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 September 30, 2022
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	**45-2832612**
(State or other jurisdiction of incorporation or organization)	**(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
4.625% Subordinated Notes due 2061 of Carlyle Finance L.L.C.	CGABL	The Nasdaq Global Select Market

As of November 7, 2022, there were 363,605,317 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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 ☒

TABLE OF CONTENTS

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, 2021 filed with the United States Securities and Exchange Commission (“SEC”) on February 10, 2022, 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. (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 to The Carlyle Group Inc. and its consolidated subsidiaries. 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, infrastructure 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
- Global Investment Solutions: Funds and vehicles advised by AlpInvest Partners B.V. (“AlpInvest”), which include primary fund, secondary and co-investment strategies

Carry funds specifically exclude certain legacy Abingworth funds in which Carlyle is not entitled to receive a share of carried interest, collateralized loan obligation vehicles (“CLOs”), business development companies and direct lending managed accounts, as well as capital raised from a strategic third-party investor which directly invests in Fortitude Holdings alongside a carry fund.

For an explanation of the fund acronyms used throughout this Quarterly Report on Form 10-Q, refer to “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation – Our Family of Funds.”

“Fortitude” refers to Fortitude Group Holdings, LLC (“Fortitude Holdings”) prior to October 1, 2021 and to FGH Parent, L.P. (“FGH Parent”) as of October 1, 2021. On October 1, 2021, the owners of Fortitude Holdings contributed their interests to FGH Parent such that FGH Parent became the direct parent of Fortitude Holdings. Fortitidue Holdings owns 100% of the outstanding common shares of Fortitude Reinsurance Company Ltd., a Bermuda domiciled reinsurer (“Fortitude Re”). See Note 6 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information regarding the Company’s strategic investment in Fortitude.

“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;

(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, as well as 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 certain carry funds;

(e) the fair value of Fortitude’s general account assets invested under the strategic advisory services agreement;

(f) 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

(g) 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, 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;

(d) the fair value of Fortitude’s general account assets covered by the strategic advisory services agreement; and

(e) 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”) and the NGP Carry Funds that are advised by NGP. Our calculation of AUM also includes third-party capital raised for the investment in Fortitude through a Carlyle-affiliated investment fund and from a strategic investor which directly invests in Fortitude alongside the fund. The total AUM and Fee-Earning AUM related to the strategic advisory services agreement with Fortitude is inclusive of the net asset value of investments in Carlyle products. These amounts are also reflected in the AUM and Fee-Earning AUM of the strategy in which they are invested.

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.

"Perpetual Capital" refers to the assets we manage or advise which have an indefinite term and for which there is no immediate requirement to return capital to investors upon the realization of investments made with such capital, except as required by applicable law. Perpetual Capital may be materially reduced or terminated under certain conditions, including reductions from changes in valuations and payments to investors, including through elections by investors to redeem their investments, dividend payments, and other payment obligations, as well as the termination of or failure to renew the respective investment advisory agreements. Perpetual Capital includes: (a) assets managed under the strategic advisory services agreement with Fortitude, (b) our Core Plus real estate fund, (c) our business development companies and certain other direct lending products, and (d) our Interval Fund.

"Metropolitan" refers to Metropolitan Real Estate Management, LLC, which was included in the Global Investment Solutions business segment prior to its sale on April 1, 2021.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2022 (Unaudited)	December 31, 2021
Assets		
Cash and cash equivalents	**$ 1,361.9**	$ 2,469.5
Cash and cash equivalents held at Consolidated Funds	**177.2**	147.8
Restricted cash	**0.6**	5.6
Corporate treasury investments	**69.5**	—
Investments, including accrued performance allocations of $7,428.7 million and $8,133.0 million as of September 30, 2022 and December 31, 2021, respectively	**10,998.2**	10,832.0
Investments of Consolidated Funds	**6,409.7**	6,661.0
Due from affiliates and other receivables, net	**486.4**	379.6
Due from affiliates and other receivables of Consolidated Funds, net	**108.6**	138.8
Fixed assets, net	**134.4**	143.9
Lease right-of-use assets, net	**333.5**	361.1
Deposits and other	**69.4**	61.7
Intangible assets, net	**925.1**	34.9
Deferred tax assets	**17.9**	14.5
Total assets	**$ 21,092.4**	$ 21,250.4
Liabilities and equity		
Debt obligations	**$ 2,235.0**	$ 2,071.6
Loans payable of Consolidated Funds	**5,516.9**	5,890.0
Accounts payable, accrued expenses and other liabilities	**379.4**	379.7
Accrued compensation and benefits	**4,347.7**	4,955.0
Due to affiliates	**351.6**	388.1
Deferred revenue	**394.2**	120.8
Deferred tax liabilities	**449.9**	487.1
Other liabilities of Consolidated Funds	**222.0**	683.9
Lease liabilities	**499.9**	537.8
Accrued giveback obligations	**40.9**	30.2
Total liabilities	**14,437.5**	15,544.2
Commitments and contingencies		
Common stock, $0.01 par value, 100,000,000,000 shares authorized (363,372,564 and 355,367,876 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively)	**3.6**	3.6
Additional paid-in-capital	**3,123.0**	2,717.6
Retained earnings	**3,430.8**	2,805.3
Accumulated other comprehensive loss	**(439.7)**	(247.5)
Non-controlling interests in consolidated entities	**537.2**	427.2
Total equity	**6,654.9**	5,706.2
Total liabilities and equity	**$ 21,092.4**	$ 21,250.4

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 September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Revenues				
Fund management fees	**$ 535.9**	$ 407.5	**$ 1,532.9**	$ 1,182.9
Incentive fees	**15.1**	13.1	**42.6**	33.0
Investment income				
Performance allocations	**298.1**	974.5	**1,346.2**	4,841.3
Principal investment income	**124.2**	160.4	**500.5**	477.2
Total investment income	**422.3**	1,134.9	**1,846.7**	5,318.5
Interest and other income	**35.5**	21.9	**92.5**	63.3
Interest and other income of Consolidated Funds	**79.7**	62.1	**204.6**	185.3
Total revenues	**1,088.5**	1,639.5	**3,719.3**	6,783.0
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	**251.4**	224.9	**779.7**	685.2
Equity-based compensation	**54.2**	42.4	**139.3**	122.0
Performance allocations and incentive fee related compensation	**163.5**	495.2	**741.2**	2,355.8
Total compensation and benefits	**469.1**	762.5	**1,660.2**	3,163.0
General, administrative and other expenses	**149.2**	99.6	**387.2**	300.4
Interest	**27.3**	27.9	**82.0**	76.4
Interest and other expenses of Consolidated Funds	**53.7**	44.6	**137.1**	133.5
Other non-operating expenses	**0.3**	3.5	**0.8**	1.0
Total expenses	**699.6**	938.1	**2,267.3**	3,674.3
Other income				
Net investment income (loss) of Consolidated Funds	**(30.3)**	(0.1)	**(51.0)**	9.6
Income before provision for income taxes	**358.6**	701.3	**1,401.0**	3,118.3
Provision for income taxes	**76.2**	153.9	**274.9**	733.5
Net income	**282.4**	547.4	**1,126.1**	2,384.8
Net income attributable to non-controlling interests in consolidated entities	**1.6**	14.6	**28.3**	57.7
Net income attributable to The Carlyle Group Inc.	**$ 280.8**	$ 532.8	**$ 1,097.8**	$ 2,327.1
Net income attributable to The Carlyle Group Inc. per common share (see Note 14)				
Basic	**$ 0.77**	$ 1.50	**$ 3.04**	$ 6.56
Diluted	**$ 0.77**	$ 1.46	**$ 3.00**	$ 6.42
Weighted-average common shares				
Basic	**362,895,064**	355,954,734	**360,657,999**	354,903,371
Diluted	**366,787,149**	364,740,675	**365,389,217**	362,471,998

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 September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Net income	**$ 282.4**	$ 547.4	**$ 1,126.1**	$ 2,384.8
Other comprehensive income (loss)				
Foreign currency translation adjustments	**(91.8)**	(18.0)	**(219.3)**	(41.2)
Defined benefit plans				
Unrealized gain (loss) for the period	**(0.2)**	0.4	**(4.7)**	2.3
Less: reclassification adjustment for gain during the period, included in cash-based compensation and benefits expense	**0.2**	0.5	**0.7**	1.6
Other comprehensive loss	**(91.8)**	(17.1)	**(223.3)**	(37.3)
Comprehensive income	**190.6**	530.3	**902.8**	2,347.5
Comprehensive income (loss) attributable to non-controlling interests in consolidated entities	**(11.3)**	9.4	**(2.8)**	51.9
Comprehensive income attributable to The Carlyle Group Inc.	**$ 201.9**	$ 520.9	**$ 905.6**	$ 2,295.6

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	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Entities	Total Equity
Balance at June 30, 2022	**361.2**	**$ 3.6**	**$ 3,033.6**	**$ 3,309.9**	**$ (360.8)**	**$ 446.0**	**$ 6,432.3**
Shares repurchased	(1.2)	—	—	(41.6)	—	—	(41.6)
Equity-based compensation	—	—	62.0	—	—	—	62.0
Shares issued for equity-based awards	2.6	—	—	—	—	—	—
Shares issued for performance allocations	0.2	—	2.4	—	—	—	2.4
Shares issued related to the acquisition of Abingworth	0.6	—	25.0	—	—	—	25.0
Contributions	—	—	—	—	—	115.2	115.2
Distributions	—	—	—	(118.3)	—	(16.9)	(135.2)
Net income	—	—	—	280.8	—	1.6	282.4
Non-controlling interests related to the acquisition of Abingworth	—	—	—	—	—	4.2	4.2
Currency translation adjustments	—	—	—	—	(78.9)	(12.9)	(91.8)
Defined benefit plans, net	—	—	—	—	—	—	—
Balance at September 30, 2022	**363.4**	**$ 3.6**	**$ 3,123.0**	**$ 3,430.8**	**$ (439.7)**	**$ 537.2**	**$ 6,654.9**

	Common Shares	Common Stock	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Entities	Total Equity
Balance at December 31, 2021	**355.4**	**$ 3.6**	**$ 2,717.6**	**$ 2,805.3**	**$ (247.5)**	**$ 427.2**	**$ 5,706.2**
Shares repurchased	(3.6)	—	—	(146.9)	—	—	(146.9)
Equity-based compensation	—	—	147.0	—	—	—	147.0
Shares issued for equity-based awards	5.9	—	—	—	—	—	—
Shares issued for performance allocations	0.9	—	38.9	—	—	—	38.9
Shares issued related to the acquisition of CBAM	4.2	—	194.5	—	—	—	194.5
Shares issued related to the acquisition of Abingworth	0.6	—	25.0	—	—	—	25.0
Contributions	—	—	—	—	—	282.1	282.1
Distributions	—	—	—	(325.4)	—	(173.5)	(498.9)
Net income	—	—	—	1,097.8	—	28.3	1,126.1
Non-controlling interests related to the acquisition of Abingworth	—	—	—	—	—	4.2	4.2
Currency translation adjustments	—	—	—	—	(188.2)	(31.1)	(219.3)
Defined benefit plans, net	—	—	—	—	(4.0)	—	(4.0)
Balance at September 30, 2022	**363.4**	**$ 3.6**	**$ 3,123.0**	**$ 3,430.8**	**$ (439.7)**	**$ 537.2**	**$ 6,654.9**

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

	Common Shares	Common Stock	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Entities	Total Equity
Balance at June 30, 2021	**354.5**	**$ 3.5**	**$ 2,621.7**	**$ 1,940.1**	**$ (228.3)**	**$ 285.0**	**$ 4,622.0**
Shares repurchased	(1.3)	—	—	(59.5)	—	—	(59.5)
Equity-based compensation	—	0.1	50.0	—	—	—	50.1
Shares issued for equity-based awards	3.3	—	—	—	—	—	—
Contributions	—	—	—	—	—	12.8	12.8
Distributions	—	—	—	(89.3)	—	(33.4)	(122.7)
Net income	—	—	—	532.8	—	14.6	547.4
Currency translation adjustments	—	—	—	—	(12.8)	(5.2)	(18.0)
Defined benefit plans, net	—	—	—	—	0.9	—	0.9
Balance at September 30, 2021	**356.5**	**$ 3.6**	**$ 2,671.7**	**$ 2,324.1**	**$ (240.2)**	**$ 273.8**	**$ 5,033.0**

	Common Shares	Common Stock	Additional Paid-in-Capital	Retained Earnings	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	(1.9)	—	—	(84.5)	—	—	(84.5)
Equity-based compensation	—	0.1	125.5	—	—	—	125.6
Shares issued for equity-based awards	4.9	—	—	—	—	—	—
Contributions	—	—	—	—	—	57.2	57.2
Distributions	—	—	—	(266.7)	—	(76.3)	(343.0)
Net income	—	—	—	2,327.1	—	57.7	2,384.8
Currency translation adjustments	—	—	—	—	(35.4)	(5.8)	(41.2)
Defined benefit plans, net	—	—	—	—	3.9	—	3.9
Balance at September 30, 2021	**356.5**	**$ 3.6**	**$ 2,671.7**	**$ 2,324.1**	**$ (240.2)**	**$ 273.8**	**$ 5,033.0**

See accompanying notes.

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

	Nine Months Ended September 30,	
	2022	**2021**
Cash flows from operating activities		
Net income	$ **1,126.1**	$ 2,384.8
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	**102.7**	40.5
Right-of-use asset impairment, net of broker fees	**—**	24.8
Equity-based compensation	**139.3**	122.0
Non-cash performance allocations and incentive fees	**184.1**	(1,662.3)
Non-cash principal investment income	**(483.8)**	(458.3)
Other non-cash amounts	**(27.4)**	20.7
Consolidated Funds related:		
Realized/unrealized (gain) loss on investments of Consolidated Funds	**319.3**	(100.3)
Realized/unrealized (gain) loss from loans payable of Consolidated Funds	**(268.3)**	90.7
Purchases of investments by Consolidated Funds	**(3,090.1)**	(3,864.4)
Proceeds from sale and settlements of investments by Consolidated Funds	**2,418.4**	3,631.7
Non-cash interest income, net	**(7.6)**	(9.0)
Change in cash and cash equivalents held at Consolidated Funds	**(29.5)**	43.5
Change in other receivables held at Consolidated Funds	**15.8**	(78.7)
Change in other liabilities held at Consolidated Funds	**(380.1)**	43.4
Purchases of investments	**(559.6)**	(178.0)
Proceeds from the sale of investments	**388.3**	533.8
Payments of contingent consideration	**(5.7)**	(50.0)
Changes in deferred taxes, net	**(2.3)**	449.1
Change in due from affiliates and other receivables	**(62.6)**	(21.4)
Change in deposits and other	**(12.8)**	(23.3)
Change in accounts payable, accrued expenses and other liabilities	**(27.7)**	90.9
Change in accrued compensation and benefits	**(265.3)**	17.3
Change in due to affiliates	**2.4**	1.4
Change in lease right-of-use assets and lease liabilities	**(7.0)**	5.9
Change in deferred revenue	**274.9**	247.6
Net cash provided by (used in) operating activities	**(258.5)**	1,302.4
Cash flows from investing activities		
Purchases of corporate treasury investments, net	**(69.6)**	—
Purchases of fixed assets, net	**(25.0)**	(27.0)
Purchase of Abingworth, net of cash acquired	**(150.2)**	—
Purchase of CBAM intangibles and investments, net	**(618.4)**	—
Proceeds from sale of MRE, net of cash sold	**—**	5.9
Proceeds from sale of Brazil management entity, net of cash sold	**—**	3.3
Net cash used in investing activities	**(863.2)**	(17.8)
Cash flows from financing activities		
Borrowings under credit facilities	**—**	70.0
Issuance of 4.625% subordinated notes due 2061, net of financing costs	**—**	484.1
Payments on CLO borrowings	**(8.9)**	(231.5)
Proceeds from CLO borrowings, net of financing costs	**55.2**	87.5
Net borrowings (payments) on loans payable of Consolidated Funds	**449.4**	165.2
Payments of contingent consideration	**—**	(0.1)
Dividends to common stockholders	**(325.4)**	(266.7)
Payment of deferred consideration for Carlyle Holdings units	**(68.8)**	(68.8)
Contributions from non-controlling interest holders	**282.1**	57.2
Distributions to non-controlling interest holders	**(173.5)**	(76.3)
Common shares issued for performance allocations	**38.9**	—
Common shares repurchased	**(146.9)**	(84.5)
Change in due to/from affiliates financing activities	**(13.2)**	21.8
Net cash provided by financing activities	**88.9**	157.9
Effect of foreign exchange rate changes	**(79.8)**	(26.2)
Increase (decrease) in cash, cash equivalents and restricted cash	**(1,112.6)**	1,416.3
Cash, cash equivalents and restricted cash, beginning of period	**2,475.1**	989.6
Cash, cash equivalents and restricted cash, end of period	$ **1,362.5**	$ 2,405.9
Supplemental non-cash disclosures		
Issuance of common shares related to the acquisition of CBAM and Abingworth	$ 219.5	$ —
Net asset impact of deconsolidation of Consolidated Funds	$ **—**	$ (34.4)
Reconciliation of cash, cash equivalents and restricted cash, end of period:		
Cash and cash equivalents	$ **1,361.9**	$ 2,399.0
Restricted cash	**0.6**	6.9
Total cash, cash equivalents and restricted cash, end of period	$ **1,362.5**	$ 2,405.9
Cash and cash equivalents held at Consolidated Funds	$ **177.2**	$ 134.8

See accompanying notes.

1. Organization and Basis of Presentation

Carlyle is one of the world's largest global investment firms that deploys private capital across its business through three reportable segments: Global Private Equity, Global Credit and Global Investment Solutions (see Note 17). In the Global Private Equity segment, Carlyle advises buyout, growth, real estate, infrastructure and natural resources funds. The primary areas of focus for the Global Credit segment are liquid credit, illiquid credit, real assets credit, and other credit such as insurance solutions, and loan syndication and capital markets. The Global Investment Solutions segment provides investment opportunities and resources for investors and clients through fund of funds, secondary purchases of existing portfolios, and managed co-investment programs. Carlyle typically serves as the general partner, investment manager or collateral manager, making day-to-day investment decisions concerning the assets of these products.

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 3. 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 3).

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, 2021 filed with the United States 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. Recent Transactions

During the nine months ended September 30, 2022, the Company completed several transactions as outlined below.

Acquisition of iStar Triple Net Lease Portfolio (See Note 6)

In March 2022, Carlyle Net Leasing Income, L.P., a Carlyle-affiliated investment fund, acquired a diversified portfolio of triple net leases for an enterprise value of $3 billion, which was funded using $2 billion in debt and $1 billion in equity. The investment fund is not consolidated by the Company and the debt is non-recourse to the Company. Carlyle, as general partner of the investment fund, contributed $200 million as a minority interest balance sheet investment, which is included in the Company's Global Credit principal equity method investments.

Fortitude Capital Raise and Strategic Advisory Services Agreement (See Note 6)

In March 2022, the Company raised $2.0 billion in third-party equity capital from certain investors in Carlyle FRL and T&D and committed $100 million from the Company to Carlyle FRL for additional equity capital in Fortitude. In May 2022, Fortitude called $1.1 billion of the capital raise, with the remaining capital expected to be called in 2023. In connection with the capital raise and subsequent funding, the Company's indirect ownership of Fortitude decreased from 19.9% to 13.5% and is expected to further decrease to 10.5% upon funding the remainder of the capital raise.

On April 1, 2022, the Company entered into a new strategic advisory services agreement with certain subsidiaries of Fortitude through a newly-formed investment advisor, Carlyle Insurance Solutions Management L.L.C. ("CISM"). Under the agreement, CISM provides Fortitude with certain services, including business development and growth, transaction origination and execution, and capital management services in exchange for a recurring management fee based on Fortitude's general account assets, which adjusts within an agreed range based on Fortitude's overall profitability.

Acquisition of CLO Management Contracts from CBAM Partners LLC (See Note 4)

On March 21, 2022, the Company acquired the management contracts related to a portfolio of assets primarily comprised of U.S. and European CLOs as well as other assets across private credit from CBAM Partners LLC ("CBAM") for a purchase price of $812.9 million. In connection with the acquisition of the CLO management contracts, the Company acquired CLO senior and subordinated notes of $175.9 million, a portion of which is financed through term loans and other financing arrangements.

Acquisition of Abingworth LLP (See Note 4)

On August 1, 2022, the Company acquired Abingworth LLP ("Abingworth"), a life sciences investment firm for a base purchase price of $185.6 million, of which $25.0 million was settled in newly-issued shares of the Company's common stock. Consideration for Abingworth also includes up to $130 million in future incentive payments on the achievement of certain performance targets. The acquisition includes the rights to 15% of performance allocations generated by Abingworth's two most recent active investment funds, Abingworth Bioventures 8 LP and Abingworth Clinical Co-Development Fund 2 LP.

3. 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 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 September 30, 2022, assets and liabilities of the consolidated VIEs reflected in the unaudited condensed consolidated balance sheets were $6.7 billion and $5.8 billion, respectively. As of December 31, 2021, assets and liabilities of the consolidated VIEs reflected in the unaudited condensed consolidated balance sheets were $6.9 billion and $6.6 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.

The Company's Consolidated Funds includes 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 September 30, 2022, the Company held $110.7 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. The Company's Consolidated Funds also include investment funds that are consolidated as VIEs due to bridged investment activity during the fundraising process.

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 CLOs and certain AlpInvest vehicles, as well as its strategic investment in NGP Management Company, L.L.C. ("NGP Management" and, together with its affiliates, "NGP"). Refer to Note 6 for information on the strategic investment in NGP. The Company's involvement with such entities is in the form of direct or indirect 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.

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	
	September 30, 2022	December 31, 2021
	(Dollars in millions)	
Investments	**$ 1,096.8**	$ 901.9
Accrued performance revenues	**391.1**	368.7
Management fee receivables	**44.3**	27.2
Total	**$ 1,532.2**	$ 1,297.8

These amounts represent the Company's maximum exposure to loss related to the unconsolidated VIEs as of September 30, 2022 and December 31, 2021.

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. Accordingly, 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.

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”) 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 6 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 5, 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.

Fund Management Fees

The Company provides management services to funds in which it holds a general partner interest or to funds or certain portfolio companies with which it has an investment advisory or investment 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. These terms may vary for certain separately managed accounts, longer-dated carry funds, and other closed-end funds. 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 amount of assets or the aggregate principal amount of the notes in the CLO and are generally due quarterly in arrears 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 1.00% of capital under management to 1.5% of gross assets, excluding cash and cash equivalents. Management fees for the Interval Fund are due monthly in arrears at the annual rate of 1.0% of the month-end value of the Interval Fund’s net assets. Carlyle Aviation Partners’ funds have varying management fee arrangements depending on the strategy of the particular fund. Under the strategic advisory services agreement with Fortitude, the Company earns a recurring management fee based on Fortitude’s general account assets, which adjusts within an agreed range based on Fortitude’s overall profitability and which is due quarterly in arrears.

Management fees for the Company’s carry fund vehicles in the Global 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. Following the expiration of the commitment fee period, the management fees generally range from 0.25% to 1.0% on (i) the net invested capital; (ii) the lower of cost or net asset value of the capital invested, or (iii) the net asset value for unrealized investments. Management fees for the Global Investment Solutions carry fund vehicles are generally due quarterly in advance and recognized over the related quarter.

