
Realized principal investment income	10.2	5.1	0.6	15.9
Interest income	1.8	3.1	0.4	5.3
Total revenues	350.1	104.8	126.2	581.1
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	129.7	49.1	25.0	203.8
Realized performance revenues related compensation	29.7	9.7	84.0	123.4
Total compensation and benefits	159.4	58.8	109.0	327.2
General, administrative, and other indirect expenses	37.2	5.6	5.5	48.3
Depreciation and amortization expense	4.8	1.6	1.0	7.4
Interest expense	13.9	7.0	2.3	23.2
Total expenses	215.3	73.0	117.8	406.1
Distributable Earnings	\$ 134.8	\$ 31.8	\$ 8.4	\$ 175.0
(-) Realized Net Performance Revenues	35.5	11.3	1.4	48.2
(-) Realized Principal Investment Income	10.2	5.1	0.6	15.9
(+) Net Interest	12.1	3.9	1.9	17.9
(=) Fee Related Earnings	\$ 101.2	\$ 19.3	\$ 8.3	\$ 128.8

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The following tables reconcile the Total Segments to the Company's Income (Loss) Before Provision for Taxes for the three months ended March 31, 2021 and 2020, and Total Assets as of March 31, 2021.

Three Months Ended March 31, 2021						
	Total Reportable Segments	Consolidated Funds	Reconciling Items			Carlyle Consolidated
(Dollars in millions)						
Revenues	\$ 612.5	\$ 61.1	\$ 1,763.6	(a)		\$ 2,437.2
Expenses	\$ 397.6	\$ 56.5	\$ 831.1	(b)		\$ 1,285.2
Other income (loss)	\$ —	\$ 12.3	\$ —	(c)		\$ 12.3
Distributable earnings	\$ 214.9	\$ 16.9	\$ 932.5	(d)		\$ 1,164.3
Total assets	\$ 10,986.5	\$ 6,169.2	\$ (180.4)	(e)		\$ 16,975.3

Three Months Ended March 31, 2020						
	Total Reportable Segments	Consolidated Funds	Reconciling Items			Carlyle Consolidated
(Dollars in millions)						
Revenues	\$ 581.1	\$ 53.0	\$ (1,379.8)	(a)		\$ (745.7)
Expenses	\$ 406.1	\$ 53.8	\$ (529.7)	(b)		\$ (69.8)
Other income (loss)	\$ —	\$ (113.1)	\$ —	(c)		\$ (113.1)
Distributable earnings	\$ 175.0	\$ (113.9)	\$ (850.1)	(d)		\$ (789.0)

- (a) The Revenues adjustment principally represents unrealized performance revenues, unrealized principal investment income (loss) (including Fortitude Re), revenues earned from the Consolidated Funds which were eliminated in consolidation to arrive at the Company's total revenues, adjustments for amounts attributable to non-controlling interests in consolidated entities, adjustments related to expenses associated with the investments in NGP Management and its affiliates that are included in operating captions or are excluded from the segment results, adjustments to reflect the reimbursement of certain costs incurred on behalf of Carlyle funds on a net basis, and the inclusion of tax expenses associated with certain foreign performance revenues, as detailed below:

	Three Months Ended March 31,	
	2021	2020
(Dollars in millions)		
Unrealized performance revenues	\$ 1,621.8	\$ (1,109.0)
Unrealized principal investment income (loss)	131.3	(264.7)
Adjusted unrealized principal investment income (loss) from investment in Fortitude Re	—	(22.8)
Adjustments related to expenses associated with investments in NGP Management and its affiliates	(3.6)	(3.9)
Tax expense associated with certain performance revenues	(0.1)	—
Non-Carlyle economic interests in acquired businesses and other adjustments to present certain costs on a net basis	45.3	(77.7)
Elimination of revenues of Consolidated Funds	(31.1)	98.3
	<u>\$ 1,763.6</u>	<u>\$ (1,379.8)</u>

The following table reconciles the total segments fund level fee revenue to the most directly comparable U.S. GAAP measure, the Company's consolidated fund management fees, for the three months ended March 31, 2021 and 2020.

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	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Total Reportable Segments - Fund level fee revenues	\$ 411.9	\$ 388.3
Adjustments ⁽¹⁾	(30.9)	(32.4)
Carlyle Consolidated - Fund management fees	<u>\$ 381.0</u>	<u>\$ 355.9</u>

(1) Adjustments represent the reclassification of NGP management fees from principal investment income, the reclassification of certain incentive fees from business development companies and other credit products, management fees earned from consolidated CLOs which were eliminated in consolidation to arrive at the Company's fund management fees, and the reclassification of certain amounts included in portfolio advisory fees, net and other in the segment results that are included in interest and other income in the U.S. GAAP results.

(b) The Expenses adjustment represents the elimination of intercompany expenses of the Consolidated Funds payable to the Company, the inclusion of equity-based compensation, certain tax expenses associated with realized performance revenues related compensation, and unrealized performance revenues related compensation, adjustments related to expenses associated with the investment in NGP Management that are included in operating captions, adjustments to reflect the reimbursement of certain costs incurred on behalf of Carlyle funds on a net basis, changes in the tax receivable agreement liability, and charges and credits associated with Carlyle corporate actions and non-recurring items, as detailed below:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Unrealized performance revenues related compensation	\$ 775.3	\$ (580.1)
Equity-based compensation	34.9	31.7
Acquisition or disposition-related charges (credits) and amortization of intangibles	19.0	3.0
Tax expense associated with certain foreign performance revenues related compensation	(5.9)	11.2
Non-Carlyle economic interests in acquired businesses and other adjustments to present certain costs on a net basis	19.9	8.0
Other adjustments including severance and C-Corp. conversion costs in 2020	2.0	4.7
Elimination of expenses of Consolidated Funds	<u>(14.1)</u>	<u>(8.2)</u>
	<u>\$ 831.1</u>	<u>\$ (529.7)</u>

(c) The Other Income (Loss) adjustment results from the Consolidated Funds which were eliminated in consolidation to arrive at the Company's total Other Income (Loss).

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(d) The following table is a reconciliation of Income (Loss) Before Provision for Income Taxes to Distributable Earnings and to Fee Related Earnings:

	Three Months Ended March 31,	
	2021	2020
(Dollars in millions)		
Income (loss) before provision for income taxes	\$ 1,164.3	\$ (789.0)
Adjustments:		
Net unrealized performance revenues	(846.4)	528.9
Unrealized principal investment (income) loss ⁽¹⁾	(131.3)	264.7
Adjusted unrealized principal investment (income) loss from investment in Fortitude Re ⁽²⁾	—	22.8
Equity-based compensation ⁽³⁾	34.9	31.7
Acquisition or disposition-related charges (credits), including amortization of intangibles	19.0	3.0
Tax (expense) benefit associated with certain foreign performance revenues	(6.0)	11.2
Net (income) loss attributable to non-controlling interests in consolidated entities	(21.6)	97.0
Other adjustments including severance and C-Corp. conversion costs in 2020	2.0	4.7
Distributable Earnings	\$ 214.9	\$ 175.0
Realized performance revenues, net of related compensation ⁽⁴⁾	76.0	48.2
Realized principal investment income ⁽⁴⁾	30.0	15.9
Net interest	20.1	17.9
Fee Related Earnings	\$ 129.0	\$ 128.8

- (1) Adjustments to unrealized principal investment income (loss) during the three months ended March 31, 2020 are inclusive of \$(89.1) million of unrealized losses, resulting from changes in the fair value of embedded derivatives related to certain reinsurance contracts included in Fortitude Re's U.S. GAAP financial statements prior to the contribution of our investment in Fortitude Holdings to Carlyle FRL on June 2, 2020. At the time of the contribution of our investment to Carlyle FRL, we began accounting for our investment under the equity method based on our net asset value in the fund, which is an investment company that accounts for its investment in Fortitude Holdings at fair value.
- (2) Adjusted unrealized principal investment income (loss) from the investment in Fortitude Re represents 19.9% of Fortitude Holdings' estimated net income (loss), excluding the unrealized gains (losses) related to embedded derivatives, prior to the contribution of our investment in Fortitude Holdings to Carlyle FRL on June 2, 2020.
- (3) Equity-based compensation for the three months ended March 31, 2021 and 2020 includes amounts that are presented in principal investment income and general, administrative and other expenses in our U.S. GAAP statement of operations.
- (4) See reconciliation to most directly comparable U.S. GAAP measure below:

	Three Months Ended March 31, 2021		
	Carlyle Consolidated	Adjustments ⁽⁵⁾	Total Reportable Segments
(Dollars in millions)			
Performance revenues	\$ 1,786.1	\$ (1,617.7)	\$ 168.4
Performance revenues related compensation expense	866.6	(774.2)	92.4
Net performance revenues	\$ 919.5	\$ (843.5)	\$ 76.0
Principal investment income (loss)	\$ 179.1	\$ (149.1)	\$ 30.0

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	Three Months Ended March 31, 2020		
	Carlyle Consolidated	Adjustments ⁽³⁾	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	\$ (937.6)	\$ 1,109.2	\$ 171.6
Performance revenues related compensation expense	(442.5)	565.9	123.4
Net performance revenues	\$ (495.1)	\$ 543.3	\$ 48.2
Principal investment income (loss)	\$ (253.3)	\$ 269.2	\$ 15.9

(5) Adjustments to performance revenues and principal investment income (loss) relate to (i) unrealized performance allocations net of related compensation expense and unrealized principal investment income, which are excluded from the segment results, (ii) amounts earned from the Consolidated Funds, which were eliminated in the U.S. GAAP consolidation but were included in the segment results, (iii) amounts attributable to non-controlling interests in consolidated entities, which were excluded from the segment results, (iv) the reclassification of NGP performance revenues, which are included in principal investment income in U.S. GAAP financial statements, (v) the reclassification of certain incentive fees from business development companies, which are included in fund management fees in the segment results, and (vi) the reclassification of tax expenses associated with certain foreign performance revenues. Adjustments to principal investment income (loss) also include the reclassification of earnings for the investments in NGP Management and its affiliates to the appropriate operating captions for the segment results, and the exclusion of charges associated with the investment in NGP Management and its affiliates that are excluded from the segment results.

(e) The Total Assets adjustment represents the addition of the assets of the Consolidated Funds that were eliminated in consolidation to arrive at the Company's total assets.

15. Subsequent Events

Dividends

In April 2021, the Company's Board of Directors declared a quarterly dividend of \$0.25 per share of common stock to common stockholders of record at the close of business on May 11, 2021, payable on May 19, 2021.

Sale of Metropolitan Real Estate

On April 1, 2021, the Company sold 100% of its interest in Metropolitan Real Estate. The expected gain on the sale is not material. The Company retained its existing investments in and commitments to the MRE funds, as well as its interest in the net accrued performance allocations in existing funds. In connection with the sale, the Company entered into a sublease agreement for a portion of its office space in New York. As a result of the sublease transaction, the Company expects to record an estimated lease impairment charge of approximately \$25 million to \$30 million during the three months ended June 30, 2021.

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16. Supplemental Financial Information

The following supplemental financial information illustrates the consolidating effects of the Consolidated Funds on the Company's financial position as of March 31, 2021 and December 31, 2020 and results of operations for the three months ended March 31, 2021 and 2020. The supplemental statement of cash flows is presented without effects of the Consolidated Funds.

	As of March 31, 2021			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Assets				
Cash and cash equivalents	\$ 880.4	\$ —	\$ —	\$ 880.4
Cash and cash equivalents held at Consolidated Funds	—	174.6	—	174.6
Restricted cash	6.6	—	—	6.6
Investments, including performance allocations of \$6,532.0 million	9,219.1	—	(174.6)	9,044.5
Investments of Consolidated Funds	—	5,824.8	—	5,824.8
Due from affiliates and other receivables, net	251.5	—	(5.8)	245.7
Due from affiliates and other receivables of Consolidated Funds, net	—	169.8	—	169.8
Fixed assets, net	148.9	—	—	148.9
Lease right-of-use assets, net	364.7	—	—	364.7
Deposits and other	51.8	—	—	51.8
Intangible assets, net	45.0	—	—	45.0
Deferred tax assets	18.5	—	—	18.5
Total assets	<u>\$ 10,986.5</u>	<u>\$ 6,169.2</u>	<u>\$ (180.4)</u>	<u>\$ 16,975.3</u>
Liabilities and equity				
Debt obligations	\$ 1,940.6	\$ —	\$ —	\$ 1,940.6
Loans payable of Consolidated Funds	—	5,459.8	—	5,459.8
Accounts payable, accrued expenses and other liabilities	215.5	—	—	215.5
Accrued compensation and benefits	3,579.3	—	—	3,579.3
Due to affiliates	408.1	—	—	408.1
Deferred revenue	343.8	—	—	343.8
Deferred tax liabilities	245.2	—	—	245.2
Other liabilities of Consolidated Funds	—	530.6	—	530.6
Lease liabilities	519.6	—	—	519.6
Accrued giveback obligations	20.6	—	—	20.6
Total liabilities	<u>7,272.7</u>	<u>5,990.4</u>	<u>—</u>	<u>13,263.1</u>
Common stock	3.5	—	—	3.5
Additional paid-in capital	2,573.7	177.4	(177.4)	2,573.7
Retained earnings (deficit)	1,118.8	—	—	1,118.8
Accumulated other comprehensive income (loss)	(231.3)	0.3	(3.0)	(234.0)
Non-controlling interests in consolidated entities	249.1	1.1	—	250.2
Total equity	<u>3,713.8</u>	<u>178.8</u>	<u>(180.4)</u>	<u>3,712.2</u>
Total liabilities and equity	<u>\$ 10,986.5</u>	<u>\$ 6,169.2</u>	<u>\$ (180.4)</u>	<u>\$ 16,975.3</u>

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	As of December 31, 2020			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Assets				
Cash and cash equivalents	\$ 987.6	\$ —	\$ —	\$ 987.6
Cash and cash equivalents held at Consolidated Funds	—	148.6	—	148.6
Restricted cash	2.0	—	—	2.0
Investments, including performance allocations of \$4,968.6 million	7,551.7	—	(170.8)	7,380.9
Investments of Consolidated Funds	—	6,056.9	—	6,056.9
Due from affiliates and other receivables, net	278.9	—	(6.4)	272.5
Due from affiliates and other receivables of Consolidated Funds, net	—	89.1	—	89.1
Fixed assets, net	149.2	—	—	149.2
Lease right-of-use assets, net	361.1	—	—	361.1
Deposits and other	51.7	—	—	51.7
Intangible assets, net	48.7	—	—	48.7
Deferred tax assets	96.5	—	—	96.5
Total assets	<u>\$ 9,527.4</u>	<u>\$ 6,294.6</u>	<u>\$ (177.2)</u>	<u>\$ 15,644.8</u>
Liabilities and partners' capital				
Debt obligations	\$ 1,970.9	\$ —	\$ —	\$ 1,970.9
Loans payable of Consolidated Funds	—	5,563.0	—	5,563.0
Accounts payable, accrued expenses and other liabilities	286.3	—	—	286.3
Accrued compensation and benefits	3,222.6	—	—	3,222.6
Due to affiliates	436.7	—	—	436.7
Deferred revenue	89.0	—	—	89.0
Deferred tax liabilities	57.8	—	—	57.8
Other liabilities of Consolidated Funds	—	556.1	—	556.1
Lease liabilities	513.5	—	—	513.5
Accrued giveback obligations	18.7	—	—	18.7
Total liabilities	<u>6,595.5</u>	<u>6,119.1</u>	<u>—</u>	<u>12,714.6</u>
Common stock	3.5	—	—	3.5
Additional paid-in capital	2,546.2	167.6	(167.6)	2,546.2
Retained earnings	348.2	—	—	348.2
Accumulated other comprehensive income (loss)	(205.8)	6.7	(9.6)	(208.7)
Non-controlling interests in consolidated entities	239.8	1.2	—	241.0
Total partners' capital	<u>2,931.9</u>	<u>175.5</u>	<u>(177.2)</u>	<u>2,930.2</u>
Total liabilities and partners' capital	<u>\$ 9,527.4</u>	<u>\$ 6,294.6</u>	<u>\$ (177.2)</u>	<u>\$ 15,644.8</u>

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	Three Months Ended March 31, 2021			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Revenues				
Fund management fees	\$ 386.8	\$ —	\$ (5.8)	\$ 381.0
Incentive fees	9.5	—	—	9.5
Investment income				
Performance allocations	1,786.1	—	—	1,786.1
Principal investment income	198.4	—	(19.3)	179.1
Total investment income	1,984.5	—	(19.3)	1,965.2
Interest and other income	26.4	—	(6.0)	20.4
Interest and other income of Consolidated Funds	—	61.1	—	61.1
Total revenues	2,407.2	61.1	(31.1)	2,437.2
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	228.5	—	—	228.5
Equity-based compensation	32.4	—	—	32.4
Performance allocations and incentive fee related compensation	866.6	—	—	866.6
Total compensation and benefits	1,127.5	—	—	1,127.5
General, administrative and other expenses	91.7	—	—	91.7
Interest	23.0	—	—	23.0
Interest and other expenses of Consolidated Funds	—	56.5	(14.1)	42.4
Other non-operating expenses	0.6	—	—	0.6
Total expenses	1,242.8	56.5	(14.1)	1,285.2
Other income				
Net investment gain of Consolidated Funds	—	12.3	—	12.3
Income before provision for income taxes	1,164.4	16.9	(17.0)	1,164.3
Provision for income taxes	273.4	—	—	273.4
Net income	891.0	16.9	(17.0)	890.9
Net income attributable to non-controlling interests in consolidated entities	21.7	—	(0.1)	21.6
Net income attributable to The Carlyle Group Inc.	\$ 869.3	\$ 16.9	\$ (16.9)	\$ 869.3

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	Three Months Ended March 31, 2020			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
(Dollars in millions)				
Revenues				
Fund management fees	\$ 361.1	\$ —	\$ (5.2)	\$ 355.9
Incentive fees	8.9	—	—	8.9
Investment income (loss)				
Performance allocations	(937.6)	—	—	(937.6)
Principal investment income (loss)	(363.2)	—	109.9	(253.3)
Total investment income (loss)	(1,300.8)	—	109.9	(1,190.9)
Interest and other income	33.8	—	(6.4)	27.4
Interest and other income of Consolidated Funds	—	53.0	—	53.0
Total revenues	(897.0)	53.0	98.3	(745.7)
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	204.3	—	—	204.3
Equity-based compensation	29.1	—	—	29.1
Performance allocations and incentive fee related compensation	(442.5)	—	—	(442.5)
Total compensation and benefits	(209.1)	—	—	(209.1)
General, administrative and other expenses	69.6	—	—	69.6
Interest	23.9	—	—	23.9
Interest and other expenses of Consolidated Funds	—	53.8	(8.2)	45.6
Other non-operating expenses	0.2	—	—	0.2
Total expenses	(115.4)	53.8	(8.2)	(69.8)
Other loss				
Net investment losses of Consolidated Funds	—	(113.1)	—	(113.1)
Loss before provision for income taxes	(781.6)	(113.9)	106.5	(789.0)
Benefit for income taxes	(80.0)	—	—	(80.0)
Net loss	(701.6)	(113.9)	106.5	(709.0)
Net loss attributable to non-controlling interests in consolidated entities	(89.6)	—	(7.4)	(97.0)
Net loss attributable to The Carlyle Group Inc.	(612.0)	(113.9)	113.9	(612.0)

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	Three Months Ended March 31,	
	2021	2020
(Dollars in millions)		
Cash flows from operating activities		
Net income (loss)	\$ 891.0	\$ (701.6)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	13.4	12.6
Equity-based compensation	32.4	29.1
Non-cash performance allocations and incentive fees	(865.4)	550.5
Non-cash principal investment (income) loss	(186.5)	363.6
Other non-cash amounts	8.5	(9.5)
Purchases of investments	(71.6)	(53.6)
Proceeds from the sale of investments	164.3	110.4
Payments of contingent consideration	(49.9)	—
Change in deferred taxes, net	260.3	(101.0)
Change in due from affiliates and other receivables	(5.4)	11.4
Change in deposits and other	(1.4)	(2.1)
Change in accounts payable, accrued expenses and other liabilities	(69.1)	(54.0)
Change in accrued compensation and benefits	(328.0)	(196.6)
Change in due to affiliates	(0.4)	(35.2)
Change in lease right-of-use asset and lease liability	2.6	(3.3)
Change in deferred revenue	255.8	225.9
Net cash provided by operating activities	50.6	146.6
Cash flows from investing activities		
Purchases of fixed assets, net	(9.7)	(13.2)
Net cash used in investing activities	(9.7)	(13.2)
Cash flows from financing activities		
Borrowings under credit facilities	—	251.0
Repayments under credit facilities	—	(35.8)
Payments on debt obligations	(66.6)	(0.3)
Proceeds from debt obligations, net of financing costs	43.4	—
Dividends to common stockholders	(88.7)	(87.4)
Payment of deferred consideration for Carlyle Holdings units	(68.8)	(68.8)
Contributions from non-controlling interest holders	3.7	4.2
Distributions to non-controlling interest holders	(15.3)	(23.3)
Common shares repurchased	(10.0)	(26.4)
Change in due to/from affiliates financing activities	71.1	51.1
Net cash provided by (used in) financing activities	(131.2)	64.3
Effect of foreign exchange rate changes	(12.3)	(17.2)
Increase (decrease) in cash, cash equivalents and restricted cash	(102.6)	180.5
Cash, cash equivalents and restricted cash, beginning of period	989.6	828.0
Cash, cash equivalents and restricted cash, end of period	\$ 887.0	\$ 1,008.5
Reconciliation of cash, cash equivalents and restricted cash, end of period:		
Cash and cash equivalents	\$ 880.4	\$ 1,007.9
Restricted cash	6.6	0.6
Total cash, cash equivalents and restricted cash, end of period	\$ 887.0	\$ 1,008.5
Cash and cash equivalents held at Consolidated Funds	\$ 174.6	\$ 170.9

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

On January 1, 2020, we completed our conversion from a Delaware limited partnership named The Carlyle Group L.P. into a Delaware corporation named The Carlyle Group Inc. Pursuant to the Conversion, at the specified effective time on January 1, 2020, each common unit of The Carlyle Group L.P. outstanding immediately prior to the effective time converted into one share of common stock of The Carlyle Group Inc. and each special voting unit and general partner unit was canceled for no consideration. In addition, holders of the partnership units in Carlyle Holdings I L.P., Carlyle Holdings II L.P., and Carlyle Holdings III L.P. exchanged such units for an equivalent number of shares of common stock and certain other restructuring steps occurred (the conversion, together with such restructuring steps and related transactions, the “Conversion”).

Unless the context suggests otherwise, references in this report to “Carlyle,” the “Company,” “we,” “us” and “our” refer (i) prior to the consummation of the Conversion to The Carlyle Group L.P. and its consolidated subsidiaries and (ii) from and after the consummation of the Conversion to The Carlyle Group Inc. and its consolidated subsidiaries. References to our common stock in periods prior to the Conversion refer to the common units of The Carlyle Group L.P.

The following discussion analyzes the financial condition and results of operations of The Carlyle Group Inc. (the “Company”). Such analysis should be read in conjunction with the consolidated financial statements and the related notes included in this Quarterly Report on Form 10-Q and the Annual Report on Form 10-K for the year ended December 31, 2020.

Overview

We conduct our operations through three reportable segments: Global Private Equity, Global Credit, and Investment Solutions.

- *Global Private Equity* — Our Global Private Equity segment advises our buyout, middle market and growth capital funds, our U.S. and internationally focused real estate funds, our natural resources funds, and our Legacy Energy funds (as defined below). The segment also includes the NGP Predecessor Funds and NGP Carry Funds advised by NGP. As of March 31, 2021, our Global Private Equity segment had \$137 billion in AUM and \$91 billion in Fee-earning AUM.
- *Global Credit* — Our Global Credit segment advises funds and vehicles that pursue investment strategies including loans and structured credit, direct lending, opportunistic credit, distressed credit, and aircraft financing and servicing. As of March 31, 2021, our Global Credit segment had \$59 billion in AUM and \$43 billion in Fee-earning AUM.
- *Investment Solutions* — Our Investment Solutions segment advises fund of funds programs and related co-investment and secondary activities. As of March 31, 2021, our Investment Solutions segment had \$64 billion in AUM and \$39 billion in Fee-earning AUM.

We earn management fees pursuant to contractual arrangements with the investment funds that we manage and fees for transaction advisory and oversight services provided to portfolio companies of these funds. We also typically receive from an investment fund either an incentive fee or a special residual allocation of income, which we refer to as a performance allocation, or carried interest, in the event that specified investment returns are achieved by the fund. Under U.S. generally accepted accounting principles (“U.S. GAAP”), we are required to consolidate some of the investment funds that we advise. However, for segment reporting purposes, we present revenues and expenses on a basis that deconsolidates these investment funds. Accordingly, our segment revenues primarily consist of fund management and related advisory fees, realized performance revenues (consisting of incentive fees and performance allocations), realized principal investment income, including realized gains on our investments in our funds and other trading securities, as well as interest and other income. Our segment expenses primarily consist of compensation and benefits expenses, including salaries, bonuses, realized performance payment arrangements, and general and administrative expenses. While our segment expenses include depreciation and interest expense, our segment expenses exclude acquisition and disposition related charges and amortization of intangibles and impairment. Refer to Note 14 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for more information on the differences between our financial results reported pursuant to U.S. GAAP and our financial results for segment reporting purposes.

Our Family of Funds

The following chart presents the name (acronym), total capital commitments (in the case of our carry funds, structured credit funds, and the NGP Predecessor Funds), assets under management (open-end products and non-carry Aviation vehicles), gross assets (in the case of our BDCs) and vintage year of the active funds in each of our segments, as of March 31, 2021. We present total capital commitments (as opposed to assets under management) for our closed-end investment funds because we believe this metric provides the most useful information regarding the relative size and scale of such funds. In the case of our

products which are open-ended and accordingly do not have permanent committed capital, we generally believe the most useful metric regarding relative size and scale is assets under management.

Global Private Equity ¹			
Corporate Private Equity		Real Estate Carry Funds	
Carlyle Partners (U.S.)			
CP VII	\$18.5 bn	2018	
CP VI	\$13.0 bn	2014	
CP V	\$13.7 bn	2007	
Global Financial Services Partners			
CGFSP III	\$1.0 bn	2018	
CGFSP II	\$1.0 bn	2013	
Carlyle Europe Partners			
CEP V	€6.4 bn	2018	
CEP IV	€3.8 bn	2014	
CEP III	€5.3 bn	2007	
CEP II	€1.8 bn	2003	
Carlyle Asia Partners			
CAP V	\$6.6 bn	2018	
CBPF II	RMB 2.0 bn	2017	
CAP IV	\$3.9 bn	2014	
CAP III	\$2.6 bn	2008	
Carlyle Japan Partners			
CJP IV	¥258.0 bn	2020	
CJP III	¥119.5 bn	2013	
CJP II	¥165.6 bn	2006	
Carlyle Global Partners			
CGP II	\$1.8 bn	2020	
CGP I	\$3.6 bn	2015	
Carlyle MENA Partners			
MENA I	\$0.5 bn	2008	
Carlyle South American Buyout Fund			
CSABF I	\$0.8 bn	2009	
Carlyle Sub-Saharan Africa Fund			
CSSAF I	\$0.7 bn	2012	
Carlyle Peru Fund			
CPF I	\$0.3 bn	2012	
Carlyle U.S. Venture/Growth Partners			
CEOF II	\$2.4 bn	2015	
CEOF I	\$1.1 bn	2011	
CVP II	\$0.6 bn	2001	
Carlyle Europe Technology Partners			
CETP IV	€1.4 bn	2019	
CETP III	€0.7 bn	2014	
Carlyle Asia Venture/Growth Partners			
CAP Growth I	\$0.3 bn	2017	
CAGP IV	\$1.0 bn	2008	
Carlyle Cardinal Ireland			
CCI	€0.3 bn	2014	
Carlyle Realty Partners (U.S.)			
CRP VIII	\$5.5 bn	2017	
CRP VII	\$4.2 bn	2014	
CRP VI	\$2.3 bn	2011	
CRP V	\$3.0 bn	2006	
CRP IV	\$1.0 bn	2005	
Core Plus Real Estate (U.S.)			
CPI ⁴	\$5.1 bn	2016	
International Real Estate			
CER	€0.5 bn	2017	
CEREP III	€2.2 bn	2007	
Natural Resources Funds			
NGP Energy Carry Funds			
NGP XII	\$4.3 bn	2017	
NGP XI	\$5.3 bn	2014	
NGP X	\$3.6 bn	2012	
Other NGP Carry Funds			
NGP Minerals	\$0.3 bn	2020	
NGP GAP	\$0.4 bn	2014	
NGP Predecessor Funds			
Various ²	\$5.7 bn	2007-2008	
International Energy Carry Funds			
CIEP II	\$2.3 bn	2019	
CIEP I	\$2.5 bn	2013	
Infrastructure Funds			
CRSEF	\$0.4 bn	2019	
CGIOF	\$2.2 bn	2019	
CPP II	\$1.5 bn	2014	
CPOCP	\$0.5 bn	2013	

Global Credit			
Liquid Credit			
Cash CLOs			
U.S.	\$21.2 bn	2012-2021	
Europe	€7.7 bn	2013-2021	
Structured Credit Funds			
CREV	\$0.5 bn	2020	
CSC	\$0.8 bn	2017	
Illiquid Credit			
Business Development Companies ³			
TCG BDC II, Inc.	\$2.1 bn	2017	
TCG BDC, Inc.	\$1.9 bn	2013	
Opportunistic Credit Carry Funds			
CCOF II	\$2.2 bn	2020	
CCOF	\$2.4 bn	2017	
Distressed Credit Carry Funds			
CSP IV	\$2.5 bn	2016	
CSP III	\$0.7 bn	2011	
CSP II	\$1.4 bn	2007	
Real Assets Credit			
Energy Credit Carry Funds			
CEMOF II	\$2.8 bn	2015	
CEMOF I	\$1.4 bn	2011	
Carlyle Aviation Partners			
SASOF V	\$1.0 bn	2020	
SASOF IV	\$1.0 bn	2018	
SASOF III	\$0.8 bn	2015	
SASOF II	\$0.6 bn	2012	
Securitization Vehicles ⁴	\$1.8 bn	Various	
9 Other Vehicles ⁴	\$2.3 bn	Various	
Other Credit			
Fortitude ⁵	\$2.7 bn	2020	
Investment Solutions			
AlpInvest			
Fund of Private Equity Funds			
107 vehicles	€46.7 bn	2000-2021	
Secondary Investments			
79 vehicles	€24.9 bn	2002-2021	
Co-Investments			
77 vehicles	€16.3 bn	2002-2021	
Metropolitan Real Estate ⁶			
38 vehicles	\$5.2 bn	2002-2020	

Note: All amounts shown represent total capital commitments as of March 31, 2021 unless otherwise noted. Certain of our recent vintage funds are currently in fundraising and total capital commitments are subject to change. In addition, certain carry funds included herein may be disclosed which are not included in fund performance if they have not made an initial capital call or commenced investment activity. The NGP funds are advised by NGP Energy Capital Management, LLC, a separately registered investment adviser, and we do not serve as an investment adviser to those funds.

- (1) Global Private Equity also includes funds which we jointly advise with Riverstone Holdings L.L.C. (the "Legacy Energy funds"). The impact of these funds is no longer significant to our results of operations.
- (2) Includes NGP M&R, NGP ETP II, and NGP IX, on which we are not entitled to a share of carried interest.
- (3) Amounts represent gross assets plus any available capital as of March 31, 2021.
- (4) Amounts represent Total AUM as of March 31, 2021.
- (5) Reflects AUM related to capital raised from third-party investors to acquire a 76.6% interest in Fortitude Holdings.
- (6) On April 1, 2021, we completed the sale of our interest in Metropolitan Real Estate. See Note 15 to the accompanying unaudited condensed consolidated financial statements for more information.

Trends Affecting our Business

The first quarter of 2021 brought upgraded expectations for global GDP growth. The International Monetary Fund now forecasts global growth of 6% in 2021 and expects the U.S. economy to grow at its fastest rate in nearly forty years, as it fully participates in the global industrial rebound and simultaneously benefits from broad-based economic reopening and massive policy stimulus. In the first quarter, U.S. GDP grew at a 6.4% annualized rate from the fourth quarter 2020, driven by robust stimulus-driven consumption and government expenditures. While expectations for 2021 growth in China are also high, Europe's economic performance has lagged others due to slower vaccine distribution than the U.S., rising COVID-19 case counts, renewed lockdowns and restrictions on movement and businesses. The rebound in India, which started the year strong, also faces near-term risks due to localized lockdowns and infrastructure strains under its worst COVID-19 surge to date.

Earnings estimates have also been revised upward. In December 2020, analysts expected Q1 2021 earnings for companies in the S&P 500 to grow by 16% year-over-year. Today, analysts expect first quarter earnings growth of 34%, led by the consumer discretionary, financials and materials sectors. Upgraded U.S. growth expectations drove notable shifts in both the equity and bond markets during the first quarter. U.S. markets rotated somewhat from growth to value, with the tech-heavy NASDAQ 100 posting the weakest first quarter performance out of the three major benchmarks. Year-to-date through March 31, 2021, the Dow Jones, S&P 500, and NASDAQ 100 rose 7.8%, 5.8%, and 1.6% respectively. Globally, over the first quarter of 2021, the MSCI ACWI and EuroStoxx 600 rose 4.2% and 7.7%, respectively, while the Shanghai Composite was roughly flat (-0.9%).

High valuations should come as no surprise given the simultaneous increase in earnings expectations and stabilization of interest rates. The rise in transaction volumes and decline in implied volatility suggest that market participants expect that these elevated valuation levels may persist for a longer period than previously anticipated. While interest rates exert a more uniform impact across investments, most of the risk looks to be investment-specific and tied to whether specific companies can meet the growth targets necessary to justify their elevated valuations.

