

The Carlyle Group logo, featuring the company name in a serif font, flanked by two horizontal lines.

THE CARLYLE GROUP

GLOBAL ALTERNATIVE ASSET MANAGEMENT

# Understanding Carlyle's Financial Statements

April 2012

# Notice to Recipients

---

This presentation has been prepared by The Carlyle Group L.P. (together with its affiliates, “Carlyle”) and may only be used for informational purposes. This presentation provides an overview of Carlyle and is not intended to be taken by, and should not be taken by, any individual recipient as investment advice, a recommendation to buy, hold or sell any security, or an offer to sell or a solicitation of offers to purchase any security. An offer or solicitation for an investment in any investment fund managed or sponsored by Carlyle or its affiliates (“Fund”) will occur only through an offering memorandum and related purchase documentation, and subject to the terms and conditions contained in such documents and in such Fund’s operative agreements. The offering memorandum relating to any Fund contains additional information about the investment objective, terms and conditions of such Fund, tax information and risk disclosure that should be reviewed prior to making an investment decision regarding a Fund. This presentation is qualified in its entirety by any such offering memorandum, which should be read completely before making any investment. An investment in a Fund is speculative and involves significant risks.

Certain of the information contained in this presentation represents or is based upon forward-looking statements or information. You can identify these forward-looking statements by the use of words such as “outlook,” “believe,” “expect,” “potential,” “continue,” “may,” “will,” “should,” “seek,” “approximately,” “predict,” “intend,” “plan,” “estimate,” “anticipate” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Carlyle believes these factors include but are not limited to those described under “Risk Factors” in Carlyle’s registration statement on Form S-1 filed with the Securities and Exchange Commission. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in such registration statement. Carlyle undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

This presentation includes certain Non-GAAP financial measures, including Economic Net Income (ENI) and Distributable Earnings (DE). These Non-GAAP financial measures should be considered only as supplemental to, and not as a superior measure to, financial measures prepared in accordance with GAAP. Please refer to Appendix A of this presentation for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measure prepared in accordance with GAAP. For purposes of the non-financial operating and statistical data included in this presentation, including the aggregation of our non-U.S. dollar denominated investment funds, foreign currencies have been converted to U.S. dollars at the spot rate as of the last trading day of the reporting period and the average spot rate for the period has been utilized when presenting multiple periods. With respect to capital commitments raised in foreign currencies, the conversion to U.S. dollars is based on the exchange rate as of the date of closing of such capital commitment.

This presentation may not be referenced, quoted or linked by website, in whole or in part, except as agreed to in writing by Carlyle.

# Index

---

- I. How does Carlyle generate revenue?
  - a. Management Fees & Transaction/Portfolio-Advisory Fees
  - b. Investment Income
  - c. Performance Fees
- II. What metrics are most important to driving revenues?
- III. How does the Carlyle Engine impact Accrued Performance Fees and Performance Fee revenues?
- IV. What are Economic Net Income (ENI) & Distributable Earnings (DE) and how are they calculated?
- V. What is the difference between US GAAP Net Income and ENI or DE?
- VI. What is the connection between Distributions to LPs, Distributable Earnings, and Distributions to Unitholders?
- VII. Appendix

## How does Carlyle generate revenue?

### Management Fees

---

*Revenues primarily consist of fund management fees, performance fees, investment income, and interest and other income.*

### Fund Management Fees

- Management Fees are long-term, recurring fees we receive for advisory services we provide to our “carry” funds and collateralized loan obligations (CLOs)
- Our “carry” funds are our closed-end funds in Corporate Private Equity, Real Assets, and Global Market Strategies
- Management fees also are generated from our hedge funds
- **Management Fee Revenues** are earned on:
  - Capital commitments (i.e., starting when we raise the fund) for our “carry” funds while in the “investment period” (generally the first 4-5 years)
  - Invested capital at cost for our “carry” funds after the “investment period” (generally the last 4-5 years)
  - Assets under management (AUM) for our CLOs and hedge funds in Global Market Strategies
- Management fees for our carry funds range from 1.0%-2.0% during the investment period and step down to 0.6%-2.0% outside the investment period. Our hedge fund fees range from 1.5%-2.0%
- **Transaction and portfolio advisory fees** are episodic in nature and are negotiated fees for specific services provided to the underlying portfolio companies/assets