As of September 30, 2022 and December 31, 2021, management fee receivables, net of allowances for credit losses, were $217.9 million and $164.5 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 $34.5 million and $21.9 million for the three months ended September 30, 2022 and 2021, respectively, and $92.3 million and $54.3 million for the nine months ended September 30, 2022 and 2021, 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 all 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).

For closed-end carry funds in the Global Private Equity and Global Credit segments, the Company is generally entitled to a 20% allocation (or approximately 2% to 12.5% for most of the Global 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% and return of certain fund costs (generally subject to catch-up provisions as set forth in the fund limited partnership agreement). These terms may vary on longer-dated funds, certain credit funds, or external co-investment vehicles. 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 fund's 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. As of September 30, 2022 and December 31, 2021, the Company has accrued $40.9 million and $30.2 million, respectively, for giveback obligations.

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. 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. As it relates to the Company's investments in NGP (see Note 6), 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.

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 $72.5 million and $56.9 million for the three months ended September 30, 2022 and 2021, respectively, and $188.2 million and $170.4 million for the nine months ended September 30, 2022 and 2021, 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 is required to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The Company assesses the collection risk characteristics of the outstanding amounts in its due from affiliates balance into the following pools of receivables:

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

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 September 30, 2022 and December 31, 2021, the Company had recorded a liability of $3.8 billion and $4.1 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.

In October 2021, the Company commenced a program under which, at the Company's discretion, up to 20% of the realized performance allocation related compensation over a threshold amount may be distributed in fully vested, newly issued shares of the Company's common stock. Shares issued under the program are accounted for as performance allocations and incentive fee related compensation and do not result in incremental compensation expense. The Company has determined to pause the issuance of shares pursuant to this program.

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. In addition, 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 earnings. The Company accounts for the valuation allowance assessment on its deferred tax assets excluding the corporate alternative minimum tax ("CAMT") credit carryforward without regard to the Company's future CAMT status. 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.

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. The Company applies the treasury stock method to determine the dilutive weighted-average common shares outstanding for certain equity-based compensation awards. For certain equity-based compensation awards that contain performance or market conditions, the number of contingently issuable common shares is included in diluted earnings per common share based on the number of common shares, if any, that would be issuable under the terms of the awards if the end of the reporting period were the end of the contingency period, if the result is dilutive.

Fair Value of Financial Instruments

The underlying entities that the Company manages and invests in (and in certain cases, consolidates) are primarily investment companies which account for their investments at estimated fair value.

The fair value measurement accounting guidance under ASC Topic 820, *Fair Value Measurement* ("ASC 820"), 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 type 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 the 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 (including corporate treasury investments) 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.

In the absence of observable market prices, the Company values its investments and its funds' 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 and debt of operating companies and real assets, CLO investments and CLO loans payable and fund investments. The valuation technique for each of these investments is described below:

Investments in Operating Companies and Real Assets – The fair values of private investments in operating companies and real assets are generally determined by reference to the income approach (including the discounted cash flow method and the income capitalization method) and the market approach (including the comparable publicly traded company method and the comparable transaction method). Valuations under these approaches are typically derived by reference to investment-specific inputs (such as projected cash flows, earnings before interest, taxes, depreciation and amortization ("EBITDA"), and net operating income) combined with market-based inputs (such as discount rates, EBITDA multiples and capitalization rates). In many cases the investment-specific inputs are unaudited at the time received. Management may also adjust the market-based inputs to account for differences between the subject investment and the companies, asset or investments used to derive the market-based inputs. 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, capital structure, and other factors as applicable. The adjustments are then 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 may also be considered but do not currently drive a significant portion of operating company or real asset 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 loan and bond 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. The Company performs certain procedures to ensure the 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. Generally, the loan and bond assets of the CLOs are not publicly traded and are classified as Level III. The fair values of the CLO structured asset positions are determined based on both discounted cash flow analyses and third party quotes. 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 measures the CLO loan payables 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.

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. 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 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 are reviewed by external valuation firms. Valuations of the funds' investments are used in the calculation of accrued performance allocations, or "carried interest."

Investments, at Fair Value

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

Carlyle Secured Lending, Inc. (“CSL,” formerly known as “TCG BDC, Inc.,” the preferred securities of which are referred to as the “BDC Preferred Shares”) (which are accounted for as trading securities).

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.

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.

Corporate Treasury Investments

Corporate treasury investments represent investments in U.S. Treasury and government agency obligations, commercial paper, certificates of deposit, other investment grade securities and other investments with original maturities of greater than three months when purchased. These investments are accounted for as trading securities in which changes in the fair value of each investment are recorded through investment income (loss). Any interest earned on debt investments is recorded through interest and other income.

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 September 30, 2022, $243.9 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 8 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 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. Lease right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

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, and customer relationships. Finite-lived intangible assets are amortized over their estimated useful lives, which range from four to eight years, and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

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. Deferred revenue also includes transaction and portfolio advisory fees received by the Company that are required to offset fund management fees pursuant to the related fund agreements. The increase in the deferred revenue balance for the nine months ended September 30, 2022 was primarily driven by cash payments received in advance of the Company satisfying its performance obligations, partially offset by revenues recognized 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 September 30, 2022 and December 31, 2021 were as follows:

	As of	
	September 30, 2022	**December 31, 2021**
	(Dollars in millions)	
Currency translation adjustments	**$ (420.0)**	$ (231.8)
Unrealized losses on defined benefit plans	**(19.7)**	(15.7)
Total	**$ (439.7)**	$ (247.5)

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 $15.9 million and $(9.9) million for the three months ended September 30, 2022 and 2021, respectively, and $39.1 million and $(11.8) million for the nine months ended September 30, 2022 and 2021, respectively, are included in general, administrative and other expenses in the unaudited condensed consolidated statements of operations.

Recent Accounting Pronouncements

The Company considers the applicability and impact of all accounting standard updates ("ASU") issued by the Financial Accounting Standards Board ("FASB"). ASUs not listed below were assessed and either determined to be not applicable or expected to have minimal impact on the Company's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in this update provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this update apply only to contracts, hedging relationships, and other transactions that reference the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848): Scope*, to clarify that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. An entity may elect to adopt the amendments in ASU 2020-04 and ASU 2021-01 at any time after March 12, 2020 but no later than December 31, 2022. The expedients and exceptions provided by the amendments do not apply to contract modifications and hedging relationships entered into or evaluated after December 31, 2022, except for hedging transactions as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Company does not expect this guidance to impact its consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which modifies ASC 805 to require an acquiring entity in a business combination to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. Under current GAAP, an acquirer generally recognizes such items at fair value on the acquisition date. This guidance is effective for annual and interim periods beginning after December 15, 2022, with early adoption permitted. The Company adopted this guidance on July 1, 2022, and applied the guidance prospectively to business combinations that occurred after this date. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The amendments in this update clarify the guidance in Topic 820 when measuring the fair value of an equity security subject to contractual sale restrictions and introduce new disclosure requirements related to such equity securities. The amendments are effective for fiscal years beginning after December 15, 2023, with early adoption permitted. The Company does not expect the impact of this guidance to be material to its consolidated financial statements.

4. Acquisitions

Abingworth Acquisition

On August 1, 2022, the Company acquired 100% of the equity interests in Abingworth, a London-based life sciences investment firm. Abingworth has $2 billion in assets under management and is included in the Company's Global Private Equity business segment. The purchase price consisted of $160.6 million in cash and approximately 0.6 million newly issued, fully vested common shares ($25.0 million based on the value of the shares at closing). The transaction also included an earn-out of up to $130.0 million that is payable upon the achievement of certain revenue and earnings performance targets during 2023 through 2028, which will be accounted for as compensation expense. The Company consolidated the financial position and results of operations of Abingworth effective August 1, 2022 and accounted for this transaction as a business combination. In connection with this transaction, the Company incurred approximately $7.7 million of acquisition costs that are reflected in general, administrative and other expenses in the unaudited condensed consolidated statements of operations for the nine months ended September 30, 2022.

The acquisition-date fair value of the consideration transferred and the estimated fair values of the assets acquired and liabilities assumed at the acquisition date are as follows (Dollars in millions):

Acquisition-date fair value of consideration transferred[1]		
Cash	$	160.6
Shares of common stock (see Note 15)		25.0
Total consideration transferred	$	185.6
Estimated fair value of assets acquired and liabilities assumed		
Cash and receivables	$	11.0
Investments in Abingworth funds		3.8
Lease right-of-use assets, fixed assets, and other assets, net		3.7
Deferred tax assets		6.7
Finite-lived intangible assets		88.0
Goodwill		90.9
Lease liabilities		(2.7)
Accrued expenses, accrued compensation and benefits, and other liabilities		(11.6)
Non-controlling interests in Abingworth entities[2]		(4.2)
Total	$	185.6

(1) The value of the consideration at acquisition is subject to certain post-closing adjustments.
(2) Represents assets held by Abingworth entities which are consolidated VIEs. These assets are attributable to employees and are therefore reflected as non-controlling interests, and include investments in funds in which the Company did not acquire direct economic interests, which are presented as investments in Abingworth funds above.

The finite-lived intangible assets, which related to management contracts and customer relationships, are amortized over a period ranging from five to eight years.

The amount of revenue and earnings of Abingworth since the acquisition date and the pro forma impact to the Company's consolidated financial results for the year ended December 31, 2021 as if the acquisition had been consummated as of January 1, 2021, was not significant.

Acquisition of CLO Management Contracts from CBAM Partners LLC

On March 21, 2022, the Company acquired the management contracts related to a portfolio of assets primarily comprised of U.S. and European CLOs as well as other assets across private credit from CBAM Partners LLC ("CBAM"). The purchase price of $812.9 million consisted of a combination of $618.4 million in cash, including approximately $3.4 million of acquisition costs incurred by the Company in connection with the transaction, and approximately 4.2 million newly issued, fully vested common shares ($194.5 million based on the value of the shares at closing).

In connection with the acquisition of the CLO management contracts, the Company acquired CLO senior and subordinated notes of $175.9 million. A portion of these CLO investments is financed through term loans and other financing arrangements with financial institutions, which 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 (see Note 8).

This transaction was accounted for as an asset acquisition and the acquired contractual rights of $794.3 million are finite-lived intangible assets. The finite-lived intangible assets are amortized using straight-line method over a period of primarily seven years.

The acquisition-date fair value of the consideration transferred and the allocation of cost to the assets acquired and liabilities assumed at the acquisition date are as follows (Dollars in millions):

Acquisition-date fair value of consideration transferred		
Cash	$	618.4
Shares of common stock (see Note 15)		194.5
Total consideration transferred	$	812.9
Allocation of cost to assets acquired and liabilities assumed		
Acquired contractual rights	$	794.3
Acquired CLO senior and subordinated notes		175.9
Assumed CLO borrowings outstanding (see Note 8)		(157.3)
Total cost of assets acquired, net of liabilities assumed	$	812.9

5. Fair Value Measurement

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 September 30, 2022:

(Dollars in millions)	Level I	Level II	Level III	Total
Assets				
Investments of Consolidated Funds:				
Equity securities(1)	$ —	$ —	$ 511.9	$ 511.9
Bonds	—	—	560.8	560.8
Loans	—	—	5,054.7	5,054.7
	—	—	6,127.4	6,127.4
Investments in CLOs and other:				
Investments in CLOs	—	—	499.6	499.6
Other investments(2)	1.3	41.7	64.6	107.6
	1.3	41.7	564.2	607.2
Corporate treasury investments				
Commercial paper and other	—	69.5	—	69.5
Subtotal	$ 1.3	$ 111.2	$ 6,691.6	$ 6,804.1
Investments measured at net asset value(3)				294.6
Total				$ 7,098.7
Liabilities				
Loans payable of Consolidated Funds(4)	$ —	$ —	$ 5,303.7	$ 5,303.7
Foreign currency forward contracts	—	29.5	—	29.5
Total(5)	$ —	$ 29.5	$ 5,303.7	$ 5,333.2

(1) This balance includes $453.4 million related to investments that have been bridged by the Company to investment funds that are actively fundraising and are accounted for as consolidated VIEs as of September 30, 2022.
(2) The Level III balance excludes a $54.9 million corporate investment in equity securities which the Company has elected to account for under the measurement alternative for equity securities without readily determinable fair values pursuant to ASC 321, *Investments – Equity Securities*. As a non-recurring fair value measurement, the fair value of these equity securities is excluded from the tabular Level III rollforward disclosures.
(3) 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 $282.3 million relates to investments of Consolidated Funds.
(4) 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.
(5) Total liabilities balance excludes $160.5 million of senior notes measured at cost and a $52.7 million revolving credit balance, both related to loans payable of Consolidated Funds.

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, 2021:

(Dollars in millions)	Level I	Level II	Level III	Total
Assets				
Investments of Consolidated Funds:				
Equity securities	$ —	$ —	$ 17.9	$ 17.9
Bonds	—	—	599.5	599.5
Loans	—	—	5,898.1	5,898.1
	—	—	6,515.5	6,515.5
Investments in CLOs	—	—	361.1	361.1
Other investments[(1)]	1.5	45.6	78.7	125.8
Foreign currency forward contracts	—	1.4	—	1.4
Subtotal	$ 1.5	$ 47.0	$ 6,955.3	$ 7,003.8
Investments measured at net asset value[(2)]				161.7
Total				$ 7,165.5
Liabilities				
Loans payable of Consolidated Funds[(3)]	$ —	$ —	$ 5,811.0	$ 5,811.0
Foreign currency forward contracts	—	0.7	—	0.7
Total[(4)]	$ —	$ 0.7	$ 5,811.0	$ 5,811.7

(1) The Level III balance excludes a corporate investment in equity securities which the Company has elected to account for under the measurement alternative for equity securities without readily determinable fair values pursuant to ASC 321, *Investments – Equity Securities*. In December 2021, the Company remeasured this investment to a fair value of $54.9 million due to an observable price change. As a non-recurring fair value measurement, the fair value of these equity securities is excluded from the tabular Level III rollforward disclosures.

(2) 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 $145.5 million relates to investments of Consolidated Funds.

(3) 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.

(4) Total liabilities balance excludes a $79.0 million revolving credit balance related to loans payable of Consolidated Funds.

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 September 30, 2022					
	Investments of Consolidated Funds					
	Equity securities	Bonds	Loans	Investments in CLOs	Other investments	Total
Balance, beginning of period	$ 12.4	$ 669.8	$ 5,516.8	$ 508.6	$ 65.1	$ 6,772.7
Purchases	518.5	46.6	473.9	19.9	—	1,058.9
Sales and distributions	—	(92.6)	(552.4)	(7.2)	(0.9)	(653.1)
Settlements	—	—	(130.4)	—	—	(130.4)
Realized and unrealized gains (losses), net						
Included in earnings	(18.3)	(21.6)	(30.0)	7.1	0.4	(62.4)
Included in other comprehensive income	(0.7)	(41.4)	(223.2)	(28.8)	—	(294.1)
Balance, end of period	$ 511.9	$ 560.8	$ 5,054.7	$ 499.6	$ 64.6	$ 6,691.6
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	$ (18.3)	$ (22.1)	$ (35.7)	$ 4.5	$ 0.4	$ (71.2)
Changes in unrealized gains (losses) included in other comprehensive income related to financial assets still held at the reporting date	$ (0.7)	$ (34.3)	$ (202.2)	$ (28.8)	$ —	$ (266.0)

	Financial Assets Nine Months Ended September 30, 2022					
	Investments of Consolidated Funds					
	Equity securities	Bonds	Loans	Investments in CLOs	Other investments	Total
Balance, beginning of period	$ 17.9	$ 599.5	$ 5,898.1	$ 361.1	$ 78.7	$ 6,955.3
Purchases	518.6	429.0	2,014.8	251.9	0.9	3,215.2
Sales and distributions	(7.2)	(320.2)	(1,566.5)	(36.1)	(3.8)	(1,933.8)
Settlements	—	(0.3)	(492.1)	—	—	(492.4)
Realized and unrealized gains (losses), net						
Included in earnings	(15.9)	(59.6)	(277.4)	(17.9)	(11.2)	(382.0)
Included in other comprehensive income	(1.5)	(87.6)	(522.2)	(59.4)	—	(670.7)
Balance, end of period	$ 511.9	$ 560.8	$ 5,054.7	$ 499.6	$ 64.6	$ 6,691.6
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	$ (16.7)	$ (57.0)	$ (266.3)	$ (17.9)	$ (11.2)	$ (369.1)
Changes in unrealized gains (losses) included in other comprehensive income related to financial assets still held at the reporting date	$ (1.3)	$ (55.2)	$ (422.7)	$ (59.4)	$ —	$ (538.6)

	Financial Assets Three Months Ended September 30, 2021					
	Investments of Consolidated Funds					
	Equity securities	Bonds	Loans	Investments in CLOs	Other investments	Total
Balance, beginning of period	$ 18.3	$ 542.0	$ 5,543.6	$ 353.1	$ 78.4	$ 6,535.4
Consolidation of funds [1]	3.3	—	490.4	(3.0)	—	490.7
Purchases	0.1	108.1	1,058.4	9.6	—	1,176.2
Sales and distributions	(1.2)	(44.0)	(781.0)	(14.5)	(0.4)	(841.1)
Settlements	—	(0.2)	(378.4)	—	—	(378.6)
Realized and unrealized gains (losses), net						
Included in earnings	(1.3)	(11.3)	13.3	6.2	0.7	7.6
Included in other comprehensive income	(0.3)	(13.5)	(93.4)	(6.7)	—	(113.9)
Balance, end of period	$ 18.9	$ 581.1	$ 5,852.9	$ 344.7	$ 78.7	$ 6,876.3
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	$ (1.9)	$ 1.5	$ (4.2)	$ 6.2	$ 1.1	$ 2.7
Changes in unrealized gains (losses) included in other comprehensive income related to financial assets still held at the reporting date	$ (0.3)	$ (13.7)	$ (92.3)	$ (6.7)	$ —	$ (113.0)

	Financial Assets Nine Months Ended September 30, 2021					
	Investments of Consolidated Funds					
	Equity securities	Bonds	Loans	Investments in CLOs	Other investments[2]	Total
Balance, beginning of period	$ 9.4	$ 550.4	$ 5,497.1	$ 489.4	$ 81.4	$ 6,627.7
Deconsolidation/consolidation of funds [1]	5.7	—	314.2	23.1	—	343.0
Purchases	0.6	472.0	3,375.3	71.7	—	3,919.6
Sales and distributions	(3.5)	(405.2)	(2,199.0)	(238.4)	(16.5)	(2,862.6)
Settlements	—	(3.8)	(1,020.2)	—	—	(1,024.0)
Realized and unrealized gains (losses), net						
Included in earnings	7.3	(1.3)	103.1	2.7	13.8	125.6
Included in other comprehensive income	(0.6)	(31.0)	(217.6)	(3.8)	—	(253.0)
Balance, end of period	$ 18.9	$ 581.1	$ 5,852.9	$ 344.7	$ 78.7	$ 6,876.3
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	$ 5.2	$ 7.7	$ 61.1	$ 2.3	$ 14.0	$ 90.3
Changes in unrealized gains (losses) included in other comprehensive income related to financial assets still held at the reporting date	$ (0.4)	$ (22.0)	$ (185.3)	$ (3.8)	$ —	$ (211.5)

(1) As a result of the consolidation of one CLO during the three months ended September 30, 2021 and two CLOs during the nine months ended September 30, 2021, the investments that the Company held in those CLOs are now eliminated in consolidation and no longer included in investments in CLOs and other. As a result of the deconsolidation of one CLO during the nine months ended September 30, 2021, the investment that the Company held in that CLO is no longer eliminated in consolidation and is now included in investments in CLOs and other.

(2) The beginning balance of Other Investments 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 Liabilities Loans Payable of Consolidated Funds Three Months Ended September 30,	
	2022	2021
Balance, beginning of period	$ 5,757.8	$ 5,373.9
Consolidation of funds	—	480.0
Borrowings	26.4	1,133.0
Paydowns	(1.8)	(712.0)
Sales	(193.9)	(237.5)
Realized and unrealized (gains) losses, net		
Included in earnings	(40.8)	(2.4)
Included in other comprehensive income	(244.0)	(96.7)
Balance, end of period	$ 5,303.7	$ 5,938.3
Changes in unrealized (gains) losses included in earnings related to financial liabilities still held at the reporting date	$ (41.3)	$ 3.7
Changes in unrealized (gains) losses included in other comprehensive income related to financial liabilities still held at the reporting date	$ (235.5)	$ (127.0)

	Financial Liabilities Loans Payable of Consolidated Funds Nine Months Ended September 30,	
	2022	2021
Balance, beginning of period	$ 5,811.0	$ 5,563.0
Deconsolidation/consolidation of funds	—	360.8
Borrowings	1,597.7	1,966.6
Paydowns	(419.1)	(1,303.0)
Sales	(863.4)	(515.2)
Realized and unrealized (gains) losses, net		
Included in earnings	(268.3)	90.7
Included in other comprehensive income	(554.2)	(224.6)
Balance, end of period	$ 5,303.7	$ 5,938.3
Changes in unrealized (gains) losses included in earnings related to financial liabilities still held at the reporting date	$ (262.6)	$ 98.1
Changes in unrealized (gains) losses included in other comprehensive income related to financial liabilities still held at the reporting date	$ (567.0)	$ (281.4)

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 the 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 and non-controlling interests in consolidated entities.