U.S. Treasury markets sold off in the long-end during the first quarter. The 10-year U.S. Treasury yield rose more than 80 basis points to its highest level since January 2020 on the stronger economic growth outlook. Since the end of the first quarter, however, 10-year yields appear to have stabilized between 1.6% and 1.7%. Inflation fears, driven by capacity-constraint-driven price pressures in areas such as shipping and freight, plastics and resins, and lumber, seemed to dissipate at quarters' end. In March 2021, core inflation was 1.6%, well below the Federal Reserve's target of 2%. While inflation is projected to rise in the coming months, these increases are expected to be transitory. Despite the volatility in Treasury markets, sub-investment grade corporate bond yields were flat over the quarter, as spreads continued to tighten and B-rated U.S. corporate spreads fell more than 50 basis points from January through the end of March 2021. Within corporate credit, businesses have taken advantage of low interest rates through massive debt issuance and restructurings, building large cash reserves as liquidity buffers.

Our carry fund portfolio continued to build on the strong momentum entering the year, appreciating 13% in the first quarter and 34% in the last twelve months, and 24% since year-end 2019. Within our Global Private Equity segment, our corporate private equity funds appreciated 15% in the first quarter driven by strong gains in our U.S., Europe and Asia portfolios, our real estate funds appreciated 4% in the first quarter, continuing their stable performance, and our natural resources funds appreciated 7%, boosted by a strong rebound in oil. In our Global Credit segment, our carry funds (which represent approximately 15% of the total Global Credit remaining fair value) appreciated 8% in the quarter, as the tightening of spreads led to an increase in value for many of our positions. Our Investment Solutions funds appreciated 14% in the first quarter, which generally reflects investment fair values on a one-quarter lag in the valuations of our primary and secondary fund of funds.

With continued positive impact from valuations across the portfolio, net accrued performance revenues on our balance sheet increased to a record \$3.2 billion at March 31, 2021, up 36% from December 31, 2020 and up 84% from December 31, 2019. We continued to have significant IPO activity in our portfolio in the first quarter, which has increased the portion of our traditional carry funds attributable to publicly traded companies to 19% of fair value as of March 31, 2021. While these IPOs have performed well to date overall, this shift may result in an increasing correlation to public market performance and a significant concentration of investment gains in individual investments for certain funds. To the extent that there is volatility in public equity markets and/or the prices of our publicly-traded portfolio companies, there may be elevated volatility in our performance revenue accrual in the coming quarters. For example, as of March 31, 2021, 43% of our net accrued performance revenues were generated by Carlyle Partners VI, L.P. ("CP VI"), which has over 60% of its remaining fair value in publicly-traded portfolio companies.

Generally, the investment period for our funds enables us to be patient in deploying capital. During the first quarter, our carry funds invested \$5.5 billion in new or follow-on transactions. We anticipate the increased market activity and opportunities for large buyouts will facilitate strong deployment activity throughout 2021, particularly in the healthcare, technology, and

consumer sectors. However, challenges in specific industries could lead to a longer-term slowdown in certain sectors, such as traditional energy.

We generated \$6.4 billion in realized proceeds from our carry funds in the first quarter. We believe that our recent IPO activity and maturing portfolio position us well to deliver higher levels of both realized proceeds and realized performance revenue over the long term. For example, during the first quarter we realized performance revenues for the first time from our third Japan Buyout fund and also generated realized performance fee revenue from our sixth U.S. Buyout fund for a third straight quarter, which we believe represent the value creation and advancing maturity profile of our flagship buyout funds. We have announced several exit transactions that we expect will close during the coming quarters, including Ithaca Holdings, MedRisk, and Pharmaceutical Product Development in CP VI, and AMEOS Group in Carlyle Europe Partners III, L.P. Given these anticipated exits, we expect an increase in realized proceeds and realized performance revenue throughout the balance of the year, but the pace of exit activity will depend in part on continued strength in the equity and mergers and acquisitions markets.

Fundraising has remained generally resilient since the onset of the pandemic and we saw continued strength in the first few months of 2021. At our Investor Day in February 2021, we announced our goal of raising at least \$130 billion by the end of 2024. We raised \$7.8 billion in new capital in the first quarter, with particular strength in Investment Solutions and Global Credit.

We are closely evaluating the financial and other proposals put forth by the new Administration and Congress and their potential impacts on our business. While there may be changes to current tax and regulatory regimes, recent fiscal stimulus and proposed infrastructure packages could be followed by longer-term spending increases. The potential for policy changes may create regulatory uncertainty for our portfolio companies and our investment strategies and could adversely affect our profitability and the profitability of our portfolio companies.

Recent Transactions

Sale of Metropolitan Real Estate

On April 1, 2021, we sold 100% of our interest in Metropolitan Real Estate. The expected gain on the sale is not material. We retained our existing investments in and commitments to the MRE funds, as well as our interest in the net accrued performance allocations in existing funds. In connection with the sale, we entered into a sublease agreement for a portion of our office space in New York. As a result of the sublease transaction, we expect to record an estimated lease impairment charge of approximately \$25 million to \$30 million during the three months ended June 30, 2021.

Dividends

In April 2021, the Company's Board of Directors declared a quarterly dividend of \$0.25 per share to common stockholders of record at the close of business on May 11, 2021, payable on May 19, 2021.

Key Financial Measures

Our key financial measures are discussed in the following pages. Additional information regarding these key financial measures and our other significant accounting policies can be found in Note 2 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Revenues

Revenues primarily consist of fund management fees, incentive fees, investment income (including performance allocations), realized and unrealized gains of our investments in our funds and other principal investments, as well as interest and other income.

Fund Management Fees. Fund management fees include management fees and transaction and portfolio advisory fees. We earn management fees for advisory services we provide to funds in which we hold a general partner interest or with which we have an investment advisory or investment management agreement. Additionally, management fees include catch-up management fees, which are episodic in nature and represent management fees charged to fund investors in subsequent closings of a fund which apply to the time period between the fee initiation date and the subsequent closing date. Approximately 90% of our fee revenue is in the form of management fees from traditional closed-end, long-dated funds, which are highly predictable and stable, and do not have significant exposure to the underlying fund valuations.

Management fees attributable to Carlyle Partners VII, L.P. ("CP VII"), our seventh U.S. buyout fund with \$17.5 billion of Fee-earning AUM as of March 31, 2021 were approximately 16% and 17% of total management fees recognized during the three months ended March 31, 2021 and 2020, respectively. No other fund generated over 10% of total management fees in the periods presented.

Fund management fees exclude the reimbursement of any partnership expenses paid by the Company on behalf of the Carlyle funds pursuant to the limited partnership agreements, including amounts related to the pursuit of actual, proposed, or unconsummated investments, professional fees, expenses associated with the acquisition, holding and disposition of investments, and other fund administrative expenses.

Transaction and Portfolio Advisory Fees. Transaction and portfolio advisory fees generally include fees we receive for the transaction and portfolio advisory services we provide to our portfolio companies. When covered by separate contractual agreements, we recognize transaction and portfolio advisory fees for these services when the performance obligation has been satisfied and collection is reasonably assured. We are required to offset our fund management fees earned by a percentage of the transaction and advisory fees earned, which we refer to as the “rebate offsets.” Historically, such rebate offset percentages generally approximated 80% of the fund’s portion of the transaction and advisory fees earned. However, the percentage of transaction and portfolio advisory fees we share with our investors on our recent vintage funds has generally increased, and as such the rebate offset percentages generally range from 80% to 100% of the fund’s portion of the transaction and advisory fees earned, such that a larger share of the transaction fee revenue we retain is driven by co-investment activity. In addition, Carlyle Global Capital Markets (“GCM”) generates capital markets fees in connection with activities related to the underwriting, issuance and placement of debt and equity securities, and loan syndication for our portfolio companies and third-party clients, which are generally not subject to rebate offsets with respect to our most recent vintages (but are subject to the rebate offsets set forth above for older funds). Underwriting fees include gains, losses and fees arising from securities offerings in which we participate in the underwriter syndicate. The recognition of portfolio advisory fees, transactions fees, and capital markets fees can be volatile as they are primarily generated by investment activity within our funds, and therefore are impacted by our investment pace.

Incentive Fees. Incentive fees consist of performance-based incentive arrangements pursuant to management contracts, primarily from certain of our Global Credit funds, when the return on assets under management exceeds certain benchmark returns or other performance targets. In such arrangements, incentive fees are recognized when the performance benchmark has been achieved.

Investment Income. Investment income consists of our performance allocations as well as the realized and unrealized gains and losses resulting from our equity method investments and other principal investments.

Performance allocations consist principally of the performance-based capital allocation from fund limited partners to us, commonly referred to as carried interest, from certain of our investment funds, which we refer to as the “carry funds.” Carried interest revenue is recognized by Carlyle upon appreciation of the valuation of our funds’ investments above certain return hurdles as set forth in each respective partnership agreement and is based on the amount that would be due to us pursuant to the fund partnership agreement at each period end as if the funds were liquidated at such date. Accordingly, the amount of carried interest recognized as performance allocations reflects our share of the fair value gains and losses of the associated funds’ underlying investments measured at their then-current fair values relative to the fair values as of the end of the prior period. As a result, the performance allocations earned in an applicable reporting period are not indicative of any future period, as fair values are based on conditions prevalent as of the reporting date. Refer to “— Trends Affecting our Business” for further discussion.

In addition to the performance allocations from our Global Private Equity funds and closed-end carry funds in the Global Credit segment, we are also entitled to receive performance allocations from our Investment Solutions, Carlyle Aviation and NGP Carry Funds. The timing of performance allocations realizations for these funds is typically later than in our other carry funds based on the terms of such arrangements.

Our performance allocations are generated by a diverse set of funds with different vintages, geographic concentration, investment strategies and industry specialties. For an explanation of the fund acronyms used throughout this Management’s Discussion and Analysis of Financial Condition and Results of Operations section, refer to “— Our Family of Funds.”

Performance allocations in excess of 10% of the total for the three months ended March 31, 2021 and 2020 were generated from the following funds:

Three Months Ended March 31,					
2021			2020		
(Dollars in millions)					
CP VI	\$	535.6	CP VI	\$	(558.6)
CEP IV		405.3	CIEP I		(160.1)
			CAP IV		167.2

No other fund generated over 10% of performance allocations in the periods presented above. Performance allocations from CP VI during the three months ended March 31, 2021 were driven by appreciation across the portfolio, with notable increases in the values of the publicly traded investments in the portfolio and private investments with pending sale transactions. The Carlyle Europe Partners IV, L.P. (“CEP IV”) fund appreciated in the three months ended March 31, 2021 primarily due to successful IPO and exit activity, and moved into a carry position during the first quarter.

Under our arrangements with the historical owners and management team of AlpInvest, we generally do not retain any carried interest in respect of the historical investments and commitments to our fund vehicles that existed as of July 1, 2011 (including any options to increase any such commitments exercised after such date). We are entitled to 15% of the carried interest in respect of commitments from the historical owners of AlpInvest for the period between 2011 and 2020, except in certain instances, and 40% of the carried interest in respect of all other commitments (including all future commitments from third parties). In certain instances, carried interest associated with the AlpInvest fund vehicles is subject to entity level income taxes in the Netherlands.

Realized carried interest may be clawed back or given back to the fund if the fund’s investment values decline below certain return hurdles, which vary from fund to fund. When the fair value of a fund’s investments remains constant or falls below certain return hurdles, previously recognized performance allocations are reversed. In all cases, each investment fund is considered separately in evaluating carried interest and potential giveback obligations. For any given period, performance allocations revenue on our statement of operations may include reversals of previously recognized performance allocations due to a decrease in the value of a particular fund that results in a decrease of cumulative performance allocations earned to date. Since fund return hurdles are cumulative, previously recognized performance allocations also may be reversed in a period of appreciation that is lower than the particular fund’s hurdle rate. For the three months ended March 31, 2021 and 2020, the reversals of performance allocations were \$20.1 million and \$2.0 billion, respectively. Additionally, unrealized performance allocations reverse when performance allocations are realized, and unrealized performance allocations can be negative if the amount of realized performance allocations exceed total performance allocations generated in the period.

As of March 31, 2021, accrued performance allocations and accrued giveback obligations were \$6.5 billion and \$20.6 million, respectively. Each balance assumes a hypothetical liquidation of the funds’ investments at March 31, 2021 at their then current fair values. These assets and liabilities will continue to fluctuate in accordance with the fair values of the funds’ investments until they are realized. As of March 31, 2021, \$9.8 million of the accrued giveback obligation is the responsibility of various current and former senior Carlyle professionals and other limited partners of the Carlyle Holdings partnerships, and the net accrued giveback obligation attributable to the Company is \$10.8 million. The Company uses “net accrued performance revenues” to refer to the aggregation of the accrued performance allocations and incentive fees net of (i) accrued giveback obligations, (ii) accrued performance allocations and incentive fee-related compensation, (iii) performance allocations and incentive fee-related tax obligations, and (iv) accrued performance allocations and incentive fees attributable to non-controlling interests and excludes any net accrued performance allocations and incentive fees that have been realized but will be collected in subsequent periods. Net accrued performance revenues as of March 31, 2021 are \$3.2 billion.

In addition, realized performance allocations may be reversed in future periods to the extent that such amounts become subject to a giveback obligation. If, at March 31, 2021, all investments held by our carry funds were deemed worthless, the amount of realized and previously distributed performance allocations subject to potential giveback would be approximately \$0.5 billion on an after-tax basis where applicable, of which approximately \$0.3 billion would be the responsibility of current and former senior Carlyle professionals. See the related discussion of “Contingent Obligations (Giveback)” within “— Liquidity and Capital Resources.”

The following table summarizes the total amount of aggregate giveback obligations that we have realized since Carlyle’s inception. Given various current and former senior Carlyle professionals and other former limited partners of the Carlyle Holdings partnerships are responsible for paying the majority of the realized giveback obligation, the table below also summarizes the amount that was attributable to the Company:

	Inception through March 31, 2021	
	Total Giveback	Giveback Attributable to Carlyle
	(Dollars in millions)	
Various Legacy Energy Funds	\$ 158.0	\$ 55.0
All other Carlyle Funds	58.1	0.6
Aggregate Giveback since Inception	\$ 216.1	\$ 55.6

The funding for employee obligations and givebacks related to carry realized pre-IPO is primarily through a collection of employee receivables related to giveback obligations and from non-controlling interests for their portion of the obligation. The

realization of giveback obligations for the Company's portion of such obligations reduces Distributable Earnings in the period realized and negatively impacts earnings available for distributions to unitholders in the period realized. Further, each individual recipient of realized carried interest typically signs a guarantee agreement or partnership agreement that personally obligates such person to return his/her pro rata share of any amounts of realized carried interest previously distributed that are later clawed back. Accordingly, carried interest as performance allocation compensation is subject to return to the Company in the event a giveback obligation is funded. Generally, the actual giveback liability, if any, does not become due until the end of a fund's life.

Each investment fund is considered separately in evaluating carried interest and potential giveback obligations. As a result, performance allocations within funds will continue to fluctuate primarily due to certain investments within each fund constituting a material portion of the carry in that fund. Additionally, the fair value of investments in our funds may have substantial fluctuations from period to period.

In addition, in our discussion of our non-GAAP results, we use the term "realized net performance revenues" to refer to realized performance allocations and incentive fees from our funds, net of the portion allocated to our investment professionals, if any, and certain tax expenses associated with carried interest attributable to certain partners and employees, which are reflected as realized performance allocations and incentive fees related compensation expense. See "— Non-GAAP Financial Measures" for the amount of realized net performance revenues recognized each period. See "— Segment Analysis" for the realized net performance revenues by segment and related discussion for each period.

Investment income also represents the realized and unrealized gains and losses on our principal investments, including our investments in Carlyle funds that are not consolidated, as well as any interest and other income. Investment income also includes the related amortization of the basis difference between the carrying value of our investment and our share of the underlying net assets of the investee, as well as the compensation expense associated with compensatory arrangements provided by us to employees of our equity method investee, as it relates to our investments in NGP. Principal investment income also included our proportionate share of U.S. GAAP earnings from our strategic investment in Fortitude Holdings prior to the contribution of our investment to a Carlyle-affiliated investment fund (see Note 4). Realized principal investment income (loss) is recorded when we redeem all or a portion of our investment or when we receive or are due cash income, such as dividends or distributions. A realized principal investment loss is also recorded when an investment is deemed to be worthless. Unrealized principal investment income (loss) results from changes in the fair value of the underlying investment, as well as the reversal of previously recognized unrealized gains (losses) at the time an investment is realized.

Fair Value Measurement. U.S. GAAP establishes a hierarchical disclosure framework which ranks the observability of market price inputs used in measuring financial instruments at fair value. The observability of inputs is impacted by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices, or for which fair value can be measured from quoted prices in active markets, will generally have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

The table below summarizes the valuation of investments and other financial instruments included within our AUM, by segment and fair value hierarchy levels, as of March 31, 2021:

	As of March 31, 2021			
	Global Private Equity	Global Credit	Investment Solutions	Total
Consolidated Results	(Dollars in millions)			
Level I	\$ 9,729	\$ 180	\$ 1,857	\$ 11,766
Level II	9,639	1,301	174	11,114
Level III	80,206	45,829	35,698	161,733
Fair Value of Investments	99,574	47,310	37,729	184,613
Available Capital	37,877	11,527	25,827	75,231
Total AUM	\$ 137,451	\$ 58,837	\$ 63,556	\$ 259,844

Interest and Other Income of Consolidated Funds. Interest and other income of Consolidated Funds primarily represents the interest earned on CLO assets. However, the Consolidated Funds are not the same entities in all periods presented. The Consolidated Funds in future periods may change due to changes in fund terms, formation of new funds, and terminations of funds.

Net Investment Gains (Losses) of Consolidated Funds. Net investment gains (losses) of Consolidated Funds measures the change in the difference in fair value between the assets and the liabilities of the Consolidated Funds. A gain (loss) indicates

that the fair value of the assets of the Consolidated Funds appreciated more (less), or depreciated less (more), than the fair value of the liabilities of the Consolidated Funds. A gain or loss is not necessarily indicative of the investment performance of the Consolidated Funds and does not impact the management or incentive fees received by Carlyle for its management of the Consolidated Funds. The portion of the net investment gains (losses) of Consolidated Funds attributable to the limited partner investors is allocated to non-controlling interests. Therefore a gain or loss is not expected to have a material impact on the revenues or profitability of the Company. Moreover, although the assets of the Consolidated Funds are consolidated onto our balance sheet pursuant to U.S. GAAP, ultimately we do not have recourse to such assets and such liabilities are generally non-recourse to us. Therefore, a gain or loss from the Consolidated Funds generally does not impact the assets available to our equity holders.

Expenses

Compensation and Benefits. Compensation includes salaries, bonuses, equity-based compensation, and performance payment arrangements. Bonuses are accrued over the service period to which they relate.

We recognize as compensation expense the portion of performance allocations and incentive fees that are due to our employees, senior Carlyle professionals, advisors, and operating executives in a manner consistent with how we recognize the performance allocations and incentive fee revenue. These amounts are accounted for as compensation expense in conjunction with the related performance allocations and incentive fee revenue and, until paid, are recognized as a component of the accrued compensation and benefits liability. Compensation in respect of performance allocations and incentive fees is paid when the related performance allocations and incentive fees are realized, and not when such performance allocations and incentive fees are accrued. The funds do not have a uniform allocation of performance allocations and incentive fees to our employees, senior Carlyle professionals, advisors, and operating executives. Therefore, for any given period, the ratio of performance allocations and incentive fee compensation to performance allocations and incentive fee revenue may vary based on the funds generating the performance allocations and incentive fee revenue for that period and their particular allocation percentages.

In addition, we have implemented various equity-based compensation arrangements that require senior Carlyle professionals and other employees to vest ownership of a portion of their equity interests over a service period of generally one to four years, which under U.S. GAAP will result in compensation charges over current and future periods. During 2019 and 2020, we granted fewer equity awards than we had previously. For example, in 2018, 2019 and 2020, we granted approximately 13.3 million, 6.7 million and 3.7 million of restricted stock units and other awards, respectively. In February 2021, we granted 6.6 million long-term strategic restricted stock units to certain senior professionals, the majority of which are subject to vesting based on the achievement of annual performance targets over four years. As a result, the number of restricted stock units granted in 2021 is higher than in 2020, which, combined with a higher share price than in prior periods, will result in higher equity-based compensation expense in the coming years. Compensation charges associated with all equity-based compensation grants are excluded from Fee Related Earnings and Distributable Earnings.

We may hire additional individuals and overall compensation levels may correspondingly increase, which could result in an increase in compensation and benefits expense. As a result of acquisitions, we have charges associated with contingent consideration taking the form of earn-outs and profit participation, some of which are reflected as compensation expense.

General, Administrative and Other Expenses. General, administrative and other expenses include occupancy and equipment expenses and other expenses, which consist principally of professional fees, including those related to our global regulatory compliance program, external costs of fundraising, travel and related expenses, communications and information services, depreciation and amortization (including intangible asset amortization and impairment) and foreign currency transactions. We expect that general, administrative and other expenses will vary due to infrequently occurring or unusual items, such as impairment of intangible assets and expenses or insurance recoveries associated with litigation and contingencies. Also, in periods of significant fundraising, to the extent that we use third parties to assist in our fundraising efforts, our general, administrative and other expenses may increase accordingly. Additionally, we anticipate that general, administrative and other expenses will fluctuate from period to period due to the impact of foreign exchange transactions.

Interest and Other Expenses of Consolidated Funds. The interest and other expenses of Consolidated Funds consist primarily of interest expenses related primarily to our CLO loans, professional fees and other third-party expenses.

Income Taxes. Following the Conversion on January 1, 2020, all of the income before provision for income taxes attributable to The Carlyle Group Inc. is subject to U.S. federal, state, and local corporate income taxes. Prior to the Conversion, the Company was generally organized as a series of pass through entities pursuant to the United States Internal Revenue Code. As such, the Company was not responsible for the tax liability due on certain income earned during the year. Such income was taxed at the unitholder and non-controlling interest holder level, and any income tax was the responsibility of the unitholders and is paid at that level. See Note 9 to the accompanying unaudited condensed consolidated financial statements for more information regarding the impact of the Conversion.

Income taxes are accounted for using the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis, using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period in which the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some or all of the deferred tax assets will not be realized.

The interim provision for income taxes is calculated using the discrete effective tax rate method as allowed by ASC 740, *Accounting for Income Taxes*. The discrete method is applied when the application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. The discrete method treats the year to date period as if it was the annual period and determines the income tax expense or benefit on that basis.

In the normal course of business, we are subject to examination by federal and certain state, local and foreign tax regulators. With a few exceptions, as of March 31, 2021, our U.S. federal income tax returns for tax years 2017 through 2019 are open under the normal three-year statute of limitations and therefore subject to examination. State and local tax returns are generally subject to audit for tax years 2015 to 2019. Foreign tax returns are generally subject to audit for tax years 2011 to 2019. Certain of our affiliates are currently under audit by federal, state and foreign tax authorities. We do not believe the outcome of any future audit will have a material impact on our consolidated financial statements.

Non-controlling Interests in Consolidated Entities. Non-controlling interests in consolidated entities represent the component of equity in consolidated entities not held by us. These interests are adjusted for general partner allocations.

Earnings Per Common Share. We compute earnings per common share in accordance with ASC 260, *Earnings Per Share*. Basic earnings per common share is calculated by dividing net income (loss) attributable to the common shares of the Company by the weighted average number of common shares outstanding for the period. Diluted earnings per common share reflects the assumed conversion of all dilutive securities. We apply the treasury stock method to determine the dilutive weighted-average common shares represented by unvested restricted stock units.

Non-GAAP Financial Measures

Distributable Earnings. Distributable Earnings, or “DE”, is a key performance benchmark used in our industry and is evaluated regularly by management in making resource deployment and compensation decisions, and in assessing the performance of our three segments. We also use DE in our budgeting, forecasting, and the overall management of our segments. We believe that reporting DE is helpful to understanding our business and that investors should review the same supplemental financial measure that management uses to analyze our segment performance. DE is intended to show the amount of net realized earnings without the effects of consolidation of the Consolidated Funds. DE is derived from our segment reported results and is an additional measure to assess performance and determine amounts potentially available for distribution to the Company’s common stockholders.

Distributable Earnings differs from income (loss) before provision for income taxes computed in accordance with U.S. GAAP in that it includes tax expenses associated with certain foreign performance revenues (comprised of performance allocations and incentive fees), and does not include unrealized performance allocations and related compensation expense, unrealized principal investment income, equity-based compensation expense, net income (loss) attributable to non-Carlyle interest in consolidated entities, or charges (credits) related to Carlyle corporate actions and non-recurring items. Charges (credits) related to Carlyle corporate actions and non-recurring items include: charges (credits) associated with acquisitions, dispositions, or strategic investments, changes in the tax receivable agreement liability, corporate conversion costs, amortization and any impairment charges associated with acquired intangible assets, transaction costs associated with acquisitions and dispositions, charges associated with earnouts and contingent consideration including gains and losses associated with the estimated fair value of contingent consideration issued in conjunction with acquisitions or strategic investments, impairment charges associated with lease right-of-use assets, gains and losses from the retirement of debt, charges associated with contract terminations and employee severance. We believe the inclusion or exclusion of these items provides investors with a meaningful indication of our core operating performance. This measure supplements and should be considered in addition to and not in lieu of the results of operations discussed further under “Consolidated Results of Operations” prepared in accordance with U.S. GAAP.

Fee Related Earnings. Fee Related Earnings, or “FRE”, is a component of DE and is used to assess the ability of the business to cover direct base compensation and operating expenses from total fee revenues. FRE differs from income (loss) before provision for income taxes computed in accordance with U.S. GAAP in that it adjusts for the items included in the calculation of DE and also adjusts DE to exclude net realized performance revenues, realized principal investment income from investments in Carlyle funds, net interest (interest income less interest expense), and certain general, administrative and other expenses when the timing of any future payment is uncertain.

Operating Metrics

We monitor certain operating metrics that are common to the asset management industry.

Fee-earning Assets under Management. Fee-earning assets under management or Fee-earning AUM refers to the assets we manage or advise from which we derive recurring fund management fees. Our Fee-earning AUM is generally based on one of the following, once fees have been activated:

- (a) the amount of limited partner capital commitments, generally for carry funds where the original investment period has not expired, for AlpInvest carry funds during the commitment fee period and for Metropolitan carry funds during the weighted-average investment period of the underlying funds (see “Fee-earning AUM based on capital commitments” in the table below for the amount of this component at each period);
- (b) the remaining amount of limited partner invested capital at cost, generally for carry funds and certain co-investment vehicles where the original investment period has expired, Metropolitan carry funds after the expiration of the weighted-average investment period of the underlying funds, and one of our business development companies (see “Fee-earning AUM based on invested capital” in the table below for the amount of this component at each period);
- (c) the amount of aggregate fee-earning collateral balance of our CLOs and other securitization vehicles, as defined in the fund indentures (typically exclusive of equities and defaulted positions) as of the quarterly cut-off date;
- (d) the external investor portion of the net asset value of our open-ended funds (pre redemptions and subscriptions), as well as certain carry funds (see “Fee-earning AUM based on net asset value” in the table below for the amount of this component at each period);
- (e) the gross assets (including assets acquired with leverage), excluding cash and cash equivalents, of one of our business development companies and certain carry funds (see “Fee-earning AUM based on lower of cost or fair value and other” in the table below for the amount of this component at each period); and
- (f) the lower of cost or fair value of invested capital, generally for AlpInvest carry funds where the commitment fee period has expired and certain carry funds where the investment period has expired, (see “Fee-earning AUM based on lower of cost or fair value and other” in the table below for the amount of this component at each period).

The table below details Fee-earning AUM by its respective components at each period.

	As of March 31,	
	2021	2020
Consolidated Results		
Components of Fee-earning AUM		
Fee-earning AUM based on capital commitments (1)	\$ 78,362	\$ 72,175
Fee-earning AUM based on invested capital (2)	39,622	39,118
Fee-earning AUM based on collateral balances, at par (3)	27,617	25,304
Fee-earning AUM based on net asset value (4)	8,084	4,261
Fee-earning AUM based on lower of cost or fair value and other (5)	19,447	17,388
Balance, End of Period (6) (7)	\$ 173,132	\$ 158,246

- (1) Reflects limited partner capital commitments where the original investment period, weighted-average investment period, or commitment fee period has not expired.
- (2) Reflects limited partner invested capital at cost and includes amounts committed to or reserved for investments for certain Global Private Equity and Investment Solutions funds.
- (3) Represents the amount of aggregate Fee-earning collateral balances and principal balances, at par, for our CLOs/structured products.
- (4) Reflects the net asset value of certain other carry funds.
- (5) Includes funds with fees based on gross asset value.
- (6) Energy III, Energy IV, and Renew II (collectively, the “Legacy Energy Funds”), are managed with Riverstone Holdings LLC and its affiliates. Affiliates of both Carlyle and Riverstone act as investment advisors to each of the Legacy Energy Funds. Carlyle has a minority representation on the management committees of Energy IV and Renew II. Carlyle and Riverstone each hold half of the seats on the management committee of Energy III, but the investment period for this fund has expired and the remaining investments in such fund are being disposed of in the ordinary course of business. As of March 31, 2021, the Legacy Energy Funds had, in the aggregate, approximately \$0.6 billion in AUM and \$0.7 billion in

Fee-earning AUM. We are no longer raising capital for the Legacy Energy Funds and expect these balances to continue to decrease over time as the funds wind down.

- (7) Ending balances as of March 31, 2021 and 2020 exclude \$12.7 billion and \$12.5 billion, respectively, of pending Fee-earning AUM for which fees have not yet been activated.

The table below provides the period to period rollforward of Fee-earning AUM.

	Three Months Ended March 31,	
	2021	2020
Consolidated Results		
(Dollars in millions)		
Fee-earning AUM Rollforward		
Balance, Beginning of Period	\$ 170,102	\$ 161,057
Inflows (1)	7,959	2,897
Outflows (including realizations) (2)	(3,574)	(4,656)
Market Activity & Other (3)	508	29
Foreign Exchange (4)	(1,863)	(1,081)
Balance, End of Period	\$ 173,132	\$ 158,246

- (1) Inflows represents limited partner capital raised by our carry funds or separately managed accounts for which management fees based on commitments were activated during the period, the fee-earning commitments invested in vehicles for which management fees are based on invested capital, the fee-earning collateral balance of new CLO issuances, as well as gross subscriptions in our vehicles for which management fees are based on net asset value. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM.
- (2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, reductions for funds that are no longer calling for fees, gross redemptions in our open-end funds, and runoff of CLO collateral balances. Distributions for funds earning management fees based on commitments during the period do not affect Fee-earning AUM.
- (3) Market Activity & Other represents realized and unrealized gains (losses) on portfolio investments in our carry funds based on the lower of cost or fair value and net asset value, as well as activity of funds with fees based on gross asset value.
- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Refer to “— Segment Analysis” for a detailed discussion by segment of the activity affecting Fee-earning AUM for each of the periods presented by segment.

Assets under Management. Assets under management or AUM refers to the assets we manage or advise. Our AUM generally equals the sum of the following:

- (a) the aggregate fair value of our carry funds and related co-investment vehicles, NGP Predecessor Funds and separately managed accounts, plus the capital that Carlyle is entitled to call from investors in those funds and vehicles (including Carlyle commitments to those funds and vehicles and those of senior Carlyle professionals and employees) pursuant to the terms of their capital commitments to those funds and vehicles;
- (b) the amount of aggregate collateral balance and principal cash or aggregate principal amount of the notes of our CLOs and other structured products (inclusive of all positions);
- (c) the net asset value of certain carry funds; and
- (d) the gross assets (including assets acquired with leverage) of our business development companies, plus the capital that Carlyle is entitled to call from investors in those vehicles pursuant to the terms of their capital commitments to those vehicles.

We include in our calculation of AUM and Fee-earning AUM certain energy and renewable resources funds that we jointly advise with Riverstone, the NGP Energy Funds that are advised by NGP, as well as capital raised from third-party investors to acquire a 76.6% interest in Fortitude Holdings.

For most of our carry funds, total AUM includes the fair value of the capital invested, whereas Fee-earning AUM includes the amount of capital commitments or the remaining amount of invested capital, depending on whether the original investment period for the fund has expired. As such, Fee-earning AUM may be greater than total AUM when the aggregate fair value of the remaining investments is less than the cost of those investments.

Our calculations of Fee-earning AUM and AUM may differ from the calculations of other asset managers. As a result, these measures may not be comparable to similar measures presented by other asset managers. In addition, our calculation of AUM (but not Fee-earning AUM) includes uncalled commitments to, and the fair value of invested capital in, our investment funds from Carlyle and our personnel, regardless of whether such commitments or invested capital are subject to management fees or performance allocations. Our calculations of AUM or Fee-earning AUM are not based on any definition of AUM or Fee-earning AUM that is set forth in the agreements governing the investment funds that we manage or advise.

We generally use Fee-earning AUM as a metric to measure changes in the assets from which we earn recurring management fees. Total AUM tends to be a better measure of our investment and fundraising performance as it reflects investments at fair value plus available capital.

Available Capital. “Available Capital” refers to the amount of capital commitments available to be called for investments, which may be reduced for equity invested that is funded via a fund credit facility and expected to be called from investors at a later date, plus any additional assets/liabilities at the fund level other than active investments. Amounts previously called may be added back to available capital following certain distributions. “Expired Available Capital” occurs when a fund has passed the investment and follow-on periods and can no longer invest capital into new or existing deals. Any remaining Available Capital, typically a result of either recycled distributions or specific reserves established for the follow-on period that are not drawn, can only be called for fees and expenses and is therefore removed from the Total AUM calculation.

The table below provides the period to period rollforward of Total AUM.

Consolidated Results	Three Months Ended March 31, 2021	
	(Dollars in millions)	
Total AUM Rollforward		
Balance, Beginning of Period	\$	245,769
Inflows (1)		7,793
Outflows (including realizations) (2)		(7,856)
Market Activity & Other (3)		17,190
Foreign Exchange (4)		(3,052)
Balance, End of Period	\$	259,844

- (1) Inflows reflects the impact of gross fundraising during the period. For funds or vehicles denominated in foreign currencies, this reflects translation at the average quarterly rate, while the separately reported Fundraising metric is translated at the spot rate for each individual closing.
- (2) Outflows includes distributions net of recallable or recyclable amounts in our carry funds, related co-investment vehicles, separately managed accounts and the NGP Predecessor Funds, gross redemptions in our open-end funds, runoff of CLO collateral balances and the expiration of available capital.
- (3) Market Activity & Other generally represents realized and unrealized gains (losses) on portfolio investments in our carry funds and related co-investment vehicles, the NGP Predecessor Funds and separately managed accounts, as well as the net impact of fees, expenses and non-investment income, change in gross asset value for our business development companies and other changes in AUM.
- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Please refer to “— Segment Analysis” for a detailed discussion by segment of the activity affecting Total AUM for each of the periods presented.