## How does Carlyle generate revenue?

# Management Fees - Definition of Fee-Earning AUM

		Total AUM	Fee-Earning AUM
Carry Funds	<ul style="list-style-type: none"> <li>• Corporate Private Equity</li> <li>• Real Assets</li> <li>• Global Market Strategies (Carry Funds)</li> </ul>	Fair Value of Capital + Available Capital	<p><i>During Investment Period:</i> LP Commitments</p> <p><i>After Investment Period:</i> LP Invested Capital, at cost<sup>1</sup></p>
Fund of Funds	<ul style="list-style-type: none"> <li>• AlpInvest</li> </ul>	Fair Value of Capital + Available Capital	<p><i>During Investment Period:</i> External Investor Commitments</p> <p><i>After Investment Period:</i> Lower of Cost or LP Invested Capital at Fair Value</p>
Other Funds	<ul style="list-style-type: none"> <li>• Global Market Strategies (Structured Credit)</li> </ul>	Collateral, at par <sup>2</sup>	Collateral, at par <sup>2</sup>
	<ul style="list-style-type: none"> <li>• Global Market Strategies (Hedge Funds)</li> </ul>	Net Asset Value	External Investor Portion of Net Asset Value

1. Insignificant amount based on lower of cost or fair value. Certain Real Estate funds include amounts committed to, or reserved for, investments.

2. Synthetic CLO based on notional value.



## How does Carlyle generate revenue?

### Investment Income

---

#### Explanation of Activity

- Carlyle makes investments in all of its carry funds to fulfill the general partners' contractual capital commitment to the fund, historically this has typically been approximately 0.5% of capital commitments
- Carlyle also has made additional capital commitments to certain carry funds in excess of the minimum commitment. Going forward, our intention is to commit 2% to every new Carlyle carry fund
- These capital commitments are not subject to fees or carry
- On occasion, Carlyle has also made other non-fund related investments using its existing capital

#### Basis of Revenue

- When an investment in a fund or a direct investment generates a gain based on the Fair Value of the fund or investment, we recognize that gain as **Investment Income**
- **Unrealized Investment Income** is the period-over-period change in the unrealized gain on the fund and/or investment, net of any realizations in the period
- **Realized Investment Income** is the cash gain that Carlyle receives when a fund and/or investment has a cash-generating event (e.g., exit or dividend)

## How does Carlyle generate revenue?

### Performance Fees

---

- Performance fees are:
  - the portion of the gains from our “carry” funds that Carlyle is entitled to retain (commonly known as “carried interest”)
  - incentive fees which we earn from our hedge funds and CLOs
- Performance fees are generally structured at:
  - 20% of the gains, but;
  - only once a fund has surpassed a specified **hurdle return rate (IRR)**, generally established at 8-9%, and;
  - once we have returned certain fund-related costs
- At period end, we walk each fund through a “**waterfall**” to determine if the fund is eligible to generate performance fees based on its returns net of relevant expenses being above the hurdle rate
- A fund that is determined to be “in carry” is eligible to generate “accrued” performance fees, which are non-cash in nature, but reflect the amount that Carlyle would be eligible to receive upon a hypothetical liquidation of the fund at fair value
- On the **GAAP Balance Sheet**, we recognize the total amount of **Accrued Performance Fees** that our entire existing, unrealized fund portfolio would generate if we sold every asset across all of our funds at Fair Value as of the end of each period
- In our Income Statement, we recognize the period-over-period change (positive or negative) in the balance of our Accrued Performance Fees as **Unrealized Performance Fee revenue**

### Performance Fees (cont.)

---

#### Realized Performance Fees

- **Realized Performance Fees** are generated when a fund that is “in carry” has a distribution event (e.g., an exit or dividend) and a portion of the gain from that distribution is paid to Carlyle
- The amount paid to Carlyle is determined through the “waterfall”
- We believe that Realized Performance Fees may be viewed as equivalent to cash revenues in the eyes of analysts and investors
- However, due to timing issues, Carlyle might receive the actual cash from the fund in the subsequent period
- Incentive fees in our hedge funds that meet their performance hurdles are accrued throughout the year and are then realized at year-end
- Every dollar recognized as **Realized Performance Fees** reduces the **Accrued Performance Fee** balance on the Balance Sheet by the same amount

#### Accrued Performance Fees (on Balance Sheet)

- **Accrued Performance Fees** on our Balance Sheet = The performance fees that our existing, unrealized fund portfolio would generate if we sold every asset across all of our funds at Fair Value as of the end of a given period
- While the realization of performance fees directly reduces the accrued performance fee balance, timing issues could delay the cash distribution. In that event, the accrued performance fee balance will reflect the realized performance fees for which Carlyle has not yet received cash from the fund
- **Accrued Performance Fees** are represented as an asset on the Balance Sheet together with investments and in the line item “Investments and accrued performance fees”



## How does Carlyle generate revenue?

### Net Performance Fees

---

- **Net Performance Fees** = Performance Fees - Performance Fee-Related Compensation
  - **Net Realized Performance Fees** = Realized Performance Fees - Realized Performance Fee-Related Compensation
- 