The following table summarizes quantitative information about the Company's Level III inputs as of September 30, 2022:

(Dollars in millions)	Fair Value at September 30, 2022	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Assets				
Investments of Consolidated Funds:				
Equity securities	$ **10.4**	Consensus Pricing	Indicative Quotes ($ per share)	0.00 - 17.00 (0.43)
	445.2	Discounted Cash Flow	Discount Rates	9% - 10% (9%)
	56.3	Other (1)	N/A	N/A
Bonds	**560.8**	Consensus Pricing	Indicative Quotes (% of Par)	55 - 125 (89)
Loans	**4,853.1**	Consensus Pricing	Indicative Quotes (% of Par)	0 - 103 (93)
	24.0	Discounted Cash Flow	Discount Rates	9% - 12% (10%)
	116.3	Discounted Cash Flow	Discount Rates	7% - 10% (8%)
	61.3	Consensus Pricing	Indicative Quotes (% of Par)	98% -98% (98%)
	6,127.4			
Investments in CLOs:				
Senior secured notes	**430.7**	Consensus Pricing with Discounted Cash Flow	Indicative Quotes (% of Par)	74 - 100 (95)
			Discount Margins (Basis Points)	155 - 1,700 (336)
			Default Rates	1% - 3% (2%)
			Recovery Rates	50% - 70% (60%)
Subordinated notes and preferred shares	**68.9**	Consensus Pricing with Discounted Cash Flow	Indicative Quotes (% of Par)	21 - 66 (49)
			Discount Rates	13% - 25% (19%)
			Default Rates	1% - 3% (2%)
			Recovery Rates	50% - 70% (60%)
Other investments:				
BDC preferred shares	**61.2**	Market Yield Analysis	Market Yield	7% - 7% (7%)
Aviation subordinated notes	**3.4**	Discounted Cash Flow	Discount Rates	22% - 22% (22%)
Total	$ **6,691.6**			
Liabilities				
Loans payable of Consolidated Funds:				
Senior secured notes	$ **5,085.8**	Other (2)	N/A	N/A
Subordinated notes and preferred shares	**217.9**	Consensus Pricing with Discounted Cash Flow	Indicative Quotes (% of Par)	19 - 103 (43)
			Discount Rates	15% - 25% (20%)
			Default Rates	2% - 3% (2%)
			Recovery Rates	50% - 70% (60%)
Total	$ **5,303.7**			

(1) Fair value approximates transaction price that was in close proximity to the reporting date.
(2) 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 following table summarizes quantitative information about the Company's Level III inputs as of December 31, 2021:

(Dollars in millions)	Fair Value at December 31, 2021	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Assets				
Investments of Consolidated Funds:				
Equity securities	$ 17.9	Consensus Pricing	Indicative Quotes ($ per share)	0.00 - 84.22 (0.63)
Bonds	599.5	Consensus Pricing	Indicative Quotes (% of Par)	93 - 107 (99)
Loans	5,766.0	Consensus Pricing	Indicative Quotes (% of Par)	35 - 106 (98)
	65.1	Discounted Cash Flow	Discount Rates	4% - 8% (5%)
	67.0	Market Yield Analysis	Market Yields	3% - 8% (5%)
	6,515.5			
Investments in CLOs:				
Senior secured notes	289.7	Discounted Cash Flow with Consensus Pricing	Indicative Quotes (% of Par)	86 - 101 (99)
			Discount Margins (Basis Points)	50 - 1,330 (245)
			Default Rates	1% - 2% (1%)
			Recovery Rates	50% - 70% (60%)
Subordinated notes and preferred shares	71.5	Discounted Cash Flow with Consensus Pricing	Indicative Quotes (% of Par)	46 - 97 (63)
			Discount Rate	14% - 22% (19%)
			Default Rates	1% - 2% (1%)
			Recovery Rates	50% - 70% (60%)
Other investments:				
BDC preferred shares	72.5	Market Yield Analysis	Market Yield	7% - 7% (7%)
Aviation subordinated notes	6.1	Discounted Cash Flow	Discount Rates	18% - 18% (18%)
Total	$ 6,955.3			
Liabilities				
Loans payable of Consolidated Funds:				
Senior secured notes	$ 5,561.1	Other (1)	N/A	N/A
Subordinated notes and preferred shares	249.9	Discounted Cash Flow with Consensus Pricing	Indicative Quotes (% of Par)	40 - 97 (61)
			Discount Rates	14% - 22% (19%)
			Default Rates	1% - 2% (1%)
			Recovery Rates	50% - 70% (60%)
Total	$ 5,811.0			

(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.

6. Investments

Investments consist of the following:

	As of	
	September 30, 2022	December 31, 2021
	(Dollars in millions)	
Accrued performance allocations	$ **7,428.7**	$ 8,133.0
Principal equity method investments, excluding performance allocations	**2,883.8**	2,128.6
Principal investments in CLOs	**499.6**	361.1
Other investments	**186.1**	209.3
Total	$ **10,998.2**	$ 10,832.0

Accrued Performance Allocations

The components of accrued performance allocations are as follows:

	As of	
	September 30, 2022	December 31, 2021
	(Dollars in millions)	
Global Private Equity	$ **5,866.3**	$ 6,412.8
Global Credit	**220.1**	300.3
Global Investment Solutions (1)	**1,342.3**	1,419.9
Total	$ **7,428.7**	$ 8,133.0

(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 24% of accrued performance allocations at September 30, 2022 are related to Carlyle Partners VI, L.P. and Carlyle Partners VII, L.P., two of the Company's Global Private Equity funds.

Approximately 25% of accrued performance allocations at December 31, 2021 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 9), 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	
	September 30, 2022	December 31, 2021
	(Dollars in millions)	
Global Private Equity	$ **(18.4)**	$ (18.4)
Global Credit	**(22.5)**	(11.8)
Total	$ **(40.9)**	$ (30.2)

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 Global Investment Solutions typically as general partner interests, and its strategic investments in Fortitude and iStar through Carlyle-affiliated funds (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	
	September 30, 2022	December 31, 2021
	(Dollars in millions)	
Global Private Equity [1]	**$ 1,832.8**	$ 1,231.2
Global Credit [2]	**960.3**	819.7
Global Investment Solutions	**90.7**	77.7
Total	**$ 2,883.8**	$ 2,128.6

(1) The balance includes $988.2 million and $436.9 million as of September 30, 2022 and December 31, 2021, respectively, related to the Company's equity method investments in NGP.

(2) As of September 30, 2022, the balance includes $645.3 million and $184.2 million, respectively, related to the Company's strategic investments in Fortitude and iStar through Carlyle-affiliated investment funds. As of December 31, 2021, the balance includes $715.7 million related to the Company's strategic investment in Fortitude.

Strategic Investment in Fortitude

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 held a 71.5% interest in Fortitude Holdings. Taken together, Carlyle FRL and T&D had 96.5% ownership of Fortitude Holdings. On October 1, 2021, Carlyle FRL, T&D and AIG effected a restructuring of the ownership of Fortitude Holdings that interposed FGH Parent, L.P. ("FGH Parent"), as the direct parent company of Fortitude Holdings (the "Restructuring"). Each of Carlyle FRL, T&D and AIG contributed the entirety of their interest in Fortitude Holdings to FGH Parent in exchange for an equivalent ownership interest in FGH Parent. References to "Fortitude" prior to the Restructuring refer to Fortitude Holdings. For periods subsequent to the Restructuring, references to "Fortitude" refer to FGH Parent.

In March 2022, the Company raised $2.0 billion in third-party equity capital from certain investors in Carlyle FRL and T&D, and committed $100 million from the Company for additional equity capital in Fortitude. In May 2022, Fortitude called $1.1 billion of the capital raise, with the remaining capital expected to be called in 2023. In connection with the capital raise and subsequent funding, the Company's indirect ownership of Fortitude decreased from 19.9% to 13.5%. As a result of the dilution, the Company recorded a reduction in the carrying value of its equity method investment and corresponding loss of $176.9 million. At the time the remaining capital is called by Fortitude, the Company's indirect ownership is expected to further decrease to 10.5%, and the Company expects to record an additional reduction in the carrying value of its equity method investment and corresponding loss of approximately $121 million, based on the carrying value as of September 30, 2022, subject to change based on the timing of the dilution and changes in the carrying value of the investment. As of September 30, 2022, the carrying value of the Company's investment in Carlyle FRL, which is an investment company that accounts for its investment in Fortitude at fair value, was $645.3 million, relative to its cost of $389.4 million.

The Company has a strategic asset management relationship with Fortitude pursuant to which Fortitude committed to allocate assets in asset management strategies and vehicles of the Company and its affiliates. As of September 30, 2022, Fortitude Holdings and certain Fortitude reinsurance counterparties have committed approximately $9.1 billion of capital to-date to various Carlyle strategies. On April 1, 2022, the Company entered into a new strategic advisory services agreement with certain subsidiaries of Fortitude through a newly-formed investment advisor, Carlyle Insurance Solutions Management L.L.C. ("CISM"). Under the agreement, CISM provides Fortitude with certain services, including business development and growth, transaction origination and execution, and capital management services in exchange for a recurring management fee based on Fortitude's general account assets, which adjusts within an agreed range based on Fortitude's overall profitability. Third party investors who participated in the March 2022 capital raise also made a minority investment in CISM, which is reflected as a non-controlling interest in consolidated entities in the condensed consolidated financial statements.

Strategic Investment in NGP

The Company has equity interests in NGP Management, the general partners of certain carry funds advised by NGP, and principal investments in certain NGP funds. The Company does not control NGP and 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 September 30, 2022 and December 31, 2021 are as follows:

	As of	
	September 30, 2022	**December 31, 2021**
	(Dollars in millions)	
Investment in NGP Management	**$ 370.1**	$ 371.8
Investments in NGP general partners - accrued performance allocations	**536.0**	3.8
Principal investments in NGP funds	**82.1**	61.3
Total investments in NGP	**$ 988.2**	$ 436.9

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 0.5% 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 and nine months ended September 30, 2022 and 2021.

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 and nine months ended September 30, 2022 and 2021 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Management fee-related revenues from NGP Management	**$ 18.1**	$ 18.2	**$ 52.7**	$ 54.9
Expenses related to the investment in NGP Management	**(3.5)**	(2.9)	**(8.9)**	(8.1)
Amortization of basis differences from the investment in NGP Management	**(0.4)**	(0.7)	**(1.1)**	(2.1)
Net investment income from NGP Management	**$ 14.2**	$ 14.6	**$ 42.7**	$ 44.7

The difference between the Company’s remaining carrying value of its investment and its share of the underlying net assets of the investee was $0.4 million and $1.4 million as of September 30, 2022 and December 31, 2021, 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. The Company recognized $81.6 million and $532.2 million of net investment earnings related to these performance allocations for the three and nine months ended September 30, 2022, respectively, primarily driven by NGP XI and NGP XII which experienced appreciation of 63% and 58%, respectively, during the nine months ended September 30, 2022. The Company recognized $1.7 million and $2.8 million of net investment earnings related to these performance allocations for the three and nine months ended September 30, 2021, respectively.

Principal Investments in NGP Funds. The Company also holds principal investments in the NGP Carry Funds. The Company recognized net investment earnings (losses) of $9.6 million and $5.1 million for the three months ended September 30, 2022 and 2021, respectively, and $43.0 million and $16.8 million for the nine months ended September 30, 2022 and 2021, 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 as of September 30, 2022 and December 31, 2021 were $499.6 million and $361.1 million, respectively, and consisted of investments in CLO senior and subordinated notes. In connection with the acquisition of the CBAM CLO management contracts in March 2022, the Company acquired investments in CLO senior and subordinated notes of $175.9 million (see Note 4). A portion of the Company's principal investments in CLOs is collateral to CLO term loans (see Note 8). As of September 30, 2022 and December 31, 2021, other investments includes the Company's investment in the BDC Preferred Shares at fair value of $61.2 million and $72.5 million, respectively (see Note 11).

Investment Income (Loss)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Performance allocations				
Realized	**$ 770.5**	$ 1,018.1	**$ 1,579.0**	$ 1,645.6
Unrealized	**(472.4)**	(43.6)	**(232.8)**	3,195.7
	298.1	974.5	**1,346.2**	4,841.3
Principal investment income (loss) from equity method investments (excluding performance allocations)				
Realized	**70.6**	87.7	**34.3**	175.5
Unrealized	**80.3**	30.5	**536.5**	239.4
	150.9	118.2	**570.8**	414.9
Principal investment income (loss) from investments in CLOs and other investments				
Realized	**6.2**	4.4	**9.4**	3.9
Unrealized	**(32.9)**	37.8	**(79.7)**	58.4
	(26.7)	42.2	**(70.3)**	62.3
Total	**$ 422.3**	$ 1,134.9	**$ 1,846.7**	$ 5,318.5

The performance allocations included in revenues are derived from the following segments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Global Private Equity	**$ 237.2**	$ 777.8	**$ 1,106.4**	$ 4,142.5
Global Credit	**27.2**	27.4	**(3.6)**	124.6
Global Investment Solutions	**33.7**	169.3	**243.4**	574.2
Total	**$ 298.1**	$ 974.5	**$ 1,346.2**	$ 4,841.3

Approximately 27%, or $81.0 million, of performance allocations for the three months ended September 30, 2022 are related to the following funds along with total revenue recognized (total revenue includes performance allocations, fund management fees, and principal investment income):

- Carlyle Europe Partners V, L.P. (Global Private Equity segment) - $79.6 million,
- Carlyle Power Partners II, L.P. (Global Private Equity segment) - $63.1 million,
- Carlyle Europe Partners IV, L.P. (Global Private Equity segment) - $46.1 million,
- Carlyle Partners V, L.P. (Global Private Equity segment) - $45.5 million,

- Carlyle Partners VII, L.P. (Global Private Equity segment) - $(16.7) million, and
- Carlyle Asia Partners V, L.P. (Global Private Equity segment) - $(29.3) million.

Approximately 26%, or $347.1 million, of performance allocations for the nine months ended September 30, 2022 are related to the following funds along with total revenue recognized (total revenue includes performance allocations, fund management fees, and principal investment income):

- Carlyle Realty Partners VIII, L.P. (Global Private Equity segment) - $259.1 million,
- Carlyle Europe Partners V, L.P. (Global Private Equity segment) - $220.2 million,
- Carlyle Power Partners II, L.P. (Global Private Equity segment) - $198.1 million,
- Carlyle Europe Technology Partners IV, L.P. (Global Private Equity segment) - $186.5 million, and
- Carlyle Partners VI, L.P. (Global Private Equity segment) - $(340.4) million.

Approximately 22%, or $216.0 million, of performance allocations for the three months ended September 30, 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) - $130.7 million, and
- Carlyle Realty Partners VIII, L.P. (Global Private Equity segment) - $119.1 million.

Approximately 35%, or $1,715.9 million, of performance allocations for the nine months ended September 30, 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) - $1,281.0 million, and
- Carlyle Europe Partners IV, L.P. (Global Private Equity segment) - $579.3 million.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
	(Dollars in millions)			
Global Private Equity	**$ 124.7**	$ 63.8	**$ 698.8**	$ 272.9
Global Credit	**26.8**	47.5	**(134.6)**	120.6
Global Investment Solutions	**(0.6)**	6.9	**6.6**	21.4
Total	**$ 150.9**	$ 118.2	**$ 570.8**	$ 414.9

Principal investment loss for Global Credit during the nine months ended September 30, 2022 includes an investment loss of $176.9 million on the Company’s equity method investment in Carlyle FRL related to the dilution of the Company’s indirect ownership in Fortitude from 19.9% to 13.5%.

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 nine months ended September 30, 2022, the Company did not form any new CLOs for which the Company is the primary beneficiary. Investments in Consolidated Funds as of September 30, 2022 also include $453.4 million related to investments that have been bridged by the Company to investment funds that are actively fundraising and are accounted for as consolidated VIEs.

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

Interest and Other Income of Consolidated Funds

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Interest income from investments	**$ 72.5**	$ 56.9	**$ 188.2**	$ 170.4
Other income	**7.2**	5.2	**16.4**	14.9
Total	**$ 79.7**	$ 62.1	**$ 204.6**	$ 185.3

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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Gains (losses) from investments of Consolidated Funds	**$ (71.2)**	$ (2.5)	**$ (319.3)**	$ 100.3
Gains (losses) from liabilities of CLOs	**40.9**	2.4	**268.3**	(90.7)
Total	**$ (30.3)**	$ (0.1)	**$ (51.0)**	$ 9.6

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Realized gains (losses)	**$ (9.3)**	$ (10.7)	**$ (13.1)**	$ 6.5
Net change in unrealized gains (losses)	**(61.9)**	8.2	**(306.2)**	93.8
Total	**$ (71.2)**	$ (2.5)	**$ (319.3)**	$ 100.3

7. Intangible Assets and Goodwill

The following table summarizes the carrying amount of intangible assets as of September 30, 2022 and December 31, 2021:

	As of	
	September 30, 2022	December 31, 2021
	(Dollars in millions)	
Acquired contractual rights	**$ 914.6**	$ 48.0
Accumulated amortization	**(92.5)**	(26.4)
Finite-lived intangible assets, net	**822.1**	21.6
Goodwill	**103.0**	13.3
Intangible Assets, net	**$ 925.1**	$ 34.9

As discussed in Note 3, the Company reviews its intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. No impairment losses were recorded during the three months ended September 30, 2022. During the nine months ended September 30, 2022, the Company recorded an impairment charge of $4.0 million on certain acquired contractual rights related to Carlyle Aviation Partners as a result of impaired income streams from aircraft under lease in Russia. No impairment losses were recorded during the three and nine months ended September 30, 2021.

Intangible asset amortization expense was $32.0 million and $1.8 million for the three months ended September 30, 2022 and 2021, respectively, and $70.7 million and $8.4 million for the nine months ended September 30, 2022 and 2021, respectively, and is included in general, administrative, and other expenses in the unaudited condensed consolidated statements of operations. Certain intangible assets are held by entities of which the functional currency is not the U.S. dollar. Any corresponding currency translation is recorded in other comprehensive income.

The following table summarizes the expected amortization expense for 2022 through 2026 and thereafter (Dollars in millions):

2022 (excluding the nine months ended September 30, 2022)	$	33.1
2023		130.4
2024		130.5
2025		130.4
2026		130.3
Thereafter		267.4
	$	822.1

8. 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:

	September 30, 2022		December 31, 2021	
	Borrowing Outstanding	Carrying Value	Borrowing Outstanding	Carrying Value
	(Dollars in millions)			
CLO Borrowings (See below)	**$ 384.4**	**$ 381.6**	$ 222.6	$ 219.0
5.625% Senior Notes Due 3/30/2043	**600.0**	**600.6**	600.0	600.6
5.650% Senior Notes Due 9/15/2048	**350.0**	**346.3**	350.0	346.1
3.500% Senior Notes Due 9/19/2029	**425.0**	**421.9**	425.0	421.6
4.625% Subordinated Notes Due 5/15/2061	**500.0**	**484.6**	500.0	484.3
Total debt obligations	**$ 2,259.4**	**$ 2,235.0**	$ 2,097.6	$ 2,071.6

Senior Credit Facility

As of September 30, 2022, the senior credit facility, which was amended on April 29, 2022, included $1.0 billion in a revolving credit facility. The revolving credit facility is scheduled to mature on April 29, 2027, and principal amounts outstanding under the 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 SOFR (or similar benchmark for non-U.S. dollar borrowings) plus a 0.10% adjustment and an applicable margin not to exceed 1.50% (at September 30, 2022, the interest rate was 4.14%). Prior to the April 2022 amendment, the size of the revolving credit facility was $775.0 million, which was scheduled to mature February 11, 2024, and accrued interest 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%. The Company made no borrowings under the senior credit facility during the three and nine months ended September 30, 2022 and there were no amounts outstanding at September 30, 2022.

Global Credit Revolving Credit Facility

On December 17, 2018, certain subsidiaries of the Company established a revolving line of credit, primarily intended to support certain lending activities within the Global Credit segment. The credit facility, which was amended in December 2019, December 2020 and September 2021, is scheduled to mature in September 2024, and has capacity of $250.0 million. 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 and nine months ended September 30, 2022, and there was no balance outstanding as of September 30, 2022.

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 September 30, 2022	Borrowing Outstanding December 31, 2021	Maturity Date (1)	Interest Rate as of September 30, 2022	
February 28, 2017	**$ 35.4**	$ 51.3	November 17, 2031	2.33%	(2)
June 29, 2017	**54.8**	—	July 20, 2030	4.36%	(4),(7)
December 6, 2017	**43.8**	—	January 15, 2031	3.88%	(5),(7)
March 15, 2019	**1.6**	1.9	March 15, 2032	8.11%	(3)
August 20, 2019	**3.5**	4.1	August 15, 2032	5.06%	(3)
September 15, 2020	**17.4**	20.3	April 15, 2033	1.59%	(3)
January 8, 2021	**18.2**	21.3	January 15, 2034	2.49%	(3)
March 9, 2021	**17.4**	20.3	August 15, 2030	1.69%	(3)
March 30, 2021	**16.4**	19.1	March 15, 2032	1.71%	(3)
April 21, 2021	**3.2**	3.7	April 15, 2033	5.85%	(3)
April 28, 2021	**6.5**	—	April 28, 2023	2.03%	(6),(7)
May 21, 2021	**13.7**	15.9	November 17, 2031	1.36%	(3)
June 4, 2021	**18.3**	21.3	January 16, 2034	2.28%	(3)
June 10, 2021	**1.2**	1.4	November 17, 2031	2.85%	(3)
July 15, 2021	**13.7**	—	July 15, 2034	2.30%	(3),(7)
July 20, 2021	**18.2**	—	July 20, 2031	2.28%	(3),(7)
August 4, 2021	**14.8**	17.2	August 15, 2032	2.30%	(3)
October 27, 2021	**21.3**	24.8	October 15, 2035	2.40%	(3)
November 5, 2021	**12.7**	—	January 14, 2034	2.09%	(3),(7)
January 6, 2022	**18.4**	—	February 15, 2035	2.70%	(3)
February 22, 2022	**18.4**	—	November 10, 2035	2.75%	(3)
July 13, 2022	**15.5**	—	February 15, 2035	3.61%	
	$ 384.4	$ 222.6			

(1) Maturity date is earlier of date indicated or the date that the CLO is dissolved.
(2) Outstanding borrowing of €36.1 million; incurs interest at EURIBOR plus applicable margins as defined in the agreement.
(3) Incurs interest at the average effective interest rate of each class of purchased securities plus 0.50% spread percentage.
(4) Incurs interest at LIBOR plus 1.65%.
(5) Incurs interest at LIBOR plus 1.37%.
(6) Incurs interest at EURIBOR plus 1.35%.
(7) The respective CLO assets were purchased in connection with the asset acquisition from CBAM in March 2022 (see Note 4). The formation date listed is the original formation date of the related CLO.

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 September 30, 2022 and 2021 was $2.8 million and $1.2 million, respectively. Interest expense for the nine months ended September 30, 2022 and 2021 was $6.8 million and $4.4 million, respectively. The fair value of the outstanding balance of the CLO term loans at September 30, 2022 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 €36.1 million term loan ($35.4 million at September 30, 2022) 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. Interest on this term loan accrues at EURIBOR plus applicable margins (2.33% at September 30, 2022).

Master Credit Agreements - 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 were 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 bore interest at LIBOR plus a weighted average spread over LIBOR on the CLO notes and an applicable margin, which was due quarterly. CLO indentures for the respective CLO borrowings entered on November 30, 2017 and after provided for an alternative rate framework determined at the Company's discretion upon a trigger event of LIBOR. This agreement terminated in January 2020. All outstanding CLO term loans under this agreement were fully repaid in 2021.

The Company assumed liabilities under master credit agreements previously entered into by CBAM under which a financial institution provided term loans to CBAM for the purchase of eligible interests in CLOs (see Note 4). Term loans issued under these master credit agreements 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, which is due quarterly. As of September 30, 2022, term loans under these agreements had $98.6 million outstanding. The master credit agreements mature in July 2030 and January 2031, respectively.

CLO Repurchase Agreements

On February 5, 2019, the Company entered into a master credit facility agreement (the "Carlyle CLO Financing Facility") to finance a portion of the risk retention investments in certain European CLOs managed by the Company. The maximum facility amount is €100.0 million, but may be expanded on such terms agreed upon by the Company and the counterparty subject to the terms and conditions of the Carlyle CLO Financing Facility. Each transaction entered into under the Carlyle 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 September 30, 2022, €203.6 million ($199.3 million) was outstanding under the Carlyle CLO Financing Facility.

The Company assumed liabilities under a master credit facility agreement previously entered into by CBAM (the "CBAM CLO Financing Facility," together with the Carlyle CLO Financing Facility, the "CLO Financing Facilities") to finance a portion of the risk retention investments in certain European CLOs managed by CBAM (see Note 4). The maximum facility amount is €100.0 million, but may be expanded on such terms agreed upon by the Company and the counterparty subject to the terms and conditions of the CBAM CLO Financing Facility. Each transaction entered into under the CBAM 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 September 30, 2022, €45.6 million ($44.6 million) was outstanding under the CBAM CLO Financing Facility.