Portfolio Appreciation (Depreciation). The overall portfolio appreciation of 13% for the three months ended March 31, 2021 is comprised of 15% appreciation for carry funds within our Global Private Equity segment focusing on corporate private equity, 4% for funds focusing on real estate, and 7% for funds focusing on natural resources; 8% appreciation for carry funds in the Global Credit segment; and 14% appreciation for carry funds in the Investment Solutions segment. Overall portfolio appreciation for the twelve months ended March 31, 2021 of 34% is comprised of 50% appreciate for carry funds within our Global Private Equity segment focusing on corporate private equity, 13% for funds focusing on real estate, and 16% for funds

focusing on natural resources; 31% appreciation for carry funds in the Global Credit segment; and 24% appreciation for carry funds in the Investment Solutions segment.

While there is no perfectly comparable market index benchmark for the overall portfolio or any of its segments or strategies, we would note that S&P 500 and MSCI ACWI appreciation for the three months ended March 31, 2021 were 5.8% and 4.2%, respectively, while the FTSE NAREIT Composite appreciation was 7.7%, the S&P Oil and Gas Exploration and Production Index was 37.3%, and the S&P Leveraged Loan Index appreciation was 0.4%. S&P 500 and MSCI ACWI appreciation for the twelve months ended March 31, 2021 were 53.7% and 55.5%, respectively, while the FTSE NAREIT Composite appreciation was 32.1%, the S&P Oil and Gas Exploration and Production Index was 102.14%, and the S&P Leveraged Loan Index appreciation was 11.7%.

Consolidation of Certain Carlyle Funds

The Company consolidates all entities that it controls either through a majority voting interest or as the primary beneficiary of variable interest entities. The entities we consolidate are referred to collectively as the Consolidated Funds in our unaudited condensed consolidated financial statements. As of March 31, 2021, our Consolidated Funds represent approximately 2% of our AUM; 2% of our management fees for the three months ended March 31, 2021; 1% of our total investment income or loss for the three months ended March 31, 2021.

We are not required under the consolidation guidance to consolidate in our financial statements most of the investment funds we advise. However, we consolidate certain CLOs that we advise. As of March 31, 2021, our consolidated CLOs held approximately \$6.1 billion of total assets and comprised substantially all of the assets and loans payable of the Consolidated Funds. The assets and liabilities of the Consolidated Funds are generally held within separate legal entities and, as a result, the liabilities of the Consolidated Funds are non-recourse to us.

Generally, the consolidation of the Consolidated Funds has a gross-up effect on our assets, liabilities and cash flows but has no net effect on the net income attributable to the Company and equity. The majority of the net economic ownership interests of the Consolidated Funds are reflected as non-controlling interests in consolidated entities in the consolidated financial statements. Because only a small portion of our funds are consolidated, the performance of the Consolidated Funds is not necessarily consistent with or representative of the combined performance trends of all of our funds.

For further information on our consolidation policy and the consolidation of certain funds, see Note 2 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Consolidated Results of Operations

The following table and discussion sets forth information regarding our unaudited condensed consolidated results of operations for the three months ended March 31, 2021 and 2020. The unaudited condensed consolidated financial statements have been prepared on substantially the same basis for all historical periods presented; however, the consolidated funds are not the same entities in all periods shown due to changes in U.S. GAAP, changes in fund terms and the creation and termination of funds. As further described above, the consolidation of these funds primarily has the impact of increasing interest and other income of Consolidated Funds, interest and other expenses of Consolidated Funds, and net investment gains (losses) of Consolidated Funds in the year that the fund is initially consolidated. The consolidation of these funds had no effect on net income attributable to the Company for the periods presented.

	Three Months Ended March 31,	
	2021	2020
(Dollars in millions, except share and per share data)		
Revenues		
Fund management fees	\$ 381.0	\$ 355.9
Incentive fees	9.5	8.9
Investment income (loss)		
Performance allocations	1,786.1	(937.6)
Principal investment income (loss)	179.1	(253.3)
Total investment income (loss)	1,965.2	(1,190.9)
Interest and other income	20.4	27.4
Interest and other income of Consolidated Funds	61.1	53.0
Total revenues	2,437.2	(745.7)
Expenses		
Compensation and benefits		
Cash-based compensation and benefits	228.5	204.3
Equity-based compensation	32.4	29.1
Performance allocations and incentive fee related compensation	866.6	(442.5)
Total compensation and benefits	1,127.5	(209.1)
General, administrative and other expenses	91.7	69.6
Interest	23.0	23.9
Interest and other expenses of Consolidated Funds	42.4	45.6
Other non-operating expenses	0.6	0.2
Total expenses	1,285.2	(69.8)
Other income (loss)		
Net investment income (losses) of Consolidated Funds	12.3	(113.1)
Income (Loss) before provision for income taxes	1,164.3	(789.0)
Provision (Benefit) for income taxes	273.4	(80.0)
Net income (loss)	890.9	(709.0)
Net income (loss) attributable to non-controlling interests in consolidated entities	21.6	(97.0)
Net income (loss) attributable to The Carlyle Group Inc. Common Stockholders	\$ 869.3	\$ (612.0)
Net income (loss) attributable to The Carlyle Group Inc. per common share		
Basic	\$ 2.45	\$ (1.76)
Diluted	\$ 2.41	\$ (1.76)
Weighted-average common shares		
Basic	354,230,092	348,239,759
Diluted	360,504,780	348,239,759

Three Months Ended March 31, 2021 Compared to the Three Months Ended March 31, 2020

Revenues

Total revenues increased \$3.2 billion, or 426.8%, for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. The following table provides the components of the changes in total revenues for the three months ended March 31, 2021:

	Three Months Ended March 31,	
	2021 v. 2020	
	(Dollars in millions)	
Total Revenues, March 31, 2020	\$	(745.7)
Increases (Decreases):		
Increase in fund management fees		25.1
Increase in incentive fees		0.6
Increase in investment income, including performance allocations		3,156.1
Decrease in interest and other income		(7.0)
Increase in interest and other income of Consolidated Funds		8.1
Total increase		3,182.9
Total Revenues, March 31, 2021	\$	2,437.2

Fund Management Fees. Fund management fees increased \$25.1 million, or 7.1%, for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, primarily due to the following:

	Three Months Ended March 31,	
	2021 v. 2020	
	(Dollars in millions)	
Higher management fees from the commencement of the investment period for certain newly raised funds	\$	37.6
Lower management fees resulting from the change in basis for earning management fees from commitments to invested capital for certain funds and from distributions from funds whose management fees are based on invested capital		(23.7)
Decrease in catch-up management fees from subsequent closes of funds that are in the fundraising period		(6.4)
Higher management fees on CLOs (after the effect of consolidation) due to the deferral of subordinated fees in 2020		3.5
Higher transaction and portfolio advisory fees		13.6
All other changes		0.5
Total increase in fund management fees	\$	25.1

Fund management fees include transaction and portfolio advisory fees, net of rebate offsets, of \$18.0 million and \$4.4 million for the three months ended March 31, 2021 and 2020, respectively. The increase was primarily driven by underwriting and placement fees generated by Carlyle Global Capital Markets, as well as Global Private Equity transaction fees.

Investment Income. Investment income increased \$3.2 billion to \$2.0 billion for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, primarily due to the following:

	Three Months Ended March 31, 2021 v. 2020
	(Dollars in millions)
Increase in performance allocations, excluding NGP	\$ 2,723.7
Increase in investment income from NGP, which includes performance allocations from the investments in NGP	22.0
Increase in investment income from our corporate private equity funds	113.1
Decrease in losses on foreign currency hedges	5.7
Increase in investment income from our real estate funds	4.0
Increase in investment income from our natural resources funds, excluding NGP	12.2
Increase in investment income from our Global Credit carry funds	12.0
Increase in investment income from our direct lending funds, interval funds and Global Capital Markets	20.2
Increase in investment income from Carlyle Aviation	1.0
Increase in investment income from our CLOs	79.0
Increase in investment income from Fortitude Re	157.4
All other changes	5.8
Total increase in investment income	\$ 3,156.1

Prior to the Control Transaction which closed on June 2, 2020, as described in Note 4 to the unaudited condensed consolidated financial statements, we accounted for our investment in Fortitude Re under the equity method of accounting by recognizing our pro rata share of Fortitude Holdings' U.S. GAAP earnings, which is included in principal investment income (loss) in the unaudited condensed consolidated statements of operations. These amounts were inclusive of unrealized gains (losses) resulting from changes in the fair value of embedded derivatives related to certain reinsurance contracts included in Fortitude Re's U.S. GAAP financial statements. Modified coinsurance is subject to the general accounting principles for hedging, specifically the guidance originally issued as Derivatives Implementation Group Issue No. B36: *Embedded Derivatives: Modified Coinsurance Agreements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments* ("DIG B36"). The Company's losses from its investment in Fortitude Re for the three months ended March 31, 2020 were \$(111.9) million, which represented 19.9% of Fortitude Re's estimated net income for the period, and were inclusive of \$(89.1) million of unrealized losses resulting from changes in the fair value of embedded derivatives, as compared to investment income of \$45.5 million from our investment in Carlyle FRL for the three months ended March 31, 2021.

At the time we contributed our existing 19.9% interest in Fortitude Holdings to Carlyle FRL, a Carlyle-affiliated investment fund, we began accounting for our investment under the equity method based on our net asset value in the fund. As of March 31, 2021, our investment in Carlyle FRL was \$599.9 million, relative to our cost of \$465.4 million.

We recorded an increase in the investment income from CLOs during the three months ended March 31, 2021 relative to the comparable period in 2020, given the impact of the rapid decline in asset prices and widening of liability spreads in March 2020 on fair value across the capital structure. The fair value of the CLO investments held by the firm (before the effects of consolidation) decreased 6% during the quarter, primarily due to sales of senior note investments in two of our U.S. CLOs. Our investments in subordinated notes and senior notes during the three months ended March 31, 2021 appreciated (depreciated) 1% and (1)%, respectively.

Performance Allocations. Performance allocations increased \$2.7 billion for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. Performance allocations by segment on a consolidated U.S. GAAP basis for the three months ended March 31, 2021 and 2020 comprised the following:

	Three Months Ended March 31,	
	2021	2020
(Dollars in millions)		
Global Private Equity	\$ 1,566.5	\$ (809.3)
Global Credit	21.0	(63.0)
Investment Solutions ⁽¹⁾	198.6	(65.3)
Total performance allocations	<u>\$ 1,786.1</u>	<u>\$ (937.6)</u>
Total carry fund appreciation (depreciation)	<u>13 %</u>	<u>(7)%</u>

(1) The Company's primary and secondary investments in external funds are generally valued based on its proportionate share of the net assets provided by the third party general partners of the underlying fund partnerships based on the most recent available information which typically has a lag of up to 90 days. As a result, amounts presented may not include the impact of economic activity in the current quarter.

Refer to “— Key Financial Measures” for a listing of the funds with performance allocations in excess of 10% of the total for the periods presented.

The first quarter of 2021 brought upgraded expectations for global GDP growth and the IMF now forecasts global growth of 6% in 2021 and expected the U.S. economy to grow at its fastest rate in nearly forty years. Earnings estimates have also been revised upward, driving notable shifts in both equity and bond markets, and our carry fund portfolio continued to build on strong momentum. Within our Global Private Equity segment, our corporate private equity funds appreciated by 15% in the quarter, driven strong performance in our U.S. and Europe buyout portfolio, our real estate funds appreciated by 4% in the first quarter, continuing their stable performance, and our natural resources funds appreciated by 7% in the quarter, boosted by a strong rebound in oil. In our Global Credit segment, our carry funds, which represent approximately 15% of the total Global Credit remaining fair value, appreciated by 8% in the second quarter, reflecting performance in our credit opportunities and structured credit fund, and our latest generation distressed credit fund. Our Investment Solutions funds appreciated by 14%, though our primary and secondary fund of funds generally reflect investment fair values on a one-quarter lag. Continued IPO activity in our portfolio during the first quarter has increased the portion of our traditional carry funds attributable to publicly traded companies to 19% of fair value in the current quarter, compared to 15% at the end of 2020. While these IPOs have performed well to date overall, and with certain of them showing particular strength, this shift may result in an increasing correlation to public market performance and a significant concentration of investment gains in individual investments for certain funds. To the extent that there is volatility in public equity markets and/or the prices of our publicly-traded portfolio companies, there may be elevated volatility in our performance revenue accrual in the coming quarters. For example, 43% of our net accrued performance allocations are generated by CP VI, which has over 60% of its remaining fair value in publicly-traded portfolio companies.

Interest and Other Income. Interest and other income decreased \$7.0 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, primarily as result of decreases from the reimbursement of certain costs incurred on behalf of Carlyle funds and interest income from investments in CLO subordinated notes.

Interest and Other Income of Consolidated Funds. Interest and other income of Consolidated Funds increased \$8.1 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. Substantially all of the increase in interest and other income of Consolidated Funds relates to increased interest income from CLOs.

Our CLOs generate interest income primarily from investments in bonds and loans inclusive of amortization of discounts and generate other income from consent and amendment fees. Substantially all interest and other income of the CLOs and other consolidated funds together with interest expense of our CLOs and net investment gains (losses) of Consolidated Funds is attributable to the related funds' limited partners or CLO investors. Accordingly, such amounts have no material impact on net income attributable to the Company.

Expenses

Total expenses increased \$1.4 billion for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. The following table provides the components of the changes in total expenses for the three months ended March 31, 2021:

	Three Months Ended March 31, 2021 v. 2020
	(Dollars in millions)
Total Expenses, March 31, 2020	\$ (69.8)
Increases (Decreases):	
Increase in total compensation and benefits	1,336.6
Increase in general, administrative and other expenses	22.1
Decrease in interest and other expenses of Consolidated Funds	(3.2)
All other changes	(0.5)
Total increase	1,355.0
Total Expenses, March 31, 2021	\$ 1,285.2

Total Compensation and Benefits. Total compensation and benefits increased \$1.3 billion for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, due to the following:

	Three Months Ended March 31, 2021 v. 2020
	(Dollars in millions)
Increase in cash-based compensation and benefits	\$ 24.2
Increase in equity-based compensation	3.3
Increase in performance allocations and incentive fee related compensation	1,309.1
Increase in total compensation and benefits	\$ 1,336.6

Cash-based Compensation and Benefits. Cash-based compensation and benefits increased \$24.2 million, or 12%, for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, primarily due to the following:

	Three Months Ended March 31, 2021 v. 2020
	(Dollars in millions)
Increase in headcount and bonuses	\$ 14.7
Contingent earnout associated with Carlyle Aviation Partners acquisition ⁽¹⁾	9.5
Total increase in cash-based compensation and benefits	\$ 24.2

(1) The Carlyle Aviation Partners acquisition included an earn-out of up to \$150.0 million, under which we have paid \$49.9 million through March 31, 2021. For additional information, refer to “—Liquidity and Capital Resources—Contingent Cash Payments For Business Acquisitions and Strategic Investments.”

Equity-based Compensation. Equity-based compensation increased \$3.3 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020 primarily due to a larger number of unvested restricted stock units with a higher weighted average grant date fair value. In February 2021, we granted 6.6 million long-term strategic restricted stock units to certain senior professionals, the majority of which are subject to vesting based on the achievement of annual performance targets over four years. As a result, the number of restricted stock units granted in 2021 is higher than in 2020, which, combined with a higher share price than in prior periods, will result in higher equity-based compensation expense in the coming years.

Performance allocations and incentive fee related compensation expense. Performance allocations and incentive fee related compensation expense increased \$1.3 billion for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. Performance allocations and incentive fee related compensation as a percentage of performance allocations and incentive fees was 49% for the three months ended March 31, 2021 and 47% for the three months ended March 31, 2020. Performance allocations and incentive fee related compensation as a percentage of performance allocations and incentive fees fluctuates depending on the mix of funds contributing to performance allocations and incentive fees in a given period. For our largest segment, Global Private Equity, our performance allocations and incentive fee related compensation expense as a percentage of performance allocations and incentive fees is generally around 45%. Performance allocations from our Investment Solutions segment pay a higher ratio of performance allocations and incentive fees as compensation, primarily as a result of the terms of our acquisition of AlpInvest. Conversely, performance allocations from the Legacy Energy funds in our Global Private Equity segment are primarily allocated to Carlyle because the investment teams for the Legacy Energy funds are employed by Riverstone and not Carlyle.

General, Administrative and Other Expenses. General, administrative and other expenses increased \$22.1 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, primarily due to:

	Three Months Ended March 31,	
	2021 v. 2020	
	(Dollars in millions)	
CCC litigation cost recovery in 2020 ⁽¹⁾	\$	29.9
Lower intangible asset amortization		(0.3)
Higher depreciation and amortization		1.1
Lower professional fees, including corporate conversion costs		(16.4)
Lower travel and conference expenses		(11.4)
Foreign exchange adjustments ⁽²⁾		23.3
Other changes		(4.1)
Total increase in general, administrative and other expenses	\$	22.1

(1) General, administrative and other expenses during the three months ended March 31, 2020 included the positive impact of a \$29.9 million recovery of litigation costs. See Note 7 to our unaudited condensed consolidated financial statements.

(2) Foreign exchange adjustments for the three months ended March 31, 2021 as compared to three months ended March 31, 2020 are primarily driven by the revaluation in our European CLOs investments.

As disclosed in Note 15 to the accompanying unaudited condensed consolidated financial statements, we entered into a sublease for certain office space in New York in connection with the sale of MRE. We expect general, administrative and other costs to benefit from lower rent expense and leasehold improvement amortization in future years.

Interest and Other Expenses of Consolidated Funds. Interest and other expenses of Consolidated Funds decreased \$3.2 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, primarily due to lower interest expense on the consolidated CLOs.

The CLOs incur interest expense on their loans payable and incur other expenses consisting of trustee fees, rating agency fees and professional fees. Substantially all interest and other income of our CLOs together with interest expense of our CLOs and net investment gains (losses) of Consolidated Funds is attributable to the related funds' limited partners or CLO investors. Accordingly, such amounts have no material impact on net income attributable to the Company.

Net Investment Gains of Consolidated Funds

For three months ended March 31, 2021, net investment gains of Consolidated Funds were \$12.3 million as compared to net investment losses of \$113.1 million for the three months ended March 31, 2020. For both the three months ended March 31, 2021 and 2020, net investment gains (losses) comprise the activity of the consolidated CLOs and certain other funds. For the consolidated CLOs, the amount reflects the net gain or loss on the fair value adjustment of both the assets and liabilities. The three months ended March 31, 2020 include significant losses on the CLO assets and gains on the CLO liabilities resulting from the rapid decline in asset prices and widening of credit spreads. The components of net investment gains (losses) of Consolidated Funds for the respective periods are:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Realized gains (losses)	\$ 4.7	\$ (0.5)
Net change in unrealized gains (losses)	84.6	(932.2)
Total gains (losses)	89.3	(932.7)
Gains (losses) from liabilities of CLOs	(77.0)	819.6
Total net investment gains (losses) of Consolidated Funds	\$ 12.3	\$ (113.1)

Provision (Benefit) for Income Taxes

The Company's provision (benefit) for income taxes was \$273.4 million and \$(80.0) million for the three months ended March 31, 2021 and 2020, respectively. During the three months ended March 31, 2020, the provision for income taxes reflects a tax benefit of \$170.3 million related to the net loss recorded during the period, net of the \$90.3 million expense related to Conversion (see Note 9 to the accompanying unaudited condensed consolidated financial statements for more information regarding the impact of Conversion). The Company's effective tax rate was approximately 23% and 10% for the three months ended March 31, 2021 and 2020, respectively. The effective tax rate for the three months ended March 31, 2021 is primarily comprised of the 21% U.S. federal corporate income tax rate plus U.S. state and foreign corporate income taxes, partially offset by non-controlling interests. U.S. federal taxes relate to deferred taxes, as current period earnings were offset by net operating loss carryforwards. The effective tax rate for the three months ended March 31, 2020 differs from the statutory rate primarily due to the income tax expense resulting from the Conversion offsetting the tax benefit from the net loss recorded in the period.

Net Income Attributable to Non-controlling Interests in Consolidated Entities

Net income attributable to non-controlling interests in consolidated entities was \$21.6 million for the three months ended March 31, 2021 as compared to net loss of \$97.0 million for the three months ended March 31, 2020. These amounts primarily reflect the net income attributable to non-controlling interests in carried interest, giveback obligations, and cash held for carried interest distributions. This balance also includes the net earnings or losses of the Consolidated Funds for each period, which are substantially all allocated to the related funds' limited partners or CLO investors.

Net Income Attributable to The Carlyle Group Inc. Common Stockholders

The net income (loss) attributable to The Carlyle Group Inc. common stockholders was \$869.3 million for the three months ended March 31, 2021, a \$1.5 billion increase from a net loss of \$612.0 million for the three months ended March 31, 2020, reflecting strong portfolio appreciation in the first quarter of 2021 as compared to depreciation at the onset of the pandemic in the first quarter of 2020.

Non-GAAP Financial Measures

The following tables set forth information in the format used by management when making resource deployment decisions and in assessing performance of our segments. These non-GAAP financial measures are presented for the three months ended March 31, 2021 and 2020. Our Non-GAAP financial measures exclude the effects of unrealized performance allocations net of related compensation expense, unrealized principal investment income, consolidated funds, acquisition and disposition-related items including amortization and any impairment charges of acquired intangible assets and contingent consideration taking the form of earn-outs, charges associated with equity-based compensation, changes in the tax receivable agreement liability, corporate actions and infrequently occurring or unusual events.

The following table shows our total segment DE and FRE for the three months ended March 31, 2021 and 2020.

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Total Segment Revenues	\$ 612.5	\$ 581.1
Total Segment Expenses	397.6	406.1
Distributable Earnings	\$ 214.9	\$ 175.0
(-) Realized Net Performance Revenues	76.0	48.2
(-) Realized Principal Investment Income	30.0	15.9
(+) Net Interest	20.1	17.9
(=) Fee Related Earnings	\$ 129.0	\$ 128.8

The following table sets forth our total segment revenues for the three months ended March 31, 2021 and 2020.

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Segment Revenues		
Fund level fee revenues		
Fund management fees	\$ 392.2	\$ 381.5
Portfolio advisory and transaction fees, net and other	19.7	6.8
Total fund level fee revenues	411.9	388.3
Realized performance revenues	168.4	171.6
Realized principal investment income	30.0	15.9
Interest income	2.2	5.3
Total Segment Revenues	\$ 612.5	\$ 581.1

The following table sets forth our total segment expenses for the three months ended March 31, 2021 and 2020.

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Segment Expenses		
Compensation and benefits		
Cash-based compensation and benefits	\$ 212.2	\$ 203.8
Realized performance revenue related compensation	92.4	123.4
Total compensation and benefits	304.6	327.2
General, administrative, and other indirect expenses	61.6	48.3
Depreciation and amortization expense	9.1	7.4
Interest expense	22.3	23.2
Total Segment Expenses	\$ 397.6	\$ 406.1

Income (loss) before provision for income taxes is the U.S. GAAP financial measure most comparable to Distributable Earnings and Fee Related Earnings. The following table is a reconciliation of income (loss) before provision for income taxes to Distributable Earnings and to Fee Related Earnings.

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Income (loss) before provision for income taxes	\$ 1,164.3	\$ (789.0)
Adjustments:		
Net unrealized performance revenues	(846.4)	528.9
Unrealized principal investment (income) loss ⁽¹⁾	(131.3)	264.7
Adjusted unrealized principal investment (income) loss from investment in Fortitude Re ⁽²⁾	—	22.8
Equity-based compensation ⁽³⁾	34.9	31.7
Acquisition or disposition-related charges (credits), including amortization of intangibles	19.0	3.0
Tax expense (benefit) associated with certain foreign performance fee revenues	(6.0)	11.2
Net (income) loss attributable to non-controlling interests in consolidated entities	(21.6)	97.0
Other adjustments including severance and C-Corp. conversion costs in 2020	2.0	4.7
(=) Distributable Earnings	\$ 214.9	\$ 175.0
(-) Realized net performance revenues ⁽⁴⁾	76.0	48.2
(-) Realized principal investment income ⁽⁴⁾	30.0	15.9
(+) Net Interest	20.1	17.9
(=) Fee Related Earnings	\$ 129.0	\$ 128.8

- (1) Adjustments to unrealized principal investment income (loss) during the three months ended March 31, 2020 are inclusive of \$(89.1) million of unrealized losses, resulting from changes in the fair value of embedded derivatives related to certain reinsurance contracts included in Fortitude Re's U.S. GAAP financial statements prior to the contribution of our investment in Fortitude Holdings to Carlyle FRL on June 2, 2020. At the time of the contribution of our investment to Carlyle FRL, we began accounting for our investment under the equity method based on our net asset value in the fund, which is an investment company that accounts for its investment in Fortitude Holdings at fair value.
- (2) Adjusted unrealized principal investment income (loss) from the investment in Fortitude Re represents 19.9% of Fortitude Holdings' estimated net income (loss), excluding the unrealized gains (losses) related to embedded derivatives, prior to the contribution of our investment in Fortitude Holdings to Carlyle FRL on June 2, 2020.
- (3) Equity-based compensation includes amounts presented in principal investment income and general, administrative and other expenses in our U.S. GAAP statement of operations.

(4) See reconciliation to most directly comparable U.S. GAAP measure below:

	Three Months Ended March 31, 2021		
	Carlyle Consolidated	Adjustments ⁽⁵⁾	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	\$ 1,786.1	\$ (1,617.7)	\$ 168.4
Performance revenues related compensation expense	866.6	(774.2)	92.4
Net performance revenues	\$ 919.5	\$ (843.5)	\$ 76.0
Principal investment income (loss)	\$ 179.1	\$ (149.1)	\$ 30.0

	Three Months Ended March 31, 2020		
	Carlyle Consolidated	Adjustments ⁽⁵⁾	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	\$ (937.6)	\$ 1,109.2	\$ 171.6
Performance revenues related compensation expense	(442.5)	565.9	123.4
Net performance revenues	\$ (495.1)	\$ 543.3	\$ 48.2
Principal investment income (loss)	\$ (253.3)	\$ 269.2	\$ 15.9

(5) Adjustments to performance revenues and principal investment income (loss) relate to (i) unrealized performance allocations net of related compensation expense and unrealized principal investment income, which are excluded from our Non-GAAP results, (ii) amounts earned from the Consolidated Funds, which were eliminated in the U.S. GAAP consolidation but were included in the Non-GAAP results, (iii) amounts attributable to non-controlling interests in consolidated entities, which were excluded from the Non-GAAP results, (iv) the reclassification of NGP performance revenues, which are included in investment income in the U.S. GAAP financial statements, (v) the reclassification of certain incentive fees from business development companies, which are included in fund management fees in the segment results, and (vi) the reclassification of tax expenses associated with certain foreign performance revenues. Adjustments to principal investment income (loss) also include the reclassification of earnings for the investment in NGP Management and its affiliates to the appropriate operating captions for the Non-GAAP results, the exclusion of charges associated with the investment in NGP Management and its affiliates that are excluded from the Non-GAAP results (see Note 4 to our unaudited condensed consolidated financial statements).

Distributable Earnings for our reportable segments are as follows:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Global Private Equity	\$ 178.2	\$ 134.8
Global Credit	23.1	31.8
Investment Solutions	13.6	8.4
Distributable Earnings	\$ 214.9	\$ 175.0

Segment Analysis

Discussed below is our DE and FRE for our segments for the periods presented. Our segment information is reflected in the manner used by our senior management to make operating and compensation decisions, assess performance and allocate resources.

Historically, we have conducted our operations through four reportable segments: Corporate Private Equity, Real Assets, Global Credit, and Investment Solutions. In the fourth quarter of 2020, in connection with our transition to a sole chief executive officer on October 1, 2020, our senior management began re-evaluating our operating structure. As a result, we revised our operating segments by combining Corporate Private Equity and Real Assets into a single segment called Global Private Equity to reflect how senior management manages and assesses the performance of the business and allocates resources. The presentation of our segment financial information for the three months ended March 31, 2020 has been modified to reflect this change, and will consequently be different from the historical segment financial results previously reported by us in our reports filed with the SEC. There was no impact to the Global Credit and Investment Solutions segments as a result of this change.

For segment reporting purposes, revenues and expenses are presented on a basis that deconsolidates our Consolidated Funds. As a result, segment revenues from management fees, realized performance revenues and realized principal investment income (loss) are different than those presented on a consolidated U.S. GAAP basis because these revenues recognized in certain segments are received from Consolidated Funds and are eliminated in consolidation when presented on a consolidated U.S. GAAP basis. Furthermore, segment expenses are different than related amounts presented on a consolidated U.S. GAAP basis due to the exclusion of fund expenses that are paid by the Consolidated Funds.

Global Private Equity

The following table presents our results of operations for our Global Private Equity segment:

	Three Months Ended March 31,	
	2021	2020
(Dollars in millions)		
Segment Revenues		
Fund level fee revenues		
Fund management fees	\$ 260.2	\$ 268.7
Portfolio advisory and transaction fees, net and other	10.6	4.2
Total fund level fee revenues	270.8	272.9
Realized performance revenues	134.1	65.2
Realized principal investment income	23.7	10.2
Interest income	0.2	1.8
Total revenues	428.8	350.1
Segment Expenses		
Compensation and benefits		
Cash-based compensation and benefits	129.1	129.7
Realized performance revenues related compensation	60.2	29.7
Total compensation and benefits	189.3	159.4
General, administrative, and other indirect expenses	41.4	37.2
Depreciation and amortization expense	6.1	4.8
Interest expense	13.8	13.9
Total expenses	250.6	215.3
Distributable Earnings	\$ 178.2	\$ 134.8
(-) Realized Net Performance Revenues	73.9	35.5
(-) Realized Principal Investment Income	23.7	10.2
(+) Net Interest	13.6	12.1
(=) Fee Related Earnings	\$ 94.2	\$ 101.2

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

Distributable Earnings

Distributable Earnings increased \$43.4 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. The following table provides the components of the changes in Distributable Earnings for the three months ended March 31, 2021:

	Three Months Ended March 31,	
	(Dollars in millions)	
Distributable Earnings, March 31, 2020	\$	134.8
Increases (decreases):		
Decrease in fee related earnings		(7.0)
Increase in realized net performance revenues		38.4
Increase in realized principal investment income		13.5
Increase in net interest		(1.5)
Total increase		43.4
Distributable Earnings, March 31, 2021	\$	178.2

Realized Net Performance Revenues. Realized net performance revenues increased \$38.4 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, driven by performance revenue realizations from our financial services and U.S. buyout funds, as well as our third Japan buyout fund, which realized performance revenues for the first time during the three months ended March 31, 2021. Realized net performance revenues were primarily generated by the following funds for the three months ended March 31, 2021 and 2020.

Three Months Ended March 31,	
2021	2020
CP VI	CP IV
CJP III	CGFSP I
CGFSP II	CERF

Realized Principal Investment Income. Realized principal investment income was \$23.7 million for the three months ended March 31, 2021 as compared to realized principal investment income of \$10.2 million for the three months ended March 31, 2020, primarily due to higher realized gains from CEP IV, CGFSP II and CEOF I, partially offset by lower realized gains from CAP IV.

Fee Related Earnings

Fee Related Earnings decreased \$7.0 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. The following table provides the components of the changes in Fee Related Earnings for the three months ended March 31, 2021:

	Three Months Ended March 31,	
	(Dollars in millions)	
Fee Related Earnings, March 31, 2020	\$	101.2
Increases (decreases):		
Decrease in fee revenues		(2.1)
Decrease in cash-based compensation and benefits		0.6
CCC litigation cost recovery in 2020 ⁽¹⁾		(20.3)
Decrease in general, administrative and other indirect expenses		16.1
All other changes		(1.3)
Total increase (decrease)		(7.0)
Fee Related Earnings, March 31, 2021	\$	94.2

(1) General, administrative and other indirect expenses during the three months ended March 31, 2020 included the allocated portion of the cost recovery associated with the CCC litigation costs. See Note 7 to our unaudited condensed consolidated financial statements.

Fee Revenues. Total fee revenues decreased \$2.1 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, due to the following:

	Three Months Ended March 31,	
	2021 v. 2020	
	(Dollars in millions)	
Lower fund management fees	\$	(8.5)
Higher portfolio advisory and transaction fees, net and other		6.4
Total decrease in fee revenues	\$	(2.1)

The decrease in fund management fees for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020 was primarily due to lower management fees for CGIOF, CEOF II, and CP VI, as well as CIEP II which had catch-up management fees of \$6.1 million in Q1 2020. This decrease is partially offset by higher management fees on our fourth Japan buyout fund (“CJP IV”), which activated management fees in Q4 2020.

The increases in portfolio advisory and transaction fees, net and other for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020 was primarily due to transaction fees related to investments in CJP IV and CEP V.

The total weighted-average management fee rates as of March 31, 2021 and 2020 were 1.25% and 1.26%. Fee-earning assets under management were \$90.6 billion and \$92.0 billion as of March 31, 2021 and 2020, respectively, a decrease of \$1.4 billion.

Cash-based compensation and benefits expense. Cash-based compensation and benefits expense decreased \$0.6 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, primarily due to decreased headcount.

General, administrative and other indirect expenses. General, administrative and other indirect expenses decreased \$16.1 million, excluding the impact of litigation cost recoveries in 2020, for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, primarily due to lower professional fees and travel and entertainment expenses as a result of travel restrictions during the COVID-19 pandemic, partially offset by negative foreign currency adjustments.

Fee-earning AUM as of and for the Three Months Ended March 31, 2021 and 2020

Fee-earning AUM is presented below for each period together with the components of change during each respective period.

The table below breaks out Fee-earning AUM by its respective components at each period.

	As of March 31,	
	2021	2020
Global Private Equity	(Dollars in millions)	
Components of Fee-earning AUM (1)		
Fee-earning AUM based on capital commitments	\$ 55,591	\$ 55,281
Fee-earning AUM based on invested capital	29,268	31,841
Fee-earning AUM based on net asset value	3,417	2,304
Fee-earning AUM based on lower of cost or fair value	2,283	2,553
Total Fee-earning AUM	\$ 90,559	\$ 91,979
Weighted Average Management Fee Rates (2)		
All Funds	1.25 %	1.26 %
Funds in Investment Period	1.37 %	1.41 %

- (1) For additional information concerning the components of Fee-earning AUM, see “—Fee-earning Assets under Management.”
- (2) Represents the aggregate effective management fee rate of each fund in the segment, weighted by each fund’s Fee-earning AUM, as of the end of each period presented.