- To align the interests of our Investment Professionals with the interests of the LPs in each fund, we share a portion of our Performance Fee Revenues with the Investment Professionals who are responsible for the fund investments
- Prior to the IPO, the sharing percentage is determined on a fund-by-fund basis. On average, across all funds, the current share is approximately 43% to the firm and 57% to the deal team
- Upon the IPO, the deal teams will convert a portion of their fund-level performance fees into firm Units
- Post-IPO, the sharing percentage will change to 55% to the firm and 45% to the deal team (including the existing Accrued Performance Fees)
- Performance Fee-Related Compensation is recognized in the same manner as Performance Fees and, therefore, could be negative (a reduction of expense), if the related Performance fees are also negative for the period

## How does Carlyle generate revenue?

# Negative Unrealized Performance Fees: An Example

- Negative unrealized performance fees do not necessarily denote a decrease in value of carry
  - As shown in the example below, unrealized performance fees are impacted by:
    - the reclassification to realized performance fees from previously unrealized, and
    - a change in the remaining value of accrued performance fees
- The example below shows that unrealized performance fees can be negative in a positive-return environment
  - In year 1, \$1,000 in total performance fee revenue in 2011 reflects \$1,000 in carry generated on Fund A (unrealized)
  - In year 2, value creation comes from \$100 appreciation in the remaining \$500 unrealized balance from Fund A and the generation of \$250 in new unrealized carry from Fund B
  - The amount from Fund A that is realized does not create new value, but rather is simply reclassified as realized revenue rather than unrealized revenue

Year	Date	Commentary	Realized Performance Fee Revenue	Unrealized Performance Fee Revenue	Total Performance Fee Revenue	Accrued Performance Fee Balance on B/S
1	Beginning of year	Begin with \$0 carry in Fund A and Fund B	\$0	\$0	\$0	\$0
1	Throughout year	Fund A accrues carry during the year but is not realized	\$0	\$1,000	\$1,000	\$1,000
1	End of Year	Ending accrued performance fee balance on B/S				\$1,000
<b>Total</b>			<b>\$0</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$1,000</b>
2	Beginning of year	Starting Accrued Performance fee on B/S				\$1,000
2	Throughout year	Fund A realizes \$500 in carry	\$500	(\$500)	\$0	\$500
2	Throughout year	Remaining Fund A unrealized carry appreciates 20%		\$100	\$100	\$600
2	Throughout year	Fund B generates \$250 of accrued carry		\$250	\$250	\$850
2	End of Year	Ending accrued performance fee balance on B/S				\$850
<b>Total</b>			<b>\$500</b>	<b>(\$150)</b>	<b>\$350</b>	<b>\$850</b>

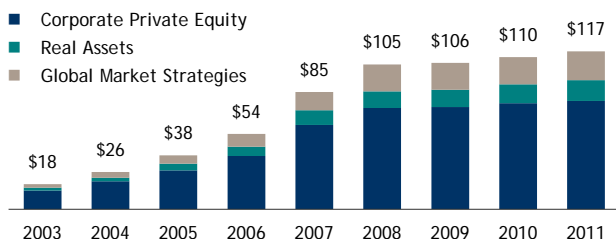
# Index

---

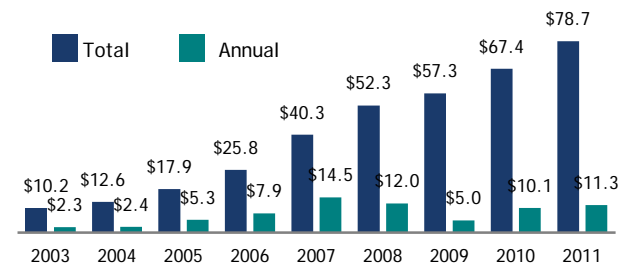
- I. How does Carlyle generate revenue?
  - a. Management Fees & Transaction/Portfolio-Advisory Fees
  - b. Investment Income
  - c. Performance Fees
- II. What metrics are most important to driving revenues?
- III. How does the Carlyle Engine impact Accrued Performance Fees and Performance Fee revenues?
- IV. What are Economic Net Income (ENI) & Distributable Earnings (DE) and how are they calculated?
- V. What is the difference between US GAAP Net Income and ENI or DE?
- VI. What is the connection between Distributions to LPs, Distributable Earnings, and Distributions to Unitholders?
- VII. Appendix