Each transaction entered into under the CLO Financing Facilities provides for payment netting and, in the case of a default or similar event with respect to the counterparty to the CLO Financing Facilities, provides for netting across transactions. Generally, upon a counterparty default, the Company can terminate all transactions under the CLO Financing Facilities 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 Facilities; 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 Facilities, 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 Facilities 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 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 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):

		Fair Value (1) As of		Interest Expense			
				Three Months Ended September 30,		Nine Months Ended September 30,	
	Aggregate Principal Amount	September 30, 2022	December 31, 2021	2022	2021	2022	2021
3.875% Senior Notes Due 2/1/2023 (2)	$ —	$ —	$ —	$ —	$ 2.5	$ —	$ 7.5
5.625% Senior Notes Due 3/30/2043 (3)	600.0	**515.5**	795.5	**8.4**	8.4	**25.3**	25.3
5.650% Senior Notes Due 9/15/2048 (4)	350.0	**312.6**	484.7	**5.0**	5.0	**14.9**	14.9
3.500% Senior Notes Due 9/19/2029 (5)	425.0	**361.6**	457.4	**3.8**	3.8	**11.5**	11.5
				$ 17.2	$ 19.7	**$ 51.7**	$ 59.2

(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. In November 2021, the Company completed the redemption of these notes, as discussed below.
(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. In November 2021, the Company redeemed the remaining aggregate principal amount of $250.0 million in 3.875% Senior Notes at the make-whole redemption price as set forth in the notes, and recognized $10.1 million of costs in interest expense upon early extinguishment of debt.

Subordinated Notes

In May 2021, an indirect subsidiary of the Company issued $435.0 million aggregate principal amount of 4.625% Subordinated Notes due May 15, 2061 (the “Subordinated Notes”), on which interest is payable quarterly accruing from May 11, 2021. In June 2021, an additional $65.0 million aggregate principal amount of these Subordinated Notes were issued and are treated as a single series with the already outstanding $435.0 million aggregate principal amount. The Subordinated Notes are unsecured and subordinated obligations of the issuer, and are fully and unconditionally guaranteed (the “Guarantees”), jointly and severally, on a subordinated basis, by the Company, each of the Carlyle Holdings partnerships, and CG Subsidiary Holdings L.L.C., an indirect subsidiary of the Company (collectively, the “Guarantors”). The Consolidated Funds are not guarantors, and as such, the assets of the Consolidated Funds are not available to service the Subordinated Notes under the Guarantee. The Subordinated Notes may be redeemed at the issuer’s option in whole at any time or in part from time to time on or after June 15, 2026 at a redemption price equal to their principal amount plus any accrued and unpaid interest to, but excluding, the date of redemption. If interest due on the Subordinated Notes is deemed no longer to be deductible in the U.S., a “Tax Redemption Event,” the Subordinated Notes may be redeemed, in whole, but not in part, within 120 days of the occurrence of such event at a redemption price equal to their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption. In addition, the Subordinated Notes may be redeemed, in whole, but not in part, at any time prior to May 15, 2026, within 90 days of the rating agencies determining that the Subordinated Notes should no longer receive partial equity treatment pursuant to the rating agency’s criteria, a “rating agency event,” at a redemption price equal to 102% of their principal amount plus any accrued and unpaid interest to, but excluding, the date of redemption.

As of September 30, 2022 and December 31, 2021, the fair value of the Subordinated Notes was $344.0 million and $506.0 million, respectively. Fair value is based on active market quotes and the notes are classified as Level I within the fair value hierarchy. For the three and nine months ended September 30, 2022, the Company incurred $5.9 million and $17.6 million, respectively, of interest expense on the Subordinated Notes. For the three months ended September 30, 2021 and for the period from May 11, 2021 through September 30, 2021, the Company incurred $5.6 million and $8.9 million of interest expense on the Subordinated Notes.

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 and subordinated notes. The Company was in compliance with all financial and non-financial covenants under its various loan agreements as of September 30, 2022.

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.

As of September 30, 2022 and December 31, 2021, the following borrowings were outstanding, which includes preferred shares classified as liabilities (Dollars in millions):

	As of September 30, 2022			
	Borrowing Outstanding	**Fair Value**	**Weighted Average Interest Rate**	**Weighted Average Remaining Maturity in Years**
Senior secured notes [1]	**$ 5,466.6**	**$ 5,085.8**	**2.62 %**	**9.77**
Subordinated notes, preferred shares and other	**146.9**	**217.9**	**N/A (2)**	**9.97**
Total	**$ 5,613.5**	**$ 5,303.7**		

	As of December 31, 2021			
	Borrowing Outstanding	**Fair Value**	**Weighted Average Interest Rate**	**Weighted Average Remaining Maturity in Years**
Senior secured notes	$ 5,585.4	$ 5,561.1	1.68 %	10.25
Subordinated notes, preferred shares and other	317.6	249.9	N/A (2)	10.41
Total	$ 5,903.0	$ 5,811.0		

(1) Borrowing Outstanding as of September 30, 2022 includes $160.5 million of senior secured notes that are carried at par value. The fair value of these senior secured notes at September 30, 2022 approximated par value based on current market rates for similar debt instruments. These senior secured notes are classified as Level III within the fair value hierarchy.
(2) 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 September 30, 2022 and December 31, 2021, the fair value of the CLO assets was $5.6 billion and $6.7 billion, respectively.

9. Accrued Compensation and Benefits

Accrued compensation and benefits consist of the following:

	As of	
	September 30, 2022	December 31, 2021
	(Dollars in millions)	
Accrued performance allocations and incentive fee related compensation	**$ 3,784.5**	$ 4,087.8
Accrued bonuses	**365.2**	521.4
Employment-based contingent cash consideration (1)	**45.2**	6.3
Accrued pension liability (2)	**34.1**	27.4
Other (3)	**118.7**	312.1
Total	**$ 4,347.7**	$ 4,955.0

(1) The acquisition of the Carlyle Aviation Partners, Ltd. ("Carlyle Aviation Partners," formerly known as Apollo Aviation Group) in December 2018 included 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 is accounted for as compensation expense. See Note 3 to the consolidated financial statements included in the Company's 2018 Annual Report on Form 10-K for additional information on the Carlyle Aviation Partners acquisition. The Abingworth acquisition included an earn-out of up to $130.0 million. See Note 4 for additional information.

(2) Certain employees of AlpInvest are covered by defined benefit pension plans sponsored by AlpInvest. No other employees of the Company are covered by defined benefit pension plans.

(3) Includes $27.6 million and $207.0 million of realized performance allocations and incentive fee-related compensation not yet paid to participants as of September 30, 2022 and December 31, 2021, respectively.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Realized	**$ 377.0**	$ 478.5	**$ 776.7**	$ 789.8
Unrealized	**(213.5)**	16.7	**(35.5)**	1,566.0
Total	**$ 163.5**	$ 495.2	**$ 741.2**	$ 2,355.8

10. Commitments and Contingencies

Capital Commitments

The Company and its unconsolidated affiliates have unfunded commitments to entities within the following segments as of September 30, 2022 (Dollars in millions):

	Unfunded Commitments
Global Private Equity	$ 3,351.2
Global Credit	376.2
Global Investment Solutions	261.0
Total	$ 3,988.4

Of the $4.0 billion of unfunded commitments, approximately $3.3 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. In November 2022, the Company entered into agreements to purchase certain third-party interests in a Global Investment Solutions fund for $61.0 million. The Company will incur a loss of $12.7 million upon the closing of the transaction in the fourth quarter of 2022, which represents a premium to the fair market value of the interests acquired.

Under the Carlyle Global Capital Markets platform, certain subsidiaries of the Company may act as an underwriter, syndicator or placement agent for security offerings and loan originations. The Company earns fees in connection with these activities and bears the risk of the sale of such securities and placement of such loans, which may be longer dated. As of September 30, 2022, the Company had $99.6 million in unfunded commitments related to the origination and syndication of loans and securities under the Carlyle Global Capital Markets platform, of which $80.0 million was settled in October 2022.

Guaranteed Loans

From time to time, the Company or its subsidiaries may enter into agreements to guarantee certain obligations of the investment funds related to, for example, credit facilities or equity commitments. Certain consolidated subsidiaries of the Company are the guarantors of revolving credit facilities for certain funds in the Global 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 $0.4 million as of September 30, 2022. 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 $40.9 million at September 30, 2022 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 September 30, 2022. 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 3). The Company had $10.4 million of unbilled receivables from former and current employees and senior Carlyle professionals as of September 30, 2022 related to giveback obligations. Any such receivables are collateralized by investments made by individual senior Carlyle professionals and employees in Carlyle-sponsored funds. In addition, $132.4 million have been withheld from distributions of carried interest to senior Carlyle professionals and employees for potential giveback obligations as of September 30, 2022. 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 September 30, 2022, approximately $18.9 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 $22.0 million.

If, at September 30, 2022, 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 $1.4 billion, on an after-tax basis where applicable, of which approximately $0.6 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 largest offices in Washington, D.C., New York City, London and Hong Kong. These leases have remaining lease terms of one year to 14 years, some of which include options to extend for up to five years and some of which include an option to terminate the leases within one year. The Company also has operating leases for office equipment and vehicles, which are not significant.

The Company assesses its lease right-of-use assets for impairment consistent with its impairment assessment of other long-lived assets. In connection with the April 1, 2021 sale of Metropolitan Real Estate, the Company entered into a sublease agreement for a portion of its existing office space in New York. As a result of the sublease transaction, the Company recorded a lease impairment charge of $26.8 million, which was the excess of the carrying value of the associated lease right-of-use asset over its estimated fair value. The Company estimated the fair value using discounted cash flows from the estimated net sublease rental income. The impairment charge is included in general, administrative, and other expenses in the condensed consolidated statements of operations during the nine months ended September 30, 2021.

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 September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Operating lease cost	**$ 14.0**	$ 14.1	**$ 42.0**	$ 41.6
Sublease income	**(1.8)**	(1.0)	**(4.7)**	(2.2)
Total operating lease cost	**$ 12.2**	$ 13.1	**$ 37.3**	$ 39.4
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 15.8**	$ 12.4	**$ 47.8**	$ 35.1
Weighted-average remaining lease term			**11.7 years**	12.1 years
Weighted-average discount rate			**4.4 %**	4.1 %

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

Year ending December 31,	
2022 (excluding the nine months ended September 30, 2022)	$ 16.0
2023	65.8
2024	62.9
2025	58.9
2026	56.8
Thereafter	393.5
Total lease payments	$ 653.9
Less payments for leases that have not yet commenced	(31.1)
Less imputed interest	(122.9)
Total lease liabilities	$ 499.9

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 any 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 claims alleged against it in the matters described below are without merit.

The Foy Matter

Along with many other companies and individuals in the financial sector, the Company and Carlyle Mezzanine Partners, L.P. ("CMP") were named as defendants in *Foy v. Austin Capital*, a case filed in June 2009 in state court in New Mexico, which purported to be a *qui tam* suit on behalf of the State of New Mexico under the state Fraud Against Taxpayers Act. The trial court dismissed the lawsuit in September 2017, and all appeals have now been dismissed. The matter has been closed.

The Authentix Matter

Authentix, Inc. ("Authentix") was a majority-owned portfolio company in one of the Company's investment funds, Carlyle U.S. Growth Fund III, L.P. ("CGF III"). When Authentix was owned by CGF III, two of the Company's employees served on Authentix's board of directors. After a lengthy sale process, Authentix was sold for an aggregate sale price of $87.5 million. In August 2020, certain of the former minority shareholders in Authentix filed suit in Delaware Chancery Court, alleging that the Authentix board of directors, CGF III, and the Company breached various fiduciary duties by agreeing to a sale of Authentix at an inopportune time and at a price that was too low. A trial is scheduled to begin in Delaware in October 2023.

The former directors of Authentix are covered by indemnification from Authentix and an Authentix insurance policy. The defendants intend to contest the claims vigorously.

The Tax Receivable Agreement Matter

The Company came into existence on January 1, 2020, when its predecessor, The Carlyle Group, L.P. (the "PTP"), converted from a partnership into a corporation (the "Conversion"). On July 29, 2022, an alleged stockholder of the Company, the City of Pittsburgh Comprehensive Municipal Trust Fund (the "Plaintiff"), filed suit in the Delaware Court of Chancery, alleging a direct claim against the Company for breach of its certificate of incorporation and a derivative claim on behalf of the Company against certain current and former officers and directors of the Company. Plaintiff challenges the receipt, by certain officers of the PTP and certain directors of the general partner of the PTP, of a right to cash payments associated with the elimination of a tax receivable agreement in connection with the Conversion. Plaintiff is seeking monetary damages, restitution, and an injunction preventing the Company from making any future cash payments for the elimination of the tax receivable agreement in connection with the Conversion. By virtue of the derivative nature of the primary claims (i.e., that the claims are aimed primarily at certain officers and directors), it is remote that the Company itself will pay material damage awards based on the Plaintiff's claims, although the Company is expected to incur legal defense fees to the extent not covered by insurance. The defendants filed a motion to dismiss the complaint on October 28, 2022, and intend to contest the claims vigorously.

SEC Investigation

As part of a sweep investigation of financial services and investment advisory firms, in October 2022, the Company received from the SEC a request for information related to the preservation of certain types of electronic business communications (e.g., text messages and messages on WhatsApp, WeChat, and similar applications). The Company intends to cooperate fully with the SEC's inquiry.

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 September 30, 2022, the Company had recorded liabilities aggregating to approximately $40 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.

In connection with the sale of the Company's interest in its local Brazilian management entity in August 2021, the Company provided a guarantee to the acquiring company of up to BRL 100.0 million ($18.5 million as of September 30, 2022) for liabilities arising from tax-related indemnifications. This guarantee, which will expire in August 2027, would only come into effect after all alternative remedies have been exhausted. The Company believes the likelihood of any material funding under this guarantee 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 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 and subordinated 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 and subordinated notes is disclosed in Note 8.

11. Related Party Transactions

Due from Affiliates and Other Receivables, Net

The Company had the following due from affiliates and other receivables at September 30, 2022 and December 31, 2021:

	As of	
	September 30, 2022	December 31, 2021
	(Dollars in millions)	
Accrued incentive fees	**$ 14.5**	$ 12.2
Unbilled receivable for giveback obligations from current and former employees	**10.4**	—
Notes receivable and accrued interest from affiliates	**41.3**	25.3
Management fee, reimbursable expenses and other receivables from unconsolidated funds and affiliates, net	**420.2**	342.1
Total	**$ 486.4**	$ 379.6

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 charges interest on amounts due from affiliate accounts at interest rates ranging up to 7.02% as of September 30, 2022. The accrued and charged interest to the affiliates was not significant for any period presented.

Notes receivable includes loans that the Company has provided to certain unconsolidated funds to meet short-term obligations to purchase investments. Notes receivable as of September 30, 2022 and December 31, 2021 also include interest-bearing loans of $22.3 million and $18.2 million, respectively, to certain eligible Carlyle employees, which excludes Section 16 officers and other members of senior management, to finance their investments in certain Carlyle sponsored funds. These advances accrue interest at the WSJ Prime Rate minus 1.00% floating with a floor rate of 3.50% (5.25% as of September 30, 2022) and are collateralized by each borrower's interest in the Carlyle sponsored funds.

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 September 30, 2022 and December 31, 2021:

	As of	
	September 30, 2022	**December 31, 2021**
	(Dollars in millions)	
Due to affiliates of Consolidated Funds	**$ 15.6**	$ —
Due to non-consolidated affiliates	**77.2**	60.5
Deferred consideration for Carlyle Holdings units	**133.7**	200.5
Amounts owed under the tax receivable agreement	**101.9**	101.9
Other	**23.2**	25.2
Total	**$ 351.6**	$ 388.1

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.

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 three annual installment payments occurred in January 2020, January 2021, and January 2022, 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.

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.

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 was made at market rates throughout the year based on budgeted business usage. When actual business use exceeded budgeted aircraft use, the Company made additional payments to the aircraft owner and/or the aircraft management company, as appropriate. Similarly, when the aggregate amount paid for budgeted aircraft use exceeded the calculated costs of actual business use, or results in rates which exceed market aircraft charter rates, we receive reimbursement of such excess payments from the aircraft owner and/or the aircraft management company, as appropriate. These adjustments were calculated annually and payments or reimbursements were generally made after year-end. During the three and nine months ended September 30, 2022, the Company made net payments related to these aircraft totaling $0.4 million and $0.9 million, respectively. During the three and nine months ended September 30, 2021, the Company received net reimbursements related to these aircraft totaling $0.5 million and $1.2 million, respectively. The accrual of aircraft fees is included in general, administrative, and other expenses in the unaudited condensed consolidated statements of operations. During the three months ended September 30, 2022, the Company terminated its remaining aircraft lease agreement and as of September 30, 2022 the Company had no active aircraft lease agreements.

On May 5, 2020, the Company purchased 2,000,000 shares of BDC Preferred Shares from CSL in a private placement at a price of $25 per share. Dividends are payable on a quarterly basis in an initial amount equal to 7.0% per annum payable in cash, or, at CSL's option, 9.0% per annual payable in additional BDC Preferred Shares. The BDC Preferred Shares are convertible at the Company's option, in whole or in part, into the number of shares of common stock equal to $25 per share plus any accumulated but unpaid dividends divided by an initial conversion price of $9.50 per share, subject to certain adjustments. At any time after May 5, 2023 and with the approval of its board of directors, CSL will have the option to redeem the BDC Preferred Shares, in whole or in part. In such case, the Company has the right to convert its shares, in whole or in part, prior to the date of redemption. The Company recorded dividend income of $0.9 million and $2.6 million during the three and nine months ended September 30, 2022, respectively. The Company recorded dividend income of $0.9 million and $2.6 million, respectively, during the three and nine months ended September 30, 2021. Dividend income from the BDC Preferred Shares 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, was $61.2 million and $72.5 million as of September 30, 2022 and December 31, 2021, respectively, and is 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 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.

12. Income Taxes

The Company's provision (benefit) for income taxes was $76.2 million and $153.9 million for the three months ended September 30, 2022 and 2021, respectively, and $274.9 million and $733.5 million for the nine months ended September 30, 2022 and 2021, respectively. The Company's effective tax rate was approximately 21% and 22% for the three months ended September 30, 2022 and 2021, respectively, and 20% and 24% for the nine months ended September 30, 2022 and 2021, respectively. The effective tax rate for the nine months ended September 30, 2022 and 2021 is primarily comprised of the 21% U.S. federal corporate income tax rate plus U.S. state and foreign corporate income taxes and tax deductions resulting from the vesting of restricted stock units during the period, the impact of which was greater during the nine months ended September 30, 2022 due to a larger number of vested units. The effective tax rate for the nine months ended September 30, 2022 also reflects a deferred tax benefit resulting from a reduction in certain future foreign withholding taxes as well as the use of foreign tax credits. As of September 30, 2022 and December 31, 2021, the Company had federal, state, local and foreign taxes payable of $64.9 million and $93.3 million, respectively, which is recorded as a component of accounts payable, accrued expenses and other liabilities on the accompanying condensed consolidated balance sheet.

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 September 30, 2022, the Company's U.S. federal income tax returns for years 2018 through 2021 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 from 2016 to 2021. Foreign tax returns are generally subject to audit from 2011 to 2021. 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.

On July 1, 2022, the State of New York issued proposed regulations, related to its 2015 law change, that may require corporate managers of investment funds (non broker dealers) to change how they source income to New York state, which may result in an increase in the Company's taxable income to New York. These regulations will not be effective until promulgated. The Company has not yet determined the effect of these proposed regulations on its tax provision.

On August 16, 2022 the Inflation Reduction Act of 2022 ("IRA") was signed into law. The IRA enacted a 15% corporate minimum tax effective in 2023, a 1% tax on net share repurchases after December 31, 2022, and created and extended certain tax-related energy incentives. While these tax laws have no immediate effect, the Company is continuing to evaluate the impact of the IRA on its financial statements as further information becomes available.

13. Non-controlling Interests in Consolidated Entities

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

	As of	
	September 30, 2022	**December 31, 2021**
	(Dollars in millions)	
Non-Carlyle interests in Consolidated Funds	**$ 346.8**	$ 180.1
Non-Carlyle interests in majority-owned subsidiaries	**187.4**	234.4
Non-controlling interest in carried interest, giveback obligations and cash held for carried interest distributions	**3.0**	12.7
Non-controlling interests in consolidated entities	**$ 537.2**	$ 427.2

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
	(Dollars in millions)			
Non-Carlyle interests in Consolidated Funds	**$ (15.7)**	$ 0.7	**$ 14.0**	$ 0.9
Non-Carlyle interests in majority-owned subsidiaries	**16.3**	13.2	**11.9**	46.6
Non-controlling interest in carried interest, giveback obligations and cash held for carried interest distributions	**1.0**	0.7	**2.4**	10.2
Non-controlling interests in income of consolidated entities	**$ 1.6**	$ 14.6	**$ 28.3**	$ 57.7

14. Earnings Per Common Share

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

	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
	Basic	**Diluted**	**Basic**	**Diluted**
Net income attributable to common shares	**$ 280,800,000**	**$ 280,800,000**	**$ 1,097,800,000**	**$ 1,097,800,000**
Weighted-average common shares outstanding	**362,895,064**	**366,787,149**	**360,657,999**	**365,389,217**
Net income per common share	**$ 0.77**	**$ 0.77**	**$ 3.04**	**$ 3.00**

	Three Months Ended September 30, 2021		Nine Months Ended September 30, 2021	
	Basic	Diluted	Basic	Diluted
Net loss attributable to common shares	$ 532,800,000	$ 532,800,000	$ 2,327,100,000	$ 2,327,100,000
Weighted-average common shares outstanding	355,954,734	364,740,675	354,903,371	362,471,998
Net income per common share	$ 1.50	$ 1.46	$ 6.56	$ 6.42

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

	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
	Basic	Diluted	Basic	Diluted
The Carlyle Group Inc. weighted-average common shares outstanding	**362,895,064**	**362,895,064**	**360,657,999**	**360,657,999**
Unvested restricted stock units	**—**	**1,698,568**	**—**	**2,845,204**
Issuable common shares and performance-vesting restricted stock units	**—**	**2,193,517**	**—**	**1,886,014**
Weighted-average common shares outstanding	**362,895,064**	**366,787,149**	**360,657,999**	**365,389,217**

	Three Months Ended September 30, 2021		Nine Months Ended September 30, 2021	
	Basic	Diluted	Basic	Diluted
The Carlyle Group Inc. weighted-average common shares outstanding	355,954,734	355,954,734	354,903,371	354,903,3
Unvested restricted stock units	—	6,716,547	—	5,582,3
Issuable common shares and performance-vesting restricted stock units	—	2,069,394	—	1,986,2
Weighted-average common shares outstanding	355,954,734	364,740,675	354,903,371	362,471,9

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 investment in NGP, performance-vesting restricted stock units and issuable common shares associated with a program under which the Company may distribute realized performance allocation related compensation in fully vested, newly issued shares (see Note 15 to the condensed consolidated financial statements).

15. Equity

Shares Issued for Performance Allocation Related Compensation

In October 2021, the Company commenced a program under which, at the Company's discretion, up to 20% of realized performance allocations and incentive fee related compensation over a certain threshold amount may be distributed in fully vested, newly issued shares of the Company's common stock. During the three and nine months ended September 30, 2022, the Company distributed 78,953 and 850,110, respectively, fully vested, newly issued common shares, related to previously accrued performance allocations and incentive fee related compensation of $2.4 million and $38.9 million, respectively. The Company has determined to pause the issuance of shares pursuant to this program.