The table below provides the period to period rollforward of Fee-earning AUM.

	Three Months Ended March 31,	
	2021	2020
Global Private Equity	(Dollars in millions)	
Fee-earning AUM Rollforward		
Balance, Beginning of Period	\$ 91,571	\$ 94,811
Inflows (1)	636	800
Outflows (including realizations) (2)	(983)	(3,052)
Market Activity & Other (3)	96	(136)
Foreign Exchange (4)	(761)	(444)
Balance, End of Period	\$ 90,559	\$ 91,979

- (1) Inflows represents limited partner capital raised by our carry funds or separately managed accounts for which management fees based on commitments were activated during the period, and the fee-earning commitments invested in vehicles for which management fees are based on invested capital. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM.
- (2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, and reductions for funds that are no longer calling for fees. Realizations for funds earning management fees based on commitments during the period do not affect Fee-earning AUM.
- (3) Market Activity & Other represents realized and unrealized gains (losses) on portfolio investments in our carry funds based on the lower of cost or fair value.
- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Fee-earning AUM was \$90.6 billion at March 31, 2021, a decrease of \$1.0 billion, or approximately 1%, compared to \$91.6 billion at December 31, 2020. The decrease was driven by \$1.0 billion of realizations in funds which charge fees based on invested capital and \$0.8 billion of negative foreign exchange activity from the translation of our EUR-denominated funds’

AUM to USD, partially offset by \$0.6 billion in capital deployment for funds that charge management fees on invested capital. Investment and distribution activity has no impact for funds still in the original investment period where Fee-earning AUM is based on commitments.

Fee-earning AUM was \$90.6 billion at March 31, 2021, a decrease of \$1.4 billion, or approximately 2%, compared to \$92.0 billion at March 31, 2020. The decrease was driven by outflows of \$7.4 billion primarily due to CP V no longer charging management fees, as well as dispositions in funds which charge fees based on invested capital. Partially offsetting the decrease were inflows of \$5.2 billion primarily from new fee-paying commitments raised in CJP IV as well as investments in other funds which charge fees based on invested capital.

Total AUM as of and for the Three Months Ended March 31, 2021

The table below provides the period to period rollforward of Total AUM.

	Three Months Ended March 31, 2021
	(Dollars in millions)
Global Private Equity	
Total AUM Rollforward	
Balance, Beginning of Period	\$ 131,780
Inflows (1)	1,397
Outflows (including realizations) (2)	(4,780)
Market Activity & Other (3)	10,056
Foreign Exchange (4)	(1,002)
Balance, End of Period	\$ 137,451

- (1) Inflows reflects the impact of gross fundraising during the period. For funds or vehicles denominated in foreign currencies, this reflects translation at the average quarterly rate, while the separately reported Fundraising metric is translated at the spot rate for each individual closing.
- (2) Outflows includes distributions net of recallable or recyclable amounts in our carry funds, related co-investment vehicles, separately managed accounts, and the NGP Predecessor Funds, gross redemptions in our open-end funds, and the expiration of available capital.
- (3) Market Activity & Other generally represents realized and unrealized gains (losses) on portfolio investments in our carry funds, related co-investment vehicles, separately managed accounts, and the NGP Predecessor Funds, as well as the impact of fees, expenses and non-investment income, and other changes in AUM.
- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Total AUM was \$137.5 billion at March 31, 2021, an increase of \$5.7 billion compared to \$131.8 billion as of December 31, 2020. The increase was driven by overall segment appreciation of \$10.1 billion for the period, driven by appreciation of \$2.9 billion attributable to CP VI, \$1.2 billion attributable to CP VII, and \$1.0 billion attributable to CEP IV. Partially offsetting the increase were outflows of \$4.8 billion primarily from distributions of investment proceeds in our U.S. Buyout, Europe Buyout and Financial Services funds.

Fund Performance Metrics

Fund performance information for our investment funds that generally have at least \$1.0 billion in capital commitments, cumulative equity invested or total value as of March 31, 2021, which we refer to as our “significant funds” is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund return information reflected in this discussion and analysis is not indicative of the performance of The Carlyle Group Inc. and is also not necessarily indicative of the future performance of any particular fund. An investment in The Carlyle Group Inc. is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns.

The following tables reflect the performance of our significant funds in our Global Private Equity business. Please see “— Our Family of Funds” for a legend of the fund acronyms listed below.

Fund (Fee Initiation Date/Stepdown Date)	Committed Capital	Cumulative Invested Capital(1)	Percent Invested	TOTAL INVESTMENTS							REALIZED/PARTIALLY REALIZED INVESTMENTS(5)		
				As of March 31, 2021							As of March 31, 2021		
				Realized Value(2)	Remaining Fair Value(3)	MOIC (4)	Gross IRR (6)(12)	Net IRR (7)(12)	Net Accrued Carry/(Clawback) (8)	Total Fair Value(9)	MOIC (4)	Gross IRR (6)(12)	
Corporate Private Equity													
CP VII (May 2018 / May 2024)	\$ 18,510	\$ 12,042	65%	\$ 530	\$ 13,866	1.2x	19%	9%	\$ 72	\$ 987	2.8x	66%	
CP VI (May 2013 / May 2018)	\$ 13,000	\$ 13,078	101%	\$ 8,786	\$ 19,695	2.2x	21%	16%	\$ 1,372	\$ 11,831	2.5x	28%	
CP V (Jun 2007 / May 2013)	\$ 13,720	\$ 13,238	96%	\$ 26,225	\$ 1,978	2.1x	18%	14%	\$ 183	\$ 26,870	2.5x	24%	
CEP V (Oct 2018 / Sep 2024)	€ 6,436	€ 2,617	41%	€ 12	€ 2,791	1.1x	NM	NM	\$ —	n/a	n/a	n/a	
CEP IV (Sep 2014 / Oct 2018)	€ 3,752	€ 3,753	100%	€ 2,816	€ 3,203	1.6x	16%	10%	\$ 220	€ 2,677	2.2x	27%	
CEP III (Jul 2007 / Dec 2012)	€ 5,295	€ 5,156	97%	€ 10,995	€ 563	2.2x	19%	14%	\$ 47	€ 11,458	2.5x	20%	
CEP II (Sep 2003 / Sep 2007)	€ 1,805	€ 2,048	113%	€ 4,113	€ 26	2.0x	36%	20%	\$ 3	€ 4,123	2.2x	43%	
CAP V (Jun 2018 / Jun 2024)	\$ 6,554	\$ 2,882	44%	\$ 280	\$ 3,801	1.4x	55%	28%	\$ 80	n/a	n/a	n/a	
CAP IV (Jul 2013 / Jun 2018)	\$ 3,880	\$ 4,044	104%	\$ 3,539	\$ 4,012	1.9x	19%	13%	\$ 308	\$ 4,536	3.2x	35%	
CAP III (Jun 2008 / Jul 2013)	\$ 2,552	\$ 2,543	100%	\$ 4,417	\$ 273	1.8x	17%	11%	\$ 28	\$ 4,417	2.1x	19%	
CJP IV (Oct 2020 / Oct 2026)	¥ 258,000	¥ 28,572	11%	¥ —	¥ 28,572	1.0x	NM	NM	\$ —	n/a	n/a	n/a	
CJP III (Sep 2013 / Aug 2020)	¥ 119,505	¥ 91,192	76%	¥ 94,734	¥ 76,979	1.9x	19%	12%	\$ 45	¥ 115,313	3.0x	33%	
CJP II (Oct 2006 / Jul 2013)	¥ 165,600	¥ 141,867	86%	¥ 205,301	¥ 1,080	1.5x	7%	3%	\$ —	¥ 203,831	1.5x	7%	
CGFSP III (Dec 2017 / Dec 2023)	\$ 1,005	\$ 870	87%	\$ 5	\$ 1,046	1.2x	22%	10%	\$ 10	n/a	n/a	n/a	
CGFSP II (Jun 2013 / Dec 2017)	\$ 1,000	\$ 943	94%	\$ 1,599	\$ 500	2.2x	26%	19%	\$ 36	\$ 1,599	2.3x	28%	
CEOF II (Nov 2015 / Mar 2020)	\$ 2,400	\$ 2,103	88%	\$ 398	\$ 2,342	1.3x	10%	6%	\$ —	\$ 390	1.5x	29%	
CEOF I (Sep 2011 / Nov 2015)	\$ 1,119	\$ 1,174	105%	\$ 1,505	\$ 274	1.5x	12%	8%	\$ 32	\$ 1,359	1.8x	23%	
CETP IV (Jul 2019 / Jul 2025)	€ 1,350	€ 667	49%	€ —	€ 792	1.2x	NM	NM	\$ 8	n/a	n/a	n/a	
CETP III (Jul 2014 / Jul 2019)	€ 657	€ 602	92%	€ 1,063	€ 592	2.7x	44%	31%	\$ 42	€ 1,064	4.5x	53%	
CGP II (Dec 2020 / Jan 2025)	\$ 1,840	\$ 175	10%	\$ —	\$ 175	1.0x	NM	NM	\$ —	n/a	n/a	n/a	
CGP (Jan 2015 / Mar 2021)	\$ 3,588	\$ 2,933	82%	\$ 317	\$ 3,155	1.2x	5%	4%	\$ —	n/a	n/a	n/a	
CAGP IV (Aug 2008 / Dec 2014)	\$ 1,041	\$ 954	92%	\$ 1,118	\$ 124	1.3x	7%	2%	\$ —	\$ 1,116	1.4x	8%	
All Other Active Funds & Vehicles(10)		\$ 16,883	n/a	\$ 16,372	\$ 10,761	1.6x	12%	10%	\$ 52	\$ 16,754	2.1x	17%	
Fully Realized Funds & Vehicles(11)		\$ 23,422	n/a	\$ 59,542	\$ —	2.5x	28%	21%	\$ 4	\$ 59,542	2.5x	28%	
TOTAL CORPORATE PRIVATE EQUITY(13)	\$ 117,091	n/a	\$ 149,672	\$ 72,327	1.9x	26%	18%	\$ 2,543	\$ 154,989	2.4x	27%		
Real Estate													
CRP VIII (Aug 2017 / May 2022)	\$ 5,505	\$ 3,212	58%	\$ 828	\$ 3,225	1.3x	29%	11%	\$ 72	\$ 820	1.9x	57%	
CRP VII (Jun 2014 / Dec 2017)	\$ 4,162	\$ 3,787	91%	\$ 3,840	\$ 2,199	1.6x	19%	12%	\$ 98	\$ 3,710	1.8x	26%	
CRP VI (Mar 2011 / Jun 2014)	\$ 2,340	\$ 2,159	92%	\$ 3,629	\$ 269	1.8x	27%	18%	\$ 2	\$ 3,471	2.0x	32%	
CRP V (Nov 2006 / Mar 2011)	\$ 3,000	\$ 3,349	112%	\$ 5,106	\$ 796	1.8x	12%	9%	\$ 143	\$ 5,815	1.8x	13%	
CRP IV (Jan 2005 / Nov 2006)	\$ 950	\$ 1,216	128%	\$ 1,954	\$ 9	1.6x	7%	4%	\$ —	\$ 1,953	1.7x	7%	
CPI (May 2016 / n/a)	\$ 5,076	\$ 3,250	75%	\$ 683	\$ 3,389	1.3x	14%	13%	\$ 21	\$ 231	1.6x	NM	
CEREP III (Jun 2007 / May 2012)	€ 2,230	€ 2,053	92%	€ 2,414	€ 77	1.2x	4%	1%	\$ —	€ 2,443	1.2x	4%	
All Other Active Funds & Vehicles(14)		\$ 3,295	n/a	\$ 3,024	\$ 2,069	1.5x	10%	8%	\$ 8	\$ 2,762	1.7x	11%	
Fully Realized Funds & Vehicles(15)		\$ 5,212	n/a	\$ 6,900	\$ 2	1.3x	13%	6%	\$ —	\$ 6,903	1.3x	13%	
TOTAL REAL ESTATE(13)	\$ 27,893	n/a	\$ 28,802	\$ 12,049	1.5x	12%	7%	\$ 345	\$ 28,534	1.6x	12%		
Natural Resources													
CIEP II (Apr 2019 / Apr 2025)	\$ 2,286	\$ 841	37%	\$ 7	\$ 817	1.0x	NM	NM	\$ —	n/a	n/a	n/a	
CIEP I (Sep 2013 / Jun 2019)	\$ 2,500	\$ 2,334	93%	\$ 918	\$ 2,330	1.4x	14%	7%	\$ —	\$ 1,425	2.1x	23%	
CPP II (Sep 2014 / Apr 2021)	\$ 1,527	\$ 1,229	81%	\$ 324	\$ 1,310	1.3x	11%	6%	\$ —	n/a	n/a	n/a	
CGIOF (Dec 2018 / Sep 2023)	\$ 2,201	\$ 544	25%	\$ 84	\$ 386	0.9x	NM	NM	\$ —	\$ 34	2.3x	NM	
NGP XII (Jul 2017 / Jul 2022)	\$ 4,278	\$ 2,238	52%	\$ 34	\$ 2,428	1.1x	NM	NM	\$ —	n/a	n/a	n/a	
NGP XI (Oct 2014 / Jul 2017)	\$ 5,325	\$ 4,954	93%	\$ 1,795	\$ 3,882	1.1x	4%	2%	\$ —	\$ 1,843	1.2x	33%	
NGP X (Jan 2012 / Dec 2014)	\$ 3,586	\$ 3,346	93%	\$ 3,036	\$ 458	1.0x	1%	Neg	\$ —	\$ 2,926	1.3x	9%	
All Other Active Funds & Vehicles(17)		\$ 3,004	n/a	\$ 1,245	\$ 2,574	1.3x	11%	8%	\$ 6	\$ 1,463	2.1x	26%	
Fully Realized Funds & Vehicles(18)		\$ 1,190	n/a	\$ 1,435	\$ 1	1.2x	3%	1%	\$ —	\$ 1,436	1.2x	3%	
TOTAL NATURAL RESOURCES	\$ 19,680	n/a	\$ 8,878	\$ 14,184	1.2x	6%	2%	\$ 6	\$ 37,660	1.6x	11%		
Legacy Energy Funds(16)	\$ 16,741	n/a	\$ 23,526	\$ 589	1.4x	12%	6%	\$ (4)	\$ 23,549	1.5x	14%		

- (1) Represents the original cost of investments since inception of the fund.
- (2) Represents all realized proceeds since inception of the fund.
- (3) Represents remaining fair value, before management fees, expenses and carried interest, and may include remaining escrow values for realized investments.
- (4) Multiple of invested capital (“MOIC”) represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital.
- (5) An investment is considered realized when the investment fund has completely exited, and ceases to own an interest in, the investment. An investment is considered partially realized when the total amount of proceeds received in respect of such investment, including dividends, interest or other distributions and/or return of capital, represents at least 85% of invested capital and such investment is not yet fully realized. Because part of our value creation strategy involves pursuing best exit alternatives, we believe information regarding Realized/Partially Realized MOIC and Gross IRR, when considered together with the other investment performance metrics presented, provides investors with meaningful information regarding our investment performance by removing the impact of investments where significant realization activity has not yet occurred. Realized/Partially Realized MOIC and Gross IRR have limitations as measures of investment performance, and should not be considered in isolation. Such limitations include the fact that these measures do not include the performance of earlier stage and other investments that do not satisfy the criteria provided above. The exclusion of such investments will have a positive impact on Realized/Partially Realized MOIC and Gross IRR in instances when the MOIC and Gross IRR in respect of such investments are less than the aggregate MOIC and Gross IRR. Our measurements of Realized/Partially Realized MOIC and Gross IRR may not be comparable to those of other companies that use similarly titled measures.
- (6) Gross Internal Rate of Return (“Gross IRR”) represents an annualized time-weighted return on Limited Partner invested capital, based on contributions, distributions and unrealized fair value as of the reporting date, before the impact of management fees, partnership expenses and carried interest. For fund vintages 2017 and after, Gross IRR includes the impact of interest expense related to the funding of investments on fund lines of credit. Gross IRR is calculated based on the timing of Limited Partner cash flows, which may differ to varying degrees from the timing of actual investment cash flows for the fund. Subtotal Gross IRR aggregations for multiple funds are calculated based on actual cash flow dates for each fund and represent a theoretical time-weighted return for a Limited Partner who invested sequentially in each fund.
- (7) Net Internal Rate of Return (“Net IRR”) represents an annualized time-weighted return on Limited Partner invested capital, based on contributions, distributions and unrealized fair value as of the reporting date, after the impact of all management fees, partnership expenses and carried interest, including current accruals. Net IRR is calculated based on the timing of Limited Partner cash flows, which may differ to varying degrees from the timing of actual investment cash flows for the fund. Fund level IRRs are based on aggregate Limited Partner cash flows, and this blended return may differ from that of individual Limited Partners. As a result, certain funds may generate accrued performance revenues with a blended Net IRR that is below the preferred return hurdle for that fund. Subtotal Net IRR aggregations for multiple funds are calculated based on actual cash flow dates for each fund and represent a theoretical time-weighted return for a Limited Partner who invested sequentially in each fund.
- (8) Represents the net accrued performance fee balance/(giveback obligation) as of the current quarter end.
- (9) Represents all realized proceeds combined with remaining fair value, before management fees, expenses and carried interest.
- (10) Aggregate includes the following funds, as well as all active co-investments, separately managed accounts (SMAs), and stand-alone investments arranged by us: CVP II, MENA, CCI, CSSAF I, CSABF, CPF, CAP Growth I, and CBPF II.
- (11) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMAs), and certain other stand-alone investments arranged by us: CP I, CP II, CP III, CP IV, CEP I, CAP I, CAP II, CBPF I, CJP I, CMG, CVP I, CUSGF III, CGFSP I, CEVP I, CETP I, CETP II, CAVP I, CAVP II, CAGP III and Mexico.
- (12) For funds marked “NM,” IRR may be positive or negative, but is not considered meaningful because of the limited time since initial investment and early stage of capital deployment. For funds marked “Neg,” IRR is considered meaningful but is negative as of reporting period end.
- (13) For purposes of aggregation, funds that report in foreign currency have been converted to U.S. dollars at the reporting period spot rate.
- (14) Aggregate includes the following funds, as well as all active co-investments, separately managed accounts (SMAs), and stand-alone investments arranged by us: CCR and CER.

- (15) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMAs), and certain other stand-alone investments arranged by us: CRP I, CRP II, CRP III, CRCP I, CAREP I, CAREP II, CEREP I, and CEREP II.
- (16) Aggregate includes the following Legacy Energy funds and related co-investments: Energy I, Energy II, Energy III, Energy IV, Renew I, and Renew II.
- (17) Aggregate includes the following funds, as well as all active co-investments, separately managed accounts (SMAs), and stand-alone investments arranged by us: NGP GAP, CPOCP, CRSEF, and NGP RP.
- (18) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMAs), and certain other stand-alone investments arranged by us: CIP.

Global Credit

The following table presents our results of operations for our Global Credit segment:

	Three Months Ended March 31,	
	2021	2020
(Dollars in millions)		
Segment Revenues		
Fund level fee revenues		
Fund management fees	\$ 80.0	\$ 73.0
Portfolio advisory and transaction fees, net and other	8.8	2.6
Total fund level fee revenues	88.8	75.6
Realized performance revenues	0.1	21.0
Realized principal investment income	5.9	5.1
Interest income	2.0	3.1
Total revenues	96.8	104.8
Segment Expenses		
Compensation and benefits		
Cash-based compensation and benefits	53.7	49.1
Realized performance revenues related compensation	—	9.7
Total compensation and benefits	53.7	58.8
General, administrative, and other indirect expenses	11.8	5.6
Depreciation and amortization expense	1.9	1.6
Interest expense	6.3	7.0
Total expenses	73.7	73.0
(=) Distributable Earnings	\$ 23.1	\$ 31.8
(-) Realized Net Performance Revenues	0.1	11.3
(-) Realized Principal Investment Income	5.9	5.1
(+) Net Interest	4.3	3.9
(=) Fee Related Earnings	\$ 21.4	\$ 19.3

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

Distributable Earnings

Distributable Earnings decreased \$8.7 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. The following table provides the components of the changes in Distributable Earnings for the three months ended March 31, 2021:

	Three Months Ended March 31,
	(Dollars in millions)
Distributable Earnings, March 31, 2020	\$ 31.8
Increases (decreases):	
Increase in fee related earnings	2.1
Decrease in realized net performance revenues	(11.2)
Increase in realized principal investment income	0.8
Increase in net interest	(0.4)
Total decrease	(8.7)
Distributable Earnings, March 31, 2021	<u>\$ 23.1</u>

Realized Net Performance Revenues. Realized net performance revenues decreased \$11.2 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, primarily due to realized net performance revenues generated by Carlyle Aviation Partners in the three months ended March 31, 2020.

Realized Principal Investment Income. Realized principal investment income increased \$0.8 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, primarily due to higher gains on investments in our structured credit funds and BDCs, partially offset by realized losses on investments in Carlyle Global Capital Markets and in our energy credit carry funds.

Fee Related Earnings

Fee Related Earnings increased \$2.1 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. The following table provides the components of the changes in Fee Related Earnings for the three months ended March 31, 2021:

	Three Months Ended March 31,	
	(Dollars in millions)	
Fee Related Earnings, March 31, 2020	\$	19.3
Increases (decreases):		
Increase in fee revenues		13.2
Increase in cash-based compensation and benefits		(4.6)
CCC litigation cost recovery in 2020 ⁽¹⁾		(6.3)
Decrease in general, administrative and other indirect expenses		0.1
All other changes		(0.3)
Total increase		2.1
Fee Related Earnings, March 31, 2021	\$	21.4

(1) General, administrative and other indirect expenses during the three months ended March 31, 2020 included the allocated portion of the cost recovery associated with the CCC litigation costs. See Note 7 to our unaudited condensed consolidated financial statements.

Fee Revenues. Fee revenues increased \$13.2 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, due to the following:

	Three Months Ended March 31,	
	2021 v. 2020	
	(Dollars in millions)	
Higher fund management fees	\$	7.0
Higher portfolio advisory and transaction fees, net and other		6.2
Total increase in fee revenues	\$	13.2

The increase in fund management fees for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020 is primarily driven by the deferral of \$4.1 million of subordinated management fees in certain of our CLOs during the three months ended March 31, 2020, which were subsequently recognized during the third quarter of 2020, as well as increased management fees from our structured credit funds, opportunistic credit carry funds, interval fund and Carlyle FRL. These increases were partially offset by lower management fees from our distressed credit and our energy credit carry funds.

The increase in portfolio advisory and transaction fees, net and other for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020 is primarily from underwriting and placement fees associated with Carlyle Global Capital Markets during the three months ended March 31, 2021.

The weighted average management fee rate on our carry funds decreased from 1.28% at March 31, 2020 to 1.25% at March 31, 2021. The rate decrease was primarily due to the stepdown of CSP IV from commitments to invested capital, partially offset by new fee-paying commitments raised in SASOF V with a higher effective fee rate.

Cash-based compensation and benefits expense. Cash-based compensation and benefits expense increased \$4.6 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020, primarily due to increased headcount.

Fee-earning AUM as of and for the Three Months Ended March 31, 2021 and 2020

Fee-earning AUM is presented below for each period together with the components of change during each respective period.

The table below breaks out Fee-earning AUM by its respective components at each period.

	As of March 31,	
	2021	2020
Global Credit		
(Dollars in millions)		
Components of Fee-earning AUM (1)		
Fee-earning AUM based on capital commitments	\$ 2,758	\$ 4,133
Fee-earning AUM based on invested capital	6,622	5,198
Fee-earning AUM based on collateral balances, at par	27,617	25,304
Fee-earning AUM based on net asset value	1,518	1,297
Fee-earning AUM based on other (2)	4,771	2,133
Total Fee-earning AUM	\$ 43,286	\$ 38,065
Weighted Average Management Fee Rates (3)		
All Funds, excluding CLOs	1.25 %	1.28 %

- (1) For additional information concerning the components of Fee-earning AUM, see “—Fee-earning Assets under Management.”
- (2) Includes funds with fees based on gross asset value.
- (3) Represents the aggregate effective management fee rate for carry funds, weighted by each fund’s Fee-earning AUM, as of the end of each period presented. Management fees for CLOs are based on the total par amount of the assets (collateral) and principal balance of the notes in the fund and are not calculated as a percentage of equity and are therefore not included.

The table below provides the period to period rollforward of Fee-earning AUM.

	Three Months Ended March 31,	
	2021	2020
Global Credit		
(Dollars in millions)		
Fee-earning AUM Rollforward		
Balance, Beginning of Period	\$ 42,133	\$ 37,862
Inflows (1)	2,694	1,060
Outflows (including realizations) (2)	(1,321)	(898)
Market Activity & Other (3)	122	209
Foreign Exchange (4)	(342)	(168)
Balance, End of Period	\$ 43,286	\$ 38,065

- (1) Inflows represents limited partner capital raised by our carry funds or separately managed accounts for which management fees based on commitments were activated during the period, the fee-earning commitments invested in vehicles for which management fees are based on invested capital, the fee-earning collateral balance of new CLO issuances, as well as gross subscriptions in our vehicles for which management fees are based on net asset value. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM.
- (2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, reductions for funds that are no longer calling for fees, gross redemptions in our open-ended funds, and runoff of CLO collateral balances. Realizations for funds earning management fees based on commitments during the period do not affect Fee-earning AUM.
- (3) Market Activity & Other represents realized and unrealized gains (losses) on portfolio investments in funds or vehicles based on the lower of cost or fair value or net asset value, as well as activity of funds with fees based on gross asset value.

- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Fee-earning AUM was \$43.3 billion at March 31, 2021, an increase of \$1.2 billion compared to \$42.1 billion at December 31, 2020. This increase was driven by inflows of \$2.7 billion primarily from the closing of three new U.S. CLOs and one Europe CLO, as well as investment activity across funds for which management fees are based on invested capital. This increase was partially offset by outflows of \$1.3 billion due to runoff of CLO collateral balances as well as negative foreign exchange activity of \$0.3 billion from the translation of Fee-earning AUM in our EUR-denominated CLOs to USD. Investment and distribution activity has no impact for funds still in the original investment period where Fee-earning AUM is based on commitments.

Fee-earning AUM was \$43.3 billion at March 31, 2021, an increase of \$5.2 billion, or approximately 14%, compared to \$38.1 billion at March 31, 2020. The increase was driven by inflows of \$8.0 billion primarily related to the raising of additional U.S. and Europe CLOs, the onboarding of fee-earning AUM in our insurance business, purchases in CCOF I and CSC, and the activation of management fees in SASOF V. This was partially offset by outflows of \$4.3 billion primarily due to runoff of our CLO collateral balances, the stepdown of CSP IV from commitments to invested capital, and dispositions in other funds with fees tied to invested capital including CCOF I and CEMOF I.

Total AUM as of and for the Three Months Ended March 31, 2021.

The table below provides the period to period rollforward of Total AUM.

	Three Months Ended March 31, 2021	
	(Dollars in millions)	
Global Credit		
Total AUM Rollforward		
Balance, Beginning of Period	\$	55,881
Inflows (1)		3,198
Outflows (including realizations) (2)		(975)
Market Activity & Other (3)		1,092
Foreign Exchange (4)		(359)
Balance, End of Period	\$	58,837

- (1) Inflows reflects the impact of gross fundraising during the period. For funds or vehicles denominated in foreign currencies, this reflects translation at the average quarterly rate, while the separately reported Fundraising metric is translated at the spot rate for each individual closing.
- (2) Outflows includes distributions net of callable or recyclable amounts in our carry funds, related co-investment vehicles, and separately managed accounts, gross redemptions in our open-end funds, runoff of CLO collateral balances, and the expiration of available capital.
- (3) Market Activity & Other generally represents realized and unrealized gains (losses) on portfolio investments in our carry funds, related co-investment vehicles, and separately managed accounts, as well as the impact of fees, expenses and non-investment income, change in gross asset value for our business development companies and other changes in AUM.
- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Total AUM was \$58.8 billion at March 31, 2021, an increase of \$2.9 billion, or approximately 5%, compared to \$55.9 billion at December 31, 2020. The increase was driven by \$3.2 billion of inflows primarily related to the closing of three U.S. CLOs and one Europe CLO, as well as fundraising in credit opportunities and direct lending, and \$1.1 billion of market appreciation and other activity, partially offset by \$1.0 billion of outflows due to realizations in our credit opportunities fund as well as runoff of CLO and other collateral balances.

Fund Performance Metrics

Fund performance information for certain of our Global Credit funds is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund return information reflected in this discussion and analysis is not indicative of the performance of The Carlyle Group Inc. and is also not necessarily indicative of the future performance of any particular fund. An investment in The Carlyle Group Inc. is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns.

The following table reflects the performance of carry funds in our Global Credit business. These tables separately present carry funds that, as of March 31, 2021, had at least \$1.0 billion in capital commitments, cumulative equity invested or total equity value. Please see “— Our Family of Funds” for a legend of the fund acronyms listed below.

(Dollars in millions)

Fund (Fee Initiation Date/Stepdown Date)	Committed Capital	Cumulative Invested Capital (1)	Percent Invested	TOTAL INVESTMENTS						
				Realized Value (2)	Remaining Fair Value (3)	MOIC (4)	Gross IRR (5) (8)	Net IRR (6) (8)	Net Accrued Carry/(Clawback) (7)	
Global Credit Carry Funds										
CSP IV (Apr 2016 / Dec 2020)	\$ 2,500	\$ 1,947	78%	\$ 866	\$ 1,441	1.2x	16%	5%	\$ —	
CSP III (Dec 2011 / Aug 2015)	\$ 703	\$ 706	100%	\$ 847	\$ 166	1.4x	20%	10%	\$ (1)	
CSP II (Dec 2007 / Jun 2011)	\$ 1,352	\$ 1,352	100%	\$ 2,431	\$ 62	1.8x	17%	11%	\$ 7	
CCOF II (Nov 2020 / Oct 2025)	\$ 2,197	\$ 90	4%	\$ —	\$ 100	1.1x	NM	NM	\$ —	
CCOF I (Nov 2017 / Sep 2022)	\$ 2,373	\$ 2,850	120%	\$ 1,109	\$ 2,252	1.2x	22%	15%	\$ 40	
CEMOF II (Dec 2015 / Jun 2019)	\$ 2,819	\$ 1,697	60%	\$ 746	\$ 1,109	1.1x	4	Neg	\$ —	
CEMOF I (Dec 2010 / Dec 2015)	\$ 1,383	\$ 1,606	116%	\$ 891	\$ 155	0.7x	Neg	Neg	\$ —	
CSC (Mar 2017/ n/a)	\$ 838	\$ 1,303	155%	\$ 759	\$ 749	1.2x	14%	10%	\$ 19	
All Other Active Funds & Vehicles(9)	\$ —	\$ 3,356	n/a	\$ 2,893	\$ 962	1.1x	7%	2%	\$ 18	
Fully Realized Funds & Vehicles(10)	\$ —	\$ 1,447	n/a	\$ 1,988	\$ —	1.4x	12%	7%	\$ —	
TOTAL GLOBAL CREDIT	\$ —	\$ 16,354	n/a	\$ 12,530	\$ 6,996	1.2x	10%	4%	\$ 83	

- Represents the original cost of investments since the inception of the fund. For CSP II and CSP III, reflects amounts net of investment level recallable proceeds which is adjusted to reflect recyclability of invested capital for the purpose of calculating the fund MOIC.
- Represents all realized proceeds since inception of the fund.
- Represents remaining fair value, before management fees, expenses and carried interest, and may include remaining escrow values for realized investments.
- Multiple of invested capital (“MOIC”) represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital.
- Gross Internal Rate of Return (“Gross IRR”) represents an annualized time-weighted return on Limited Partner invested capital, based on contributions, distributions and unrealized fair value as of the reporting date, before the impact of management fees, partnership expenses and carried interest. For fund vintages 2017 and after, Gross IRR includes the impact of interest expense related to the funding of investments on fund lines of credit. Gross IRR is calculated based on the timing of Limited Partner cash flows, which may differ to varying degrees from the timing of actual investment cash flows for the fund. Subtotal Gross IRR aggregations for multiple funds are calculated based on actual cash flow dates for each fund and represent a theoretical time-weighted return for a Limited Partner who invested sequentially in each fund.
- Net Internal Rate of Return (“Net IRR”) represents an annualized time-weighted return on Limited Partner invested capital, based on contributions, distributions and unrealized fair value as of the reporting date, after the impact of all management fees, partnership expenses and carried interest, including current accruals. Net IRR is calculated based on the timing of Limited Partner cash flows, which may differ to varying degrees from the timing of actual investment cash flows for the fund. Fund level IRRs are based on aggregate Limited Partner cash flows, and this blended return may differ from that of individual Limited Partners. As a result, certain funds may generate accrued performance revenues with a blended Net IRR that is below the preferred return hurdle for that fund. Subtotal Net IRR aggregations for multiple funds are calculated based on actual cash flow dates for each fund and represent a theoretical time-weighted return for a Limited Partner who invested sequentially in each fund.

- (7) Represents the net accrued performance fee balance/(giveback obligation) as of the current quarter end.
- (8) For funds marked “NM,” IRR may be positive or negative, but is not considered meaningful because of the limited time since initial investment and early stage of capital deployment. For funds marked “Neg,” IRR is considered meaningful but is negative as of reporting period end.
- (9) Aggregate includes the following funds, as well as all active co-investments, separately managed accounts (SMAs), and stand-alone investments arranged by us: SASOF II, SASOF III, and SASOF IV.
- (10) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMAs), and certain other stand-alone investments arranged by us: CSP I, CMP I, CMP II, and CASCOF.