# The Carlyle Engine: Key Business Metrics

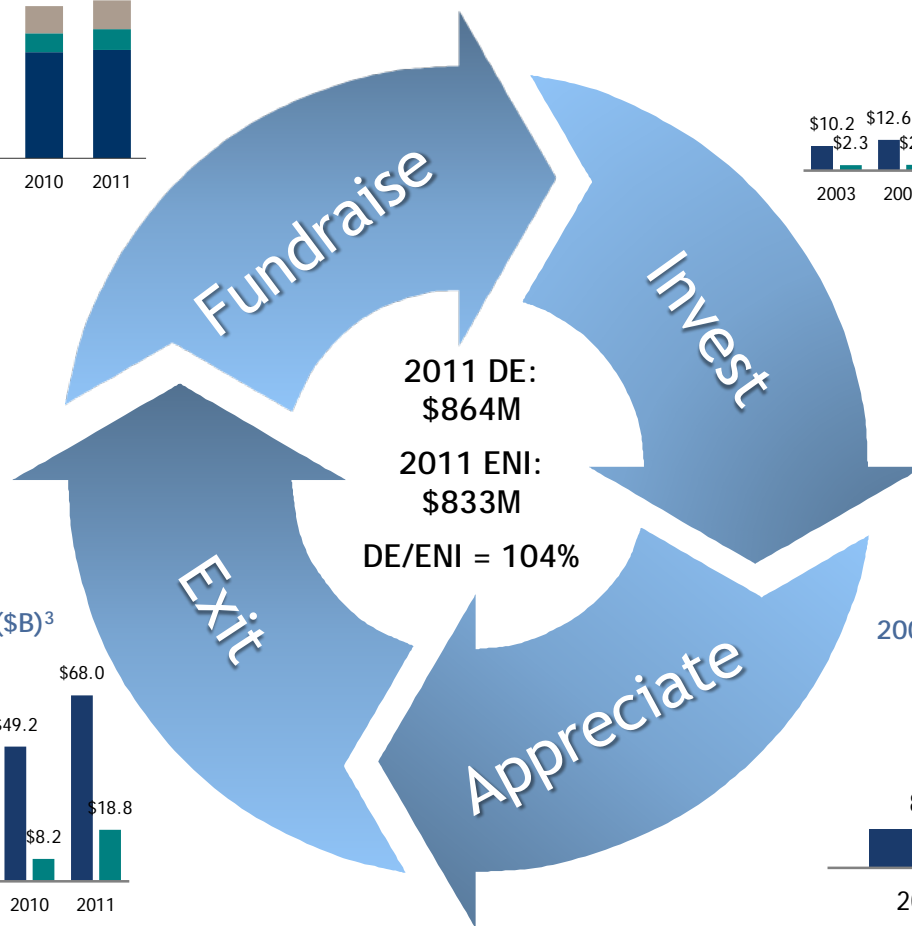
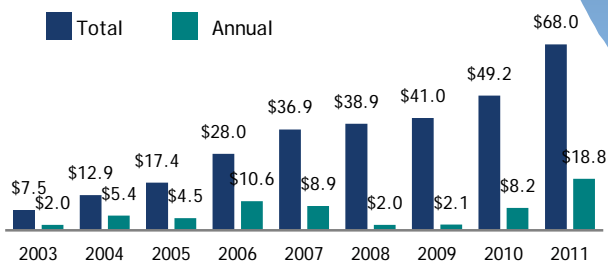
Cumulative Fundraising (\$B)<sup>1</sup>



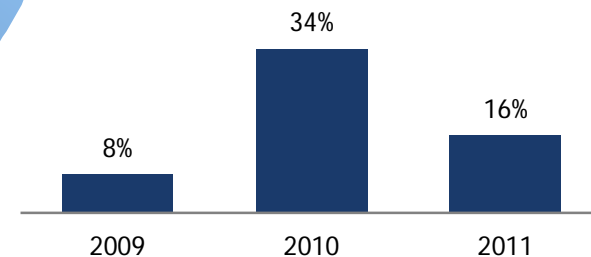
Total and Annual Investments (\$B)<sup>2</sup>