Stock Repurchase Program

In October 2021, the Board of Directors of the Company authorized the repurchase of up to $400.0 million of common stock, which replaced an authorization provided in February 2021 effective January 1, 2022. 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, including through Rule 10b5-1 plans. 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 nine months ended September 30, 2022 and 2021, the Company paid an aggregate of $146.9 million and $84.5 million, respectively, to repurchase and retire approximately 3.6 million and 1.9 million shares, respectively, with all of the repurchases done via open market and brokered transactions. As of September 30, 2022, $253.1 million of repurchase capacity remained under the program.

Shares Issued in Connection with Acquisitions

In August 2022, the Company issued 0.6 million shares of common stock, which represented $25.0 million of the purchase price paid in the acquisition of Abingworth. In March 2022, the Company issued 4.2 million shares of common stock, which represented $194.5 million of the purchase price paid in the acquisition of management contracts related to a portfolio of assets from CBAM. See Note 4 to the unaudited condensed consolidated financial statements for a further description of these acquisitions.

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 11, 2021	May 19, 2021	$ 0.250	$ 88.7
August 10, 2021	August 17, 2021	0.250	89.3
November 9, 2021	November 17, 2021	0.250	89.1
February 15, 2022	February 23, 2022	0.250	89.5
Total 2021 Dividend Year		$ 1.000	$ 356.6
May 10, 2022	May 17, 2022	$ 0.325	$ 117.6
August 9, 2022	August 16, 2022	0.325	118.3
November 18, 2022	November 25, 2022	0.325	118.2
Total 2022 Dividend Year (through Q3 2022)		$ 0.975	$ 354.1

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.

16. 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. On June 1, 2021, the shareholders of the Company approved an amended and restated Equity Incentive Plan that removed a provision providing for the automatic increase in the number of the Company's common shares available for grant and reset the total number of shares of common stock available for grant to 16,000,000 for awards granted under the plan after June 1, 2021. As of September 30, 2022, the total number of the Company's common shares available for grant under the amended and restated Equity Incentive Plan was 12,994,991.

A summary of the status of the Company's non-vested equity-based awards as of September 30, 2022 and a summary of changes for the nine months ended September 30, 2022, 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, 2021	14,775,651	$ 30.70	635,430	$ 29.27
Granted	3,616,132	$ 42.96	188,223	$ 49.06
Vested	5,572,684	$ 27.74	370,773	$ 26.54
Forfeited	1,585,664	$ 29.29	—	$ —
Balance, September 30, 2022	11,233,435	$ 36.32	452,880	$ 39.73

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

The Company recorded compensation expense, net of forfeitures, for restricted stock units of $54.2 million and $42.5 million for the three months ended September 30, 2022 and 2021, respectively, with $6.1 million and $8.4 million of corresponding deferred tax benefits, respectively. The Company recorded compensation expense, net of forfeitures, for restricted stock units of $139.3 million and $122.0 million for the nine months ended September 30, 2022 and 2021, respectively, with $23.5 million and $25.6 million of corresponding deferred tax benefits, respectively. As of September 30, 2022, the total unrecognized equity-based compensation expense related to unvested restricted stock units was $271.9 million, which is expected to be recognized over a weighted-average term of 2.0 years.

17. Segment Reporting

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, infrastructure 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, infrastructure debt, insurance solutions and global capital solutions.

Global Investment Solutions – The Global Investment Solutions segment advises global private equity fund of funds programs and related co-investment and secondary activities through AlpInvest. This segment also included Metropolitan Real Estate ("MRE"), a global manager of real estate fund of funds and related co-investment and secondary activities, prior to its sale on April 1, 2021.

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 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, 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. In 2022, the Company began to disclose fee related performance revenues as a separate line item in its segment results. Fee related performance revenues are the realized portion of performance revenues that are measured and received on a recurring basis, are not dependent on the disposition of investments, and which are not at risk of giveback. Previously, these amounts were included as a component of fund management fees. Beginning in 2022, the Company's Core plus real estate fund, CPI, began to realize recurring fee related performance revenues. Realized net performance revenues for CPI were immaterial in prior periods.

The following tables present the financial data for the Company's three reportable segments for the three and nine months ended September 30, 2022:

	Three Months Ended September 30, 2022			
	Global Private Equity	Global Credit	Global Investment Solutions	Total
	(Dollars in millions)			
Segment Revenues				
Fund level fee revenues				
Fund management fees	$ 330.1	$ 128.4	$ 55.6	$ 514.1
Portfolio advisory and transaction fees, net and other	7.7	27.3	—	35.0
Fee related performance revenues	6.1	14.5	—	20.6
Total fund level fee revenues	343.9	170.2	55.6	569.7
Realized performance revenues	628.4	63.0	73.4	764.8
Realized principal investment income	46.0	9.2	1.5	56.7
Interest income	5.1	4.5	0.9	10.5
Total revenues	1,023.4	246.9	131.4	1,401.7
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	146.7	69.9	30.1	246.7
Realized performance revenues related compensation	283.5	28.9	61.3	373.7
Total compensation and benefits	430.2	98.8	91.4	620.4
General, administrative, and other indirect expenses	65.3	26.4	9.1	100.8
Depreciation and amortization expense	6.3	2.1	1.2	9.6
Interest expense	15.9	7.9	2.7	26.5
Total expenses	517.7	135.2	104.4	757.3
Distributable Earnings	**$ 505.7**	**$ 111.7**	**$ 27.0**	**$ 644.4**
(-) Realized Net Performance Revenues	344.9	34.1	12.1	391.1
(-) Realized Principal Investment Income	46.0	9.2	1.5	56.7
(+) Net Interest	10.8	3.4	1.8	16.0
(=) Fee Related Earnings	**$ 125.6**	**$ 71.8**	**$ 15.2**	**$ 212.6**

	Nine Months Ended September 30, 2022			
	Global Private Equity	Global Credit	Global Investment Solutions	Total
	(Dollars in millions)			
Segment Revenues				
Fund level fee revenues				
Fund management fees	$ 971.3	$ 345.8	$ 167.4	$ 1,484.5
Portfolio advisory and transaction fees, net and other	21.3	72.1	—	93.4
Fee related performance revenues	59.0	41.2	—	100.2
Total fund level fee revenues	1,051.6	459.1	167.4	1,678.1
Realized performance revenues	1,302.1	96.6	122.3	1,521.0
Realized principal investment income	94.4	28.2	4.2	126.8
Interest income	6.7	8.6	1.2	16.5
Total revenues	2,454.8	592.5	295.1	3,342.4
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	453.9	214.2	84.1	752.2
Realized performance revenues related compensation	588.7	45.0	107.3	741.0
Total compensation and benefits	1,042.6	259.2	191.4	1,493.2
General, administrative, and other indirect expenses	170.1	70.2	24.7	265.0
Depreciation and amortization expense	18.9	6.0	3.7	28.6
Interest expense	47.7	23.5	8.4	79.6
Total expenses	1,279.3	358.9	228.2	1,866.4
Distributable Earnings	**$ 1,175.5**	**$ 233.6**	**$ 66.9**	**$ 1,476.0**
(-) Realized Net Performance Revenues	713.4	51.6	15.0	780.0
(-) Realized Principal Investment Income	94.4	28.2	4.2	126.8
(+) Net Interest	41.0	14.9	7.2	63.1
(=) Fee Related Earnings	**$ 408.7**	**$ 168.7**	**$ 54.9**	**$ 632.3**
Segment assets as of September 30, 2022	$ 10,046.3	$ 3,205.3	$ 1,741.6	$ 14,993.2

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

The following tables present the financial data for the Company's three reportable segments for the three and nine months ended September 30, 2021:

	Three Months Ended September 30, 2021			
	Global Private Equity	Global Credit	Global Investment Solutions	Total
	(Dollars in millions)			
Segment Revenues				
Fund level fee revenues				
Fund management fees	$ 265.1	$ 81.3	$ 59.3	$ 405.7
Portfolio advisory and transaction fees, net and other	7.3	15.9	—	23.2
Fee related performance revenues	—	11.2	—	11.2
Total fund level fee revenues	272.4	108.4	59.3	440.1
Realized performance revenues	962.9	2.1	45.9	1,010.9
Realized principal investment income	61.6	7.4	2.3	71.3
Interest income	0.2	1.3	—	1.5
Total revenues	1,297.1	119.2	107.5	1,523.8
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	133.6	58.7	25.7	218.0
Realized performance revenues related compensation	434.5	1.0	41.9	477.4
Total compensation and benefits	568.1	59.7	67.6	695.4
General, administrative, and other indirect expenses	38.4	14.7	6.9	60.0
Depreciation and amortization expense	7.1	2.3	1.3	10.7
Interest expense	17.4	6.8	2.9	27.1
Total expenses	631.0	83.5	78.7	793.2
Distributable Earnings	**$ 666.1**	**$ 35.7**	**$ 28.8**	**$ 730.6**
(-) Realized Net Performance Revenues	528.4	1.1	4.0	533.5
(-) Realized Principal Investment Income	61.6	7.4	2.3	71.3
(+) Net Interest	17.2	5.5	2.9	25.6
(=) Fee Related Earnings	**$ 93.3**	**$ 32.7**	**$ 25.4**	**$ 151.4**

	Nine Months Ended September 30, 2021			
	Global Private Equity	Global Credit	Global Investment Solutions	Total
	(Dollars in millions)			
Segment Revenues				
Fund level fee revenues				
Fund management fees	$ 788.7	$ 227.6	$ 171.6	$ 1,187.9
Portfolio advisory and transaction fees, net and other	24.1	34.1	0.3	58.5
Fee related performance revenues	—	31.0	—	31.0
Total fund level fee revenues	812.8	292.7	171.9	1,277.4
Realized performance revenues	1,525.9	2.2	105.2	1,633.3
Realized principal investment income	109.3	23.1	6.7	139.1
Interest income	0.9	4.5	0.1	5.5
Total revenues	2,448.9	322.5	283.9	3,055.3
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	396.3	168.0	83.3	647.6
Realized performance revenues related compensation	688.3	1.0	97.1	786.4
Total compensation and benefits	1,084.6	169.0	180.4	1,434.0
General, administrative, and other indirect expenses	116.2	39.5	21.5	177.2
Depreciation and amortization expense	19.3	6.2	3.5	29.0
Interest expense	46.9	19.4	7.9	74.2
Total expenses	1,267.0	234.1	213.3	1,714.4
Distributable Earnings	**$ 1,181.9**	**$ 88.4**	**$ 70.6**	**$ 1,340.9**
(-) Realized Net Performance Revenues	837.6	1.2	8.1	846.9
(-) Realized Principal Investment Income	109.3	23.1	6.7	139.1
(+) Net Interest	46.0	14.9	7.8	68.7
(=) Fee Related Earnings	**$ 281.0**	**$ 79.0**	**$ 63.6**	**$ 423.6**

The following tables reconcile the Total Segments to the Company's Income (Loss) Before Provision for Taxes for the three months ended September 30, 2022 and 2021.

	Three Months Ended September 30, 2022							
	Total Reportable Segments		Consolidated Funds		Reconciling Items			Carlyle Consolidated
	(Dollars in millions)							
Revenues	$	**1,401.7**	$	**79.7**	$	**(392.9)**	**(a)**	$ **1,088.5**
Expenses	$	**757.3**	$	**62.0**	$	**(119.7)**	**(b)**	$ **699.6**
Other income	$	**—**	$	**(30.3)**	$	**—**	**(c)**	$ **(30.3)**
Distributable earnings	$	**644.4**	$	**(12.6)**	$	**(273.2)**	**(d)**	$ **358.6**

	Three Months Ended September 30, 2021							
	Total Reportable Segments		Consolidated Funds		Reconciling Items			Carlyle Consolidated
	(Dollars in millions)							
Revenues	$	1,523.8	$	62.1	$	53.6	(a)	$ 1,639.5
Expenses	$	793.2	$	51.9	$	93.0	(b)	$ 938.1
Other income	$	—	$	(0.1)	$	—	(c)	$ (0.1)
Distributable earnings	$	730.6	$	10.1	$	(39.4)	(d)	$ 701.3

The following tables reconcile the Total Segments to the Company's Income (Loss) Before Provision for Taxes for the nine months ended September 30, 2022 and 2021, and Total Assets as of September 30, 2022.

	Nine Months Ended September 30, 2022							
	Total Reportable Segments		Consolidated Funds		Reconciling Items			Carlyle Consolidated
	(Dollars in millions)							
Revenues	$	**3,342.4**	$	**204.6**	$	**172.3**	**(a)**	$ **3,719.3**
Expenses	$	**1,866.4**	$	**166.0**	$	**234.9**	**(b)**	$ **2,267.3**
Other income (loss)	$	**—**	$	**(51.0)**	$	**—**	**(c)**	$ **(51.0)**
Distributable earnings	$	**1,476.0**	$	**(12.4)**	$	**(62.6)**	**(d)**	$ **1,401.0**
Total assets	$	**14,993.2**	$	**6,695.8**	$	**(596.6)**	**(e)**	$ **21,092.4**

	Nine Months Ended September 30, 2021							
	Total Reportable Segments		Consolidated Funds		Reconciling Items			Carlyle Consolidated
	(Dollars in millions)							
Revenues	$	3,055.3	$	185.3	$	3,542.4	(a)	$ 6,783.0
Expenses	$	1,714.4	$	162.6	$	1,797.3	(b)	$ 3,674.3
Other income (loss)	$	—	$	9.6	$	—	(c)	$ 9.6
Distributable earnings	$	1,340.9	$	32.3	$	1,745.1	(d)	$ 3,118.3

(a) The Revenues adjustment principally represents unrealized performance revenues, unrealized principal investment income (loss) (including Fortitude), the principal investment loss from dilution of the indirect investment in Fortitude, 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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Unrealized performance and fee related performance revenues	$ (376.2)	$ (29.8)	$ 334.8	$ 3,212.7
Unrealized principal investment income (loss)	(29.9)	70.4	(33.3)	280.5
Principal investment loss from dilution of indirect investment in Fortitude	—	—	(176.9)	—
Adjustments related to expenses associated with investments in NGP Management and its affiliates	(3.8)	(3.6)	(9.9)	(10.2)
Tax expense associated with certain foreign performance revenues	0.1	0.1	—	0.3
Non-controlling interests and other adjustments to present certain costs on a net basis	28.4	33.2	60.0	119.6
Elimination of revenues of Consolidated Funds	(11.5)	(16.7)	(2.4)	(60.5)
	$ (392.9)	$ 53.6	$ 172.3	$ 3,542.4

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 and nine months ended September 30, 2022 and 2021.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Total Reportable Segments - Fund level fee revenues	$ 569.7	$ 440.1	$ 1,678.1	$ 1,277.4
Adjustments [(1)]	(33.8)	(32.6)	(145.2)	(94.5)
Carlyle Consolidated - Fund management fees	$ 535.9	$ 407.5	$ 1,532.9	$ 1,182.9

(1) Adjustments represent the reclassification of NGP management fees from principal investment income, the reclassification of fee related performance revenues from business development companies and other 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 September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
	(Dollars in millions)			
Unrealized performance and fee related performance revenue compensation expense	**$ (224.0)**	$ 15.0	**$ (50.4)**	$ 1,567.1
Equity-based compensation	**56.0**	44.3	**145.0**	129.5
Acquisition or disposition-related charges (credits) and amortization of intangibles and impairment	**42.4**	24.4	**124.9**	54.7
Tax expense associated with certain foreign performance revenues related compensation	**3.7**	(2.5)	**3.0**	(12.1)
Non-controlling interests and other adjustments to present certain costs on a net basis	**7.5**	15.9	**35.8**	53.2
Right-of-use asset impairment	**—**	—	**—**	26.8
Other adjustments including severance	**3.1**	3.2	**5.4**	7.2
Elimination of expenses of Consolidated Funds	**(8.4)**	(7.3)	**(28.8)**	(29.1)
	$ (119.7)	$ 93.0	**$ 234.9**	$ 1,797.3

(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).

(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 September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
	(Dollars in millions)			
Income (loss) before provision for income taxes	**$ 358.6**	$ 701.3	**$ 1,401.0**	$ 3,118.3
Adjustments:				
Net unrealized performance and fee related performance revenues	**152.2**	44.8	**(385.2)**	(1,645.6)
Unrealized principal investment (income) loss	**29.9**	(70.4)	**33.3**	(280.5)
Principal investment loss from dilution of indirect investment in Fortitude	**—**	—	**176.9**	—
Equity-based compensation (1)	**56.0**	44.3	**145.0**	129.5
Acquisition or disposition-related charges (credits), including amortization of intangibles and impairment	**42.4**	24.4	**124.9**	54.7
Tax expense associated with certain foreign performance revenues	**3.8**	(2.4)	**3.0**	(11.8)
Net income attributable to non-controlling interests in consolidated entities	**(1.6)**	(14.6)	**(28.3)**	(57.7)
Right-of-use asset impairment	**—**	—	**—**	26.8
Other adjustments including severance	**3.1**	3.2	**5.4**	7.2
Distributable Earnings	**$ 644.4**	$ 730.6	**$ 1,476.0**	$ 1,340.9
Realized performance revenues, net of related compensation (2)	**391.1**	533.5	**780.0**	846.9
Realized principal investment income (2)	**56.7**	71.3	**126.8**	139.1
Net interest	**16.0**	25.6	**63.1**	68.7
Fee Related Earnings	**$ 212.6**	$ 151.4	**$ 632.3**	$ 423.6

(1) Equity-based compensation for the three and nine months ended September 30, 2022 and 2021 includes amounts that are presented in principal investment income and general, administrative and other expenses in the Company's U.S. GAAP statement of operations.

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

	Three Months Ended September 30, 2022		
	Carlyle Consolidated	Adjustments [3]	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	**$ 298.1**	**$ 466.7**	**$ 764.8**
Performance revenues related compensation expense	**163.5**	**210.2**	**373.7**
Net performance revenues	**$ 134.6**	**$ 256.5**	**$ 391.1**
Principal investment income (loss)	**$ 124.2**	**$ (67.5)**	**$ 56.7**

	Nine Months Ended September 30, 2022		
	Carlyle Consolidated	Adjustments [3]	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	**$ 1,346.2**	**$ 174.8**	**$ 1,521.0**
Performance revenues related compensation expense	**741.2**	**(0.2)**	**741.0**
Net performance revenues	**$ 605.0**	**$ 175.0**	**$ 780.0**
Principal investment income (loss)	**$ 500.5**	**$ (373.7)**	**$ 126.8**

	Three Months Ended September 30, 2021		
	Carlyle Consolidated	Adjustments [3]	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	$ 974.5	$ 36.4	$ 1,010.9
Performance revenues related compensation expense	495.2	(17.8)	477.4
Net performance revenues	$ 479.3	$ 54.2	$ 533.5
Principal investment income (loss)	$ 160.4	$ (89.1)	$ 71.3

	Nine Months Ended September 30, 2021		
	Carlyle Consolidated	Adjustments [3]	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	$ 4,841.3	$ (3,208.0)	$ 1,633.3
Performance revenues related compensation expense	2,355.8	(1,569.4)	786.4
Net performance revenues	$ 2,485.5	$ (1,638.6)	$ 846.9
Principal investment income (loss)	$ 477.2	$ (338.1)	$ 139.1

(3) 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 fee related performance revenues, which are included in fund level fee revenues 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, the exclusion of charges associated with the investment in NGP Management and its affiliates that are excluded from the segment results and the exclusion of the principal investment loss from dilution of the indirect investment in Fortitude.

(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.

18. Subsequent Events

Dividends

In November 2022, the Company's Board of Directors declared a quarterly dividend of $0.325 per share of common stock to common stockholders of record at the close of business on November 18, 2022, payable on November 25, 2022.

19. Supplemental Financial Information

The following supplemental financial information illustrates the consolidating effects of the Consolidated Funds on the Company's financial position as of September 30, 2022 and December 31, 2021 and results of operations for the three and nine months ended September 30, 2022 and 2021. The supplemental statement of cash flows is presented without effects of the Consolidated Funds.