Investment Solutions

The following table presents our results of operations for our Investment Solutions⁽¹⁾ segment:

	Three Months Ended March 31,	
	2021	2020
(Dollars in millions)		
Segment Revenues		
Fund level fee revenues		
Fund management fees	\$ 52.0	\$ 39.8
Portfolio advisory and transaction fees, net and other	0.3	—
Total fund level fee revenues	52.3	39.8
Realized performance revenues	34.2	85.4
Realized principal investment income	0.4	0.6
Interest income	—	0.4
Total revenues	86.9	126.2
Segment Expenses		
Compensation and benefits		
Cash-based compensation and benefits	29.4	25.0
Realized performance revenues related compensation	32.2	84.0
Total compensation and benefits	61.6	109.0
General, administrative, and other indirect expenses	8.4	5.5
Depreciation and amortization expense	1.1	1.0
Interest expense	2.2	2.3
Total expenses	73.3	117.8
(=) Distributable Earnings	\$ 13.6	\$ 8.4
(-) Realized Net Performance Revenues	2.0	1.4
(-) Realized Principal Investment Income	0.4	0.6
(+) Net Interest	2.2	1.9
(=) Fee Related Earnings	\$ 13.4	\$ 8.3

(1) On April 1, 2021, we closed on the sale of our interest in Metropolitan Real Estate (“MRE”). Distributable Earnings and Fee Related Earnings attributable to MRE during the three months ended March 31, 2021 and 2020 were immaterial to the Investment Solutions segment. See Note 15 to the accompanying unaudited condensed consolidated financial statements for more information.

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

Distributable Earnings

Distributable Earnings increased \$5.2 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. The following table provides the components of the changes in Distributable Earnings for the three months ended March 31, 2021:

	Three Months Ended March 31,	
	(Dollars in millions)	
Distributable Earnings, March 31, 2020	\$	8.4
Increases (decreases):		
Increase in fee related earnings		5.1
Increase in realized net performance revenues		0.6
Decrease in realized principal investment income		(0.2)
Increase in net interest		(0.3)
Total increase		5.2
Distributable Earnings, March 31, 2021	\$	13.6

Investment Solutions had realized performance revenues of \$34.2 million during the three months ended March 31, 2021. However, most of these realizations are from AlpInvest fund vehicles in which we generally do not retain any carried interest, therefore our net realized performance revenues were \$2.0 million during the three months ended March 31, 2021.

Fee Related Earnings

Fee Related Earnings increased \$5.1 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. The following table provides the components of the changes in Fee Related Earnings for the three months ended March 31, 2021:

	Three Months Ended March 31,	
	(Dollars in millions)	
Fee Related Earnings, March 31, 2020	\$	8.3
Increases (decreases):		
Increase in fee revenues		12.5
Increase in cash-based compensation and benefits		(4.4)
CCC litigation cost recovery in 2020 ⁽¹⁾		(3.3)
Decrease in general, administrative and other indirect expenses		0.4
All other changes		(0.1)
Total increase		5.1
Fee Related Earnings, March 31, 2021	\$	13.4

(1) General, administrative and other indirect expenses during the three months ended March 31, 2020 included the allocated portion of the cost recovery associated with the CCC litigation costs. See Note 7 to our unaudited condensed consolidated financial statements.

Fee Revenues. Total fee revenues increased \$12.5 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020 due to increased management fees from our private equity fund vehicles driven by the activation of management fees on our latest secondaries fund in the second quarter of 2020.

Cash-based compensation and benefits expense. Cash-based compensation and benefits expense increased \$4.4 million for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020 primarily due to increased headcount.

Fee-earning AUM as of and for the Three Months Ended March 31, 2021 and 2020

Fee-earning AUM is presented below for each period together with the components of change during each respective period.

Investment Solutions	As of March 31,	
	2021	2020
(Dollars in millions)		
Components of Fee-earning AUM (1)		
Fee-earning AUM based on capital commitments	\$ 20,013	\$ 12,761
Fee-earning AUM based on invested capital (2)	3,732	2,079
Fee-earning AUM based on net asset value	3,149	660
Fee-earning AUM based on lower of cost or fair market value	12,393	12,702
Total Fee-earning AUM (3)	\$ 39,287	\$ 28,202

- (1) For additional information concerning the components of Fee-earning AUM, see “—Fee-earning Assets under Management.”
- (2) Includes amounts committed to or reserved for certain AlpInvest and Metropolitan carry funds.
- (3) Includes \$2.3 billion of Fee-earning AUM related to MRE. On April 1, 2021, we closed on the sale of our interest in MRE. See Note 15 to the accompanying unaudited condensed consolidated financial statements for more information.

The table below provides the period to period rollforward of Fee-earning AUM.

Investment Solutions	Three Months Ended March 31,	
	2021	2020
(Dollars in millions)		
Fee-earning AUM Rollforward		
Balance, Beginning of Period	\$ 36,398	\$ 28,384
Inflows (1)	4,629	1,037
Outflows (including realizations) (2)	(1,270)	(706)
Market Activity & Other (3)	290	(44)
Foreign Exchange (4)	(760)	(469)
Balance, End of Period	\$ 39,287	\$ 28,202

- (1) Inflows represents limited partner capital raised by our carry funds or separately managed accounts for which management fees based on commitments were activated during the period and the fee-earning commitments invested in vehicles for which management fees are based on invested capital. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM.
- (2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, and reductions for funds that are no longer calling for fees. Distributions for funds earning management fees based on commitments during the period do not affect Fee-earning AUM.
- (3) Market Activity & Other represents realized and unrealized gains (losses) on portfolio investments in our carry funds based on the lower of cost or fair value and net asset value.
- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Fee-earning AUM was \$39.3 billion at March 31, 2021, an increase of \$2.9 billion compared to \$36.4 billion at December 31, 2020. This was driven by inflows of \$4.6 billion primarily due to new fee-paying commitments raised and the activation of previously raised mandates and purchases in our AlpInvest vehicles. Partially offsetting the increase were outflows, including distributions of \$1.3 billion in our AlpInvest carry funds as well as \$0.8 billion of negative foreign exchange activity from the translation of our AlpInvest Fee-earning AUM from EUR to USD. Distributions from funds still in

the commitment or weighted-average investment period do not impact Fee-earning AUM as these funds are based on commitments and not invested capital. Increases in fair value have an impact on Fee-earning AUM for Investment Solutions as fully committed funds are based on the lower of cost or fair value of the underlying investments.

Fee-earning AUM was \$39.3 billion at March 31, 2021, an increase of \$11.1 billion, or approximately 39%, compared to \$28.2 billion at March 31, 2020. The increase was driven by inflows, including fee-paying commitments, of \$14.3 billion due to activation of previously raised mandates and purchases in our AlpInvest and MRE carry funds, namely AlpInvest Secondaries Fund VII. Also driving the increase was \$1.5 billion of positive foreign exchange activity from the translation of our AlpInvest Fee-earning AUM from EUR to USD. This was partially offset by outflows, including distributions of \$4.3 billion and market depreciation of \$0.4 billion primarily in our AlpInvest carry funds.

Total AUM as of and for the Three Months Ended March 31, 2021

The table below provides the period to period rollforward of Total AUM.

	Three Months Ended March 31, 2021	
	(Dollars in millions)	
Investment Solutions		
Total AUM Rollforward		
Balance, Beginning of Period	\$	58,108
Inflows (1)		3,198
Outflows (including realizations) (2)		(2,101)
Market Activity & Other (3)		6,042
Foreign Exchange (4)		(1,691)
Balance, End of Period (5)	\$	63,556

- (1) Inflows reflects the impact of gross fundraising during the period. For funds or vehicles denominated in foreign currencies, this reflects translation at the average quarterly rate, while the separately reported Fundraising metric is translated at the spot rate for each individual closing.
- (2) Outflows includes distributions in our carry funds, related co-investment vehicles and separately managed accounts, as well as the expiration of available capital.
- (3) Market Activity & Other generally represents realized and unrealized gains (losses) on portfolio investments in our carry funds, related co-investment vehicles and separately managed accounts, the net impact of fees, expenses and non-investment income, as well as other changes in AUM. The fair market values for our Investment Solutions primary and secondary carry funds are based on the latest available valuations of the underlying limited partnership interests as provided by their general partners which typically has a lag of up to 90 days, plus the net cash flows since the latest valuation, up to December 31, 2020.
- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.
- (5) Includes \$2.4 billion of Total AUM related to MRE. On April 1, 2021, we closed on the sale of our interest in MRE. See Note 15 to the accompanying unaudited condensed consolidated financial statements for more information.

Total AUM was \$63.6 billion at March 31, 2021, an increase of \$5.5 billion, or approximately 9%, compared to \$58.1 billion at December 31, 2020. The increase was driven by inflows of \$3.2 billion related to fundraising in our AlpInvest funds, as well as \$6.0 billion of market appreciation primarily in our AlpInvest carry funds. This was partially offset by outflows of \$2.1 billion primarily in our AlpInvest carry funds, and \$1.7 billion of negative foreign exchange activity from the translation of our EUR-denominated AlpInvest AUM to USD.

Fund Performance Metrics

Fund performance information for our AlpInvest and Metropolitan funds that have at least \$1.0 billion in capital commitments, cumulative equity invested or total value as of March 31, 2021, which we refer to as our “significant funds” is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund return information reflected in this discussion and analysis is not indicative of the performance of The Carlyle Group Inc. and is also not necessarily indicative of the future performance of any particular fund. An investment in The

Carlyle Group Inc. is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns. Primary and secondary investments in external funds are generally valued based on the proportionate share of the net assets provided by the third party general partners of the underlying fund partnerships based on the most recent available information which typically has a lag of up to 90 days. As a result, amounts presented may not include the impact of economic activity in the current quarter.

The following tables reflect the performance of our significant funds in our Investment Solutions business.

TOTAL INVESTMENTS											
As of March 31, 2021											
Investment Solutions (1)(8)	Vintage Year	Fund Size	Cumulative Invested Capital (2)(3)	Realized Value (3)	Remaining Fair Value(3)	Total Fair Value(3)(4)	MOIC (5)	Gross IRR (6)	Net IRR (7)(10)	Net Accrued Carry/(Clawback) (12)	
(Reported in Local Currency, in Millions)											
AlpInvest(13)											
Main Fund VI - Fund Investments	2015	€ 1,106	€ 970	€ 521	€ 1,166	€ 1,687	1.7x	25%	23%	\$	2
Main Fund V - Fund Investments	2012	€ 5,080	€ 5,366	€ 4,369	€ 5,612	€ 9,981	1.9x	19%	18%	\$	16
Main Fund IV - Fund Investments	2009	€ 4,877	€ 5,424	€ 7,391	€ 3,553	€ 10,944	2.0x	18%	17%	\$	2
Main Fund III - Fund Investments	2005	€ 11,500	€ 12,833	€ 19,442	€ 2,367	€ 21,809	1.7x	10%	10%	\$	—
Main Fund II - Fund Investments	2003	€ 4,545	€ 4,806	€ 7,460	€ 274	€ 7,734	1.6x	10%	9%	\$	—
Main Fund I - Fund Investments	2000	€ 5,175	€ 4,218	€ 6,908	€ 56	€ 6,964	1.7x	12%	11%	\$	—
Main Fund VII - Secondary Investments	2020	\$ 8,141	\$ 1,191	\$ 10	\$ 1,374	\$ 1,384	1.2x	NM	NM	\$	6
AlpInvest Secondaries Fund VII	2020	\$ 6,769	\$ 842	\$ 7	\$ 973	\$ 980	1.2x	NM	NM	\$	4
Main Fund VI - Secondary Investments	2017	\$ 6,017	\$ 4,749	\$ 1,259	\$ 4,870	\$ 6,129	1.3x	14%	12%	\$	33
AlpInvest Secondaries Fund VI	2017	\$ 3,333	\$ 2,613	\$ 655	\$ 2,660	\$ 3,315	1.3x	13%	10%	\$	21
Main Fund V - Secondary Investments	2011	€ 4,273	€ 4,159	€ 5,535	€ 1,518	€ 7,053	1.7x	20%	19%	\$	28
AlpInvest Secondaries Fund V	2012	\$ 756	\$ 649	\$ 725	\$ 281	\$ 1,005	1.5x	16%	13%	\$	11
Main Fund IV - Secondary Investments	2010	€ 1,859	€ 1,934	€ 3,197	€ 119	€ 3,316	1.7x	19%	18%	\$	—
Main Fund III - Secondary Investments	2006	€ 2,250	€ 2,343	€ 3,545	€ 59	€ 3,604	1.5x	11%	10%	\$	—
Main Fund II - Secondary Investments	2003	€ 998	€ 999	€ 1,821	€ 8	€ 1,830	1.8x	27%	26%	\$	—
Main Fund VII - Co-Investments	2017	\$ 2,842	\$ 2,332	\$ 64	\$ 3,373	\$ 3,437	1.5x	22%	18%	\$	36
AlpInvest Co-Investment Fund VII	2017	\$ 1,688	\$ 1,419	\$ 30	\$ 2,098	\$ 2,128	1.5x	22%	18%	\$	25
Main Fund VI - Co-Investments	2014	€ 1,115	€ 935	€ 1,345	€ 1,008	€ 2,353	2.5x	28%	26%	\$	12
Main Fund V - Co-Investments	2012	€ 1,124	€ 1,037	€ 2,178	€ 695	€ 2,873	2.8x	29%	27%	\$	6
Main Fund IV - Co-Investments	2010	€ 1,475	€ 1,339	€ 3,242	€ 565	€ 3,808	2.8x	24%	22%	\$	—
Main Fund III - Co-Investments	2006	€ 2,760	€ 2,755	€ 3,673	€ 434	€ 4,107	1.5x	6%	5%	\$	—
Main Fund III - Mezzanine Investments	2006	€ 2,000	€ 1,964	€ 2,510	€ 170	€ 2,680	1.4x	10%	9%	\$	—
Main Fund II - Mezzanine Investments	2004	€ 700	€ 752	€ 1,036	€ 9	€ 1,045	1.4x	8%	7%	\$	—
All Other Active Funds & Vehicles(9)	Various	€	€ 6,132	€ 2,437	€ 5,666	€ 8,103	1.3x	10%	8%	\$	49
Fully Realized Funds & Vehicles	Various	€	€ 2,136	€ 4,824	€ 2	€ 4,826	2.3x	35%	32%	\$	—
TOTAL ALPINVEST (USD)(11)		\$	\$ 77,822	\$ 96,601	\$ 35,983	\$ 132,584	1.7x	14%	13%	\$	191
Metropolitan Real Estate											
MRE Secondaries Fund II	2017	\$ 1,092	\$ 401	\$ 90	\$ 345	\$ 434	1.1x	7%	Neg	\$	0
All Other Active Funds & Vehicles	Various	\$	\$ 2,880	\$ 2,829	\$ 791	\$ 3,620	1.3x	6%	4%	\$	1
Fully Realized Funds & Vehicles	Various	\$	\$ 597	\$ 721	\$ —	\$ 722	1.2x	4%	2%	\$	—
TOTAL METROPOLITAN REAL ESTATE		\$	\$ 3,877	\$ 3,640	\$ 1,136	\$ 4,776	1.2x	6%	3%	\$	1

- (1) Includes private equity and mezzanine primary fund investments, secondary fund investments and co-investments originated by the AlpInvest team, as well as real estate primary fund investments, secondary fund investments and co-investments originated by the Metropolitan Real Estate team. Excluded from the performance information shown are a) investments that were not originated by AlpInvest, b) Direct Investments, which was spun off from AlpInvest in 2005, and c) LP co-investment vehicles advised by AlpInvest. As of March 31, 2021, these excluded investments represent \$2.4 billion of AUM at AlpInvest.
- (2) Represents the original cost of investments since inception of the fund.
- (3) To exclude the impact of FX, all foreign currency cash flows have been converted to the currency representing a majority of the capital committed to the relevant fund at the reporting period spot rate.
- (4) Represents all realized proceeds combined with remaining fair value, before management fees, expenses and carried interest.
- (5) Multiple of invested capital (“MOIC”) represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital.
- (6) Gross Internal Rate of Return (“Gross IRR”) represents the annualized IRR for the period indicated on Limited Partner invested capital based on investment contributions, distributions and unrealized value of the underlying funds, before management fees, expenses and carried interest at the AlpInvest/Metropolitan Real Estate level.
- (7) Net Internal Rate of Return (“Net IRR”) represents the annualized IRR for the period indicated on Limited Partner invested capital based on contributions, distributions and unrealized value after management fees, expenses and carried interest. Fund level IRRs are based on aggregate Limited Partner cash flows, and this blended return may differ from that of individual Limited Partners. As a result, certain funds may generate accrued performance revenues with a blended Net IRR that is below the preferred return hurdle for that fund.
- (8) As used herein, ‘Main Funds’ are each comprised of (i) an anchor mandate(s) (i.e., generally the largest account(s) within a strategy’s investment program) and (ii) AlpInvest’s other advisory client mandates with investment periods that fall within the relevant investment periods under the mandate of the anchor mandate(s) (but do not overlap with more than one such investment period). AlpInvest’s commingled funds, AlpInvest Secondaries Fund VI (“ASF VI”), ASF VII and AlpInvest Co-Investment Fund VII (“ACF VII”) are part of the Main Funds. Mezzanine Main Funds include mezzanine investments across all strategies (i.e., Primary Funds, Secondaries, and Co-Investments).
- (9) Aggregate includes Main Fund VII - Fund Investments, Main Fund VIII - Fund Investments, Main Fund IX - Fund Investments, Main Fund X - Fund Investments, Main Fund XI - Fund Investments, Main Fund IV - Mezzanine Investments, Main Fund V - Mezzanine Investments, all ‘clean technology’ private equity investments, all strategic co-investment mandates that invest in co-investment opportunities arising out of an investor’s own separate private equity relationships and invitations, all strategic capital mandates, any state-focused investment mandates, and all other investors whose investments are not reflected in a Main Fund.
- (10) For funds marked “NM,” IRR may be positive or negative, but is not considered meaningful because of the limited time since initial investment and early stage of capital deployment. For funds marked “Neg,” IRR is considered meaningful but is negative as of reporting period end.
- (11) For purposes of aggregation, funds that report in foreign currency have been converted to U.S. dollars at the reporting period spot rate.
- (12) Represents the net accrued performance fee balance/(giveback obligation) as of the current quarter end.
- (13) “Main Fund” entries represent a combination of a commingled fund and SMA vehicles which together comprise a “program” vintage. Indented lines shown for AlpInvest Secondaries Funds VII, VI, V and AlpInvest Co-Investment Fund VII reflect a breakout of the commingled fund, which is part of the larger program vintage.

Liquidity and Capital Resources

Historical Liquidity and Capital Resources

We have historically required limited capital resources to support the working capital and operating needs of our business. Our management fees have largely covered our operating costs and all realized performance allocations, after covering the related compensation, are available for distribution to equityholders. Approximately 95% – 97% of all capital commitments to our funds are provided by our fund investors, with the remaining amount typically funded by Carlyle, our senior Carlyle professionals, advisors and other professionals.

Our Sources of Liquidity

We have multiple sources of liquidity to meet our capital needs, including cash on hand, annual cash flows, accumulated earnings and funds from our senior credit facility, which has \$775.0 million of available capacity as of March 31, 2021. We believe these sources will be sufficient to fund our capital needs for at least the next twelve months.

Cash and cash equivalents. Cash and cash equivalents were approximately \$880 million at March 31, 2021. However, a portion of this cash is allocated for specific business purposes, including, but not limited to, (i) performance allocations and incentive fee-related cash that has been received but not yet distributed as performance allocations and incentive fee-related compensation and amounts owed to non-controlling interests; (ii) proceeds received from realized investments that are allocable to non-controlling interests; and (iii) regulatory capital.

After deducting cash amounts allocated to the specific requirements mentioned above, the remaining cash and cash equivalents, is approximately \$801 million as of March 31, 2021. This remaining amount will be used towards our primary liquidity needs, as outlined in the next section. This amount does not take into consideration ordinary course of business payables and reserves for specific business purposes.

Senior Revolving Credit Facility. On February 11, 2019, the Company entered into an amendment and restatement of its senior revolving credit facility. The capacity under the revolving credit facility is \$775.0 million and is scheduled to mature on February 11, 2024. Principal amounts outstanding under the amended and restated revolving credit facility accrue interest, at the option of the borrowers, either (a) at an alternate base rate plus an applicable margin not to exceed 0.50%, or (b) at LIBOR plus an applicable margin not to exceed 1.50% per annum (1.36% at March 31, 2021). As of March 31, 2021, there was no balance outstanding under the senior revolving credit facility.

The senior revolving credit facility is unsecured. We are required to maintain management fee earning assets (as defined in the amended and restated senior revolving credit facility) of at least \$75.0 billion and a total leverage ratio of less than 3.0 to 1.0, in each case, tested on a quarterly basis. Non-compliance with any of the financial or non-financial covenants without cure or waiver would constitute an event of default under the senior revolving credit facility. An event of default resulting from a breach of certain financial or non-financial covenants may result, at the option of the lenders, in an acceleration of the principal and interest outstanding, and a termination of the senior revolving credit facility. The senior credit facility also contains other customary events of default, including defaults based on events of bankruptcy and insolvency, nonpayment of principal, interest or fees when due, breach of specified covenants, change in control and material inaccuracy of representations and warranties.

Global Credit Revolving Credit Facility. In December 2018, certain subsidiaries of the Company established a \$250.0 million revolving line of credit, primarily intended to support certain lending activities within the Global Credit segment. The credit facility includes a \$125.0 million line of credit with a one-year term, which was amended in December 2020 to extend its maturity to December 2021, and a \$125.0 million line of credit with a three-year term. Principal amounts outstanding under the facility accrue interest, at the option of the borrowers, either (a) at an alternate base rate plus applicable margin not to exceed 1.00%, or (b) at the Eurocurrency rate plus an applicable margin not to exceed 2.00%. As of March 31, 2021, there was no balance outstanding under the revolving credit facility.

CLO Borrowings. For certain of our CLOs, the Company finances a portion of its investment in the CLOs through the proceeds received from term loans and other financing arrangements with financial institutions or other financing arrangements. The Company's outstanding CLO borrowings were \$325.7 million and \$356.1 million at March 31, 2021 and December 31, 2020, respectively. The CLO borrowings are secured by the Company's investments in the respective CLO, have a general unsecured interest in the Carlyle entity that manages the CLO, and generally do not have recourse to any other Carlyle entity. As of March 31, 2021, \$306.9 million of these borrowings are secured by investments attributable to The Carlyle Group Inc. See Note 5 of the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for more information on our CLO borrowings.

Senior Notes. Certain indirect finance subsidiaries of the Company have issued senior notes, on which interest is payable semi-annually, as discussed below. The senior notes are unsecured and unsubordinated obligations of the respective subsidiary and are fully and unconditionally guaranteed, jointly and severally, by the Company and each of the Carlyle Holdings partnerships. The indentures governing each of the senior notes contain customary covenants that, among other things, limit the issuers' and the guarantors' ability, subject to certain exceptions, to incur indebtedness secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or lease assets. The notes also contain customary events of default. All or a portion of the notes may be redeemed at our option, in whole or in part, at any time and from time to time, prior to their stated maturity, at the make-whole redemption price set forth in the notes. If a change of control repurchase event occurs, the notes are subject to repurchase at the repurchase price as set forth in the notes.

3.500% Senior Notes. In September 2019, Carlyle Finance Subsidiary L.L.C. issued \$425.0 million of 3.500% senior notes due September 19, 2029 at 99.841% of par.

5.650% Senior Notes. In September 2018, Carlyle Finance L.L.C. issued \$350.0 million of 5.650% senior notes due September 15, 2048 at 99.914% of par.

3.875% Senior Notes. In January 2013, Carlyle Holdings Finance L.L.C. issued \$500.0 million of 3.875% senior notes due February 1, 2023 at 99.966% of par. In September 2018, we completed a tender offer to purchase \$250.0 million in aggregate principal amount of these notes. As of March 31, 2021, \$250.0 million of these notes remain outstanding.

5.625% Senior Notes. In March 2013, Carlyle Holdings II Finance L.L.C. issued \$400.0 million of 5.625% senior notes due March 30, 2043 at 99.583% of par. In March 2014, an additional \$200.0 million of these notes were issued at 104.315% of par and are treated as a single class with the already outstanding \$400.0 million aggregate principal amount of these notes.

Obligations of CLOs. Loans payable of the Consolidated Funds represent amounts due to holders of debt securities issued by the CLOs. We are not liable for any loans payable of the CLOs. Several of the CLOs issued preferred shares representing the most subordinated interest, however these tranches are mandatorily redeemable upon the maturity dates of the senior secured loans payable, and as a result have been classified as liabilities under U.S. GAAP, and are included in loans payable of Consolidated Funds in our unaudited condensed consolidated balance sheets. Loans payable of the CLOs are collateralized by the assets held by the CLOs and the assets of one CLO may not be used to satisfy the liabilities of another. This collateral consists of cash and cash equivalents, corporate loans, corporate bonds and other securities.

Realized Performance Allocation Revenues. Another source of liquidity we may use to meet our capital needs is the realized performance allocation revenues generated by our investment funds. Performance allocations are generally realized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of the preferred return. For certain funds, performance allocations are realized once all invested capital and expenses have been returned to the fund's investors and the fund's cumulative returns are in excess of the preferred return. Incentive fees earned on our CLO vehicles generally are paid upon the dissolution of such vehicles.

Our accrued performance allocations by segment as of March 31, 2021, gross and net of accrued giveback obligations, are set forth below:

<u>Asset Class</u>	<u>Accrued Performance Allocations</u>	<u>Accrued Giveback Obligation</u>	<u>Net Accrued Performance Revenues</u>
	(Dollars in millions)		
Global Private Equity	\$ 5,319.9	\$ (18.4)	\$ 5,301.5
Global Credit	155.4	(2.2)	153.2
Investment Solutions ⁽¹⁾	1,056.7	—	1,056.7
Total	<u>\$ 6,532.0</u>	<u>\$ (20.6)</u>	<u>\$ 6,511.4</u>
Less: Accrued performance allocation-related compensation			(3,271.1)
Less: Deferred taxes on accrued performance allocations			(59.0)
Less: Net accrued performance allocations attributable to non-controlling interests in consolidated entities			(10.1)
Net accrued performance revenues before timing differences			3,171.2
Less/Plus: Timing differences between the period when accrued performance allocations are realized and the period they are collected/distributed			(6.6)
Net accrued performance revenues attributable to The Carlyle Group Inc.			<u>\$ 3,164.6</u>

(1) The Company's primary and secondary investments in external funds are generally valued based on its proportionate share of the net assets provided by the third party general partners of the underlying fund partnerships based on the most recent available information which typically has a lag of up to 90 days. As a result, amounts presented may not include the impact of economic activity in the current quarter.

The net accrued performance revenues attributable to The Carlyle Group Inc., excluding realized amounts, related to our carry funds and our other vehicles as of March 31, 2021, as well as the carry fund appreciation (depreciation), is set forth below by segment (Dollars in millions):

	Carry Fund Appreciation/(Depreciation) ⁽¹⁾					Net Accrued Performance Revenues
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	
Overall Carry Fund Appreciation/(Depreciation)	(7)%	5 %	5 %	8 %	13 %	
Global Private Equity ⁽²⁾ :						\$ 2,890.5
Corporate Private Equity	(8)%	13 %	5 %	11 %	15 %	2,543.1
Real Estate	(1)%	2 %	3 %	3 %	4 %	344.6
Natural Resources	(22)%	3 %	1 %	3 %	7 %	6.4
Global Credit Carry Funds	(21)%	8 %	4 %	7 %	8 %	82.7
Investment Solutions Carry Funds ⁽³⁾	1 %	(6)%	8 %	7 %	14 %	191.4
Net Accrued Performance Revenues						\$ 3,164.6

(1) Appreciation/(Depreciation) represents unrealized gain/(loss) for the period on a total return basis before fees and expenses. The percentage of return is calculated as: ending remaining investment fair market value plus net investment outflow (sales proceeds minus net purchases) minus beginning remaining investment fair market value divided by beginning remaining investment fair market value. Amounts are fund only, and do not include coinvestments.

(2) Includes \$3.6 million of net accrued clawback from our Legacy Energy funds.

(3) The Company's primary and secondary investments in external funds are generally valued based on its proportionate share of the net assets provided by the third party general partners of the underlying fund partnerships based on the most recent available information which typically has a lag of up to 90 days. As a result, amounts presented may not include the impact of economic activity in the current quarter.

Realized Principal Investment Income. Another source of liquidity we may use to meet our capital needs is the realized principal investment income generated by our equity method investments and other principal investments. Principal investment income is realized when we redeem all or a portion of our investment or when we receive or are due cash income, such as dividends or distributions. Certain of the investments attributable to The Carlyle Group Inc. (excluding certain general partner interests, strategic investments, and investments in certain CLOs) may be sold at our discretion as a source of liquidity.

Investments as of March 31, 2021 consist of the following:

	Investments in Carlyle Funds	Investments in NGP ⁽¹⁾	Total
	(Dollars in millions)		
Investments, excluding performance allocations	\$ 2,138.4	\$ 374.1	\$ 2,512.5
Less: Amounts attributable to non-controlling interests in consolidated entities	(224.9)	—	(224.9)
Plus: Investments in Consolidated Funds, eliminated in consolidation	174.6	—	174.6
Less: Strategic equity method investments in NGP Management	—	(374.1)	(374.1)
Total investments attributable to The Carlyle Group Inc., exclusive of NGP Management	\$ 2,088.1	\$ —	\$ 2,088.1

(1) See Note 4 to our unaudited condensed consolidated financial statements.

Our investments as of March 31, 2021, can be further attributed as follows (Dollars in millions):

Investments in Carlyle Funds, excluding CLOs:	
Global Private Equity funds ⁽¹⁾	\$ 743.9
Global Credit funds ⁽²⁾	718.3
Investment Solutions funds ⁽³⁾	65.8
Total investments in Carlyle Funds, excluding CLOs	1,528.0
Investments in CLOs	471.5
Other investments	88.6
Total investments attributable to The Carlyle Group Inc.	2,088.1
CLO loans and other borrowings attributable to The Carlyle Group Inc. ⁽⁴⁾	(306.9)
Total investments attributable to The Carlyle Group Inc., net of CLO loans and other borrowings	\$ 1,781.2

(1) Excludes our strategic equity method investment in NGP Management and investments in NGP general partners - accrued performance allocations.

(2) Includes the Company's investment in Fortitude Re, which was contributed to Carlyle FRL, a Carlyle-affiliated investment fund, in June 2020 as discussed in Note 4 to the consolidated financial statements. This investment has a carrying value of \$599.9 million as of March 31, 2021.

(3) The Company's primary and secondary investments in external funds are generally valued based on its proportionate share of the net assets provided by the third party general partners of the underlying fund partnerships based on the most recent available information which typically has a lag of up to 90 days. As a result, amounts presented may not include the impact of economic activity in the current quarter.

(4) Of the \$325.7 million in total CLO borrowings as of March 31, 2021 and as disclosed in Note 5 to the consolidated financial statements, \$306.9 million are collateralized by investments attributable to The Carlyle Group Inc.

Our Liquidity Needs

We generally use our working capital and cash flows to invest in growth initiatives, service our debt, fund the working capital needs of our business and investment funds and pay dividends to our common stockholders.

In the future, we expect that our primary liquidity needs will be to:

- provide capital to facilitate the growth of our existing business lines;
- provide capital to facilitate our expansion into new, complementary business lines, including acquisitions;
- pay operating expenses, including compensation and compliance costs and other obligations as they arise;
- fund costs of litigation and contingencies, including related legal costs;
- fund the capital investments of Carlyle in our funds;
- fund capital expenditures;
- repay borrowings and related interest costs and expenses;
- pay earnouts and contingent cash consideration associated with our acquisitions and strategic investments;
- pay income taxes, including corporate income taxes following the Conversion;
- pay dividends to our common stockholders in accordance with our dividend policy, and;
- make installment payments under the deferred obligation to former holders of Carlyle Holdings partnership units, which were exchanged in the Conversion, and;
- repurchase our common stock.

Common Stockholder Dividends. Our intention is to pay dividends to holders of our common stock in an amount of \$0.25 per share of common stock (\$1.00 per share annually), subject to the discretion of our Board of Directors and compliance with applicable law. For U.S. federal income tax purposes, any dividends we pay following the Conversion generally will be treated as qualified dividend income (generally taxable to U.S. individual stockholders at capital gain rates) paid by a domestic corporation to the extent paid out of or current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, with any excess dividends treated as return of capital to the extent of the stockholder's basis. The declaration and payment of dividends to holders of our common stock will be at the sole discretion of our Board of Directors, and our dividend policy may be changed at any time.

With respect to distribution year 2021, the Board of Directors has declared a dividend to common stockholders totaling approximately \$88.7 million, or \$0.25 per share, consisting of the following:

Common Stock Dividends - Dividend Year 2021					
Quarter	Dividend per Common Share	Dividend to Common Stockholders	Record Date	Payment Date	
(Dollars in millions, except per share data)					
Q1 2021	\$ 0.25	\$ 88.7	May 11, 2021	May 19, 2021	
Total	\$ 0.25	\$ 88.7			

With respect to distribution year 2020, the Board of Directors declared cumulative dividends to common stockholders totaling approximately \$352.6 million, consisting of the following:

Common Stock Dividends - Dividend Year 2020					
Quarter	Dividend per Common Share	Dividend to Common Stockholders	Record Date	Payment Date	
(Dollars in millions, except per share data)					
Q1 2020	\$ 0.25	\$ 87.2	May 12, 2020	May 19, 2020	
Q2 2020	0.25	88.3	August 11, 2020	August 18, 2020	
Q3 2020	0.25	88.4	November 10, 2020	November 17, 2020	
Q4 2020	0.25	88.7	February 16, 2021	February 23, 2021	
Total	\$ 1.00	\$ 352.6			

Dividends to common stockholders paid during the three months ended March 31, 2021 totaled \$88.7 million, including the amount paid in February 2021 of \$0.25 per common share in respect of the fourth quarter of 2020. Distributions to common stockholders paid during the three months ended March 31, 2020 totaled \$87.4 million, including the amount paid in February 2020 of \$0.25 per common share in respect of the fourth quarter of 2019.

Fund Commitments. Generally, we intend to have Carlyle commit to fund approximately 0.75% of the capital commitments to our future carry funds, although we may elect to invest additional amounts in funds focused on new investment areas. We may, from time to time, exercise our right to purchase additional interests in our investment funds that become available in the ordinary course of their operations. We expect our senior Carlyle professionals and employees to continue to make significant capital contributions to our funds based on their existing commitments, and to make capital commitments to future funds consistent with the level of their historical commitments. We also intend to make investments in our open-end funds and our CLO vehicles. Our investments in our European CLO vehicles will comply with the risk retention rules as discussed in "Risk Retention Rules" later in this section.