Annual and Total Distributions (\$B)<sup>3</sup>



2009-11 Annual Carry Fund Appreciation



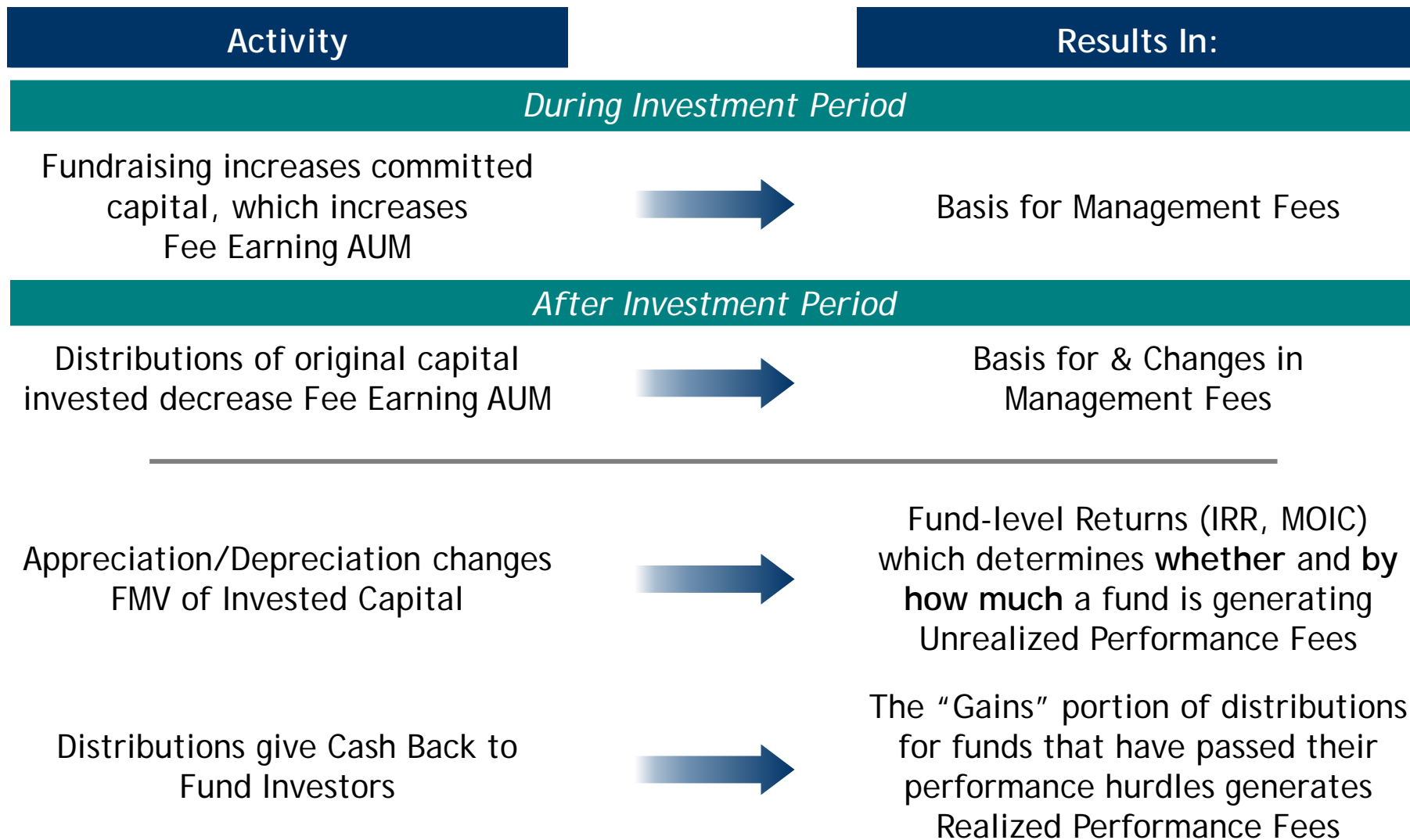
As of 12/31/2011.

1. Data excludes amounts acquired.

2. Investments from carry funds only.

3. Distributions from carry funds only.

# Engine at Work for Carry Funds





# Index

---

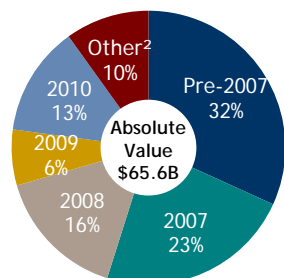
- I. How does Carlyle generate revenue?
  - a. Management Fees & Transaction/Portfolio-Advisory Fees
  - b. Investment Income
  - c. Performance Fees
- II. What metrics are most important to driving revenues?
- III. How does the Carlyle Engine impact Accrued Performance Fees and Performance Fee revenues?
- IV. What are Economic Net Income (ENI) & Distributable Earnings (DE) and how are they calculated?
- V. What is the difference between US GAAP Net Income and ENI or DE?
- VI. What is the connection between Distributions to LPs, Distributable Earnings, and Distributions to Unitholders?
- VII. Appendix



# Putting the Engine in Motion: Performance Fee Revenue

Fair Market Value of Remaining Capital in the Ground, by Vintage<sup>1</sup>

(as of 12/31/2010)



% of Gains generating Performance Fees

12/31/2010

Accrued Performance Fee Balance

(Net of Giveback)

(includes carry funds, structured credit hedge funds, & fund of funds)

**\$2.11B**

## 2011 Activities

Investments<sup>1</sup>  
**\$11.3B**

Appreciation<sup>1</sup> 16%      Distributions<sup>1</sup> \$18.8B

Unrealized      Realized

**\$1.1B**

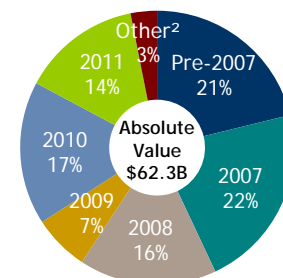
2011  
Performance Fee Revenue

**\$630M**

2011  
Net Performance Fee Revenue

Fair Market Value of Remaining Capital in the Ground, by Vintage<sup>1</sup>

(as of 12/31/2011)



% of Gains generating Performance Fees

12/31/2011

Accrued Performance Fee Balance

(Net of Giveback)

(includes carry funds, structured credit hedge funds, & fund of funds)

**\$2.08B**

1. Includes carry funds only.

2. Represents other assets, primarily cash, in our funds due to timing differences between when capital is called and subsequently invested, or between when proceeds are received and subsequently distributed.