	As of September 30, 2022			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Assets				
Cash and cash equivalents	$ 1,361.9	$ —	$ —	$ 1,361.9
Cash and cash equivalents held at Consolidated Funds	—	177.2	—	177.2
Restricted cash	0.6	—	—	0.6
Corporate treasury investments	69.5	—	—	69.5
Investments, including performance allocations of $7,428.7 million	11,130.8	—	(132.6)	10,998.2
Investments of Consolidated Funds	—	6,409.7	—	6,409.7
Due from affiliates and other receivables, net	950.4	—	(464.0)	486.4
Due from affiliates and other receivables of Consolidated Funds, net	—	108.6	—	108.6
Fixed assets, net	134.4	—	—	134.4
Lease right-of-use assets, net	333.5	—	—	333.5
Deposits and other	69.1	0.3	—	69.4
Intangible assets, net	925.1	—	—	925.1
Deferred tax assets	17.9	—	—	17.9
Total assets	$ 14,993.2	$ 6,695.8	$ (596.6)	$ 21,092.4
Liabilities and equity				
Debt obligations	$ 2,235.0	$ —	$ —	$ 2,235.0
Loans payable of Consolidated Funds	—	5,975.3	(458.4)	5,516.9
Accounts payable, accrued expenses and other liabilities	379.4	—	—	379.4
Accrued compensation and benefits	4,347.7	—	—	4,347.7
Due to affiliates	336.0	15.7	(0.1)	351.6
Deferred revenue	394.2	—	—	394.2
Deferred tax liabilities	449.9	—	—	449.9
Other liabilities of Consolidated Funds	—	222.1	(0.1)	222.0
Lease liabilities	499.9	—	—	499.9
Accrued giveback obligations	40.9	—	—	40.9
Total liabilities	8,683.0	6,213.1	(458.6)	14,437.5
Common stock	3.6	—	—	3.6
Additional paid-in capital	3,123.0	157.2	(157.2)	3,123.0
Retained earnings	3,430.8	—	—	3,430.8
Accumulated other comprehensive loss	(437.6)	(21.3)	19.2	(439.7)
Non-controlling interests in consolidated entities	190.4	346.8	—	537.2
Total equity	6,310.2	482.7	(138.0)	6,654.9
Total liabilities and equity	$ 14,993.2	$ 6,695.8	$ (596.6)	$ 21,092.4

	As of December 31, 2021			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Assets				
Cash and cash equivalents	$ 2,469.5	$ —	$ —	$ 2,469.5
Cash and cash equivalents held at Consolidated Funds	—	147.8	—	147.8
Restricted cash	5.6	—	—	5.6
Investments, including performance allocations of $8,133.0 million	11,022.5	—	(190.5)	10,832.0
Investments of Consolidated Funds	—	6,661.0	—	6,661.0
Due from affiliates and other receivables, net	384.9	—	(5.3)	379.6
Due from affiliates and other receivables of Consolidated Funds, net	—	138.8	—	138.8
Fixed assets, net	143.9	—	—	143.9
Lease right-of-use assets, net	361.1	—	—	361.1
Deposits and other	61.3	0.4	—	61.7
Intangible assets, net	34.9	—	—	34.9
Deferred tax assets	14.5	—	—	14.5
Total assets	$ 14,498.2	$ 6,948.0	$ (195.8)	$ 21,250.4
Liabilities and equity				
Debt obligations	$ 2,071.6	$ —	$ —	$ 2,071.6
Loans payable of Consolidated Funds	—	5,890.0	—	5,890.0
Accounts payable, accrued expenses and other liabilities	379.7	—	—	379.7
Accrued compensation and benefits	4,955.0	—	—	4,955.0
Due to affiliates	388.1	—	—	388.1
Deferred revenue	120.8	—	—	120.8
Deferred tax liabilities	487.1	—	—	487.1
Other liabilities of Consolidated Funds	—	684.0	(0.1)	683.9
Lease liabilities	537.8	—	—	537.8
Accrued giveback obligations	30.2	—	—	30.2
Total liabilities	8,970.3	6,574.0	(0.1)	15,544.2
Common stock	3.6	—	—	3.6
Additional paid-in capital	2,717.6	198.6	(198.6)	2,717.6
Retained earnings	2,805.3	—	—	2,805.3
Accumulated other comprehensive income (loss)	(245.7)	(4.7)	2.9	(247.5)
Non-controlling interests in consolidated entities	247.1	180.1	—	427.2
Total equity	5,527.9	374.0	(195.7)	5,706.2
Total liabilities and equity	$ 14,498.2	$ 6,948.0	$ (195.8)	$ 21,250.4

	Three Months Ended September 30, 2022			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Revenues				
Fund management fees	$ 542.1	$ —	$ (6.2)	$ 535.9
Incentive fees	15.2	—	(0.1)	15.1
Investment income				
Performance allocations	297.8	—	0.3	298.1
Principal investment income	127.6	—	(3.4)	124.2
Total investment income	425.4	—	(3.1)	422.3
Interest and other income	37.6	—	(2.1)	35.5
Interest and other income of Consolidated Funds	—	79.7	—	79.7
Total revenues	1,020.3	79.7	(11.5)	1,088.5
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	251.4	—	—	251.4
Equity-based compensation	54.2	—	—	54.2
Performance allocations and incentive fee related compensation	163.5	—	—	163.5
Total compensation and benefits	469.1	—	—	469.1
General, administrative and other expenses	149.3	—	(0.1)	149.2
Interest	27.3	—	—	27.3
Interest and other expenses of Consolidated Funds	—	62.0	(8.3)	53.7
Other non-operating expense	0.3	—	—	0.3
Total expenses	646.0	62.0	(8.4)	699.6
Other income (loss)				
Net investment loss of Consolidated Funds	—	(30.3)	—	(30.3)
Income (loss) before provision for income taxes	374.3	(12.6)	(3.1)	358.6
Provision for income taxes	76.2	—	—	76.2
Net income (loss)	298.1	(12.6)	(3.1)	282.4
Net income attributable to non-controlling interests in consolidated entities	17.3	—	(15.7)	1.6
Net income (loss) attributable to The Carlyle Group Inc.	$ 280.8	$ (12.6)	$ 12.6	$ 280.8

	Nine Months Ended September 30, 2022			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Revenues				
Fund management fees	$ 1,552.0	$ —	$ (19.1)	$ 1,532.9
Incentive fees	42.7	—	(0.1)	42.6
Investment income				
Performance allocations	1,350.7	—	(4.5)	1,346.2
Principal investment income	463.9	—	36.6	500.5
Total investment income	1,814.6	—	32.1	1,846.7
Interest and other income	107.8	—	(15.3)	92.5
Interest and other income of Consolidated Funds	—	204.6	—	204.6
Total revenues	3,517.1	204.6	(2.4)	3,719.3
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	779.7	—	—	779.7
Equity-based compensation	139.3	—	—	139.3
Performance allocations and incentive fee related compensation	741.2	—	—	741.2
Total compensation and benefits	1,660.2	—	—	1,660.2
General, administrative and other expenses	387.1	—	0.1	387.2
Interest	82.0	—	—	82.0
Interest and other expenses of Consolidated Funds	—	166.0	(28.9)	137.1
Other non-operating expense	0.8	—	—	0.8
Total expenses	2,130.1	166.0	(28.8)	2,267.3
Other income (loss)				
Net investment loss of Consolidated Funds	—	(51.0)	—	(51.0)
Income (loss) before provision for income taxes	1,387.0	(12.4)	26.4	1,401.0
Provision for income taxes	274.9	—	—	274.9
Net income (loss)	1,112.1	(12.4)	26.4	1,126.1
Net income attributable to non-controlling interests in consolidated entities	14.3	—	14.0	28.3
Net income (loss) attributable to The Carlyle Group Inc.	$ 1,097.8	$ (12.4)	$ 12.4	$ 1,097.8

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

	Three Months Ended September 30, 2021			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Revenues				
Fund management fees	$ 414.3	$ —	$ (6.8)	$ 407.5
Incentive fees	13.1	—	—	13.1
Investment income				
Performance allocations	974.5	—	—	974.5
Principal investment income	165.2	—	(4.8)	160.4
Total investment income	1,139.7	—	(4.8)	1,134.9
Interest and other income	27.0	—	(5.1)	21.9
Interest and other income of Consolidated Funds	—	62.1	—	62.1
Total revenues	1,594.1	62.1	(16.7)	1,639.5
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	224.9	—	—	224.9
Equity-based compensation	42.4	—	—	42.4
Performance allocations and incentive fee related compensation	495.2	—	—	495.2
Total compensation and benefits	762.5	—	—	762.5
General, administrative and other expenses	99.6	—	—	99.6
Interest	27.9	—	—	27.9
Interest and other expenses of Consolidated Funds	—	51.9	(7.3)	44.6
Other non-operating income	3.5	—	—	3.5
Total expenses	893.5	51.9	(7.3)	938.1
Other income				
Net investment loss of Consolidated Funds	—	(0.1)	—	(0.1)
Income before provision for income taxes	700.6	10.1	(9.4)	701.3
Provision for income taxes	153.9	—	—	153.9
Net income	546.7	10.1	(9.4)	547.4
Net income attributable to non-controlling interests in consolidated entities	13.9	—	0.7	14.6
Net income attributable to The Carlyle Group Inc.	532.8	10.1	(10.1)	532.8

	Nine Months Ended September 30, 2021			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Revenues				
Fund management fees	$ 1,201.5	$ —	$ (18.6)	$ 1,182.9
Incentive fees	33.0	—	—	33.0
Investment income				
Performance allocations	4,841.3	—	—	4,841.3
Principal investment income	503.1	—	(25.9)	477.2
Total investment income	5,344.4	—	(25.9)	5,318.5
Interest and other income	79.3	—	(16.0)	63.3
Interest and other income of Consolidated Funds	—	185.3	—	185.3
Total revenues	6,658.2	185.3	(60.5)	6,783.0
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	685.2	—	—	685.2
Equity-based compensation	122.0	—	—	122.0
Performance allocations and incentive fee related compensation	2,355.8	—	—	2,355.8
Total compensation and benefits	3,163.0	—	—	3,163.0
General, administrative and other expenses	300.4	—	—	300.4
Interest	76.4	—	—	76.4
Interest and other expenses of Consolidated Funds	—	162.6	(29.1)	133.5
Other non-operating income	1.0	—	—	1.0
Total expenses	3,540.8	162.6	(29.1)	3,674.3
Other income				
Net investment gain of Consolidated Funds	—	9.6	—	9.6
Income before provision for income taxes	3,117.4	32.3	(31.4)	3,118.3
Provision for income taxes	733.5	—	—	733.5
Net income	2,383.9	32.3	(31.4)	2,384.8
Net income attributable to non-controlling interests in consolidated entities	56.8	—	0.9	57.7
Net income attributable to The Carlyle Group Inc.	2,327.1	32.3	(32.3)	2,327.1

	Nine Months Ended September 30,	
	2022	2021
	(Dollars in millions)	
Cash flows from operating activities		
Net income	$ 1,112.1	$ 2,383.9
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	102.7	40.5
Right-of-use asset impairment, net of broker fees	—	24.8
Equity-based compensation	139.3	122.0
Non-cash performance allocations and incentive fees	179.4	(1,662.3)
Non-cash principal investment income	(434.9)	(470.7)
Other non-cash amounts	(27.4)	20.7
Purchases of investments	(582.4)	(250.9)
Proceeds from the sale of investments	410.2	559.1
Payments of contingent consideration	(5.7)	(50.0)
Change in deferred taxes, net	(2.3)	449.1
Change in due from affiliates and other receivables	(62.0)	(21.1)
Change in deposits and other	(12.8)	(23.3)
Change in accounts payable, accrued expenses and other liabilities	(27.7)	90.9
Change in accrued compensation and benefits	(265.3)	17.3
Change in due to affiliates	2.4	1.4
Change in lease right-of-use asset and lease liability	(7.0)	5.9
Change in deferred revenue	274.9	247.6
Net cash provided by operating activities	793.5	1,484.9
Cash flows from investing activities		
Purchases of corporate treasury investments, net	(69.6)	—
Purchases of fixed assets, net	(25.0)	(27.0)
Purchase of Abingworth, net of cash acquired	(150.2)	—
Purchase of CBAM intangibles and investments, net	(618.4)	—
Proceeds from sale of MRE, net of cash sold	—	5.9
Proceeds from sale of Brazil management entity, net of cash sold	—	3.3
Net cash used in investing activities	(863.2)	(17.8)
Cash flows from financing activities		
Borrowings under credit facilities	—	70.0
Issuance of 4.625% subordinated notes due 2061, net of financing costs	—	484.1
Payments on CLO borrowings	(8.9)	(231.5)
Proceeds from CLO borrowings, net of financing costs	55.2	87.5
Payments of contingent consideration	—	(0.1)
Dividends to common stockholders	(325.4)	(266.7)
Payment of deferred consideration for Carlyle Holdings units	(68.8)	(68.8)
Contributions from non-controlling interest holders	7.2	13.1
Distributions to non-controlling interest holders	(52.5)	(56.3)
Common shares issued for performance allocations	38.9	—
Common shares repurchased	(146.9)	(84.5)
Change in due to/from affiliates financing activities	(471.6)	21.8
Net cash used in financing activities	(972.8)	(31.4)
Effect of foreign exchange rate changes	(70.1)	(19.4)
Increase (decrease) in cash, cash equivalents and restricted cash	(1,112.6)	1,416.3
Cash, cash equivalents and restricted cash, beginning of period	2,475.1	989.6
Cash, cash equivalents and restricted cash, end of period	$ 1,362.5	$ 2,405.9

Supplemental non-cash disclosures		
Issuance of common shares related to the acquisition of CBAM and Abingworth	$ 219.5	$ —
Reconciliation of cash, cash equivalents and restricted cash, end of period:		
Cash and cash equivalents	$ 1,361.9	$ 2,399.0
Restricted cash	0.6	6.9
Total cash, cash equivalents and restricted cash, end of period	$ 1,362.5	$ 2,405.9
Cash and cash equivalents held at Consolidated Funds	$ 177.2	$ 134.8

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

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, 2021.

Overview

We conduct our operations through three reportable segments: Global Private Equity, Global Credit, and Global 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 infrastructure and natural resources funds, and our Legacy Energy funds (as defined below). The segment also includes the NGP Carry Funds advised by NGP. As of September 30, 2022, our Global Private Equity segment had $164 billion in AUM and $106 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, aircraft financing and servicing, infrastructure debt, insurance solutions and global capital markets. As of September 30, 2022, our Global Credit segment had $141 billion in AUM and $117 billion in Fee-earning AUM.

- *Global Investment Solutions* — Our Global Investment Solutions segment advises fund of funds programs and related co-investment and secondary activities. As of September 30, 2022, our Global Investment Solutions segment had $63 billion in AUM and $36 billion in Fee-earning AUM. Our Investment Solutions segment also included Metropolitan Real Estate (“MRE”) prior to its sale on April 1, 2021.

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 a performance fee from an investment fund, which may be 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 transaction and portfolio advisory fees and other income, 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 income. Our segment expenses primarily consist of cash compensation and benefits expenses, including salaries, bonuses, and 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 17 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 and structured credit 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 September 30, 2022. 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 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

Fund	Capital Commitments	Vintage
Carlyle Partners (U.S.)		
CP VIII	$14.0 bn	2021
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
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		
CP Growth	$1.1 bn	2021
CEOF II	$2.4 bn	2015
CEOF I	$1.1 bn	2011
CVP II	$0.6 bn	2001
Carlyle Europe Technology Partners		
CETP V	€3.0 bn	2022
CETP IV	€1.4 bn	2019
CETP III	€0.7 bn	2014
Carlyle Life Sciences		
ACCD 2	$0.6 bn	2021
ABV 8	$0.5 bn	2020
Other vehicles[9]	$0.8 bn	2012-2017
Carlyle Asia Venture/Growth Partners		
CAP Growth II	$1.0 bn	2021
CAP Growth I	$0.3 bn	2017
CAGP IV	$1.0 bn	2008
Carlyle Cardinal Ireland		
CCI	€0.3 bn	2014

Real Estate Carry Funds

Fund	Capital Commitments	Vintage
Carlyle Realty Partners (U.S.)		
CRP IX	$8.0 bn	2021
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[3]	$8.2 bn	2016
International Real Estate		
CER II	€0.5 bn	2021
CER I	€0.5 bn	2017
CEREP III	€2.2 bn	2007

Infrastructure & Natural Resources Funds

Fund	Capital Commitments	Vintage
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 ETP IV	$0.4 bn	2022
NGP Minerals II	$0.4 bn	2022
NGP Minerals	$0.3 bn	2020
NGP GAP	$0.4 bn	2014
International Energy Carry Funds		
CIEP II	$2.3 bn	2019
CIEP I	$2.5 bn	2013
Infrastructure Funds		
CRSEF II	$0.4 bn	2022
CRSEF	$0.7 bn	2019
CGIOF	$2.2 bn	2019
CPP II	$1.5 bn	2014
CPOCP	$0.5 bn	2013

Global Credit

Liquid Credit

Fund	Capital Commitments	Vintage
Cash CLOs		
U.S.	$40.0 bn	2012-2022
Europe	€10.3 bn	2013-2022
Structured Credit Funds		
CREV II	$0.5 bn	2022
CREV	$0.5 bn	2020
CSC	$0.8 bn	2017

Illiquid Credit

Fund	Capital Commitments	Vintage
Business Development Companies[2]		
CSL III	$0.3 bn	2022
CARS[6]	$2.1 bn	2017
CSL[7]	$2.0 bn	2013
Direct Lending Funds[3]		
CDLF	$0.1 bn	2022
U.S Middle Market CLOs	$1.7 bn	2017-2022
Opportunistic Credit Carry Funds		
CCOF II	$4.4 bn	2020
CCOF I	$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

Fund	Capital Commitments	Vintage
Infrastructure Credit Carry Fund		
CICF	$0.6 bn	2021
Real Estate Credit Carry Fund		
CNLI[8]	$0.5 bn	2022
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
CALF	$0.7 bn	2021
Securitization Vehicles[3]	$5.8 bn	Various
8 Other Vehicles[3]	$3.9 bn	Various

Other Credit

Fund	Capital Commitments	Vintage
Fortitude[4]	$50.5 bn	2020
CTAC[2]	$2.0 bn	2018

Global Investment Solutions[5]

AlpInvest

Fund	Capital Commitments	Vintage
Fund of Private Equity Funds		
138 vehicles	€52.6 bn	2000-2022
Secondary Investments		
110 vehicles	€27.0 bn	2002-2022
Co-Investments		
93 vehicles	€21.4 bn	2002-2022

Note: All amounts shown represent total capital commitments as of September 30, 2022 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. We do not control NGP, and we do not serve as an investment adviser to the NGP 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) Amounts represent gross assets plus any available capital as of September 30, 2022.

(3) Amounts represent Total AUM as of September 30, 2022.
(4) Includes Carlyle FRL, capital raised from a strategic third-party investor which directly invests in Fortitude alongside Carlyle FRL, as well as the fair value of the general account assets covered by the strategic advisory services agreement with Fortitude.
(5) On April 1, 2021, we completed the sale of our interest in Metropolitan Real Estate.
(6) Carlyle Credit Solutions, Inc., which was renamed from TCG BDC II, Inc. in March 2022.
(7) Carlyle Secured Lending, Inc., which was renamed from TCG BDC, Inc. in April 2022.
(8) Excludes $0.3 billion in capital commitments to CNLI made by a Carlyle-affiliated fund, as well as Carlyle's strategic investment of $0.2 billion.
(9) Includes ABV VI, AB VII, and ACCD, on which we are not entitled to a share of the carried interest but are entitled to management fees.

Trends Affecting our Business

The third quarter of 2022 was characterized by continued market volatility, weakening fundamentals in the U.S and Europe, and tightening financial conditions. While experiences spending is a bright spot in the U.S. economy, with hotel stays and domestic air travel rising above pre-pandemic averages in the third quarter of 2022, and overall U.S. GDP growth was 2.6% in the third quarter of 2022, goods spending (in real terms) and fixed investment continue to decline. Fixed investment in the U.S., namely residential construction activity, slowed significantly over the quarter due to a 200+ basis points (bps) increase in average mortgage rates and the subsequent collapse in home construction and purchasing activity. In September 2022, consumer prices rose 8.2% from a year earlier, and core prices, which exclude food and energy, rose at the fastest pace in four decades, driven primarily by measured increases in housing and rents. Persistently high inflation readings increase the likelihood that the Federal Reserve will raise interest rates to the point of a potential U.S. recession over the next 6 to 12 months.

In Europe, sales declined rapidly in September after a summer resurgence in international tourism boosted consumption in the first half of the quarter, and the environment remains challenging as the economy faces a worsening energy crisis heading into the winter months. Forward wholesale electricity prices have moderated on policy actions by the European Commission, but remain nine times higher than that of typical levels a few years ago. European governments have implemented various subsidies and price caps to insulate households and some businesses from energy costs, but the negative income shock is increasingly visible in our data. The industrial sector is most vulnerable to the brunt of the crisis. Industrial production costs have increased by 40% on average relative to year-ago levels and more than 200% for certain gas-intensive industrial processes. Portfolio data indicate European real GDP growth likely entered contraction territory by the end of September. The prospect of energy shortages and mandated rationing during the upcoming winter months could have significant implications for European businesses, consumers, and the economy more broadly. Beyond energy, certain economies with very high household debt levels, such as the United Kingdom and Sweden, also face rising risks as mortgage rates reset and depress disposable income.

While Europe's energy subsidies may soften the blow of the ongoing energy crisis to domestic consumers and businesses, the effect is to bid away already scarce natural gas from other net energy importers, many of which are emerging market economies that cannot compete on price. The IMF forecasts that there will be between 20 and 30 sovereign defaults in 2023 and 2024 and that 1.7 billion people are at risk of food insecurity. The triple threat of expensive and scarce energy supplies, food shortages, and relative U.S. dollar strength pose a significant challenge to many emerging market economies around the globe, which in turn increases the risk of political and social unrest.

China's economy grew in the third quarter of 2022 after contracting sharply in the second quarter on COVID policy lockdowns, but continued restrictions have tempered gains. Our portfolio data indicate that China's economy grew 10%, annualized, over the third quarter, but this is largely due to base effects from a very weak second quarter; on a year-over-year basis, this translates into sub-3% growth. Foot traffic in our portfolio retail locations declined year-over-year throughout the quarter and domestic cargo volumes remain at half of pre-pandemic levels. China's growth should improve as restrictions loosen, but a timeline for this is unclear. At the same time, the relationship between China and the U.S. remains strained, and tensions between China and Taiwan continue to mount, raising risks of further global economic volatility given the connection between the China and U.S. economies.

Estimates anticipate S&P 500 constituents' Q3 2022 earnings grew 1.6% from a year ago, the slowest growth rate reported since Q3 2020. While the blended earnings growth estimate is positive, seven of eleven sectors estimate year-over-year earnings declines, led by financials, communication services and materials. The estimated blended net profit margin is 12.1%, down from 12.9% a year ago, an early indication that the Federal Reserve's tightening regime is beginning to reign in the broad pricing power U.S. corporations have enjoyed in the post-pandemic period. Equity market volatility continued throughout the third quarter as persistently high inflation readings motivated the Federal Reserve to harden its hawkish stance. Year-to-date in 2022, 10-year Treasury yields have risen 243 bps as of October 13, 2022. The Federal Reserve raised the federal funds rate by 75 bps in three consecutive meetings in June, July, and September, and given recent inflation data, indicated that more hikes are forthcoming. Futures markets have priced in additional rate increases at both remaining Federal Reserve meetings in 2022 of 75 bps in November and 25-50 bps in December. The Dow Jones, S&P 500, and Nasdaq 100 fell 2.4%, 3.1 %, and 3.4%, respectively, from June 30, 2022 to October 13, 2022. Globally, the MSCI ACWI, EuroStoxx 600 and Shanghai Composite fell 7.8%, 2.7%, and 11.2%, respectively, over the same period.

Obtaining financing in both the high yield bond market and the leveraged loan market is currently challenging. Year-to-date through September, global bond funds experienced over $310 billion in outflows. Leveraged loans, which are floating rate and thus typically more appealing to investors when interest rates are rising, have sold off to a lesser extent, but financing and transaction volumes have been under pressure. U.S. leveraged loan issuance in the third quarter declined 86% from the same period in 2021. Global M&A totaled roughly $715 billion for the third quarter, a 54% decline from the same period in 2021. As capital markets activity slows, we may experience a corresponding reduction in the capital markets fees we earn in connection with activities related to the underwriting, issuance and placement of debt and equity securities.

While the major market indices experienced declines in the third quarter, our carry fund portfolio appreciated 2%, reflecting the strong operating performance and value creation activities in our portfolio. Our publicly traded investments, which comprise 5% of the total fair value in our carry fund portfolio, appreciated 3% during the quarter, despite the continued volatility in the market. Within our Global Private Equity segment in the third quarter, our infrastructure and natural resources funds appreciated 8%, boosted by strong commodity prices; our real estate funds appreciated 2%, led by continued strong performance in U.S. real estate due to its portfolio construction; and our corporate private equity funds appreciated 1%. In our Global Credit segment, our carry funds (which represent approximately 11% of the total Global Credit remaining fair value) were flat in the third quarter. Our Global Investment Solutions funds were also flat in the third quarter, which generally reflects investment fair values on a one-quarter lag in the valuations of our primary and secondary fund of funds, and includes the positive impact of foreign currency translation of the USD-denominated investments in our EUR-based funds. Excluding that impact, our Global Investment Solutions funds depreciated 2% for the third quarter. While the strength of our portfolio construction has resulted in outperformance relative to the broader market in the third quarter, rising interest rates and continued margin contraction may negatively impact the performance and valuation of our portfolio investments and companies.

Our non-carry fund Global Credit products continue to perform well. Dividend yields on our business development companies as of September 30, 2022 were approximately 10%, and approximately 9% for our Interval Fund. In our liquid credit strategy, our global CLO portfolio continues to experience a default rate less than the industry average, and we are actively managing our credit positions to maintain balanced risk-adjusted credit quality.

We generated $10.4 billion in realized proceeds from our carry funds in the third quarter of 2022 and $25.3 billion year-to-date; however, we expect that as market conditions remain challenging, the pace of realizations will slow in the near term. Our net accrued performance revenues on our balance sheet remain high at $4.1 billion as of September 30, 2022, a 5% increase from December 31, 2021, which we expect will deliver realized performance revenues over time.