Since our inception through March 31, 2021, we and our senior Carlyle professionals, operating executives and other professionals have invested or committed to invest in or alongside our funds. Approximately 3% to 5% of all capital commitments to our funds are funded collectively by us and our senior Carlyle professionals, operating executives and other professionals. The current unfunded commitment of Carlyle and our senior Carlyle professionals, operating executives and other professionals to our investment funds as of March 31, 2021, consisted of the following (Dollars in millions):

<u>Asset Class</u>	<u>Unfunded Commitment</u>	
Global Private Equity	\$	2,613.8
Global Credit		361.2
Investment Solutions		320.3
Total	\$	3,295.3

A substantial majority of the remaining commitments are expected to be funded by senior Carlyle professionals, operating executives and other professionals through our internal co-investment program. Of the \$3.3 billion of unfunded commitments, approximately \$2.8 billion is subscribed individually by senior Carlyle professionals, operating executives and other professionals, with the balance funded directly by the Company.

Repurchase Program. In December 2018, the Board of Directors authorized the repurchase of up to \$200 million of common stock and/or Carlyle Holdings units. In connection with the Conversion, in January 2020 our Board of Directors re-authorized the repurchase program with regard to our common stock. In February 2021, the Board of Directors replenished the repurchase program to its limit of \$200 million of common stock in aggregate from its maximum remaining repurchase amount of \$139.1 million. This program authorizes the repurchase of shares of common stock from time to time in open market transactions, in privately negotiated transactions or otherwise. During the three months ended March 31, 2021, we paid an aggregate of \$10.0 million to repurchase and retire approximately 0.3 million shares of common stock with all of the repurchases done via open market and brokered transactions. As of March 31, 2021, \$190.0 million of repurchase capacity remains under the program.

Cash Flows

The significant captions and amounts from our consolidated statements of cash flows which include the effects of our Consolidated Funds and CLOs in accordance with U.S. GAAP are summarized below.

	<u>Three Months Ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>(Dollars in millions)</u>	
Statements of Cash Flows Data		
Net cash provided by (used in) operating activities, including investments in Carlyle funds	\$ 69.5	\$ (245.9)
Net cash used in investing activities	(9.7)	(13.2)
Net cash provided by (used in) financing activities	(151.2)	456.6
Effect of foreign exchange rate changes	(11.2)	(17.0)
Net change in cash, cash equivalents and restricted cash	<u>\$ (102.6)</u>	<u>\$ 180.5</u>

Net Cash Provided by (Used In) Operating Activities. Net cash provided by (used in) operating activities includes the investment activity of our Consolidated Funds. Excluding this activity, net cash provided by operating activities was primarily driven by our earnings in the respective periods after adjusting for significant non-cash activity, including non-cash performance allocations and incentive fees, the related non-cash performance allocations and incentive fee related compensation, non-cash equity-based compensation, and depreciation, amortization and impairments, all of which are included in earnings.

Cash flows from operating activities during the three months ended March 31, 2021 and 2020, excluding the activities of our Consolidated Funds, were \$50.6 million and \$146.6 million, respectively. Operating cash inflows primarily include the receipt of management fees, realized performance allocations and incentive fees, while operating cash outflows primarily include payments for operating expenses, including compensation and general, administrative, and other expenses. During both the three months ended March 31, 2021 and 2020, net cash provided by operating activities primarily included the receipt of management fees and realized performance allocations and incentive fees, totaling approximately \$0.6 billion and \$0.5 billion, respectively. These inflows were offset by payments for compensation and general, administrative and other expenses of approximately \$0.3 billion for both the three months ended March 31, 2021 and 2020.

Cash used to purchase investments as well as the proceeds from the sale of such investments are also reflected in our operating activities as investments are a normal part of our operating activities. During the three months ended March 31, 2021, investment proceeds were \$156.0 million while investment purchases were \$63.8 million. During the three months ended March 31, 2020, investment proceeds were \$99.8 million as compared to purchases of \$42.7 million.

The net cash provided by operating activities for the three months ended March 31, 2021 and 2020 also reflects the investment activity of our Consolidated Funds. For the three months ended March 31, 2021, purchases of investments by the Consolidated Funds were \$925.5 million, while proceeds from the sales and settlements of investments by the Consolidated Funds were \$1,074.1 million. For the three months ended March 31, 2020, purchases of investments by the Consolidated Funds were \$807.5 million, while proceeds from the sales and settlements of investments by the Consolidated Funds were \$327.2 million.

Net Cash Used In Investing Activities. Our investing activities generally reflect cash used for acquisitions, fixed assets and software for internal use. For the three months ended March 31, 2021, cash used in investing activities principally reflects purchases of fixed assets. Purchases of fixed assets were \$9.7 million and \$13.2 million for the three months ended March 31, 2021 and 2020, respectively.

Net Cash Provided by (Used in) Financing Activities. Net cash provided by (used in) financing activities during the three months ended March 31, 2021 and 2020, excluding the activities of our Consolidated Funds, was \$(131.2) million and \$64.3 million, respectively. For the three months ended March 31, 2021, the Company made no borrowings or repayments under the revolving credit facilities. For the three months ended March 31, 2020, the Company received net proceeds of \$251.0 million from borrowings and made \$35.8 million in repayments under the revolving credit facilities. The Company also paid \$68.8 million in both January 2020 and 2021, representing the first and second annual installments of the deferred consideration payable to former Carlyle Holdings unitholders in connection with the Conversion.

Distributions to our common stockholders were \$88.7 million and \$87.4 million for the three months ended March 31, 2021 and 2020, respectively. The Company paid \$10.0 million and \$26.4 million for the three months ended March 31, 2021 and 2020, respectively, to repurchase and retire 0.3 million and 1.1 million shares, respectively.

The net borrowings (payments) on loans payable by our Consolidated Funds during the three months ended March 31, 2021 and 2020 were \$(20.0) million and \$393.3 million, respectively. Contributions from non-controlling interest holders were \$3.7 million and \$4.2 million for the three months ended March 31, 2021 and 2020, respectively, which relate primarily to contributions from the non-controlling interest holders in Consolidated Funds. For the three months ended March 31, 2021 and 2020, distributions to non-controlling interest holders were \$15.3 million and \$24.3 million, respectively, which relate primarily to distributions to the non-Carlyle interests in majority-owned subsidiaries.

Our Balance Sheet

Total assets were \$17.0 billion at March 31, 2021, an increase of \$1.3 billion from December 31, 2020. The increase in total assets was primarily attributable to a \$1.7 billion increase in investments, including performance allocation, partially offset by a \$232.1 million decrease in investments of Consolidated Funds and a decrease in cash and cash equivalents of \$107.2 million. The increase in investments, including performance allocations, was largely driven by appreciation across our portfolio. The decrease in cash was primarily due to the payment of deferred consideration related to our acquisition of Carlyle Aviation Partners, payment of the second installment of deferred consideration to the former Carlyle Holdings unitholders, and payments for bonuses and payroll, dividends and income taxes, partially offset by the receipt of management fees and realized performance revenues. Cash and cash equivalents were approximately \$880.4 million and \$987.6 million at March 31, 2021 and December 31, 2020, respectively.

Total liabilities were \$13.3 billion at March 31, 2021, an increase of \$548.5 million from December 31, 2020. The increase in liabilities was primarily attributable to an increase in accrued compensation and benefits of \$356.7 million due to the corresponding increase in accrued performance allocations as well as an increase in loans payable of Consolidated Funds of \$103.2 million and a decrease in other liabilities of Consolidated Funds of \$25.5 million from December 31, 2020 to March 31, 2021.

The assets and liabilities of the Consolidated Funds are generally held within separate legal entities and, as a result, the assets of the Consolidated Funds are not available to meet our liquidity requirements and similarly the liabilities of the Consolidated Funds are non-recourse to us. For example, as previously discussed, the CLO term loans generally are secured by the Company's investment in the CLO, have a general unsecured interest in the Carlyle entity that manages the CLO, and do not have recourse to any other Carlyle entity.

Our balance sheet without the effect of the Consolidated Funds can be seen in Note 16 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. At March 31, 2021, our total assets without

the effect of the Consolidated Funds were \$11.0 billion, including cash and cash equivalents of \$0.9 billion and net accrued performance revenues of \$3.2 billion.

Unconsolidated Entities

Certain of our funds have entered into lines of credit secured by their investors' unpaid capital commitments or by a pledge of the equity of the underlying investment. These lines of credit are used primarily to reduce the overall number of capital calls to investors or for working capital needs. In certain instances, however, they may be used for other investment related activities, including serving as bridge financing for investments. The degree of leverage employed varies among our funds.

Off-balance Sheet Arrangements

In the normal course of business, we enter into various off-balance sheet arrangements including sponsoring and owning limited or general partner interests in consolidated and non-consolidated funds, entering into derivative transactions, and entering into guarantee arrangements. We also have ongoing capital commitment arrangements with certain of our consolidated and non-consolidated funds. We do not have any other off-balance sheet arrangements that would require us to fund losses or guarantee target returns to investors in any of our other investment funds.

For further information regarding our off-balance sheet arrangements, see Note 2 and Note 7 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Contractual Obligations

The following table sets forth information relating to our contractual obligations as of March 31, 2021 on a consolidated basis and on a basis excluding the obligations of the Consolidated Funds:

	Apr. 1, 2021 to Dec. 31, 2021	2022-2023	2024-2025	Thereafter	Total
(Dollars in millions)					
Debt obligations (including senior notes) (1)	\$ 87.4	\$ 250.0	\$ 60.8	\$ 1,552.5	\$ 1,950.7
Interest payable (2)	63.3	159.1	143.4	1,091.0	1,456.8
Other consideration (3)	1.6	230.8	70.5	—	302.9
Operating lease obligations (4)	39.1	121.2	106.6	397.9	664.8
Capital commitments to Carlyle funds (5)	3,299.6	—	—	—	3,299.6
Tax receivable agreement payments (6)	—	22.5	6.3	69.2	98.0
Loans payable of Consolidated Funds (7)	69.9	185.5	185.8	5,962.9	6,404.1
Unfunded commitments of the CLOs (8)	14.9	—	—	—	14.9
Consolidated contractual obligations	3,575.8	969.1	573.4	9,073.5	14,191.8
Loans payable of Consolidated Funds (7)	(69.9)	(185.5)	(185.8)	(5,962.9)	(6,404.1)
Capital commitments to Carlyle funds (5)	(2,798.0)	—	—	—	(2,798.0)
Unfunded commitments of the CLOs (8)	(14.9)	—	—	—	(14.9)
Carlyle Operating Entities contractual obligations	<u>\$ 693.0</u>	<u>\$ 783.6</u>	<u>\$ 387.6</u>	<u>\$ 3,110.6</u>	<u>\$ 4,974.8</u>

- (1) The table above assumes that no prepayments are made on the senior notes and that the outstanding balance, if any, on the senior credit facility is repaid on the maturity date of the senior credit facility, which is February 11, 2024. The CLO term loans are included in the table above based on the earlier of the stated maturity date or the date the CLO is expected to be dissolved. See Note 5 to the unaudited condensed consolidated financial statements for the various maturity dates of the CLO term loans and senior notes.
- (2) The interest rates on the debt obligations as of March 31, 2021 consist of: 3.500% on \$425.0 million of senior notes, 5.650% on \$350.0 million of senior notes, 3.875% on \$250.0 million of senior notes, 5.625% on \$600.0 million of senior notes, 3.875% on \$250.0 million under the revolving credit facility, and a range of approximately 1.37% to 8.04% for our CLO term loans. Interest payments assume that no prepayments are made and loans are held until maturity with the exception of the CLO term loans, which are based on the earlier of the stated maturity date or the date the CLO is expected to be dissolved.
- (3) These obligations represent our estimate of amounts to be paid on the contingent cash obligations associated with our acquisition of Carlyle Aviation Partners and other obligations, as well as the deferred payment obligations described below. In connection with the Conversion, former holders of Carlyle Holdings partnership units will receive cash payments aggregating to approximately \$344 million, which is equivalent to \$1.50 per Carlyle Holdings partnership unit exchanged in the Conversion, payable in five annual installments of \$0.30, the second of which occurred during the first quarter of 2021. The payment obligations are unsecured obligations of the Company or a subsidiary thereof, subordinated in right of payment to indebtedness of the Company and its subsidiaries, and do not bear interest.
- (4) We lease office space in various countries around the world and maintain our headquarters in Washington, D.C., where we entered into an amended non-cancelable lease agreement expiring on March 31, 2030. We entered into a new non-cancelable lease agreement expiring in 2036 for new office space in New York City. Our office leases in other locations expire in various years through 2032. The amounts in this table represent the minimum lease payments required over the term of the lease.
- (5) These obligations generally represent commitments by us to fund a portion of the purchase price paid for each investment made by our funds. These amounts are generally due on demand and are therefore presented in the less than one year category. A substantial majority of these investments is expected to be funded by senior Carlyle professionals and other professionals through our internal co-investment program. Of the \$3.3 billion of unfunded commitments, approximately \$2.8 billion is subscribed individually by senior Carlyle professionals, advisors and other professionals, with the balance funded directly by the Company.
- (6) In connection with our initial public offering, we entered into a tax receivable agreement with the limited partners of the Carlyle Holdings partnerships whereby we agreed to pay such limited partners 85% of the amount of cash tax savings, if any, in U.S. federal, state and local income tax realized as a result of increases in tax basis resulting from exchanges of Carlyle Holdings partnership units for common units of The Carlyle Group L.P. From and after the consummation of the Conversion, former holders of Carlyle Holdings partnership units do not have any rights to payments under the tax receivable agreement except for payment obligations pre-existing at the time of the Conversion with respect to exchanges that occurred prior to the Conversion. These obligations are more than offset by the future cash tax savings that we are expected to realize.
- (7) These obligations represent amounts due to holders of debt securities issued by the consolidated CLO vehicles. These obligations include interest to be paid on debt securities issued by the consolidated CLO vehicles. Interest payments assume that no prepayments are made and loans are held until maturity. For debt securities with rights only to the residual value of the CLO and no stated interest, no interest payments were included in this calculation. Interest payments on variable-rate debt securities are based on interest rates in effect as of March 31, 2021, at spreads to market rates pursuant to the debt agreements, and range from 0.40% to 8.03%.
- (8) These obligations represent commitments of the CLOs to fund certain investments. These amounts are generally due on demand and are therefore presented in the less than one year category.

Excluded from the table above are liabilities for uncertain tax positions of \$24.4 million at March 31, 2021 as we are unable to estimate when such amounts may be paid.

Contingent Cash Payments For Business Acquisitions and Strategic Investments

We have certain contingent cash obligations associated with our acquisition of Carlyle Aviation Partners and our strategic investment in Fortitude Re. For our acquisition of Carlyle Aviation Partners, the contingent cash payments relate to an earn-out of up to \$150.0 million that is payable upon the achievement of certain revenue and earnings performance targets during 2020 through 2025, which are accounted for as compensation expense. We accrue the compensation liability over the service period. If earned, payments would be made in the year following the performance year to which the payments relate. In March 2021, we paid \$49.9 million related to the Carlyle Aviation Partners earn-out for the performance period ended December 31, 2020.

For our strategic investment in Fortitude Re, the contingent cash payments relate to performance-based contingent cash consideration payable to Carlyle FRL for further payment to AIG following December 31, 2023. Based on the terms of the underlying contracts, the maximum amount that could be paid from contingent cash obligations associated with the acquisition of Carlyle Aviation Partners and the strategic investment in Fortitude Re as of March 31, 2021 is \$195.1 million versus the amounts recognized on the balance sheet of \$108.4 million.

Risk Retention Rules

We will continue to comply with the risk retention rules governing CLOs issued in Europe for which we are a sponsor, which require a combination of capital from our balance sheet, commitments from senior Carlyle professionals, and/or third party financing.

Guarantees

See Note 7 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for information related to all of our material guarantees.

Indemnifications

In many of our service contracts, we agree to indemnify the third-party service provider under certain circumstances. The terms of the indemnities vary from contract to contract, and the amount of indemnification liability, if any, cannot be determined and has not been included in the table above or recorded in our unaudited condensed consolidated financial statements as of March 31, 2021.

Other Contingencies

In the ordinary course of business, we are a party to litigation, investigations, inquiries, employment-related matters, disputes and other potential claims. We discuss certain of these matters in Note 7 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Carlyle Common Stock

A rollforward of our common stock outstanding from December 31, 2020 through March 31, 2021 is as follows:

	Shares as of December 31, 2020	Shares Issued	Shares Forfeited	Shares Repurchased / Retired	Shares as of March 31, 2021
The Carlyle Group Inc. common shares	353,520,576	1,288,297	—	(280,172)	354,528,701

Shares of The Carlyle Group Inc. common stock issued during the period from December 31, 2020 through March 31, 2021 relate to the vesting of the Company's restricted stock units during the three months ended March 31, 2021.

The total shares as of March 31, 2021 as shown above exclude approximately 0.2 million common shares in connection with the vesting of restricted stock units subsequent to March 31, 2021 that will participate in the common shareholder dividend that will be paid May 19, 2021.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our primary exposure to market risk is related to our role as general partner or investment advisor to our investment funds and the sensitivities to movements in the fair value of their investments, including the effect on management fees, incentive fees and investment income, including performance allocations. Although our investment funds share many common themes, each of our asset management asset classes runs its own investment and risk management processes, subject to our overall risk tolerance and philosophy. The investment process of our investment funds involves a comprehensive due diligence approach, including review of reputation of shareholders and management, company size and sensitivity of cash flow

generation, business sector and competitive risks, portfolio fit, exit risks and other key factors highlighted by the deal team. Key investment decisions are subject to approval by both the fund-level managing directors, as well as the investment committee, which is generally comprised of one or more of the three founding partners, one “sector” head, one or more operating executives and senior investment professionals associated with that particular fund. Once an investment in a portfolio company has been made, our fund teams closely monitor the performance of the portfolio company, generally through frequent contact with management and the receipt of financial and management reports.

There was no material change in our market risks during the three months ended March 31, 2021. For additional information, refer to our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation and subject to the foregoing, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the design and operation of our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended March 31, 2021 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The information required with respect to this item can be found under “Legal Matters” in Note 7, Commitments and Contingencies, of the notes to the Company’s unaudited condensed consolidated financial statements contained in this quarterly report, and such information is incorporated by reference into this Item 1.

Item 1A. Risk Factors

For a discussion of our potential risks and uncertainties, see the information under Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table sets forth repurchases of our common stock during the three months ended March 31, 2021 for the periods indicated:

Period	(a) Total number of units purchased	(b) Average price paid per unit	(c) Total number of units purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of units that may yet be purchased under the plans or programs
(Dollars in millions, except unit and per unit data)				
January 1, 2021 to January 31, 2021 (1)	—	\$ —	—	\$ 139.1
February 1, 2021 to February 28, 2021 (1)	—	\$ —	—	\$ 200.0
March 1, 2021 to March 31, 2021 (1)(2)	280,172	\$ 35.69	280,172	\$ 190.0
Total	<u>280,172</u>		<u>280,172</u>	

- (1) In December 2018, our Board of Directors authorized the repurchase of up to \$200 million of common stock and/or Carlyle Holdings units. In January 2020 our Board of Directors re-authorized the December 2018 repurchase program with regard to our common stock, and in February 2021, our Board of Directors replenished the repurchase program to its limit of \$200 million of common stock in aggregate. The timing and actual number of shares of common stock repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This share repurchase program may be suspended or discontinued at any time and does not have a specified expiration date.
- (2) All of the shares of common stock purchased during this period were purchased in open market and brokered transactions and were subsequently retired.

Sales of Unregistered Securities

In March of 2017, we amended our agreement with NGP Management. Pursuant to the amended agreement, we agreed, among other things, to issue additional shares of common stock on each of February 1, 2018, 2019 and 2020, with a value of \$10.0 million per year to an affiliate of NGP Management. For each year thereafter, we agreed to issue additional shares of common stock on February 1 in an amount based on total distributions received by the Company from NGP Management, in any case not to exceed \$10.0 million per year. In order to effectuate the amended NGP agreement, we entered into agreements with an affiliate of NGP Management on each of the dates below to deliver such shares as follows:

	Shares of Common Stock Delivered / Deliverable in August,					
	2019	2020	2021	2022	2023	2024
Date of Agreement:						
February 1, 2018	160,211	120,158	120,159	—	—	—
February 1, 2019	—	219,189	164,391	164,393	—	—
February 1, 2020	—	—	119,760	89,821	89,820	—
February 1, 2021	—	—	—	116,559	87,419	87,418

Such securities have been offered and sold in reliance on the exemption contained in Section 4(a)(2) of the Securities Act as a transaction by the issuer not involving a public offering. No general solicitation or underwriters were involved in such offer and sale.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The following is a list of all exhibits filed or furnished as part of this report:

<u>Exhibit No.</u>	<u>Description</u>
3.1	Certificate of Conversion of The Carlyle Group L.P. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 2, 2020).
3.2	Certificate of Incorporation of The Carlyle Group Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on January 2, 2020).
3.3	Bylaws of The Carlyle Group Inc. (incorporated by reference to Exhibit 3.3 to the Registrant's Current Report on Form 8-K filed with the SEC on January 2, 2020).
10.26*+	Form of Global Restricted Stock Unit Agreement for Performance Vesting RSUs for Other Executive Officers.
10.32*+	Form of Global Restricted Stock Unit Agreement for Strategic Equity Time Vesting RSUs for Other Executive Officers.
10.33*+	Form of Global Restricted Stock Unit Agreement for Strategic Equity Performance Vesting RSUs for Executive Officers.
31.1 *	Certification of the principal executive officer pursuant to Rule 13a – 14(a).
31.2 *	Certification of the principal financial officer pursuant to Rule 13a – 14(a).
32.1 *	Certification of the principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 *	Certification of the principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from The Carlyle Group Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, formatted in Inline XBRL (included within the Exhibit 101 attachments).

* Filed herewith.

+ Management contract or compensatory plan or arrangement in which directors and/or executive officers are eligible to participate.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The Carlyle Group Inc.

Date: April 29, 2021

By: /s/ Curtis L. Buser
Name: Curtis L. Buser
Title: Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

The Carlyle Group Inc.
Amended and Restated 2012 Equity Incentive Plan
Form of Global Restricted Stock Unit Agreement
for Other Executive Officers
(Performance-Vesting)

Participant:

Date of Grant:

Number of RSUs:

1. **Grant of RSUs.** The Carlyle Group Inc. (the "Company") hereby grants the number of restricted stock units (the "RSUs") listed above to the Participant (the "Award"), effective as of [_____] (the "Date of Grant"), on the terms and conditions hereinafter set forth in this agreement including Appendix A, which includes any applicable country-specific provisions (together, the "Award Agreement"). This grant is made pursuant to the terms of The Carlyle Group Inc. Amended and Restated 2012 Equity Incentive Plan (as amended, modified or supplemented from time to time, the "Plan"), which is incorporated herein by reference and made a part of this Award Agreement. Each RSU represents the unfunded, unsecured right of the Participant to receive a Share on the delivery date(s) specified in Section 4 hereof.

2. **Definitions.** Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

(a) "Cause" shall mean the determination by the Administrator that the Participant has (i) engaged in gross negligence or willful misconduct in the performance of the Participant's duties, (ii) willfully engaged in conduct that the Participant knows or, based on facts known to the Participant, should know is materially injurious to the Company or any of its Affiliates, (iii) materially breached any material provision of the Participant's employment agreement or other Restrictive Covenant Agreement with the Company or its Affiliates, (iv) been convicted of, or entered a plea bargain or settlement admitting guilt for, fraud, embezzlement, or any other felony under the laws of the United States or of any state or the District of Columbia or any other country or any jurisdiction of any other country (but specifically excluding felonies involving a traffic violation), (v) been the subject of any order, judicial or administrative, obtained or issued by the U.S. Securities and Exchange Commission ("SEC") or similar agency or tribunal of any country, for any securities violation involving insider trading, fraud, misappropriation, dishonesty or willful misconduct (including, for example, any such order consented to by the Participant in which findings of facts or any legal conclusions establishing liability are neither admitted nor denied), or (vi) discussed the Company's (or its Affiliates') fundraising efforts, or the name of any fund vehicle that has not had a final closing of commitments, to any reporter or representative of any press or other public media.

(b) “Performance Multiplier” shall mean the multiplier, between 0% and [__]%, applied to the Target RSU Award based on actual performance of the relevant performance metrics applicable to the Performance Period, as set forth on Exhibit A.

(c) “Performance Period” shall mean [____] through [____].

(d) “Qualifying Event” shall mean, during the Participant’s Services with the Company and its Affiliates, the Participant’s death or Disability.

(e) “Restrictive Covenant Agreement” shall mean any agreement (including, without limitation, this Award Agreement), and any attachments or schedules thereto, entered into by and between the Participant and the Company or its Affiliates, pursuant to which the Participant has agreed, among other things, to certain restrictions relating to non-competition (if applicable), non-solicitation and/or confidentiality, in order to protect the business of the Company and its Affiliates.

(f) “Target RSU Award” shall mean the number of RSUs that are eligible to vest on the Vesting Date pursuant to Exhibit A.

(g) “Vested RSUs” shall mean those RSUs which have become vested (x) determined by multiplying the Target RSU Award by the Performance Multiplier for the Performance Period pursuant to Exhibit A or (y) otherwise pursuant to the Plan. For the avoidance of doubt, the Vested RSUs may be a number lesser than or greater than the Target RSU Award.

(h) “Vesting Date” shall mean the date on which the Board of Directors or its designee certifies the attainment of the established performance metrics set forth on Exhibit A, which shall occur promptly (but no more than eight (8) business days) following certification of the Company’s fourth quarter results for the Performance Period.

3. Vesting.

(a) *Vesting – General*. Subject to the Participant’s continued Services with the Company and its Affiliates through the Vesting Date, a number of RSUs subject to the Target RSU Award (which number may be lesser than or greater than the Target RSU Award) shall vest and become Vested RSUs based on the attainment of the performance measures and the Performance Multiplier.

(b) *Vesting – Qualifying Event*. Upon the occurrence of a Qualifying Event prior to the completion of the Performance Period, the Target RSU Award granted hereunder shall vest (to the extent not previously vested) in an amount equal to the product of (x) the Target RSU Award multiplied by (y) a Performance Multiplier equal to 100% upon the date of such Qualifying Event. Upon the occurrence of a Qualifying Event following the completion of the Performance Period, the Participant shall be entitled to receive the

number of Vested RSUs, if any, determined based on the actual Performance Multiplier for the Performance Period, in accordance with Section 3(a) hereof.

(c) *Vesting – Terminations.* Except as otherwise set forth in Section 3(b), in the event the Participant's Services with the Company and its Affiliates are terminated for any reason, if the Award has not yet vested pursuant to Section 3(a) or 3(b) hereof (or otherwise pursuant to the Plan) it shall be canceled immediately and the Participant shall automatically forfeit all rights with respect to the Award as of the date of such termination. For purposes of this provision, the effective date of termination of the Participant's Services will be determined in accordance with Section 8(k) hereof.

4. Vesting and Delivery Dates.

(a) *Delivery – General.* The Company shall, on or within 30 days following the Vesting Date, deliver (or cause delivery to be made) to the Participant the Shares underlying the RSUs that vest and become Vested RSUs on the Vesting Date.

(b) *Delivery – Qualifying Event.* Upon the occurrence of a Qualifying Event, the Company shall, within 30 days following the date of such event, deliver (or cause delivery of) Shares to the Participant in respect of 100% of the RSUs which vest and become Vested RSUs on such date.

(c) *Delivery – Terminations.* Except as otherwise set forth in Section 4(b) or 4(d), in the event the Participant's Services with the Company and its Affiliates are terminated for any reason, the Company shall within 30 days following the date of such termination, deliver (or cause delivery of) Shares to the Participant in respect of any then outstanding Vested RSUs.

(d) *Forfeiture – Cause Termination or Breach of Restrictive Covenants.* Notwithstanding anything to the contrary herein, upon the termination of the Participant's Services by the Company or any of its Affiliates for Cause or upon the Participant's breach of any of the restrictive covenants contained within an applicable Restrictive Covenant Agreement, all outstanding RSUs (whether or not vested) shall immediately terminate and be forfeited without consideration and no further Shares with respect of the Award shall be delivered to the Participant or to the Participant's legal representative, beneficiaries or heirs. Without limiting the foregoing, to the extent permitted under applicable law, any Shares that have previously been delivered to the Participant or the Participant's legal representative, beneficiaries or heirs pursuant to the Award and which are still held by the Participant or the Participant's legal representative, or beneficiaries or heirs as of the date of such termination for Cause or such breach, shall also immediately terminate and be forfeited without consideration.

5. Change in Control. Notwithstanding anything to the contrary herein, in the event of a Change in Control prior to the completion of the Performance Period, (i) the Target RSU Award granted hereunder shall vest (to the extent not previously vested) in an amount equal to the product of (x) the Target RSU Award multiplied by (y) a Performance Multiplier equal to

100% upon the date of such Change in Control, and (ii) the Company shall deliver (or cause delivery of) Shares to the Participant in respect of 100% of the Vested RSUs on or within 10 days following such Change in Control. In the event that a Change in Control occurs after the completion of the Performance Period but prior to the Vesting Date, the Vesting Date shall be deemed to have occurred upon the date of such Change in Control and the Participant shall be entitled to receive the number of Vested RSUs, if any, determined based on the actual Performance Multiplier for the Performance Period, in accordance with Section 3(a) hereof.

6. No Dividends or Distributions on RSUs. No dividends or other distributions shall accrue or become payable with respect to any RSUs prior to the date upon which the Shares underlying the RSUs are issued or transferred to the Participant.

7. Adjustments Upon Certain Events. The Administrator shall make certain substitutions or adjustments to any RSUs subject to this Award Agreement pursuant to Section 9 of the Plan.

8. Nature of Grant. In accepting the grant, the Participant acknowledges, understands, and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company, at any time, to the extent permitted by the Plan;

(b) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;

(d) the granting of the RSUs evidenced by this Award Agreement shall impose no obligation on the Company or any Affiliate to continue the Services of the Participant and shall not lessen or affect the Company's or its Affiliate's right to terminate the Services of such Participant;

(e) the Participant is voluntarily participating in the Plan;

(f) the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) the RSUs should in no event be considered as compensation for, or relating in any way to, past services for the Company, the Employer (as defined in Section 15 of this Award Agreement) or any Affiliate or predecessor;

(i) unless otherwise agreed with the Company, the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not granted as consideration for, or in connection with, the Services Participant may provide as a director of an Affiliate;

(j) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(k) in the event of termination of the Participant's Services for any reason, except as set forth in Sections 3(b) and 4(b) (whether or not later to be found invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), unless otherwise determined by the Company, the Participant's right to vest in the RSUs under the Plan, if any, will terminate effective as of the date that the Participant is no longer actively providing Services and will not be extended by any notice period (e.g., active Services would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed, or the terms of the Participant's employment agreement, if any); the Administrator shall have the exclusive discretion to determine when the Participant is no longer actively providing Services for purposes of the RSUs grant (including whether the Participant may still be considered to be providing Services while on an approved leave of absence); and

(l) in addition to the provisions above in this Section 8, the following provisions apply if the Participant is providing Services outside the United States:

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from termination of the Participant's Services as set forth in Section 3(c), 4(c) or 4(d) above for any reason (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and in consideration of the grant of the RSUs, the Participant agrees not to institute any claim against the Company or any Affiliate;

(ii) the RSUs and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose; and

(iii) neither the Company nor any Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due

to the Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

9. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

10. **Data Privacy Information and Consent.** *The Company is located at 1001 Pennsylvania Avenue, NW, Washington, DC 20004 U.S.A. and grants employees of the Company and its Affiliates RSUs, at the Company's sole discretion. If the Participant would like to participate in the Plan, please review the following information about the Company's data processing practices and declare the Participant's consent.*

(a) **Data Collection and Usage:** *The Company collects, processes and uses personal data of Participants, including name, home address and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all RSUs, canceled, vested, or outstanding in the Participant's favor, which the Company receives from the Participant or the Employer. If the Company offers the Participant a grant of RSUs under the Plan, then the Company will collect the Participant's personal data for purposes of allocating Shares and implementing, administering and managing the Plan. The Company's legal basis for the processing of the Participant's personal data would be his or her consent.*

(b) **Stock Plan Administration Service Providers:** *The Company transfers participant data to Morgan Stanley, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share the Participant's data with another company that serves in a similar manner. The Company's service provider will open an account for the Participant to receive and trade Shares. The Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition to the Participant's ability to participate in the Plan.*

(c) **International Data Transfers:** *The Company and its service providers are based in the United States. If the Participant is outside the United States, the Participant should note that his or her country has enacted data privacy laws that are different from the United States. The Company's legal basis for the transfer of the Participant's personal data is his or her consent.*

(d) **Data Retention:** *The Company will use the Participant's personal data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and security laws.*

(e) Voluntariness and Consequences of Consent Denial or Withdrawal: The Participant's participation in the Plan and the Participant's grant of consent is purely voluntary. The Participant may deny or withdraw his or her consent at any time. If the Participant does not consent, or if the Participant withdraws his or her consent, the Participant cannot participate in the Plan. This would not affect the Participant's salary as an employee or his or her career; the Participant would merely forfeit the opportunities associated with the Plan.

(f) Data Subject Rights: The Participant has a number of rights under data privacy laws in his or her country. Depending on where the Participant is based, the Participant's rights may include the right to (i) request access or copies of personal data of the Company processes, (ii) rectification of incorrect data, (iii) deletion of data, (iv) restrictions on processing, (v) portability of data, (vi) lodge complaints with competent authorities in the Participant's country, and/or (vii) a list with the names and address of any potential recipients of the Participant's data. To receive clarification regarding the Participant's rights or to exercise the Participant's rights please contact the Company at The Carlyle Group Inc., 1001 Pennsylvania Avenue, NW, Washington, DC 20004 U.S.A., Attention: Equity Management.

If the Participant agrees with the data processing practices as described in this notice, please declare the Participant's consent by clicking the "Accept Award" button on the Morgan Stanley award acceptance page or signing below.

11. **No Rights of a Holder of Shares.** Except as otherwise provided herein, the Participant shall not have any rights as a holder of Shares until such Shares have been issued or transferred to the Participant.

