



JULY 31, 2019

NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF NON-GAAP FINANCIAL
MEASURES TO COMPARABLE U.S. GAAP
FINANCIAL MEASURE

THE CARLYLE GROUP

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RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The following table is a reconciliation of Income Before Provision for Income Taxes to Distributable Earnings and Fee Related Earnings for the annual periods from 2013 through 2018, and the LTM periods ended June 30, 2016 and June 30, 2019. Income before provision for income taxes is the GAAP financial measure most comparable to Distributable Earnings and Fee Related Earnings.

	Year Ended December 31,						Twelve Months Ended June 30,	
	2013	2014	2015	2016	2017	2018	2016	2019
	(Dollars in millions)							
Income before provision for income taxes	\$ 1,444.0	\$ 991.9	\$ 402.2	\$ 45.3	\$ 1,132.3	\$ 360.2	\$ (604.1)	\$ 994.2
Adjustments:								
Net unrealized performance revenues	(516.9)	(74.6)	396.8	231.6	(625.2)	50.2	429.4	68.9
Unrealized principal investment (income) loss	53.2	5.0	(42.4)	(5.4)	(73.0)	(48.8)	10.8	(503.8)
Adjusted unrealized principal investment income from investment in Fortitude Re	-	-	-	-	-	(11.7)	-	(78.8)
Equity-based compensation	330.1	349.6	381.3	343.0	365.1	252.2	360.5	173.7
Acquisition related charges and amortization of intangibles	260.4	242.5	288.8	94.2	35.7	22.3	289.8	35.9
Other non-operating (income) / expenses	(16.5)	(30.3)	(7.4)	(11.2)	(71.4)	1.1	(1.1)	1.2
Tax expense associated with performance revenues	(34.9)	(25.3)	(14.9)	(15.1)	(9.2)	(1.5)	(14.7)	(5.7)
Net income attributable to non-controlling interests in Consolidated entities	(676.0)	(485.5)	(537.9)	(41.0)	(72.5)	(33.9)	272.7	(41.5)
Reserve for litigation and contingencies	-	-	50.0	-	(25.0)	-	50.0	-
Lease assignment and termination costs	-	-	-	-	-	66.9	-	63.5
Debt extinguishment costs	-	-	-	-	-	7.8	-	7.9
Severance and other adjustments	(6.2)	(0.1)	6.0	10.3	13.2	9.1	11.6	19.2
Distributable Earnings	<u>\$ 837.2</u>	<u>\$ 973.2</u>	<u>\$ 922.5</u>	<u>\$ 651.7</u>	<u>\$ 670.0</u>	<u>\$ 673.9</u>	<u>\$ 804.9</u>	<u>\$ 734.7</u>
(-) Realized Net Performance Revenues	674.5	732.8	788.5	625.3	552.6	319.7	580.8	194.8
(-) Realized Principal Investment Income	10.6	(6.1)	(64.8)	44.9	(25.8)	48.1	27.9	89.7
(+) Net Interest	41.8	53.5	53.3	51.1	48.8	44.3	50.7	50.2
(=) Fee Related Earnings	<u>\$ 193.9</u>	<u>\$ 300.0</u>	<u>\$ 252.1</u>	<u>\$ 32.6</u>	<u>\$ 192.0</u>	<u>\$ 350.4</u>	<u>\$ 246.9</u>	<u>\$ 500.4</u>