During the third quarter, our carry funds invested $10.5 billion in new or follow-on transactions. Deal activity in private equity has retreated to pre-pandemic levels from the record level pace in 2021, and while we expect to continue to see a pipeline of smaller transactions that require less debt at closing, we believe larger deals will be slower to occur. However, as traditional credit becomes scarce, we expect that demand for private credit will remain robust, resulting in strong deployment in our Global Credit segment.

We raised $6.0 billion in new capital in the third quarter. We anticipate the fundraising landscape will continue to be increasingly competitive as the pace of capital deployment across the industry has resulted in fund products coming back to market faster and with larger target fund sizes than with prior vintages, and limited partners are reassessing their portfolio allocation targets in light of market volatility and their liquidity requirements. As a result, fundraising in certain products – particularly in corporate private equity strategies – may take longer to complete and fund sizes may not meet levels they otherwise would in a more favorable market environment. Slowdowns in fundraising may also delay or reduce catch-up management fees that would be charged to fund investors in subsequent closings and smaller fund sizes could result in lower management fees in the future.

The SEC has put forth several rule proposals in recent months, and we are continuing to evaluate the potential impacts to our business and operations and those of our portfolio companies. These proposals include, among others: (i) new reporting requirements of material cybersecurity incidents and periodic reporting regarding a company's cybersecurity risk programs, (ii) new rules and amendments under the Investment Advisers Act of 1940 that expand compliance obligations and prohibit certain activities for private fund advisors, and (iii) extensive climate change disclosure regulations. We are also closely evaluating potential impacts to our business of financial, regulatory and other proposals put forth by the current Administration and Congress as well as the Inflation Reduction Act of 2022, which was signed into law in August. The potential for policy changes may create regulatory uncertainty for our investment strategies and our portfolio companies and could adversely affect our profitability and the profitability of our portfolio companies.

Throughout 2022, competitive labor markets have created challenges in recruiting and retention, which we expect to continue in the near term as we seek to recruit qualified professionals to backfill existing positions and fill new roles, putting upward pressure on compensation and retention packages. However, recent Department of Labor data on U.S. job openings suggests that the labor market, while still strong, is beginning to soften as economic uncertainty grows, and we believe that compensation rates for talent may stabilize with continued softening in the market.

Recent Transactions

During the nine months ended September 30, 2022, the Company completed several transactions to drive accretive growth on an inorganic basis as outlined below.

Acquisition of iStar Triple Net Lease Portfolio.

In March 2022, Carlyle Net Leasing Income, L.P., a Carlyle-affiliated investment fund, acquired a diversified portfolio of triple net leases from iStar, Inc. for an enterprise value of $3 billion, which was funded using $2 billion in debt and $1 billion in equity. The portfolio includes properties spanning industrial, office and entertainment space across 18.3 million square feet located throughout the United States. The investment fund is not consolidated by us, and the debt is non-recourse to us. As general partner of the investment fund, we contributed $200 million as a minority interest balance sheet investment, which is included in the our Global Credit principal equity method investments (see Note 6 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q).

Acquisition of CLO Management Contracts from CBAM Partners LLC

On March 21, 2022, we acquired the management contracts related to a portfolio of assets primarily comprised of U.S. and European CLOs as well as other assets across private credit from CBAM Partners LLC (“CBAM”). The purchase price of $812.9 million consisted of a combination of $618.4 million in cash, approximately 4.2 million newly issued, fully vested common shares ($194.5 million based on the value of the shares at closing), and approximately $3.4 million of acquisition costs incurred by us in connection with the transaction. The portfolio of $15 billion in assets under management was integrated into our Global Credit platform. See Note 4 to the unaudited condensed consolidated financial statements for additional information regarding the acquisition.

Fortitude Capital Raise and Strategic Advisory Services Agreement

In March 2022, we raised $2.0 billion in third-party equity capital for Fortitude, and committed up to $100 million in additional capital to Carlyle FRL from our balance sheet. In May 2022, Fortitude called $1.1 billion of the capital raise, with the remaining capital expected to be called in 2023. In connection with the capital raise and subsequent funding, our indirect ownership of Fortitude decreased from 19.9% to 13.5%. As a result of this dilution, we recorded a reduction in the carrying value of our equity method investment and corresponding loss of $176.9 million in our U.S. GAAP results. At the time the remaining capital is called by Fortitude, our indirect ownership will further decrease to 10.5% and we expect to record an additional reduction in the carrying value of our equity method investment and corresponding loss of approximately $121 million based on the carrying value of $645.3 million as of September 30, 2022, subject to change based on the timing of the dilution and changes in the carrying value of our investment.

On April 1, 2022, we entered into a new strategic advisory services agreement with certain subsidiaries of Fortitude through a newly-formed investment advisor, Carlyle Insurance Solutions Management L.L.C. (“CISM”). Under the agreement, CISM provides Fortitude with certain services, including business development and growth, transaction origination and execution, and capital management services in exchange for a recurring management fee based on Fortitude’s general account assets, which adjusts within an agreed range based on Fortitude’s overall profitability. Third party investors who participated in the March 2022 capital raise also made a minority investment in CISM, which is reflected as a non-controlling interest in consolidated entities in the condensed consolidated financial statements. See Note 6 to the unaudited condensed consolidated financial statements for additional information regarding the strategic investment in Fortitude.

Acquisition of Abingworth

On August 1, 2022, we acquired Abingworth, a life sciences investment firm, to expand our healthcare investment platform with the addition of nearly $2 billion in assets under management and a specialized team of over 20 investment professionals and advisors. Consideration for Abingworth included a base purchase price of $185.6 million, of which $25.0 million was settled in newly-issued shares of the Company’s common stock, as well as up to a further $130 million in future incentive payments based on the achievement of certain performance targets. The acquisition included the rights to 15% of performance revenues generated by Abingworth's two most recent active investment funds, Abingworth Bioventures 8 LP and Abingworth Clinical Co-Development Fund 2 LP. See Note 4 to the unaudited condensed consolidated financial statements for additional information regarding the acquisition.

Dividends

In November 2022, the Company's Board of Directors declared a quarterly dividend of $0.325 per share to common stockholders of record at the close of business on November 18, 2022, payable on November 25, 2022.

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 3 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 to funds or certain portfolio companies with which we have an investment advisory or investment management agreement. Management fees also 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. We also earn management fees on our CLOs and other structured products. Collectively, our carry funds and our CLOs and certain other products comprise 79% of our Fee-earning AUM as of September 30, 2022 and approximately 92% of our fund management fees during the three months then ended. The balance of our Fee-Earning AUM and fund management fees are attributable to our Perpetual Capital products, which have an indefinite term and for which there is no immediate requirement to return capital to investors as investments are realized.

Management fees attributable to Carlyle Partners VIII, L.P. ("CP VIII"), our eighth U.S. buyout fund with $12.9 billion of Fee-earning AUM as of September 30, 2022 were approximately 11% and 10% of fund management fees recognized during the three and nine months ended September 30, 2022, respectively. Management fees attributable to Carlyle Partners VII, L.P. ("CP VII"), our seventh U.S. buyout fund with $15.5 billion of Fee-earning AUM as of September 30, 2022 were approximately 10% of fund management fees recognized during both the three and nine months ended September 30, 2022, respectively, and 15% and 16% during the three and nine months ended September 30, 2021, respectively. No other fund generated over 10% of fund 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 Global Investment Solutions, Carlyle Aviation and NGP Carry Funds. We also retained our interest in the net accrued performance allocations of existing funds at the time of the sale of MRE. 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.”

The table below presents funds which generated performance allocations in excess of 10% of the total for the three and nine months ended September 30, 2022 and 2021. No other fund generated over 10% of performance allocations in the periods presented.

Three Months Ended September 30,						Nine Months Ended September 30,					
2022			2021			2022			2021		
(Dollars in millions)											
CPP II	$	57.7	CP VI	$	109.9	CRP VIII	$	214.1	CP VI	$	1,177.7
CEP V		53.7	CRP VIII		105.9	CETP IV		161.1	CEP IV		538.2
CP V		42.9				CPP II		185.1			
CEP IV		38.9				CEP V		139.6			
CAP V		(50.1)				CP VI		(353.3)			
CP VII		(62.0)									

The reversal of $353.3 million in previously recognized performance allocations in CP VI during the nine months ended September 30, 2022 was primarily driven by depreciation in its publicly traded investments, which comprise approximately 43% of its remaining fair value as of September 30, 2022.

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.

We record our equity income allocation from NGP performance allocations in principal investment income (loss) from equity method investments rather than performance allocations in our unaudited condensed consolidated statements of operations. We recognized $81.6 million and $532.2 million of net investment earnings related to these performance allocations for the three and nine months ended September 30, 2022, respectively, reflecting the impact of strong commodity prices on NGP XI and NGP XII, and $1.7 million and $2.8 million for the three and nine months ended September 30, 2021.

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. 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. For the three months ended September 30, 2022 and 2021, the reversals of performance allocations were $159.4 million and $73.4 million, respectively. For the nine months ended September 30, 2022 and 2021, the reversals of performance allocations were $501.7 million and $23.3 million, respectively.

As of September 30, 2022, accrued performance allocations and accrued giveback obligations were $7.4 billion and $40.9 million, respectively. Each balance assumes a hypothetical liquidation of the funds' investments at September 30, 2022 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 September 30, 2022, $18.9 million of the accrued giveback obligation was 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 was $22.0 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. Net accrued performance revenues excludes any net accrued performance allocations and incentive fees that have been realized but will be collected in subsequent periods, as well as net accrued performance revenues which are presented as fee related performance revenues when realized in our non-GAAP financial measures. Net accrued performance revenues as of September 30, 2022 were $4.1 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 September 30, 2022, 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 $1.4 billion on an after-tax basis where applicable, of which approximately $0.6 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 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 September 30, 2022	
	Total Giveback	**Giveback Attributable to Carlyle**
	(Dollars in millions)	
Various Legacy Energy Funds	$ 158.0	$ 55.0
All other Carlyle Funds	80.7	13.0
Aggregate Giveback since Inception	$ 238.7	$ 68.0

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 shareholders 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. As it relates to our investments in NGP, investment income also includes our equity income allocation in NGP performance allocations, the 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. 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 September 30, 2022:

	As of September 30, 2022			
	Global Private Equity	**Global Credit**	**Global Investment Solutions**	**Total**
Consolidated Results	**(Dollars in millions)**			
Level I	$ 3,639	$ 401	$ 1,197	**$ 5,237**
Level II	1,928	32,954	161	**35,043**
Level III	116,459	96,259	41,572	**254,290**
Fair Value of Investments	122,026	129,614	42,930	**294,570**
Available Capital	42,355	11,815	20,022	**74,192**
Total AUM	**$ 164,381**	**$ 141,429**	**$ 62,952**	**$ 368,762**

Interest and Other Income of Consolidated Funds. Interest and other income of Consolidated Funds primarily represents the interest earned on CLO assets. 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 common stockholders.

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 have previously. In 2021, we granted approximately 7.1 million in 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, with a larger proportion of the awards vesting based on the 2024 performance year. As a result, combined with a higher share price than in periods prior to 2021, equity-based compensation expense will be higher in the coming years than it has been. 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 prior 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 or lease right-of-use 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. Similarly, our general, administrative and other expenses may increase as a result of professional and other fees incurred as part of due diligence related to strategic acquisitions and new product development. 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. 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 September 30, 2022, our U.S. federal income tax returns for the years 2018 through 2021 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 from 2016 to 2021. Foreign tax returns are generally subject to audit from 2011 to 2021. Certain of our affiliates are currently under audit by federal, state and foreign tax authorities.

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. For certain equity-based compensation awards that contain performance or market conditions, the number of contingently issuable common shares is included in diluted earnings per common share based on the number of common shares, if any, that would be issuable under the terms of the awards if the end of the reporting period were the end of the contingency period, if the result is dilutive.

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.

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 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 associated with acquisitions, dispositions, or strategic investments, changes in the tax receivable agreement liability, 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. Fee Related Earnings includes fee related performance revenues and related compensation expense. Fee related performance revenues represent the realized portion of performance revenues that are measured and received on a recurring basis, are not dependent on realization events, and which have no risk of giveback.

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 (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 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 at par 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 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 fair value of Fortitude's general account assets invested under the strategic advisory services agreement (see "Fee-earning AUM based on fair value and other" in the table below for the amount of this component at each period);

(f) 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

(g) 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 September 30,	
	2022	2021
Consolidated Results	(Dollars in millions)	
Components of Fee-earning AUM		
Fee-earning AUM based on capital commitments (1)	$ 80,651	$ 76,794
Fee-earning AUM based on invested capital (2)	58,305	41,581
Fee-earning AUM based on collateral balances, at par (3)	44,707	29,191
Fee-earning AUM based on net asset value (4)	11,498	8,990
Fee-earning AUM based on fair value and other (5)	65,053	19,819
Balance, End of Period (6) (7)	**$ 260,214**	**$ 176,375**

(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 Global 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 the fair value of Fortitude's general account assets covered by the strategic advisory services agreement, funds with fees based on the lower of cost or fair value of invested capital and 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 September 30, 2022, the Legacy Energy Funds had, in the aggregate, approximately $0.1 billion in AUM and $0.3 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 September 30, 2022 and 2021 exclude $11.5 billion and $29.8 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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Consolidated Results	(Dollars in millions)			
Fee-earning AUM Rollforward				
Balance, Beginning of Period	$ 259,555	$ 174,856	$ 193,419	$ 170,102
Inflows (1)	11,101	6,388	92,134	20,439
Outflows (including realizations) (2)	(3,886)	(4,418)	(15,395)	(13,763)
Market Activity & Other (3)	(3,151)	454	(2,018)	2,040
Foreign Exchange (4)	(3,405)	(905)	(7,926)	(2,443)
Balance, End of Period	**$ 260,214**	**$ 176,375**	**$ 260,214**	**$ 176,375**

(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. Inflows for the three and nine months ended September 30, 2022 include $2 billion of Fee-earning AUM acquired as part of the August 2022 Abingworth transaction. Inflows for the nine months ended September 30, 2022 also include Fee-earning AUM associated with the strategic advisory services agreement with Fortitude which was effective April 1, 2022, as well as Fee-earning AUM acquired in the March 2022 CBAM transaction. Inflows associated with these transactions were $48 billion and $14 billion, respectively.

(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. Outflows during the nine months ended September 30, 2021 also reflect the sale of MRE on April 1, 2021, which had $2 billion of Fee-earning AUM as of March 31, 2021.

(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, 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 at par 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;

(d) the fair value of Fortitude's general account assets invested under the strategic advisory services agreement; and

(e) 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 and the NGP Energy Funds that are advised by NGP. Our calculation of AUM also includes third-party capital raised for the investment in Fortitude through a Carlyle-affiliated investment fund and from a strategic investor which directly invests in Fortitude alongside the fund. The AUM and Fee-Earning AUM related to the strategic advisory services agreement with Fortitude is inclusive of the net asset value of investments in Carlyle products. These amounts are also reflected in the AUM and Fee-Earning AUM of the strategy in which they are invested.

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 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.

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Consolidated Results	**(Dollars in millions)**	
Total AUM Rollforward		
Balance, Beginning of Period	$ 376,413	$ 300,957
Inflows (1)	7,779	89,970
Outflows (including realizations) (2)	(10,557)	(26,577)
Market Activity & Other (3)	954	17,576
Foreign Exchange (4)	(5,827)	(13,164)
Balance, End of Period	**$ 368,762**	**$ 368,762**

(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. Inflows for the three and nine months ended September 30, 2022 include $2 billion of AUM acquired as part of the August 2022 Abingworth transaction. Inflows for the nine months ended September 30, 2022 also include AUM associated with the strategic advisory services agreement with Fortitude which was effective April 1, 2022, as well as AUM acquired in the March 2022 CBAM transaction. Inflows associated with these transactions were $48 billion and $15 billion, respectively.
(2) Outflows includes distributions net of recallable 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 and related co-investment vehicles, 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.

Perpetual Capital. "Perpetual Capital" refers to the assets we manage or advise which have an indefinite term and for which there is no immediate requirement to return capital to investors upon the realization of investments made with such capital, except as required by applicable law. Perpetual Capital may be materially reduced or terminated under certain conditions, including reductions from changes in valuations and payments to investors, including through elections by investors to redeem their investments, dividend payments, and other payment obligations, as well as the termination of or failure to renew the respective investment advisory agreements. Perpetual Capital includes: (a) assets managed under the strategic advisory services agreement with Fortitude, (b) our Core Plus real estate fund, (c) our business development companies and certain other direct lending products, and (d) our Interval Fund. As of September 30, 2022, our total AUM and Fee-earning AUM included $59.5 billion and $55.8 billion, respectively, of Perpetual Capital.

Portfolio Appreciation (Depreciation). The overall portfolio appreciation of 2% for the three months ended September 30, 2022 is comprised of 8% for funds focusing on infrastructure and natural resources; 2% appreciation for funds focusing on real estate, and 1% appreciation in our corporate private equity funds. Our carry funds within our Global Credit and Global Investment Solutions segments were flat for the third quarter. Excluding the positive impact of foreign currency translation of USD-denominated investments in our EUR-based funds, carry funds in our Global Investment Solutions segment depreciated 2% in the third quarter. Overall portfolio appreciation for the nine months ended September 30, 2022 of 10% is comprised of 45% appreciation for carry funds within our Global Private Equity segment focusing on infrastructure and natural resources, 17% for carry funds focusing on real estate, and 4% appreciation for carry funds focusing on corporate private equity; 1% appreciation for carry funds in the Global Credit segment; and 9% appreciation for carry funds in the Global Investment Solutions segment (4% excluding the positive impact of foreign currency translation). Our publicly traded investments, which comprise 5% of the total fair value in our carry fund portfolio, appreciated 3% during the third quarter.

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 (depreciation) for the three months ended September 30, 2022 were (5.3)% and (7.3)%, respectively, while the FTSE NAREIT Composite appreciation (depreciation) was (12.0)%, the S&P Oil and Gas Exploration and Production Index was 5.4%, and the S&P Leveraged Loan Index appreciation (depreciation) was 0.4%. S&P 500 and MSCI ACWI appreciation (depreciation) for the nine months ended September 30, 2022 were (24.8)% and (26.7)%, respectively, while the FTSE NAREIT Composite appreciation (depreciation) was (30.1)%, the S&P Oil and Gas Exploration and Production Index was 33.3%, and the S&P Leveraged Loan Index appreciation (depreciation) was (6.8)%.

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 September 30, 2022, our Consolidated Funds represent approximately 2% of our AUM; 1% of our management fees for both the three and nine months ended September 30, 2022; and 2% of our total investment income or loss for the nine months ended September 30, 2022.

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 and certain other funds that we advise. As of September 30, 2022, our consolidated CLOs held approximately $5.6 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 3 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 and nine months ended September 30, 2022 and 2021. 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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions, except share and per share data)			
Revenues				
Fund management fees	$ 535.9	$ 407.5	$ 1,532.9	$ 1,182.9
Incentive fees	15.1	13.1	42.6	33.0
Investment income				
Performance allocations	298.1	974.5	1,346.2	4,841.3
Principal investment income	124.2	160.4	500.5	477.2
Total investment income	422.3	1,134.9	1,846.7	5,318.5
Interest and other income	35.5	21.9	92.5	63.3
Interest and other income of Consolidated Funds	79.7	62.1	204.6	185.3
Total revenues	1,088.5	1,639.5	3,719.3	6,783.0
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	251.4	224.9	779.7	685.2
Equity-based compensation	54.2	42.4	139.3	122.0
Performance allocations and incentive fee related compensation	163.5	495.2	741.2	2,355.8
Total compensation and benefits	469.1	762.5	1,660.2	3,163.0
General, administrative and other expenses	149.2	99.6	387.2	300.4
Interest	27.3	27.9	82.0	76.4
Interest and other expenses of Consolidated Funds	53.7	44.6	137.1	133.5
Other non-operating expenses	0.3	3.5	0.8	1.0
Total expenses	699.6	938.1	2,267.3	3,674.3
Other income				
Net investment income (loss) of Consolidated Funds	(30.3)	(0.1)	(51.0)	9.6
Income before provision for income taxes	358.6	701.3	1,401.0	3,118.3
Provision for income taxes	76.2	153.9	274.9	733.5
Net income	282.4	547.4	1,126.1	2,384.8
Net income attributable to non-controlling interests in consolidated entities	1.6	14.6	28.3	57.7
Net income attributable to The Carlyle Group Inc. Common Stockholders	$ 280.8	$ 532.8	$ 1,097.8	$ 2,327.1
Net income attributable to The Carlyle Group Inc. per common share				
Basic	$ 0.77	$ 1.50	$ 3.04	$ 6.56
Diluted	$ 0.77	$ 1.46	$ 3.00	$ 6.42
Weighted-average common shares				
Basic	362,895,064	355,954,734	360,657,999	354,903,371
Diluted	366,787,149	364,740,675	365,389,217	362,471,998

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021 and Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

Revenues

Total revenues decreased $551.0 million, or 33.6%, for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and decreased $3.1 billion, or 45.2%, for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The following table provides the components of the changes in total revenues for the three and nine months ended September 30, 2022:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2022 v. 2021	
	(Dollars in millions)	
Total Revenues, September 30, 2021	$ 1,639.5	$ 6,783.0
Increases (Decreases):		
Increase in fund management fees	128.4	350.0
Increase in incentive fees	2.0	9.6
Decrease in investment income, including performance allocations	(712.6)	(3,471.8)
Increase in interest and other income	13.6	29.2
Increase in interest and other income of Consolidated Funds	17.6	19.3
Total decrease	(551.0)	(3,063.7)
Total Revenues, September 30, 2022	$ 1,088.5	$ 3,719.3

Fund Management Fees. Fund management fees increased $128.4 million, or 31.5% for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $350.0 million, or 29.6%, for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to the following:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2022 v. 2021	
	(Dollars in millions)	
Higher management fees from the commencement of the investment period for certain newly raised funds	$ 88.3	$ 263.8
Lower management fees resulting from the change in basis for earning management fees from commitments to invested capital for certain funds and from net investment activity in funds whose management fees are based on invested capital	(22.6)	(41.1)
Increase in catch-up management fees from subsequent closes of funds that are in the fundraising period	8.7	7.9
Higher management fees due to CBAM and Abingworth acquisitions and Fortitude strategic advisory services agreement	41.7	81.9
Lower management fees due to sale of MRE on April 1, 2021	—	(4.7)
Higher transaction and portfolio advisory fees	12.6	38.0
All other changes	(0.3)	4.2
Total increase in fund management fees	$ 128.4	$ 350.0

Fund management fees include transaction and portfolio advisory fees, net of rebate offsets, of $34.5 million and $21.9 million for the three months ended September 30, 2022 and 2021, respectively, and $92.3 million and $54.3 million for the nine months ended September 30, 2022 and 2021, respectively.