# Index

---

- I. How does Carlyle generate revenue?
  - a. Management Fees & Transaction/Portfolio-Advisory Fees
  - b. Investment Income
  - c. Performance Fees
- II. What metrics are most important to driving revenues?
- III. How does the Carlyle Engine impact Accrued Performance Fees and Performance Fee revenues?
- IV. What are Economic Net Income (ENI) & Distributable Earnings (DE) and how are they calculated?
- V. What is the difference between US GAAP Net Income and ENI or DE?
- VI. What is the connection between Distributions to LPs, Distributable Earnings, and Distributions to Unitholders?
- VII. Appendix

## Definition: Economic Net Income (ENI)

### NON-GAAP: ECONOMIC NET INCOME (ENI)

Because US GAAP financial statements for Alternative Asset Managers contain funds and investment vehicles that are required to be consolidated, it is difficult to determine the operating performance of Carlyle. Economic Net Income (ENI) is a non-GAAP measure of Carlyle's operating performance, including the change in value of our unrealized investment portfolio.

Economic Net Income =

Total Fund-level Fee Revenue

+ PLUS Total Performance Fees

+ PLUS Total Investment Income

+ PLUS Interest & Other Income

- MINUS Direct Base Compensation

- MINUS Performance fee-related compensation  
(Realized & Unrealized)

- MINUS G&A and Other Indirect Expenses

- MINUS Interest Expense.

(\$M)	2011
+ Total Fund-level Fee Revenue	946.2
+ Total Performance Fee Revenue	1,106.2
+ Total Investment Income	81.4
+ Interest & Other Income	15.5
- Direct Base Compensation	(404.4)
- Performance Fee-related Comp.	(475.8)
- G&A and Other Indirect Expenses	(376.8)
- Interest Expense	(59.2)
= ECONOMIC NET INCOME	833.1

ENI is a pre-tax financial measurement.

# Definition: Distributable Earnings

## NON-GAAP: DISTRIBUTABLE EARNINGS (DE)

Distributable Earnings differs from Economic Net Income because it only includes the cash-generating portion of the performance and investment related revenues and compensation expenses. We believe investors use Distributable Earnings as a proxy for cash earnings. However, Distributable Earnings includes some non-cash expenses - equity compensation from annual employee grants as well as depreciation.

Distributable Earnings =		(\$M)	2011
Total Fund-level Fee Revenue		+ Total Fund-level Fee Revenue	946.2
+ PLUS	Realized Performance Fees	+ Realized Performance Fee Revenue	1301.3
+ PLUS	Realized Investment Income	+ Realized Investment Income	65.6
+ PLUS	Interest & Other Income	+ Interest & Other Income	15.5
- MINUS	Direct Base Compensation	- Direct Base Compensation	(404.4)
- MINUS	Realized Perf. fee-related compensation	- Realized Perf. Fee-related Exp.	(623.8)
- MINUS	G&A and Other Indirect Expenses	- G&A and Other Indirect Expenses	(376.8)
- MINUS	Interest Expense	- Interest Expense	(59.2)
		= DISTRIBUTABLE EARNINGS	864.4

Distributable Earnings is a pre-tax financial measurement.



# Index

---

- I. How does Carlyle generate revenue?
  - a. Management Fees & Transaction/Portfolio-Advisory Fees
  - b. Investment Income
  - c. Performance Fees
- II. What metrics are most important to driving revenues?
- III. How does the Carlyle Engine impact Accrued Performance Fees and Performance Fee revenues?
- IV. What are Economic Net Income (ENI) & Distributable Earnings (DE) and how are they calculated?
- V. What is the difference between US GAAP Net Income and ENI or DE?
- VI. What is the connection between Distributions to LPs, Distributable Earnings, and Distributions to Unitholders?
- VII. Appendix

# Summary of GAAP vs. Non-GAAP Financials

---

## Non-GAAP Financials - Economic Net Income & Distributable Earnings

- Reflect Carlyle's operating performance
- There are specific differences from US GAAP Net Income
  - Revenues and Expenses exclude the consolidated funds
  - Revenues and Expenses reflect proportionate consolidation of strategic majority acquisitions
  - Expenses exclude acquisition-related costs AND non-recurring expenses
  - Expenses include all partner compensation
  - Post IPO: expenses will include Equity Compensation from annual employee equity grants BUT will exclude IPO-related equity compensation

## US GAAP Net Income

- US GAAP Net Income includes the results from Carlyle's operating segments, but also includes the effect of consolidating certain funds, including most CLOs, into our consolidated financial results
- Specific elements of US GAAP Net Income
  - Includes consolidated funds
  - Includes full consolidation of acquired businesses
  - Includes acquisition-related costs AND non-recurring expenses
  - Pre-IPO: expenses exclude partner compensation
  - Post-IPO: expenses include partner compensation AND include IPO-related equity compensation