12. **Restrictions.** Any Shares issued or transferred to the Participant or to the Participant's beneficiary pursuant to Section 4 of this Award Agreement (including, without limitation, following the Participant's death or Disability) shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such Shares are listed and any applicable U.S. or non-U.S. federal, state or local laws, and the Administrator may cause a notation or notations to be put entered into the books and records of the Company to make appropriate reference to such restrictions. Without limiting the generality of the forgoing, a Participant's ability to sell or transfer the Shares shall be subject to such trading policies or limitations as the Administrator may, in its sole discretion, impose from time to time on current or former senior professionals, employees, consultants, directors, members, partners or other service providers of the Company or of any of its Affiliates.

13. **Transferability.** Unless otherwise determined or approved by the Administrator, no RSUs may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 13 shall be void and unenforceable against the Company or any Affiliate.

14. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 14):

(a) If to the Company, to:

The Carlyle Group Inc.
1001 Pennsylvania Avenue, NW
Washington, DC 20004
Attention: General Counsel
Fax: (202) 315-3678

(b) If to the Participant, to the address appearing in the personnel records of the Company or any Affiliate.

15. Withholding. The Participant acknowledges that he or she may be required to pay to the Company or, if different, an Affiliate that employs the Participant (the "Employer"), and that the Company, the Employer, or any Affiliate shall have the right and are hereby authorized to withhold from any compensation or other amount owing to the Participant, applicable income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items (including taxes that are imposed on the Company or the Employer as a result of the Participant's participation in the Plan but are deemed by the Company or the Employer to be an appropriate charge to the Participant) (collectively, "Tax-Related Items"), with respect to any issuance, transfer, or other taxable event under this Award Agreement or under the Plan and to take such action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such Tax-Related Items. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to the grant or vesting of the RSUs and the subsequent sale of Shares acquired upon settlement of the Vested RSUs; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve a particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Without limiting the foregoing, the Administrator may, from time to time, permit the Participant to make arrangements prior to the Vesting Date described herein to pay the applicable Tax-Related Items in a manner prescribed by the Administrator prior to the Vesting Date; provided that, unless otherwise determined by the Administrator, any such payment or estimate must be received by the Company prior to the Vesting Date. Additionally, the Participant authorizes the Company and/or the Employer to satisfy the obligations with regard to all Tax-Related Items by withholding from proceeds of the sale of Shares acquired upon settlement of the Vested RSUs either through a voluntary sale or

through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization). Depending on the withholding method, the Company and/or the Employer may withhold or account for the Tax-Related Items by considering minimum statutory withholding amounts or other applicable withholding rates in the Participant's jurisdiction(s), including maximum applicable rates. In the event of over-withholding, the Participant may receive a refund of any over-withheld amount in cash through the Employer's normal payroll process (with no entitlement to the equivalent in Shares), or if not refunded, the Participant may seek a refund from the applicable tax authorities. In the event of under-withholding, the Participant may be required to pay additional Tax-Related Items directly to the applicable tax authorities or to the Company and/or the Employer. The Participant acknowledges that, regardless of any action taken by the Company, the Employer, or any Affiliate the ultimate liability for all Tax-Related Items, is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Company may refuse to issue or deliver the Shares or the proceeds from the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

16. Choice of Law; Venue. The interpretation, performance and enforcement of this Award Agreement shall be governed by the law of the State of New York without regard to its conflict of law provisions. Any and all disputes, controversies or issues arising out of, concerning or relating to this Award, this Award Agreement or the relationship between the parties evidenced by the Award Agreement, including, without limitation, disputes, controversies or issues arising out of, concerning or relating to the construction, interpretation, breach or enforcement of this Award Agreement, shall be brought exclusively in the courts in the State of New York, City and County of New York, including the Federal Courts located therein (should Federal jurisdiction exist). Each of the parties hereby expressly represents and agrees that it/he/she is subject to the personal jurisdiction of said courts, irrevocably consents to the personal jurisdiction of such courts; and waives to the fullest extent permitted by law any objection which it/he/she may now or hereafter have that the laying of the venue of any legal lawsuit or proceeding related to such dispute, controversy or issue that is brought in any such court is improper or that such lawsuit or proceeding has been brought in an inconvenient forum.

17. WAIVER OF RIGHT TO JURY TRIAL. AS SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AWARD AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL OF ITS/HIS/HER CHOICE), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING ARISING OUT OF, CONCERNING OR RELATING TO THIS AWARD, THIS AWARD AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES EVIDENCED BY THIS AWARD AGREEMENT AND/OR THE MATTERS CONTEMPLATED THEREBY.

18. Subject to Plan. By entering into this Award Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. All RSUs and Shares issued or transferred with respect thereof are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

19. Entire Agreement. This Award Agreement contains the entire understanding between the parties with respect to the RSUs granted hereunder (including, without limitation, the vesting and delivery schedules described herein and in Appendix A), and hereby replaces and supersedes any prior communication and arrangements between the Participant and the Company or any of its Affiliates with respect to the matters set forth herein and any other pre-existing economic or other arrangements between the Participant and the Company or any of its Affiliates, unless otherwise explicitly provided for in any other agreement that the Participant has entered into with the Company or any of its Affiliates and that is set forth on Schedule A hereto. Unless set forth on Schedule A hereto, no such other agreement entered into prior to the Date of Grant shall have any effect on the terms of this Award Agreement.

20. Modifications. Notwithstanding any provision of this Award Agreement to the contrary, the Company reserves the right to modify the terms and conditions of this Award Agreement, including, without limitation, the timing or circumstances of the issuance or transfer of Shares to the Participant hereunder, to the extent such modification is determined by the Company to be necessary to comply with applicable law or preserve the intended deferral of income recognition with respect to the RSUs until the issuance or transfer of Shares hereunder.

21. Signature in Counterparts; Electronic Acceptance. This Award Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Alternatively, this Award Agreement may be granted to and accepted by the Participant electronically.

22. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

23. Compliance with Law. Notwithstanding any other provision of this Award Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon settlement of the RSUs prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the SEC or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, the Participant agrees that the Company shall have unilateral authority to amend the Plan and the Award Agreement without the Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.

24. Language. The Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Participant to understand the terms and conditions of this Award Agreement. Furthermore, if the Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

25. Severability. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

26. Appendix. Notwithstanding any provisions in this Award Agreement, the RSUs grant shall be subject to any additional terms and conditions set forth in Appendix A to this Award Agreement for the Participant's country. Moreover, if the Participant relocates to another country, any additional terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Appendix A constitutes part of this Award Agreement.

27. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

28. Waiver. The Participant acknowledges that a waiver by the Company of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by the Participant or any other participant.

29. Insider Trading Restrictions/Market Abuse Laws. The Participant acknowledges that, depending on his or her country of residence, or broker's country of residence, or where the Shares are listed, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to directly or indirectly, accept, acquire, sell, or attempt to sell or otherwise dispose of Shares or rights to Shares (e.g., RSUs) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws or regulations in applicable jurisdictions or Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders placed by the Participant before possessing inside information. Furthermore, the Participant understands that he or she may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Participant should speak to his or her personal advisor on this matter.

30. Foreign Asset/Account Reporting. The Participant's country of residence may have certain foreign asset and/or account reporting requirements which may affect his or her ability to acquire or hold RSUs under the Plan or cash received from participating in the Plan (including sales proceeds arising from the sale of Shares) in a brokerage or bank account outside the Participant's country. The Participant may be required to report such amounts, assets or transactions to the tax or other authorities in his or her country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of participation in the Plan to the Participant's country through a designated broker or bank within a certain time after receipt. The Participant is responsible for ensuring compliance with such regulations and should speak with his or her personal legal advisor regarding this matter.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement⁽¹⁾

THE CARLYLE GROUP INC.

By: _____
Name:
Title:

(1) If this Award Agreement is delivered to the Participant electronically, the Participant’s electronic acceptance of the Award Agreement (pursuant to instructions separately communicated to the Participant) shall constitute acceptance of the Award Agreement and shall be binding on the Participant and the Company in lieu of any required signatures to this Award Agreement.

EXHIBIT A

VESTING TERMS

The Target RSU Award granted pursuant to this Agreement shall be eligible to vest pursuant to the terms described in this Exhibit A, based on the [Performance Metrics] for the Performance Period, as set forth below, in each case, subject to adjustment to exclude the effects of extraordinary, unusual or infrequently occurring events.

I. Definitions. Capitalized terms not otherwise defined in the Plan or the Agreement have the following meanings:

- a. [Performance Metrics]
- b. “Performance Period” means [____] through [____].
- c. “Weighting Multiplier” means the relative performance weighting associated with each performance metric listed below, as a percentage of the total Target RSU Award.

II. Vesting. Subject to the Participant’s continued Services with the Company and its Affiliates through the Vesting Date (other than as may be set forth in the Agreement), on the Vesting Date, a number of RSUs shall vest in an amount equal to the product of (1) the Target RSU Award, (2) the applicable Performance Multiplier and (3) the applicable Weighting Multiplier, each as determined below (with such amount calculated separately for each of the three performance metrics listed below and the resulting sum of such amounts constituting the total Vested RSUs). Any RSUs that do not become vested in accordance with this Exhibit A shall, effective as of the Vesting Date, be forfeited by the Participant without consideration.

[Performance Metric]

Performance Level	[Performance Metric]	Performance Multiplier	Weighting Multiplier
Below Threshold Level Performance		0%	N/A
Threshold Level Performance		50%	
Target Level Performance		100%	
Maximum Level Performance		200%	

[Performance Metric]

Performance Level	[Performance Metric]	Performance Multiplier	Weighting Multiplier
Below Threshold Level Performance		0%	N/A
Threshold Level Performance		50%	
Target Level Performance		100%	
Maximum Level Performance		200%	

[Performance Metric]

Performance Level	[Performance Metric]	Performance Multiplier	Weighting Multiplier
Below Threshold Level Performance		0%	N/A
Threshold Level Performance		50%	
Target Level Performance		100%	
Maximum Level Performance		200%	

Performance Multipliers shall be determined by linear interpolation for achievement falling between the above percentages; provided, that there shall be no interpolation for achievement that is less than Threshold Level Performance (and zero RSUs in respect of such performance metric will vest in such case) and the maximum number of RSUs that may vest in respect of any performance metric is the Target RSU Award multiplied by [__]%, multiplied by the applicable Weighting Multiplier for such performance metric.

[Notwithstanding the foregoing, in the event that the volume weighted average price of the Common Shares over the [__] consecutive trading-day period ending [__], as reflected on Bloomberg (the “[__] RSU VWAP”), is less than or equal to \$[___], the total number of RSUs that vest shall not exceed 150% of the Target RSU Award (the “VWAP Cap”). In the event that the [__] RSU VWAP is greater than \$[___], then the VWAP Cap shall not apply and the foregoing sentence shall have no effect.]

**APPENDIX A
TO
THE CARLYLE GROUP INC.
GLOBAL RESTRICTED STOCK UNIT AGREEMENT**

Terms and Conditions

This Appendix A includes additional terms and conditions that govern the Award of restricted stock units (“RSUs”) granted to the Participant under The Carlyle Group Inc. Amended and Restated 2012 Equity Incentive Plan (the “Plan”) if the Participant works and resides in any of the countries listed below. Capitalized terms used but not defined in this Appendix A are defined in the Plan and/or Award Agreement and have the meanings set forth therein.

Notifications

This Appendix A also includes information regarding securities laws, exchange controls and certain other issues of which the Participant should be aware with respect to the Participant’s participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of February 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information noted in this Appendix A as the only source of information relating to the consequences of the Participant’s participation in the Plan because the information may be out of date by the time the Participant vests in the RSUs or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to the Participant’s situation.

Finally, the Participant understands that if he or she is a citizen or resident of a country other than the one in which the Participant is currently working, transfers employment after the Date of Grant, or is considered a resident of another country for local law purposes, the information contained herein may not apply to the Participant, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to the Participant.

UNITED STATES

Non-Solicitation Covenant. This provision supplements Section 4(d) “Forfeiture – Cause Termination or Breach of Restrictive Covenants” of the Award Agreement:

Notwithstanding the Participant’s termination of Services and any other provision of this Award Agreement, for a period of twelve (12) months after the date of the Participant’s termination of Services, the Participant will not, directly or indirectly, without the prior written consent of the Company: (i) participate in any capacity, including as an investor or an advisor, in any transaction that the Company or any of its Affiliates was actively considering investing in or offering to invest in prior to the Participant’s date of termination of Services; (ii) solicit, contact

or identify investors in any investment company, fund or managed account controlled or advised by the Company or its Affiliates (to the extent the Participant knows that such person or entity is an investor, directly or indirectly, in such Company, fund or managed account) on behalf of any person or entity; or (iii) recruit, solicit, induce or seek to induce any current employee of the Company or its Affiliates to become employed by the Participant or any other person or entity. The Participant agrees that this non-solicitation covenant may limit the Participant's ability to earn a livelihood in a business similar to the business conducted by the Company, but the Participant nevertheless hereby agrees and hereby acknowledges that the consideration provided to the Participant in this Award Agreement is adequate to support the restrictions contained herein. The Participant further agrees that the restrictions set forth in this non-solicitation covenant are reasonable and necessary to protect the Company's trade secrets and other legitimate business needs. In the event that any court or tribunal of competent jurisdiction shall determine this non-solicitation covenant to be unenforceable or invalid for any reason, the Participant and the Company agree that this non-solicitation covenant shall be interpreted to extend only over the maximum period of time for which it may be enforceable, and/or the maximum geographical area as to which it may be enforceable, and/or to the maximum extent in any and all respects as to which it may be enforceable, all as determined by such court or tribunal. The Participant agrees and acknowledges that the foregoing non-solicitation covenant is a material inducement to the Company to enter into this Award Agreement and, as such, it is agreed by the parties that any violation of this non-solicitation covenant by the Participant will constitute a material breach of this Award Agreement and, in addition to any other remedies the Company may have, will result in the consequences set forth below in this Appendix A under "Breach of Non-Solicitation Covenant." The Participant further agrees that the remedy at law for any breach of this non-solicitation covenant may be inadequate, and that the Company shall, in addition to whatever other remedies it may have at law or in equity, be entitled (without posting bond or other security) to injunctive or other equitable relief, as deemed appropriate by any court or tribunal of competent jurisdiction, to prevent a breach of the Participant's obligations as set forth in this non-solicitation covenant. Notwithstanding the foregoing, clauses (i) and (ii) shall not apply if the Participant's principal place of Services is in California. Additionally, if the Participant's principal place of Services is in any other jurisdiction where any provisions contained under clauses (i) or (ii) of this non-solicitation covenant are prohibited by applicable law, then such provisions shall not apply to the Participant to the extent prohibited by applicable law. Nothing in this Appendix A is intended to limit or supersede any other Restrictive Covenant Agreement to which the Participant is subject.

Breach of Non-Solicitation Covenant. If, following his or her termination of Services, the Participant breaches this non-solicitation covenant or other applicable provisions of the Award Agreement or the Plan:

- (a) all outstanding RSUs (whether or not vested, as allowable under applicable law) shall immediately terminate and be forfeited without consideration and no further Shares with respect of the Award shall be delivered to the Participant or to the Participant's legal representative, beneficiaries or heirs; and

- (b) any Shares that have previously been delivered to the Participant or the Participant's legal representative, beneficiaries or heirs pursuant to the Award, which are still held by the Participant or the Participant's legal representative, or beneficiaries or heirs as of the date of such breach, shall also immediately terminate and be forfeited without consideration.

**The Carlyle Group Inc. Amended and Restated
2012 Equity Incentive Plan
Form of Global Restricted Stock Unit Agreement
for Other Executive Officers
(Strategic Equity Time-Vesting)**

Participant:

Date of Grant:

Number of RSUs:

Vesting Commencement Date:

1. **Grant of RSUs.** The Carlyle Group Inc. (the “Company”) hereby grants the number of restricted stock units (the “RSUs”) listed above to the Participant (the “Award”), effective as of [____] (the “Date of Grant”), on the terms and conditions hereinafter set forth in this agreement including any Appendix hereto, which includes any applicable country-specific provisions (together, the “Award Agreement”). This grant is made pursuant to the terms of The Carlyle Group Inc. Amended and Restated 2012 Equity Incentive Plan (as amended, modified or supplemented from time to time, the “Plan”), which is incorporated herein by reference and made a part of this Award Agreement. Each RSU represents the unfunded, unsecured right of the Participant to receive a Share on the delivery date(s) specified in Section 4 hereof.

2. **Definitions.** Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

(a) “Cause” shall mean the determination by the Administrator that the Participant has (i) engaged in gross negligence or willful misconduct in the performance of the Participant’s duties, (ii) willfully engaged in conduct that the Participant knows or, based on facts known to the Participant, should know is materially injurious to the Company or any of its Affiliates, (iii) materially breached any material provision of the Participant’s employment agreement or other Restrictive Covenant Agreement with the Company or its Affiliates, (iv) been convicted of, or entered a plea bargain or settlement admitting guilt for, fraud, embezzlement, or any other felony under the laws of the United States or of any state or the District of Columbia or any other country or any jurisdiction of any other country (but specifically excluding felonies involving a traffic violation), (v) been the subject of any order, judicial or administrative, obtained or issued by the U.S. Securities and Exchange Commission (“SEC”) or similar agency or tribunal of any country, for any securities violation involving insider trading, fraud, misappropriation, dishonesty or willful misconduct (including, for example, any such order consented to by the Participant in which findings of facts or any legal conclusions establishing liability are neither admitted nor denied), or (vi) discussed the Company’s (or its Affiliates’) fundraising efforts, or the name of any fund vehicle that has not had a final closing of commitments, to any reporter or representative of any press or other public media.

(b) “Qualifying Event” shall mean the Participant’s death or Disability.

(c) “Restrictive Covenant Agreement” shall mean any agreement (including, without limitation, this Award Agreement), and any attachments or schedules thereto, entered into by and between the Participant and the Company or its Affiliates, pursuant to which the Participant has agreed, among other things, to certain restrictions relating to non-competition (if applicable), non-solicitation and/or confidentiality, in order to protect the business of the Company and its Affiliates.

(d) “Vested RSUs” shall mean those RSUs which have become vested pursuant to Section 3 or otherwise pursuant to the Plan.

(e) “Vesting Dates” shall mean each of the vesting dates set forth in Section 4(a) hereof.

3. Vesting.

(a) *Vesting – General.* Subject to the Participant’s continued Services with the Company and its Affiliates, the Award shall vest on the applicable Vesting Dates as follows:

(i) The RSUs granted hereunder shall vest in installments on each Vesting Date as set forth in Section 4(a) hereof.

(b) *Vesting – Death or Disability.* Upon the occurrence of a Qualifying Event, 100% of the RSUs granted hereunder shall vest (to the extent not previously vested) upon the date of such Qualifying Event.

(c) *Vesting – Terminations.* Except as otherwise set forth in Section 3(b), in the event the Participant’s Services with the Company and its Affiliates are terminated for any reason, the portion of the Award that has not yet vested pursuant to Section 3(a) or 3(b) hereof (or otherwise pursuant to the Plan) shall be cancelled immediately and the Participant shall automatically forfeit all rights with respect to such portion of the Award as of the date of such termination. For purposes of this provision, the effective date of termination of the Participant’s Services will be determined in accordance with Section 8(k) hereof.

4. Vesting and Delivery Dates; Transfer Restrictions.

(a) *Delivery – General.* The Company shall, on or within 30 days following a Vesting Date, deliver (or cause delivery to be made) to the Participant the Shares underlying the RSUs that vest and become Vested RSUs on such Vesting Date. The general vesting and delivery terms with respect to the RSUs are set forth in the table below.

<u>Vesting Dates</u>	<u>Annual Vesting / Delivery.</u>	<u>Cumulative Vesting / Delivery.</u>

(b) *Delivery – Death or Disability.* Upon the occurrence of a Qualifying Event, the Company shall, within 30 days following the date of such event, deliver (or cause delivery of) Shares to the Participant in respect of 100% of the RSUs which vest and become Vested RSUs on such date.

(c) *Delivery – Terminations.* Except as otherwise set forth in Section 4(b) or 4(d), in the event the Participant's Services with the Company and its Affiliates are terminated for any reason, the Company shall within 30 days following the date of such termination, deliver (or cause delivery of) Shares to the Participant in respect of any then outstanding Vested RSUs.

(d) *Forfeiture – Cause Termination or Breach of Restrictive Covenants.* Notwithstanding anything to the contrary herein, upon the termination of the Participant's Services by the Company or any of its Affiliates for Cause or upon the Participant's breach of any of the restrictive covenants contained in Appendix B attached hereto for the Participant's jurisdiction, or any applicable Restrictive Covenant Agreement, all outstanding RSUs (whether or not vested) shall immediately terminate and be forfeited without consideration and no further Shares with respect of the Award shall be delivered to the Participant or to the Participant's legal representative, beneficiaries or heirs. Without limiting the foregoing, to the extent permitted under applicable law, any Shares that have previously been delivered to the Participant or the Participant's legal representative, beneficiaries or heirs pursuant to the Award and which are still held by the Participant or the Participant's legal representative, or beneficiaries or heirs as of the date of such termination for Cause or such breach, shall also immediately terminate and be forfeited without consideration.

(e) *Transfer Restrictions for 25% of Vested RSUs.* Following any delivery of Shares in respect of Vested RSUs in accordance with this Section 4, 25% of such Shares (calculated on a pre-tax basis, determined without regard to any withholding or sale of Shares to cover taxes thereon) must be retained by the Participant and shall not be transferable until the earliest to occur of (i) the first anniversary of the date of the Participant's termination of Services, (ii) the fifth anniversary of the final Vesting Date under this Award Agreement, (iii) a Change in Control or (iv) a Qualifying Event.

5. Change in Control. Notwithstanding anything to the contrary herein, in the event of a Change in Control, (i) 100% of the RSUs granted hereunder which then remain outstanding shall vest (to the extent not previously vested) upon the date of such Change in Control, and (ii)

the Company shall deliver (or cause delivery of) Shares to the Participant at the same times as would otherwise be delivered pursuant to Section 4(a); provided, however, if such Change in Control (or any subsequent Change in Control) would constitute “a change in the ownership or effective control” or a “change in the ownership of a substantial portion of the assets” of the Company (in each case within the meaning of Section 409A of the Code), the Company shall instead deliver (or cause delivery of) Shares to the Participant in respect of 100% of the then outstanding RSUs on or within 10 days following such Change in Control.

6. No Dividends or Distributions on RSUs. No dividends or other distributions shall accrue or become payable with respect to any RSUs prior to the date upon which the Shares underlying the RSUs are issued or transferred to the Participant.

7. Adjustments Upon Certain Events. The Administrator shall make certain substitutions or adjustments to any RSUs subject to this Award Agreement pursuant to Section 9 of the Plan.

8. Nature of Grant. In accepting the grant, the Participant acknowledges, understands, and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company, at any time, to the extent permitted by the Plan;

(b) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;

(d) the granting of the RSUs evidenced by this Award Agreement shall impose no obligation on the Company or any Affiliate to continue the Services of the Participant and shall not lessen or affect the Company's or its Affiliate's right to terminate the Services of such Participant;

(e) the Participant is voluntarily participating in the Plan;

(f) the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) the RSUs should in no event be considered as compensation for, or relating in any way to, past services for the Company, the Employer (as defined in Section 15 of this Award Agreement) or any Affiliate or predecessor;

(i) unless otherwise agreed with the Company, the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not granted as consideration for, or in connection with, the Services Participant may provide as a director of an Affiliate;

(j) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(k) in the event of termination of the Participant's Services for any reason, except as set forth in Sections 3(b) and 4(b) (whether or not later to be found invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), unless otherwise determined by the Company, the Participant's right to vest in the RSUs under the Plan, if any, will terminate effective as of the date that the Participant is no longer actively providing Services and will not be extended by any notice period (e.g., active Services would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed, or the terms of the Participant's employment agreement, if any); the Administrator shall have the exclusive discretion to determine when the Participant is no longer actively providing Services for purposes of the RSUs grant (including whether the Participant may still be considered to be providing Services while on an approved leave of absence); and

(l) in addition to the provisions above in this Section 8, the following provisions apply if the Participant is providing Services outside the United States:

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from termination of the Participant's Services as set forth in Section 3(c), 4(c) or 4(d) above for any reason (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and in consideration of the grant of the RSUs, the Participant agrees not to institute any claim against the Company or any Affiliate;

(ii) the RSUs and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose; and

(iii) neither the Company nor any Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to the Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

9. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

10. **Data Privacy Information and Consent.** *The Company is located at 1001 Pennsylvania Avenue, NW, Washington, DC 20004 U.S.A. and grants employees of the Company and its Affiliates RSUs, at the Company's sole discretion. If the Participant would like to participate in the Plan, please review the following information about the Company's data processing practices and declare the Participant's consent.*

(a) **Data Collection and Usage:** *The Company collects, processes and uses personal data of Participants, including name, home address and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all RSUs, canceled, vested, or outstanding in the Participant's favor, which the Company receives from the Participant or the Employer. If the Company offers the Participant a grant of RSUs under the Plan, then the Company will collect the Participant's personal data for purposes of allocating Shares and implementing, administering and managing the Plan. The Company's legal basis for the processing of the Participant's personal data would be his or her consent.*

(b) **Stock Plan Administration Service Providers:** *The Company transfers participant data to Morgan Stanley, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share the Participant's data with another company that serves in a similar manner. The Company's service provider will open an account for the Participant to receive and trade Shares. The Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition to the Participant's ability to participate in the Plan.*

(c) **International Data Transfers:** *The Company and its service providers are based in the United States. If the Participant is outside the United States, the Participant should note that his or her country has enacted data privacy laws that are different from the United States. The Company's legal basis for the transfer of the Participant's personal data is his or her consent.*

(d) **Data Retention:** *The Company will use the Participant's personal data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and security laws.*

(e) **Voluntariness and Consequences of Consent Denial or Withdrawal:** *The Participant's participation in the Plan and the Participant's grant of consent is*

purely voluntary. The Participant may deny or withdraw his or her consent at any time. If the Participant does not consent, or if the Participant withdraws his or her consent, the Participant cannot participate in the Plan. This would not affect the Participant's salary as an employee or his or her career; the Participant would merely forfeit the opportunities associated with the Plan.

*(f) **Data Subject Rights:** The Participant has a number of rights under data privacy laws in his or her country. Depending on where the Participant is based, the Participant's rights may include the right to (i) request access or copies of personal data of the Company processes, (ii) rectification of incorrect data, (iii) deletion of data, (iv) restrictions on processing, (v) portability of data, (vi) lodge complaints with competent authorities in the Participant's country, and/or (vii) a list with the names and address of any potential recipients of the Participant's data. To receive clarification regarding the Participant's rights or to exercise the Participant's rights please contact the Company at The Carlyle Group Inc., 1001 Pennsylvania Avenue, NW, Washington, DC 20004 U.S.A., Attention: Equity Management.*

If the Participant agrees with the data processing practices as described in this notice, please declare the Participant's consent by clicking the "Accept Award" button on the Morgan Stanley award acceptance page or signing below.

11. No Rights of a Holder of Shares. Except as otherwise provided herein, the Participant shall not have any rights as a holder of Shares until such Shares have been issued or transferred to the Participant.

12. Restrictions. Any Shares issued or transferred to the Participant or to the Participant's beneficiary pursuant to Section 4 of this Award Agreement (including, without limitation, following the Participant's death or Disability) shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such Shares are listed and any applicable U.S. or non-U.S. federal, state or local laws, and the Administrator may cause a notation or notations to be put entered into the books and records of the Company to make appropriate reference to such restrictions. Without limiting the generality of the forgoing, a Participant's ability to sell or transfer the Shares shall be subject to such trading policies or limitations as the Administrator may, in its sole discretion, impose from time to time on current or former senior professionals, employees, consultants, directors, members, partners or other service providers of the Company or of any of its Affiliates.

13. Transferability. Unless otherwise determined or approved by the Administrator, no RSUs may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 13 shall be void and unenforceable against the Company or any Affiliate.

14. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 14):

(a) If to the Company, to:

The Carlyle Group Inc.
1001 Pennsylvania Avenue, NW
Washington, DC 20004
Attention: General Counsel
Fax: (202) 315-3678

(b) If to the Participant, to the address appearing in the personnel records of the Company or any Affiliate.

15. Withholding. The Participant acknowledges that he or she may be required to pay to the Company or, if different, an Affiliate that employs the Participant (the "Employer"), and that the Company, the Employer, or any Affiliate shall have the right and are hereby authorized to withhold from any compensation or other amount owing to the Participant, applicable income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items (including taxes that are imposed on the Company or the Employer as a result of the Participant's participation in the Plan but are deemed by the Company or the Employer to be an appropriate charge to the Participant) (collectively, "Tax-Related Items"), with respect to any issuance, transfer, or other taxable event under this Award Agreement or under the Plan and to take such action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such Tax-Related Items. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to the grant or vesting of the RSUs and the subsequent sale of Shares acquired upon settlement of the Vested RSUs; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve a particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Without limiting the foregoing, the Administrator may, from time to time, permit the Participant to make arrangements prior to any Vesting Date described herein to pay the applicable Tax-Related Items in a manner prescribed by the Administrator prior to the applicable Vesting Date; provided that, unless otherwise determined by the Administrator, any such payment or estimate must be received by the Company prior to the applicable Vesting Date. Additionally, the Participant authorizes the Company and/or the Employer to satisfy the obligations with regard to all Tax-Related Items by withholding from proceeds of the sale of Shares acquired upon settlement of the Vested RSUs either through a

voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization). Depending on the withholding method, the Company and/or the Employer may withhold or account for the Tax-Related Items by considering minimum statutory withholding amounts or other applicable withholding rates in the Participant's jurisdiction(s), including maximum applicable rates. In the event of over-withholding, the Participant may receive a refund of any over-withheld amount in cash through the Employer's normal payroll process (with no entitlement to the equivalent in Shares), or if not refunded, the Participant may seek a refund from the applicable tax authorities. In the event of under-withholding, the Participant may be required to pay additional Tax-Related Items directly to the applicable tax authorities or to the Company and/or the Employer. The Participant acknowledges that, regardless of any action taken by the Company, the Employer, or any Affiliate the ultimate liability for all Tax-Related Items, is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Company may refuse to issue or deliver the Shares or the proceeds from the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

16. Choice of Law; Venue. The interpretation, performance and enforcement of this Award Agreement shall be governed by the law of the State of New York without regard to its conflict of law provisions. Any and all disputes, controversies or issues arising out of, concerning or relating to this Award, this Award Agreement or the relationship between the parties evidenced by the Award Agreement, including, without limitation, disputes, controversies or issues arising out of, concerning or relating to the construction, interpretation, breach or enforcement of this Award Agreement, shall be brought exclusively in the courts in the State of New York, City and County of New York, including the Federal Courts located therein (should Federal jurisdiction exist). Each of the parties hereby expressly represents and agrees that it/he/she is subject to the personal jurisdiction of said courts, irrevocably consents to the personal jurisdiction of such courts; and waives to the fullest extent permitted by law any objection which it/he/she may now or hereafter have that the laying of the venue of any legal lawsuit or proceeding related to such dispute, controversy or issue that is brought in any such court is improper or that such lawsuit or proceeding has been brought in an inconvenient forum.

17. WAIVER OF RIGHT TO JURY TRIAL. AS SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AWARD AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL OF ITS/HIS/HER CHOICE), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING ARISING OUT OF, CONCERNING OR RELATING TO THIS AWARD, THIS AWARD AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES EVIDENCED BY THIS AWARD AGREEMENT AND/OR THE MATTERS CONTEMPLATED THEREBY.

18. Subject to Plan. By entering into this Award Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. All RSUs and Shares issued or transferred with respect thereof are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

19. Entire Agreement. This Award Agreement contains the entire understanding between the parties with respect to the RSUs granted hereunder (including, without limitation, the vesting and delivery schedules and other terms described herein and in each Appendix), and hereby replaces and supersedes any prior communication and arrangements between the Participant and the Company or any of its Affiliates with respect to the matters set forth herein and any other pre-existing economic or other arrangements between the Participant and the Company or any of its Affiliates, unless otherwise explicitly provided for in any other agreement that the Participant has entered into with the Company or any of its Affiliates and that is set forth on a Schedule A attached hereto. Unless set forth on a Schedule A hereto, no such other agreement entered into prior to the Date of Grant shall have any effect on the terms of this Award Agreement.

20. Modifications. Notwithstanding any provision of this Award Agreement to the contrary, the Company reserves the right to modify the terms and conditions of this Award Agreement, including, without limitation, the timing or circumstances of the issuance or transfer of Shares to the Participant hereunder, to the extent such modification is determined by the Company to be necessary to comply with applicable law or preserve the intended deferral of income recognition with respect to the RSUs until the issuance or transfer of Shares hereunder.

21. Signature in Counterparts; Electronic Acceptance. This Award Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Alternatively, this Award Agreement may be granted to and accepted by the Participant electronically (including via DocuSign).

22. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

23. Compliance with Law. Notwithstanding any other provision of this Award Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon settlement of the RSUs prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the SEC or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, the Participant agrees that the Company shall have unilateral authority to amend the Plan and the Award Agreement without the Participant's

consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.

24. Language. The Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Participant to understand the terms and conditions of this Award Agreement. Furthermore, if the Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

25. Severability. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

26. Appendix. Notwithstanding any provisions in this Award Agreement, the RSUs grant shall be subject to any additional terms and conditions set forth in each Appendix to this Award Agreement for the Participant's country. Moreover, if the Participant relocates to another country, any additional terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Each Appendix hereto constitutes part of this Award Agreement.

27. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

28. Waiver. The Participant acknowledges that a waiver by the Company of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by the Participant or any other participant.

29. Insider Trading Restrictions/Market Abuse Laws. The Participant acknowledges that, depending on his or her country of residence, or broker's country of residence, or where the Shares are listed, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to directly or indirectly, accept, acquire, sell, or attempt to sell or otherwise dispose of Shares or rights to Shares (e.g., RSUs) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws or regulations in applicable jurisdictions or Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders placed by the Participant before possessing inside information. Furthermore, the Participant understands that he or she may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any

restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Participant should speak to his or her personal advisor on this matter.