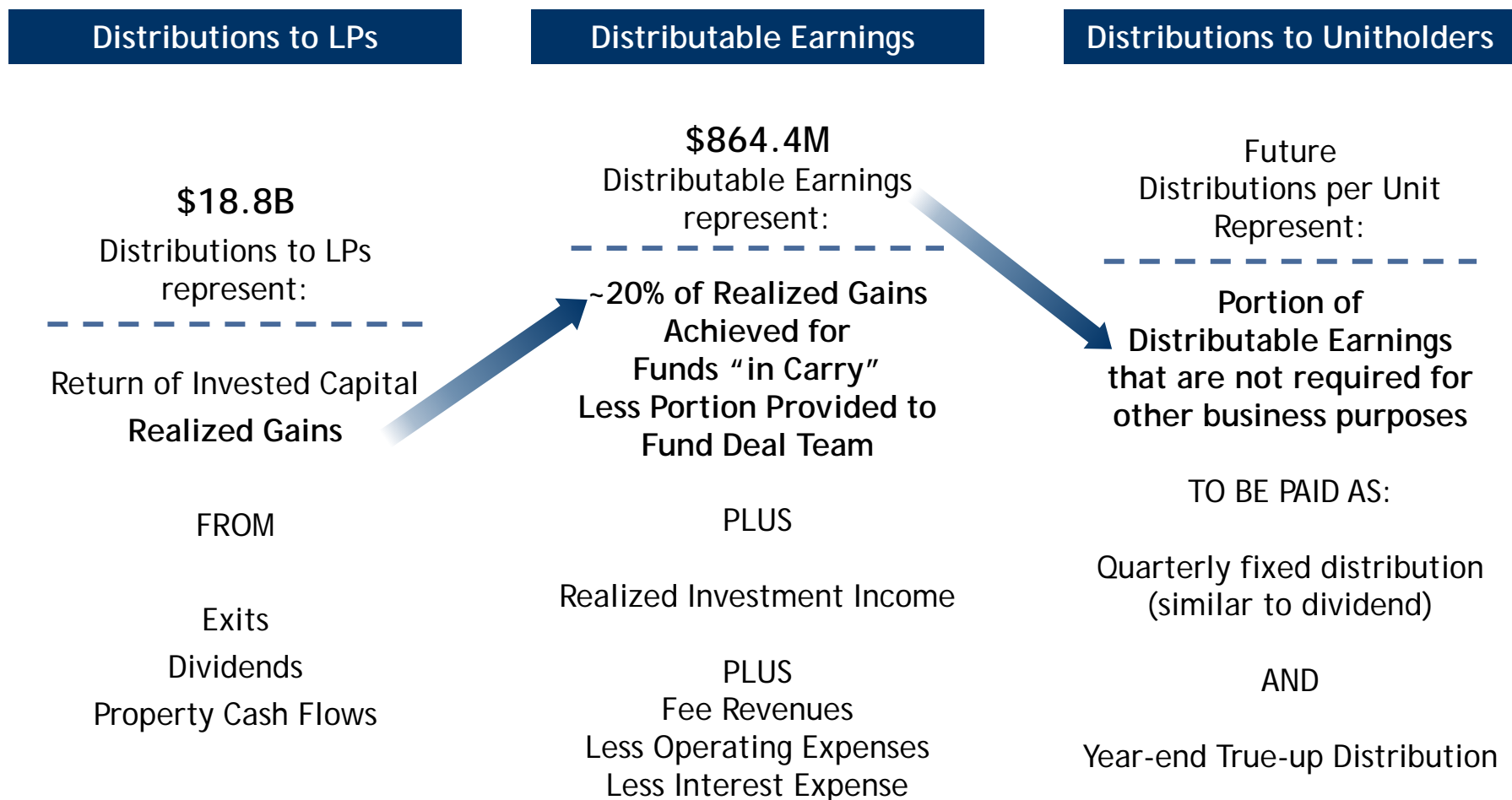


# Index

---

- I. How does Carlyle generate revenue?
  - a. Management Fees & Transaction/Portfolio-Advisory Fees
  - b. Investment Income
  - c. Performance Fees
- II. What metrics are most important to driving revenues?
- III. How does the Carlyle Engine impact Accrued Performance Fees and Performance Fee revenues?
- IV. What are Economic Net Income (ENI) & Distributable Earnings (DE) and how are they calculated?
- V. What is the difference between US GAAP Net Income and ENI or DE?
- VI. What is the connection between Distributions to LPs, Distributable Earnings, and Distributions to Unitholders?
- VII. Appendix

# Connection: Distributions to LPs to Distributable Earnings to Distributions to Unitholders





# Index

---

- I. How does Carlyle generate revenue?
  - a. Management Fees & Transaction/Portfolio-Advisory Fees
  - b. Investment Income
  - c. Performance Fees
- II. What metrics are most important to driving revenues?
- III. How does the Carlyle Engine impact Accrued Performance Fees and Performance Fee revenues?
- IV. What are Economic Net Income (ENI) & Distributable Earnings (DE) and how are they calculated?
- V. What is the difference between US GAAP Net Income and ENI or DE?
- VI. What is the connection between Distributions to LPs, Distributable Earnings, and Distributions to Unitholders?
- VII. Appendix

## Appendix: Activities and their Effect on AUM

	Total AUM	Fee-Earning AUM
<b>Carry Funds &amp; Fund of Funds</b>		
New Commitments Raised/ Activated	Increases by full amount of Committed Capital	Increases by fee-earning (LP) portion of Committed Capital
Expiration of Fund Investment Period	No Change	<u>Carry Funds:</u> Decreases from Committed Capital to Invested Capital, at cost <u>Fund of Funds:</u> Decreases from Committed Capital to Invested Capital, at lower of cost or fair value
Expiration of Fund Follow-on Period	Decreases (due to decrease in Available Capital)	No Change from Expiration of Fund Investment Period
Equity Deployed	No Change	<u>During Investment Period:</u> No Change <u>After Investment Period:</u> Increases by LP portion of Equity Invested, at cost
Change in FMV of Investments	Corresponding increase/decrease	<u>Carry Funds:</u> No Change <u>Fund of Funds:</u> Corresponding increase/decrease if investment is below cost
Distribution - Return of Capital (recyclable)	No Change (due to corresponding increase in Available Capital)	<u>During Investment Period:</u> No Change <u>After Investment Period:</u> Decreases by LP portion of returned capital
Distribution - Return of Capital (non-recyclable)	Decrease	<u>During Investment Period:</u> No Change <u>After Investment Period:</u> Decreases by LP portion of returned capital
Distribution - Gain/Income	Decrease	No Change
<b>Other Funds</b>		
Change in NAV of Hedge Funds	Corresponding increase/decrease	Corresponding increase/decrease for fee-paying portion
Change in par value of CLOs	Corresponding increase/decrease	Corresponding increase/decrease

# Appendix: Explanation of Giveback

---

## Giveback

- If we realize performance fees in one period, and then the performance of the fund drops in subsequent periods below the **hurdle return rate**, then we could have a “**giveback**”
- **Giveback** is a reflection of the amount of realized performance fees , if the fund were liquidated at its reporting date fair value, that would be given back to the fund investors at the end of the fund’s life if the fund value does not recover sufficiently to pass back through the hurdle rate and eliminate the giveback obligation
- Carlyle manages potential giveback obligations by holding back or placing into escrow a portion of realized carry distributions from deal-team members and partners. Going forward, Carlyle intends also to retain a portion of Realized Performance Fees to serve as a giveback reserve
- The Giveback balance is accrued as a liability on the Balance Sheet. Period-over-period changes in the accrual are reflected in Unrealized Performance Fees. If giveback is ever realized (i.e. paid out), which historically has been rare, it will be reflected in Realized Performance Fees

# Appendix: Reconciliation: GAAP Net Income vs. ENI & DE

## GAAP NET INCOME to NON-GAAP ENI to DE RECONCILIATION

Current, Pre-IPO Reconciliation	
GAAP Pre-tax Net Income	
+ PLUS	Partner Compensation
- MINUS	Acquisition related charges, gains and amortization of intangibles
- MINUS	Non-recurring costs, revenues or gains/losses
- MINUS	Severance & lease terminations
- MINUS	Non-controlling interests in Consolidated Entities
= Economic Net Income	
- MINUS	Unrealized Performance fee revenues, compensation expenses and investment income
= Distributable Earnings	

(\$M)	2011
GAAP Pre-Tax Net Income	1,182.8
+ (Partner Compensation)	(671.5)
- Acquisition-related charges, gains & amortization of intangibles	83.6
- Non-recurring costs, revenues & gains/losses	32.0
- Severance & Lease Terminations	4.5
- Non-controlling Interests in Consolidated Entities	202.6
- Other	(0.9)
= Economic Net Income	833.1
- Unrealized Performance Fees <sup>1</sup>	195.1
- Unrealized Performance Fee-Related Compensation <sup>1</sup>	(148.0)
- Unrealized Investment Income	(15.8)
= Distributable Earnings	864.4

1. In 2011, Unrealized Performance Fees were negative as was Unrealized Performance Fee Compensation, so the reconciliation results in a positive adjustment to remove the unrealized revenue and a negative adjustment to remove the unrealized compensation.

Note: See "Unaudited Pro Forma Financial Information" in Carlyle's registration statement filed with the Securities and Exchange Commission.