30. Foreign Asset/Account Reporting. The Participant's country of residence may have certain foreign asset and/or account reporting requirements which may affect his or her ability to acquire or hold RSUs under the Plan or cash received from participating in the Plan (including sales proceeds arising from the sale of Shares) in a brokerage or bank account outside the Participant's country. The Participant may be required to report such amounts, assets or transactions to the tax or other authorities in his or her country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of participation in the Plan to the Participant's country through a designated broker or bank within a certain time after receipt. The Participant is responsible for ensuring compliance with such regulations and should speak with his or her personal legal advisor regarding this matter.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement ⁽¹⁾.

The Carlyle Group Inc.

By: _____

Name:

Title:

Participant

[Name]

(1) If this Award Agreement is delivered to the Participant electronically, the Participant's electronic acceptance of the Award Agreement (pursuant to instructions separately communicated to the Participant) shall constitute acceptance of the Award Agreement and shall be binding on the Participant and the Company in lieu of any required signatures to this Award Agreement.

**APPENDIX A
TO
THE CARLYLE GROUP INC.
GLOBAL RESTRICTED STOCK UNIT AGREEMENT**

Terms and Conditions

This Appendix A includes additional terms and conditions that govern the Award of restricted stock units (“RSUs”) granted to the Participant under The Carlyle Group Inc. Amended and Restated 2012 Equity Incentive Plan (the “Plan”) if the Participant works and resides in any of the countries listed below. Capitalized terms used but not defined in this Appendix A are defined in the Plan and/or Award Agreement and have the meanings set forth therein.

Notifications

This Appendix A also includes information regarding securities laws, exchange controls and certain other issues of which the Participant should be aware with respect to the Participant’s participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of February 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information noted in this Appendix A as the only source of information relating to the consequences of the Participant’s participation in the Plan because the information may be out of date by the time the Participant vests in the RSUs or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to the Participant’s situation.

Finally, the Participant understands that if he or she is a citizen or resident of a country other than the one in which the Participant is currently working, transfers employment after the Date of Grant, or is considered a resident of another country for local law purposes, the information contained herein may not apply to the Participant, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to the Participant.

UNITED STATES

There are no country-specific provisions.

**APPENDIX B
TO
THE CARLYLE GROUP INC.
GLOBAL RESTRICTED STOCK UNIT AGREEMENT**

Non-Competition

In consideration of the Award granted under the Global Restricted Stock Unit Agreement to which this Appendix B is attached and the Plan, you covenant and agree that, both during your employment with the Company or any Affiliate and for a period of [___] months after the earlier of (x) the last day that you are employed by the Company and/or any Affiliate and (y) the first day of any applicable notice period or garden leave period (the “*Non-Competition Period*”), you will not, directly or indirectly, without the prior written consent of the Company, provide services in the United States, to a Competing Investment Business. The Non-Competition Period shall run concurrently with any applicable notice period or garden leave period and shall not be extended by any such notice period or garden leave period. For purposes of this Non-Competition and Non-Solicitation Agreement (this “*Agreement*”), “*Competing Investment Business*” means [_____]. Capitalized terms used and not defined herein shall have the meanings set forth in the Global Restricted Stock Unit Agreement to which this Appendix B is attached. Notwithstanding anything to the contrary herein, this Agreement does not prevent you from (i) managing your personal investment activities for which you receive no compensation in any form and (ii) participating in charitable, community, literary and artistic activities.

Non-Solicitation

You covenant and agree that, both during your employment with the Company or any Affiliate and for a period of [___] months after the earlier of (x) the last day that you are employed by the Company and/or any Affiliate and (y) the first day of any applicable notice period or garden leave period, you will not, directly or indirectly, without the prior written consent of the Company: (i) participate in any capacity, including as an investor or an advisor, in any transaction that the Company or any of its Affiliates were actively considering investing in or offering to invest in prior to the date of termination; (ii) solicit, contact or identify investors in any investment partnership, fund, vehicle or managed account controlled or advised by the Company or its Affiliates (to the extent you know that such person or entity is an investor, directly or indirectly, in such partnership, fund or managed account) on behalf of any person or entity; or (iii) recruit, solicit, induce or seek to induce any current employee of the Company or its Affiliates to become employed by you or any other person or entity.

General Agreements

You agree that these Non-Competition and Non-Solicitation covenants (together, the “*Covenants*”) may limit your ability to earn a livelihood in a business that is a Competing Investment Business, but you nevertheless hereby agree and acknowledge that the consideration provided to you in the Global Restricted Stock Unit Agreement to which this Appendix B is attached is adequate to support the restrictions contained in this Agreement. You further agree

that the restrictions set forth in the Covenants are reasonable and necessary to protect the Company's and/or its Affiliates' trade secrets, confidential information and other legitimate business interests.

In the event that any court or tribunal of competent jurisdiction shall determine either Covenant to be unenforceable or invalid for any reason, you and the Company agree that such Covenant shall be interpreted to extend only over the maximum period of time for which it may be enforceable, and/or the maximum geographical area as to which it may be enforceable, and/or to the maximum extent in any and all respects as to which it may be enforceable, all as determined by such court or tribunal. This Agreement shall survive the termination of your employment for any reason.

Remedies

You agree and acknowledge that the Covenants are a material inducement to Carlyle to grant the Award under the Global Restricted Stock Unit Agreement to which this Appendix B is attached and the Plan. You acknowledge that any breach or threatened breach of either of the Covenants may result in substantial, continuing, and irreparable injury to the Company and will constitute a material breach of this Agreement. In the event of any breach or threatened breach of either of the Covenants, you and the Company agree that to the extent permitted by law, the Company shall be entitled to forfeiture and clawback of the outstanding RSUs (whether or not vested) or Shares related to this Award as set forth in Section 4(d) of the Global Restricted Stock Unit Agreement to which this Appendix B is attached. Further, in the event of any breach or threatened breach of either of the Covenants, you agree that, to the extent permitted by law, the Company shall be entitled to set off, deduct or forfeit any amounts or interests to which you may otherwise be entitled from Carlyle in an amount not to exceed the excess of (a) the aggregate initial value of the RSU Award contained in the Global Restricted Stock Unit Agreement to which this Appendix B is attached, calculated by multiplying the number of RSUs granted by the volume weighted average price for the [] trading day period ending [], of \$[] per share, as reported on Bloomberg (the "[] Trading Day VWAP") over (b) the value of the number of Shares forfeited or clawed back (if any) pursuant to Section 4(d) of the Global Restricted Stock Unit Agreement to which this Appendix B is attached multiplied by the [] Trading Day VWAP.

The Carlyle Group Inc.
Amended and Restated 2012 Equity Incentive Plan
Form of Global Restricted Stock Unit Agreement
for Executive Officers
(Strategic Equity Performance-Vesting)

Participant:

Date of Grant:

Number of RSUs:

1. Grant of RSUs. The Carlyle Group Inc. (the “Company”) hereby grants the number of restricted stock units (the “RSUs”) listed above to the Participant (the “Award”), effective as of [____] (the “Date of Grant”), on the terms and conditions hereinafter set forth in this agreement including any Appendix hereto, which includes any applicable country-specific provisions (together, the “Award Agreement”). This grant is made pursuant to the terms of The Carlyle Group Inc. Amended and Restated 2012 Equity Incentive Plan (as amended, modified or supplemented from time to time, the “Plan”), which is incorporated herein by reference and made a part of this Award Agreement. Each RSU represents the unfunded, unsecured right of the Participant to receive a Share on the delivery date(s) specified in Section 4 hereof.

2. Definitions. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

(a) “Cause” shall mean the determination by the Administrator that the Participant has (i) engaged in gross negligence or willful misconduct in the performance of the Participant’s duties, (ii) willfully engaged in conduct that the Participant knows or, based on facts known to the Participant, should know is materially injurious to the Company or any of its Affiliates, (iii) materially breached any material provision of the Participant’s employment agreement or other Restrictive Covenant Agreement with the Company or its Affiliates, (iv) been convicted of, or entered a plea bargain or settlement admitting guilt for, fraud, embezzlement, or any other felony under the laws of the United States or of any state or the District of Columbia or any other country or any jurisdiction of any other country (but specifically excluding felonies involving a traffic violation), (v) been the subject of any order, judicial or administrative, obtained or issued by the U.S. Securities and Exchange Commission (“SEC”) or similar agency or tribunal of any country, for any securities violation involving insider trading, fraud, misappropriation, dishonesty or willful misconduct (including, for example, any such order consented to by the Participant in which findings of facts or any legal conclusions establishing liability are neither admitted nor denied), or (vi) discussed the Company’s (or its Affiliates’) fundraising efforts, or the name of any fund vehicle that has not had a final closing of commitments, to any reporter or representative of any press or other public media.

(b) “Performance Year” has the meaning set forth on Exhibit A.

(c) “Qualifying Event” shall mean the Participant’s death or Disability.

(d) “Restrictive Covenant Agreement” shall mean any agreement (including, without limitation, this Award Agreement), and any attachments or schedules thereto, entered into by and between the Participant and the Company or its Affiliates, pursuant to which the Participant has agreed, among other things, to certain restrictions relating to non-competition (if applicable), non-solicitation and/or confidentiality, in order to protect the business of the Company and its Affiliates.

(e) “Vested RSUs” shall mean those RSUs which have become vested based on achievement of the relevant performance goals for each Performance Year pursuant to Exhibit A or otherwise pursuant to this Award Agreement or the Plan.

(f) “Vesting Date” shall mean the date following each Performance Year on which the Board of Directors or its designee certifies the attainment of the established performance goals set forth on Exhibit A, which shall occur promptly (but no more than eight (8) business days) following certification of the Company’s fourth quarter results for the Performance Year.

3. Vesting.

(a) *Vesting – General*. Subject to the Participant’s continued Services with the Company and its Affiliates through each Vesting Date, a number of RSUs shall vest and become Vested RSUs if (and only if) the performance goal for the immediately preceding Performance Year has been achieved as set forth on Exhibit A.

(b) *Vesting – Qualifying Event*. Upon the occurrence of a Qualifying Event prior to the completion (or prior to the commencement) of any Performance Year, the number of RSUs eligible to vest for any such Performance Year(s) shall immediately vest (to the extent not previously vested). Upon the occurrence of a Qualifying Event following the completion of a Performance Year (but prior to the Vesting Date for such Performance Year), the Participant shall remain eligible to vest in the RSUs for such Performance Year if (and only if) the performance goal for the immediately preceding Performance Year is achieved as set forth on Exhibit A upon the corresponding Vesting Date. For the avoidance of doubt, a Qualifying Event shall not result in the vesting of any portion of the RSUs forfeited prior to the date of any such Qualifying Event (including, without limitation, any forfeitures due to failure to achieve the relevant performance goals for a completed Performance Year).

(c) *Vesting – Terminations*. Except as otherwise set forth in Section 3(b), in the event the Participant’s Services with the Company and its Affiliates are terminated for any reason, if the Award has not yet vested pursuant to Section 3(a) or 3(b) hereof (or otherwise pursuant to the Plan) it shall be canceled immediately and the Participant shall automatically forfeit all rights with respect to the Award as of the date of such termination. For purposes of this provision, the effective date of termination of the Participant’s Services will be determined in accordance with Section 8(k) hereof.

4. Vesting and Delivery Dates; Transfer Restrictions.

(a) *Delivery – General.* The Company shall, on or within 30 days following each Vesting Date, deliver (or cause delivery to be made) to the Participant the Shares underlying the RSUs that vest and become Vested RSUs on the Vesting Date.

(b) *Delivery – Qualifying Event.* Upon the occurrence of a Qualifying Event, the Company shall, within 30 days following the date of such event, deliver (or cause delivery of) Shares to the Participant in respect of 100% of the RSUs which vest and become Vested RSUs on such date.

(c) *Delivery – Terminations.* Except as otherwise set forth in Section 4(b) or 4(d), in the event the Participant's Services with the Company and its Affiliates are terminated for any reason, the Company shall within 30 days following the date of such termination, deliver (or cause delivery of) Shares to the Participant in respect of any then outstanding Vested RSUs.

(d) *Forfeiture – Cause Termination or Breach of Restrictive Covenants.* Notwithstanding anything to the contrary herein, upon the termination of the Participant's Services by the Company or any of its Affiliates for Cause or upon the Participant's breach of any of the restrictive covenants contained in Appendix B attached hereto for Participant's jurisdiction, or any applicable Restrictive Covenant Agreement, all outstanding RSUs (whether or not vested) shall immediately terminate and be forfeited without consideration and no further Shares with respect of the Award shall be delivered to the Participant or to the Participant's legal representative, beneficiaries or heirs. Without limiting the foregoing, to the extent permitted under applicable law, any Shares that have previously been delivered to the Participant or the Participant's legal representative, beneficiaries or heirs pursuant to the Award and which are still held by the Participant or the Participant's legal representative, or beneficiaries or heirs as of the date of such termination for Cause or such breach, shall also immediately terminate and be forfeited without consideration.

(e) *Transfer Restrictions for 25% of Vested RSUs.* Following any delivery of Shares in respect of Vested RSUs in accordance with this Section 4, 25% of such Shares (calculated on a pre-tax basis, determined without regard to any withholding or sale of Shares to cover taxes thereon) must be retained by the Participant and shall not be transferable until the earliest to occur of (i) the first anniversary of the date of the Participant's termination of Services, (ii) the fifth anniversary of the final Vesting Date under this Award Agreement, (iii) a Change in Control or (iv) a Qualifying Event.

5. Change in Control. Notwithstanding anything to the contrary herein, in the event of a Change in Control prior to the completion (or prior to the commencement) of any Performance Year, the number of RSUs eligible to vest for any such Performance Year(s) shall immediately vest (to the extent not previously vested). Upon the occurrence of a Change in Control following the completion of a Performance Year (but prior to the Vesting Date for such Performance Year), the Participant shall remain eligible to vest in the RSUs for such

Performance Year if (and only if) the performance goal for the immediately preceding Performance Year is achieved as set forth on Exhibit A upon the corresponding Vesting Date. For the avoidance of doubt, a Change in Control shall not result in the vesting of any portion of the RSUs forfeited prior to the date of any such Change in Control (including, without limitation, any forfeitures due to failure to achieve the relevant performance goals for a completed Performance Year).

6. No Dividends or Distributions on RSUs. No dividends or other distributions shall accrue or become payable with respect to any RSUs prior to the date upon which the Shares underlying the RSUs are issued or transferred to the Participant.

7. Adjustments Upon Certain Events. The Administrator shall make certain substitutions or adjustments to any RSUs subject to this Award Agreement pursuant to Section 9 of the Plan.

8. Nature of Grant. In accepting the grant, the Participant acknowledges, understands, and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company, at any time, to the extent permitted by the Plan;

(b) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;

(d) the granting of the RSUs evidenced by this Award Agreement shall impose no obligation on the Company or any Affiliate to continue the Services of the Participant and shall not lessen or affect the Company's or its Affiliate's right to terminate the Services of such Participant;

(e) the Participant is voluntarily participating in the Plan;

(f) the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) the RSUs should in no event be considered as compensation for, or relating in any way to, past services for the Company, the Employer (as defined in Section 15 of this Award Agreement) or any Affiliate or predecessor;

(i) unless otherwise agreed with the Company, the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not granted as consideration for, or in connection with, the Services Participant may provide as a director of an Affiliate;

(j) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(k) in the event of termination of the Participant's Services for any reason, except as set forth in Sections 3(b) and 4(b) (whether or not later to be found invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), unless otherwise determined by the Company, the Participant's right to vest in the RSUs under the Plan, if any, will terminate effective as of the date that the Participant is no longer actively providing Services and will not be extended by any notice period (e.g., active Services would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed, or the terms of the Participant's employment agreement, if any); the Administrator shall have the exclusive discretion to determine when the Participant is no longer actively providing Services for purposes of the RSUs grant (including whether the Participant may still be considered to be providing Services while on an approved leave of absence); and

(l) in addition to the provisions above in this Section 8, the following provisions apply if the Participant is providing Services outside the United States:

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from termination of the Participant's Services as set forth in Section 3(c), 4(c) or 4(d) above for any reason (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and in consideration of the grant of the RSUs, the Participant agrees not to institute any claim against the Company or any Affiliate;

(ii) the RSUs and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose; and

(iii) neither the Company nor any Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due

to the Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

9. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

10. **Data Privacy Information and Consent.** *The Company is located at 1001 Pennsylvania Avenue, NW, Washington, DC 20004 U.S.A. and grants employees of the Company and its Affiliates RSUs, at the Company's sole discretion. If the Participant would like to participate in the Plan, please review the following information about the Company's data processing practices and declare the Participant's consent.*

(a) **Data Collection and Usage:** *The Company collects, processes and uses personal data of Participants, including name, home address and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all RSUs, canceled, vested, or outstanding in the Participant's favor, which the Company receives from the Participant or the Employer. If the Company offers the Participant a grant of RSUs under the Plan, then the Company will collect the Participant's personal data for purposes of allocating Shares and implementing, administering and managing the Plan. The Company's legal basis for the processing of the Participant's personal data would be his or her consent.*

(b) **Stock Plan Administration Service Providers:** *The Company transfers participant data to Morgan Stanley, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share the Participant's data with another company that serves in a similar manner. The Company's service provider will open an account for the Participant to receive and trade Shares. The Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition to the Participant's ability to participate in the Plan.*

(c) **International Data Transfers:** *The Company and its service providers are based in the United States. If the Participant is outside the United States, the Participant should note that his or her country has enacted data privacy laws that are different from the United States. The Company's legal basis for the transfer of the Participant's personal data is his or her consent.*

(d) **Data Retention:** *The Company will use the Participant's personal data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and security laws.*

(e) Voluntariness and Consequences of Consent Denial or Withdrawal: The Participant's participation in the Plan and the Participant's grant of consent is purely voluntary. The Participant may deny or withdraw his or her consent at any time. If the Participant does not consent, or if the Participant withdraws his or her consent, the Participant cannot participate in the Plan. This would not affect the Participant's salary as an employee or his or her career; the Participant would merely forfeit the opportunities associated with the Plan.

(f) Data Subject Rights: The Participant has a number of rights under data privacy laws in his or her country. Depending on where the Participant is based, the Participant's rights may include the right to (i) request access or copies of personal data of the Company processes, (ii) rectification of incorrect data, (iii) deletion of data, (iv) restrictions on processing, (v) portability of data, (vi) lodge complaints with competent authorities in the Participant's country, and/or (vii) a list with the names and address of any potential recipients of the Participant's data. To receive clarification regarding the Participant's rights or to exercise the Participant's rights please contact the Company at The Carlyle Group Inc., 1001 Pennsylvania Avenue, NW, Washington, DC 20004 U.S.A., Attention: Equity Management.

If the Participant agrees with the data processing practices as described in this notice, please declare the Participant's consent by clicking the "Accept Award" button on the Morgan Stanley award acceptance page or signing below.

11. **No Rights of a Holder of Shares.** Except as otherwise provided herein, the Participant shall not have any rights as a holder of Shares until such Shares have been issued or transferred to the Participant.

12. **Restrictions.** Any Shares issued or transferred to the Participant or to the Participant's beneficiary pursuant to Section 4 of this Award Agreement (including, without limitation, following the Participant's death or Disability) shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such Shares are listed and any applicable U.S. or non-U.S. federal, state or local laws, and the Administrator may cause a notation or notations to be put entered into the books and records of the Company to make appropriate reference to such restrictions. Without limiting the generality of the forgoing, a Participant's ability to sell or transfer the Shares shall be subject to such trading policies or limitations as the Administrator may, in its sole discretion, impose from time to time on current or former senior professionals, employees, consultants, directors, members, partners or other service providers of the Company or of any of its Affiliates.

13. **Transferability.** Unless otherwise determined or approved by the Administrator, no RSUs may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 13 shall be void and unenforceable against the Company or any Affiliate.

14. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 14):

(a) If to the Company, to:

The Carlyle Group Inc.
1001 Pennsylvania Avenue, NW
Washington, DC 20004
Attention: General Counsel
Fax: (202) 315-3678

(b) If to the Participant, to the address appearing in the personnel records of the Company or any Affiliate.

15. Withholding. The Participant acknowledges that he or she may be required to pay to the Company or, if different, an Affiliate that employs the Participant (the "Employer"), and that the Company, the Employer, or any Affiliate shall have the right and are hereby authorized to withhold from any compensation or other amount owing to the Participant, applicable income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items (including taxes that are imposed on the Company or the Employer as a result of the Participant's participation in the Plan but are deemed by the Company or the Employer to be an appropriate charge to the Participant) (collectively, "Tax-Related Items"), with respect to any issuance, transfer, or other taxable event under this Award Agreement or under the Plan and to take such action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such Tax-Related Items. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to the grant or vesting of the RSUs and the subsequent sale of Shares acquired upon settlement of the Vested RSUs; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve a particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Without limiting the foregoing, the Administrator may, from time to time, permit the Participant to make arrangements prior to any Vesting Date described herein to pay the applicable Tax-Related Items in a manner prescribed by the Administrator prior to the applicable Vesting Date; provided that, unless otherwise determined by the Administrator, any such payment or estimate must be received by the Company prior to the applicable Vesting Date. Additionally, the Participant authorizes the Company and/or the Employer to satisfy the obligations with regard to all Tax-Related Items by withholding from proceeds of the sale of Shares acquired upon settlement of

the Vested RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization). Depending on the withholding method, the Company and/or the Employer may withhold or account for the Tax-Related Items by considering minimum statutory withholding amounts or other applicable withholding rates in the Participant's jurisdiction(s), including maximum applicable rates. In the event of overwithholding, the Participant may receive a refund of any over-withheld amount in cash through the Employer's normal payroll process (with no entitlement to the equivalent in Shares), or if not refunded, the Participant may seek a refund from the applicable tax authorities. In the event of under-withholding, the Participant may be required to pay additional Tax-Related Items directly to the applicable tax authorities or to the Company and/or the Employer. The Participant acknowledges that, regardless of any action taken by the Company, the Employer, or any Affiliate the ultimate liability for all Tax-Related Items, is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Company may refuse to issue or deliver the Shares or the proceeds from the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

16. Choice of Law; Venue. The interpretation, performance and enforcement of this Award Agreement shall be governed by the law of the State of New York without regard to its conflict of law provisions. Any and all disputes, controversies or issues arising out of, concerning or relating to this Award, this Award Agreement or the relationship between the parties evidenced by the Award Agreement, including, without limitation, disputes, controversies or issues arising out of, concerning or relating to the construction, interpretation, breach or enforcement of this Award Agreement, shall be brought exclusively in the courts in the State of New York, City and County of New York, including the Federal Courts located therein (should Federal jurisdiction exist). Each of the parties hereby expressly represents and agrees that it/he/she is subject to the personal jurisdiction of said courts, irrevocably consents to the personal jurisdiction of such courts; and waives to the fullest extent permitted by law any objection which it/he/she may now or hereafter have that the laying of the venue of any legal lawsuit or proceeding related to such dispute, controversy or issue that is brought in any such court is improper or that such lawsuit or proceeding has been brought in an inconvenient forum.

17. WAIVER OF RIGHT TO JURY TRIAL. AS SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AWARD AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL OF ITS/HIS/HER CHOICE), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING ARISING OUT OF, CONCERNING OR RELATING TO THIS AWARD, THIS AWARD AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES EVIDENCED BY THIS AWARD AGREEMENT AND/OR THE MATTERS CONTEMPLATED THEREBY.

18. Subject to Plan. By entering into this Award Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. All RSUs and Shares issued or transferred with respect thereof are subject to the Plan. In the event of a conflict

between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

19. Entire Agreement. This Award Agreement contains the entire understanding between the parties with respect to the RSUs granted hereunder (including, without limitation, the vesting and delivery schedules and other terms described herein and in each Appendix), and hereby replaces and supersedes any prior communication and arrangements between the Participant and the Company or any of its Affiliates with respect to the matters set forth herein and any other pre-existing economic or other arrangements between the Participant and the Company or any of its Affiliates, unless otherwise explicitly provided for in any other agreement that the Participant has entered into with the Company or any of its Affiliates and that is set forth on Schedule A hereto. Unless set forth on a Schedule A attached hereto, no such other agreement entered into prior to the Date of Grant shall have any effect on the terms of this Award Agreement.

20. Modifications. Notwithstanding any provision of this Award Agreement to the contrary, the Company reserves the right to modify the terms and conditions of this Award Agreement, including, without limitation, the timing or circumstances of the issuance or transfer of Shares to the Participant hereunder, to the extent such modification is determined by the Company to be necessary to comply with applicable law or preserve the intended deferral of income recognition with respect to the RSUs until the issuance or transfer of Shares hereunder.

21. Signature in Counterparts; Electronic Acceptance. This Award Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Alternatively, this Award Agreement may be granted to and accepted by the Participant electronically (including via DocuSign).

22. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

23. Compliance with Law. Notwithstanding any other provision of this Award Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon settlement of the RSUs prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the SEC or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, the Participant agrees that the Company shall have

unilateral authority to amend the Plan and the Award Agreement without the Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.

24. Language. The Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Participant to understand the terms and conditions of this Award Agreement. Furthermore, if the Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

25. Severability. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

26. Appendix. Notwithstanding any provisions in this Award Agreement, the RSUs grant shall be subject to any additional terms and conditions set forth in each Appendix to this Award Agreement for the Participant's country. Moreover, if the Participant relocates to another country, any additional terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Each Appendix hereto constitutes part of this Award Agreement.

27. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

28. Waiver. The Participant acknowledges that a waiver by the Company of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by the Participant or any other participant.

29. Insider Trading Restrictions/Market Abuse Laws. The Participant acknowledges that, depending on his or her country of residence, or broker's country of residence, or where the Shares are listed, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to directly or indirectly, accept, acquire, sell, or attempt to sell or otherwise dispose of Shares or rights to Shares (e.g., RSUs) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws or regulations in applicable jurisdictions or Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders placed by the Participant before possessing inside information. Furthermore, the Participant understands that he or she may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to otherwise buy or sell securities.

Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Participant should speak to his or her personal advisor on this matter.

30. Foreign Asset/Account Reporting. The Participant's country of residence may have certain foreign asset and/or account reporting requirements which may affect his or her ability to acquire or hold RSUs under the Plan or cash received from participating in the Plan (including sales proceeds arising from the sale of Shares) in a brokerage or bank account outside the Participant's country. The Participant may be required to report such amounts, assets or transactions to the tax or other authorities in his or her country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of participation in the Plan to the Participant's country through a designated broker or bank within a certain time after receipt. The Participant is responsible for ensuring compliance with such regulations and should speak with his or her personal legal advisor regarding this matter.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement.⁽¹⁾

THE CARLYLE GROUP INC.

By: _____
Name:
Title:

PARTICIPANT

[Name]

(1) If this Award Agreement is delivered to the Participant electronically, the Participant’s electronic acceptance of the Award Agreement (pursuant to instructions separately communicated to the Participant) shall constitute acceptance of the Award Agreement and shall be binding on the Participant and the Company in lieu of any required signatures to this Award Agreement.

EXHIBIT A
VESTING TERMS

[Name]

The RSU Award granted pursuant to this Agreement shall be eligible to vest in installments pursuant to the terms described in this Exhibit A, based on [Performance Metric] for the relevant Performance Years, as set forth below, in each case, subject to adjustment to exclude the effects of extraordinary, unusual or infrequently occurring events.

I. Definitions. Capitalized terms not otherwise defined in the Plan or the Agreement have the following meanings:

- a. [Performance Metrics]
- b. "Performance Years" means each of calendar years [____] through [____].

II. Vesting. Subject to the Participant's continued Services with the Company and its Affiliates through the relevant Vesting Dates (other than as may be set forth in the Agreement), on each Vesting Date, a number of RSUs shall be eligible to vest based on the chart below, if the Performance Goal in respect of the immediately preceding Performance Year has been achieved. Any portion of the RSUs in respect of a Performance Year that do not become vested in accordance with this Exhibit A shall, effective as of the corresponding Vesting Date for such Performance Year, be forfeited by the Participant without consideration.

[Performance Metric]

Performance Year	Annual Performance Goal	Percentage of RSUs Eligible to Vest

For the avoidance of doubt, any failure to attain the relevant Performance Goal in respect of a Performance Year shall result in the permanent forfeiture of the entire corresponding portion of the RSUs that were eligible to vest for such Performance Year.

**APPENDIX A
TO
THE CARLYLE GROUP INC.
GLOBAL RESTRICTED STOCK UNIT AGREEMENT**

Terms and Conditions

This Appendix A includes additional terms and conditions that govern the Award of restricted stock units (“RSUs”) granted to the Participant under The Carlyle Group Inc. Amended and Restated 2012 Equity Incentive Plan (the “Plan”) if the Participant works and resides in any of the countries listed below. Capitalized terms used but not defined in this Appendix A are defined in the Plan and/or Award Agreement and have the meanings set forth therein.

Notifications

This Appendix A also includes information regarding securities laws, exchange controls and certain other issues of which the Participant should be aware with respect to the Participant’s participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of February 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information noted in this Appendix A as the only source of information relating to the consequences of the Participant’s participation in the Plan because the information may be out of date by the time the Participant vests in the RSUs or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to the Participant’s situation.

Finally, the Participant understands that if he or she is a citizen or resident of a country other than the one in which the Participant is currently working, transfers employment after the Date of Grant, or is considered a resident of another country for local law purposes, the information contained herein may not apply to the Participant, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to the Participant.

UNITED STATES

There are no country-specific provisions.

**APPENDIX B
TO
THE CARLYLE GROUP INC.
GLOBAL RESTRICTED STOCK UNIT AGREEMENT**

Non-Competition and Non-Solicitation Agreement

Non-Competition

In consideration of the Award granted under the Global Restricted Stock Unit Agreement to which this Appendix B is attached and the Plan, you covenant and agree that, both during your employment with the Company or any Affiliate and for a period of [] months after the earlier of (x) the last day that you are employed by the Company and/or any Affiliate and (y) the first day of any applicable notice period or garden leave period (the “*Non-Competition Period*”), you will not, directly or indirectly, without the prior written consent of the Company, provide services in the United States, to a Competing Investment Business. The Non-Competition Period shall run concurrently with any applicable notice period or garden leave period and shall not be extended by any such notice period or garden leave period. For purposes of this Non-Competition and Non-Solicitation Agreement (this “*Agreement*”), “*Competing Investment Business*” means []. Capitalized terms used and not defined herein shall have the meanings set forth in the Global Restricted Stock Unit Agreement to which this Appendix B is attached. Notwithstanding anything to the contrary herein, this Agreement does not prevent you from (i) managing your personal investment activities for which you receive no compensation in any form and (ii) participating in charitable, community, literary and artistic activities.

Non-Solicitation

You covenant and agree that, both during your employment with the Company or any Affiliate and for a period of [] months after the earlier of (x) the last day that you are employed by the Company and/or any Affiliate and (y) the first day of any applicable notice period or garden leave period, you will not, directly or indirectly, without the prior written consent of the Company: (i) participate in any capacity, including as an investor or an advisor, in any transaction that the Company or any of its Affiliates were actively considering investing in or offering to invest in prior to the date of termination; (ii) solicit, contact or identify investors in any investment partnership, fund, vehicle or managed account controlled or advised by the Company or its Affiliates (to the extent you know that such person or entity is an investor, directly or indirectly, in such partnership, fund or managed account) on behalf of any person or entity; or (iii) recruit, solicit, induce or seek to induce any current employee of the Company or its Affiliates to become employed by you or any other person or entity.

General Agreements

You agree that these Non-Competition and Non-Solicitation covenants (together, the “*Covenants*”) may limit your ability to earn a livelihood in a business that is a Competing Investment Business, but you nevertheless hereby agree and acknowledge that the consideration provided to you in the Global Restricted Stock Unit Agreement to which this Appendix B is

attached is adequate to support the restrictions contained in this Agreement. You further agree that the restrictions set forth in the Covenants are reasonable and necessary to protect the Company's and/or its Affiliates' trade secrets, confidential information and other legitimate business interests.

In the event that any court or tribunal of competent jurisdiction shall determine either Covenant to be unenforceable or invalid for any reason, you and the Company agree that such Covenant shall be interpreted to extend only over the maximum period of time for which it may be enforceable, and/or the maximum geographical area as to which it may be enforceable, and/or to the maximum extent in any and all respects as to which it may be enforceable, all as determined by such court or tribunal. This Agreement shall survive the termination of your employment for any reason.

Remedies

You agree and acknowledge that the Covenants are a material inducement to Carlyle to grant the Award under the Global Restricted Stock Unit Agreement to which this Appendix B is attached and the Plan. You acknowledge that any breach or threatened breach of either of the Covenants may result in substantial, continuing, and irreparable injury to the Company and will constitute a material breach of this Agreement. In the event of any breach or threatened breach of either of the Covenants, you and the Company agree that to the extent permitted by law, the Company shall be entitled to forfeiture and clawback of the outstanding RSUs (whether or not vested) or Shares related to this Award as set forth in Section 4(d) of the Global Restricted Stock Unit Agreement to which this Appendix B is attached. Further, in the event of any breach or threatened breach of either of the Covenants, you agree that, to the extent permitted by law, the Company shall be entitled to set off, deduct or forfeit any amounts or interests to which you may otherwise be entitled from Carlyle in an amount not to exceed the excess of (a) the aggregate initial value of the RSU Award contained in the Global Restricted Stock Unit Agreement to which this Appendix B is attached, calculated by multiplying the number of RSUs granted by the volume weighted average price for the [] trading day period ending [], of \$[] per share, as reported on Bloomberg (the "[] *Trading Day VWAP*") over (b) the value of the number of Shares forfeited or clawed back (if any) pursuant to Section 4(d) of the Global Restricted Stock Unit Agreement to which this Appendix B is attached multiplied by the [] Trading Day VWAP.

I, Kewsong Lee, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of The Carlyle Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2021

/s/ Kewsong Lee

Kewsong Lee

Chief Executive Officer

The Carlyle Group Inc.

(Principal Executive Officer)

I, Curtis L. Buser, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of The Carlyle Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2021

/s/ Curtis L. Buser

Curtis L. Buser

Chief Financial Officer

The Carlyle Group Inc.

(Principal Financial Officer)

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of The Carlyle Group Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2021 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kewsong Lee, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kewsong Lee

Kewsong Lee
Chief Executive Officer
The Carlyle Group Inc.

Date: April 29, 2021

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of The Carlyle Group Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2021 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Curtis L. Buser, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Curtis L. Buser

Curtis L. Buser

Chief Financial Officer

The Carlyle Group Inc.

Date: April 29, 2021

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.