Investment Income. Investment income decreased $712.6 million to $422.3 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and decreased $3.5 billion to $1.8 billion for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The components of investment income are included in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
ɔrmance allocations, excluding NGP (see below)	$ 298.1	$ 974.5	$ 1,346.2	$ 4,841.3
stment income from NGP, which includes performance allocations	105.4	21.4	617.9	64.3
stment income from our carry funds:				
;lobal Private Equity	18.6	44.5	76.2	207.8
;lobal Credit	1.8	3.3	5.2	11.0
;lobal Investment Solutions	(1.1)	7.2	6.3	21.2
stment (loss) income from our CLOs	(0.7)	8.6	(31.9)	19.7
stment (loss) income from Carlyle FRL	30.8	42.4	(119.7)	101.3
stment (loss) income from our other Global Credit products	(7.4)	1.8	(34.7)	16.4
stment (loss) income on foreign currency hedges	(23.9)	(0.8)	(23.2)	3.0
ɔther investment income	0.7	32.0	4.4	32.5
l investment income	$ 422.3	$ 1,134.9	$ 1,846.7	$ 5,318.5

The decrease in investment income in the respective periods primarily reflects carry fund appreciation of 2% during the three months ended September 30, 2022 compared to appreciation of 7% during the three months ended September 30, 2021 and appreciation of 10% during the nine months ended September 30, 2022 compared to appreciation of 33% during the nine months ended September 30, 2021, resulting in significantly higher performance allocations in 2021 compared to 2022. The nine months ended September 30, 2022 also include an investment loss of $176.9 million related to our equity method investment in Carlyle FRL, which was recorded as a result of the dilution of our indirect ownership in Fortitude from 19.9% to 13.5% in connection with the initial drawdown of the Fortitude capital raise (see Note 6 to the unaudited condensed and consolidated financial statements for more information).

We recorded investment losses from our CLOs during the three and nine months ended September 30, 2022 as compared to investment income from our CLOs during the three and nine months ended September 30, 2021. The fair value of the CLO investments held by the firm (before the effects of consolidation) decreased 11% during the quarter, with both of our investments in subordinated notes and senior notes depreciating 11% during the three months ended September 30, 2022. The fair value of the CLO investments held by the firm (before the effects of consolidation) decreased 26% year-to-date, with our investments in subordinated notes and senior notes depreciating 37% and 17% year-to-date, respectively.

Performance Allocations. Performance allocations decreased $676.4 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and decreased $3.5 billion for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. Performance allocations by segment on a consolidated U.S. GAAP basis for the three and nine months ended September 30, 2022 and 2021 comprised the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Global Private Equity	$ 237.2	$ 777.8	$ 1,106.4	$ 4,142.5
Global Credit	27.2	27.4	(3.6)	124.6
Global Investment Solutions (1)	33.7	169.3	243.4	574.2
Total performance allocations	$ 298.1	$ 974.5	$ 1,346.2	$ 4,841.3
Total carry fund appreciation (2)	2 %	7 %	10 %	33 %

(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.

(2) Carry fund appreciation includes appreciation on the NGP Carry Funds. We do not control NGP and account for our strategic investment in NGP as an equity method investment under U.S. GAAP. Therefore, performance allocations related to these funds of $81.6 million and $532.2 million for the three and nine months ended September 30, 2022, respectively, and $1.7 million and $2.8 million for the three and nine months ended September 30, 2021 are included in investment income in our U.S. GAAP results.

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. Performance allocations during the nine months ended September 30, 2022 in our Global Private Equity segment reflect appreciation across our infrastructure and natural resources funds, real estate funds, and our corporate private equity funds, with the exception of our sixth U.S. buyout fund, which experienced depreciation in its publicly traded investments. The reversal of performance allocations for Global Credit during the nine months ended September 30, 2022 was driven by our fourth distressed credit carry fund, depreciation in our third Aviation credit fund, and realized giveback in our third distressed credit carry fund, partially offset by appreciation in our credit opportunities funds. Performance allocations during the nine months ended September 30, 2022 in our Global Investment Solutions segments reflect appreciation across the portfolio year-to-date.

The third quarter of 2022 was characterized by continued market volatility, weakening fundamentals in the U.S. and Europe and tightening financial conditions. While U.S. GDP growth was 2.6% in the third quarter, goods spending (in real terms) and fixed investment continue to decline. However, our carry fund portfolio appreciated 2% in the third quarter of 2022, reflecting strong operating performance and value creation activities in our private portfolio, partially offset by the impact of increases in discount rates. Our publicly traded investments, which comprise 5% of the total fair value in our carry fund portfolio appreciated 3% during the quarter, despite the continued market volatility. Within our Global Private Equity segment, our infrastructure and natural resources funds appreciated 8%, boosted by strong commodity prices, and our real estate funds appreciated 2% in the third quarter, led by continued strong performance in U.S. real estate due to its portfolio construction, and our corporate private equity funds appreciated 1%. In our Global Credit segment, our carry funds (which represent approximately 11% of the total Global Credit remaining fair value) were flat for the quarter. Our Global Investment Solutions funds were also flat in the third quarter, which generally reflects investment fair values on a one-quarter lag in the valuations of our primary and secondary fund of funds, and includes the positive impact of foreign currency translation of the USD-denominated investments in our EUR-based funds. Excluding that impact, our Global Investment Solutions funds depreciated 2% for the third quarter. While the strength of our portfolio construction has resulted in outperformance relative to the broader market, rising interest rates and continued margin contraction may negatively impact the performance and valuation of our portfolio investments and companies.

Interest and Other Income. Interest and other income increased $13.6 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $29.2 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily as a result of increases from the reimbursement of certain costs incurred on behalf of Carlyle funds and interest income from investments in CLO subordinated notes and corporate treasury investments.

Interest and Other Income of Consolidated Funds. Interest and other income of Consolidated Funds increased $17.6 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $19.3 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30,

2021. 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 decreased $238.5 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and decreased $1.4 billion for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The following table provides the components of the changes in total expenses for the three and nine months ended September 30, 2022:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2022 v. 2021	
	(Dollars in millions)	
Total Expenses, September 30, 2021	$ 938.1	$ 3,674.3
Increases (Decreases):		
Decrease in total compensation and benefits	(293.4)	(1,502.8)
Increase in general, administrative and other expenses	49.6	86.8
(Decrease) increase in interest	(0.6)	5.6
Increase in interest and other expenses of Consolidated Funds	9.1	3.6
Decrease in other non-operating expense	(3.2)	(0.2)
Total decrease	(238.5)	(1,407.0)
Total Expenses, September 30, 2022	$ 699.6	$ 2,267.3

Total Compensation and Benefits. Total compensation and benefits decreased $293.4 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and decreased $1.5 billion for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, due to the following:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2022 v. 2021	
	(Dollars in millions)	
Increase in cash-based compensation and benefits	$ 26.5	$ 94.5
Increase in equity-based compensation	11.8	17.3
Decrease in performance allocations and incentive fee related compensation	(331.7)	(1,614.6)
Decrease in total compensation and benefits	$ (293.4)	$ (1,502.8)

Cash-based Compensation and Benefits. Cash-based compensation and benefits increased $26.5 million, or 11.8%, for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $94.5 million, or 13.8%, for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to the following:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2022 v. 2021	
	(Dollars in millions)	
Increase in headcount and bonuses	$ 25.5	$ 73.8
(Decrease) Increase in compensation expense associated with contingent earn-out payments [(1)]	1.0	20.7
Total increase in cash-based compensation and benefits	$ 26.5	$ 94.5

(1) The Carlyle Aviation Partners acquisition included an earn-out of up to $150.0 million, under which we have paid $53.6 million through September 30, 2022. The Abingworth acquisition included an earn-out of up to $130.0 million. For additional information, refer to "—*Liquidity and Capital Resources—Contingent Cash Payments For Business Acquisitions and Strategic Investments*."

Equity-based Compensation. Equity-based compensation, net of forfeitures, increased $11.8 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $17.3 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The increase in equity-based compensation during the three and nine months ended September 30, 2022 was primarily driven by approximately $15 million of net expense related to the modification of, and accelerated expense associated with, certain restricted stock awards in connection with the departure of our former chief executive officer. Equity-based compensation during the nine months ended September 30, 2022 also increased due to accruals on the long-term strategic restricted stock units which were granted in February 2021 to certain senior professionals, as well as increased accruals on annual performance-based restricted stock units. The majority of the 7.1 million long-term strategic restricted stock units granted in 2021 are subject to vesting based on the achievement of annual performance targets over four years, with a larger proportion of the awards vesting based on the 2024 performance year, and as such we expect equity-based compensation expense will be higher in the coming years than it has been in prior years.

Performance allocations and incentive fee related compensation expense. Performance allocations and incentive fee related compensation expense decreased $331.7 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and decreased $1.6 billion for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. Performance allocations and incentive fee related compensation as a percentage of performance allocations and incentive fees was 55% and 51% for the three months ended September 30, 2022 and 2021, respectively and 55% and 49% for the nine months ended September 30, 2022 and 2021, respectively. 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 Global 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.

General, Administrative and Other Expenses. General, administrative and other expenses increased $49.6 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $86.8 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2022 v. 2021	
	(Dollars in millions)	
Right-of-use asset impairment(1)	$ —	$ (26.8)
Higher intangible asset amortization(2)	30.2	62.2
Higher professional fees	26.8	46.6
Higher external fundraising costs	6.6	10.1
Higher travel and conference expenses	9.7	18.1
Foreign exchange adjustments(3)	(25.8)	(51.0)
Higher IT and other office expenses	5.2	13.8
Other changes(4)	(3.1)	13.8
Total increase in general, administrative and other expenses	$ 49.6	$ 86.8

(1) In connection with the April 1, 2021 sale of MRE, we entered into a sublease of certain office space in New York which resulted in a $26.8 million right-of-use asset impairment charge during the nine months ended September 30, 2021.

(2) Intangible asset amortization increases for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 are primarily related to the CBAM and Abingworth acquisitions. See Note 4 to our unaudited condensed consolidated financial statements.

(3) Foreign exchange adjustments for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 are primarily driven by the remeasurement of our EUR CLO investments to GBP at one of our UK subsidiaries as well as a loss of $14.7 million related to the sale of our local Brazilian management entity related to amounts previously recorded in accumulated other comprehensive income during the three and nine months ended September 30, 2021.

(4) The nine months ended September 30, 2022 include $7.5 million in advances to a portfolio company which have been fully reserved as an expense until recovered.

Interest. Interest increased $5.6 million for the nine months ended September 30, 2022 as compared to nine months ended September 30, 2021 primarily due to interest accrued on the Subordinated Notes issued in May 2021 as well as higher interest on CLO term loans, mainly related to CBAM, partially offset by lower interest upon the redemption of senior notes in November 2021.

Interest and Other Expenses of Consolidated Funds. Interest and other expenses of Consolidated Funds increased $9.1 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $3.6 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to higher 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.

Other Non-operating Expenses. Other non-operating expenses for the three and nine months ended September 30, 2021 included a loss on the sale of our local Brazilian management entity and related transaction costs of $3.4 million and $4.7 million, respectively. Other non-operating expenses (income) for the nine months ended September 30, 2021 also included a $5.0 million gain on the sale of our interest in MRE.

Net Investment Income (Loss) of Consolidated Funds. For the three months ended September 30, 2022, net investment losses of Consolidated Funds were $30.3 million as compared to net investment losses of $0.1 million for the three months ended September 30, 2021. For the nine months ended September 30, 2022, net investment losses of Consolidated Funds were $51.0 million as compared to net investment income of $9.6 million for the nine months ended September 30, 2021. For both the three and nine months ended September 30, 2022 and 2021, net investment income (loss) 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 components of net investment gains (losses) of Consolidated Funds for the respective periods are:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Realized gains (losses)	$ (9.3)	$ (10.7)	$ (13.1)	$ 6.5
Net change in unrealized gains (losses)	(61.9)	8.2	(306.2)	93.8
Total gains (losses)	(71.2)	(2.5)	(319.3)	100.3
Gains (losses) from liabilities of CLOs	40.9	2.4	268.3	(90.7)
Total net investment gains (losses) of Consolidated Funds	$ (30.3)	$ (0.1)	$ (51.0)	$ 9.6

Provision (Benefit) for Income Taxes. The Company's provision (benefit) for income taxes was $76.2 million and $153.9 million for the three months ended September 30, 2022 and 2021, respectively, and $274.9 million and $733.5 million for the nine months ended September 30, 2022 and 2021, respectively. The Company's effective tax rate was approximately 21% and 22% for the three months ended September 30, 2022 and 2021, respectively, and 20% and 24% for the nine months ended September 30, 2022 and 2021, respectively. The effective tax rate for the nine months ended September 30, 2022 and 2021 is primarily comprised of the 21% U.S. federal corporate income tax rate plus U.S. state and foreign corporate income taxes and tax deductions resulting from the vesting of restricted stock units during the period, the impact of which was greater during the nine months ended September 30, 2022 due to a larger number of vested units. The effective tax rate for the nine months ended September 30, 2022 also reflects a deferred tax benefit resulting from a reduction in future foreign withholding taxes as well as the use of foreign tax credits. As of September 30, 2022 and December 31, 2021, the Company had federal, state, local and foreign taxes payable of $64.9 million and $93.3 million, respectively, which is recorded as a component of accounts payable, accrued expenses and other liabilities on the accompanying condensed consolidated balance sheets.

Net Income Attributable to Non-controlling Interests in Consolidated Entities. Net income attributable to non-controlling interests in consolidated entities was $1.6 million for the three months ended September 30, 2022 as compared to net income of $14.6 million for the three months ended September 30, 2021. Net income attributable to non-controlling interests in consolidated entities was $28.3 million for the nine months ended September 30, 2022 as compared to net income of $57.7 million for the nine months ended September 30, 2021. These amounts are primarily attributable to the net earnings of the Consolidated Funds for each period, which are substantially all allocated to the related fund's limited partners or CLO investors, as well as net earnings allocated to third party investors in CISM. These amounts also reflect the net income attributable to non-controlling interests in carried interest, giveback obligations, and cash held for carried interest distributions.

Net Income Attributable to The Carlyle Group Inc. Common Stockholders. The net income (loss) attributable to The Carlyle Group Inc. common stockholders was $280.8 million for the three months ended September 30, 2022 as compared to $532.8 million for the three months ended September 30, 2021. The net income (loss) attributable to The Carlyle Group Inc. common stockholders was $1.1 billion for the nine months ended September 30, 2022, a $1.2 billion decrease from net income of $2.3 billion for the nine months ended September 30, 2021.

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 and nine months ended September 30, 2022 and 2021. 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.

Beginning with the first quarter of 2022, we began disclosing fee related performance revenues as a separate line item in our Non-GAAP results. Fee related performance revenues are the realized portion of performance revenues that are measured and received on a recurring basis, are not dependent on realization events, and which have no risk of giveback. Previously, these amounts were included as a component of fund management fees. Beginning in 2022, our Core Plus real estate fund, CPI, began to realize recurring fee related performance revenues. Realized net performance revenues for CPI were immaterial in prior periods.

The following table shows our total segment DE and FRE for the three and nine months ended September 30, 2022 and 2021.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Total Segment Revenues	$ 1,401.7	$ 1,523.8	$ 3,342.4	$ 3,055.3
Total Segment Expenses	757.3	793.2	1,866.4	1,714.4
Distributable Earnings	**$ 644.4**	**$ 730.6**	**$ 1,476.0**	**$ 1,340.9**
(-) Realized Net Performance Revenues	391.1	533.5	780.0	846.9
(-) Realized Principal Investment Income	56.7	71.3	126.8	139.1
(+) Net Interest	16.0	25.6	63.1	68.7
(=) Fee Related Earnings	**$ 212.6**	**$ 151.4**	**$ 632.3**	**$ 423.6**

The following table sets forth our total segment revenues for the three and nine months ended September 30, 2022 and 2021.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Segment Revenues				
Fund level fee revenues				
Fund management fees	$ 514.1	$ 405.7	$ 1,484.5	$ 1,187.9
Portfolio advisory and transaction fees, net and other	35.0	23.2	93.4	58.5
Fee related performance revenues	20.6	11.2	100.2	31.0
Total fund level fee revenues	569.7	440.1	1,678.1	1,277.4
Realized performance revenues	764.8	1,010.9	1,521.0	1,633.3
Realized principal investment income	56.7	71.3	126.8	139.1
Interest income	10.5	1.5	16.5	5.5
Total Segment Revenues	$ 1,401.7	$ 1,523.8	$ 3,342.4	$ 3,055.3

The following table sets forth our total segment expenses for the three and nine months ended September 30, 2022 and 2021.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	$ 246.7	$ 218.0	$ 752.2	$ 647.6
Realized performance revenue related compensation	373.7	477.4	741.0	786.4
Total compensation and benefits	620.4	695.4	1,493.2	1,434.0
General, administrative, and other indirect expenses	100.8	60.0	265.0	177.2
Depreciation and amortization expense	9.6	10.7	28.6	29.0
Interest expense	26.5	27.1	79.6	74.2
Total Segment Expenses	$ 757.3	$ 793.2	$ 1,866.4	$ 1,714.4

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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Income (loss) before provision for income taxes	**$ 358.6**	**$ 701.3**	**$ 1,401.0**	**$ 3,118.3**
Adjustments:				
Net unrealized performance and fee related performance revenues	152.2	44.8	(385.2)	(1,645.6)
Unrealized principal investment (income) loss	29.9	(70.4)	33.3	(280.5)
Principal investment loss from dilution of indirect investment in Fortitude	—	—	176.9	—
Equity-based compensation[1]	56.0	44.3	145.0	129.5
Acquisition or disposition-related charges (credits), including amortization of intangibles and impairment	42.4	24.4	124.9	54.7
Tax expense associated with certain foreign performance revenues	3.8	(2.4)	3.0	(11.8)
Net income attributable to non-controlling interests in consolidated entities	(1.6)	(14.6)	(28.3)	(57.7)
Right-of-use asset impairment	—	—	—	26.8
Other adjustments including severance	3.1	3.2	5.4	7.2
(=) Distributable Earnings	**$ 644.4**	**$ 730.6**	**$ 1,476.0**	**$ 1,340.9**
(-) Realized net performance revenues[2]	391.1	533.5	780.0	846.9
(-) Realized principal investment income[2]	56.7	71.3	126.8	139.1
(+) Net interest	16.0	25.6	63.1	68.7
(=) Fee Related Earnings	**$ 212.6**	**$ 151.4**	**$ 632.3**	**$ 423.6**

(1) Equity-based compensation includes amounts presented in principal investment income and general, administrative and other expenses in our U.S. GAAP statement of operations.

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

	Three Months Ended September 30, 2022		
	Carlyle Consolidated	Adjustments [3]	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	$ 298.1	$ 466.7	$ 764.8
Performance revenues related compensation expense	163.5	210.2	373.7
Net performance revenues	$ 134.6	$ 256.5	$ 391.1
Principal investment income (loss)	$ 124.2	$ (67.5)	$ 56.7

	Nine Months Ended September 30, 2022		
	Carlyle Consolidated	Adjustments [3]	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	$ 1,346.2	$ 174.8	$ 1,521.0
Performance revenues related compensation expense	741.2	(0.2)	741.0
Net performance revenues	$ 605.0	$ 175.0	$ 780.0
Principal investment income (loss)	$ 500.5	$ (373.7)	$ 126.8

	Three Months Ended September 30, 2021		
	Carlyle Consolidated	Adjustments [3]	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	$ 974.5	$ 36.4	$ 1,010.9
Performance revenues related compensation expense	495.2	(17.8)	477.4
Net performance revenues	$ 479.3	$ 54.2	$ 533.5
Principal investment income (loss)	$ 160.4	$ (89.1)	$ 71.3

	Nine Months Ended September 30, 2021		
	Carlyle Consolidated	Adjustments [3]	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	$ 4,841.3	$ (3,208.0)	$ 1,633.3
Performance revenues related compensation expense	2,355.8	(1,569.4)	786.4
Net performance revenues	$ 2,485.5	$ (1,638.6)	$ 846.9
Principal investment income (loss)	$ 477.2	$ (338.1)	$ 139.1

(3) 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 fee related performance revenues, which are included in fund level fee revenues 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, and the exclusion of the principal investment loss from dilution of the indirect investment in Fortitude (see Note 6 to our unaudited condensed consolidated financial statements).

Distributable Earnings for our reportable segments are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Global Private Equity	$ 505.7	$ 666.1	$ 1,175.5	$ 1,181.9
Global Credit	111.7	35.7	233.6	88.4
Global Investment Solutions	27.0	28.8	66.9	70.6
Distributable Earnings	**$ 644.4**	**$ 730.6**	**$ 1,476.0**	**$ 1,340.9**

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.

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 September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
	(Dollars in millions)			
Segment Revenues				
Fund level fee revenues				
Fund management fees	$ 330.1	$ 265.1	$ 971.3	$ 788.7
Portfolio advisory and transaction fees, net and other	7.7	7.3	21.3	24.1
Fee related performance revenues	6.1	—	59.0	—
Total fund level fee revenues	343.9	272.4	1,051.6	812.8
Realized performance revenues	628.4	962.9	1,302.1	1,525.9
Realized principal investment income	46.0	61.6	94.4	109.3
Interest income	5.1	0.2	6.7	0.9
Total revenues	1,023.4	1,297.1	2,454.8	2,448.9
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	146.7	133.6	453.9	396.3
Realized performance revenues related compensation	283.5	434.5	588.7	688.3
Total compensation and benefits	430.2	568.1	1,042.6	1,084.6
General, administrative, and other indirect expenses	65.3	38.4	170.1	116.2
Depreciation and amortization expense	6.3	7.1	18.9	19.3
Interest expense	15.9	17.4	47.7	46.9
Total expenses	517.7	631.0	1,279.3	1,267.0
Distributable Earnings	**$ 505.7**	**$ 666.1**	**$ 1,175.5**	**$ 1,181.9**
(-) Realized Net Performance Revenues	344.9	528.4	713.4	837.6
(-) Realized Principal Investment Income	46.0	61.6	94.4	109.3
(+) Net Interest	10.8	17.2	41.0	46.0
(=) Fee Related Earnings	**$ 125.6**	**$ 93.3**	**$ 408.7**	**$ 281.0**

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021 and Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

Distributable Earnings

Distributable Earnings decreased $160.4 million for the three months ended September 30, 2022 as compared to three months ended September 30, 2021 and decreased $6.4 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The following table provides the components of the changes in Distributable Earnings for the three and nine months ended September 30, 2022:

	Three Months Ended September 30,	Nine Months Ended September 30,
	(Dollars in millions)	
Distributable Earnings, September 30, 2021	$ 666.1	$ 1,181.9
Increases (decreases):		
Increase in fee related earnings	32.3	127.7
Decrease in realized net performance revenues	(183.5)	(124.2)
Decrease in realized principal investment income	(15.6)	(14.9)
Decrease in net interest	6.4	5.0
Total decrease	(160.4)	(6.4)
Distributable Earnings, September 30, 2022	$ 505.7	$ 1,175.5

Realized Net Performance Revenues. Realized net performance revenues decreased $183.5 million for the three months ended September 30, 2022 as compared to three months ended September 30, 2021 and decreased $124.2 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. Realized net performance revenues were primarily generated by the following funds for the three and nine months ended September 30, 2022 and 2021:

Three Months Ended September 30,		Nine Months Ended September 30,	
2022	2021	2022	2021
CP VI	CP VI	CP VI	CP VI
CEP IV	CP V	CEP IV	CP V
CGFSP II	CEP III	CJP III	CAP IV
CAP IV	CRP VIII	CRP VIII	CEP III
CRP VIII	CAP IV	CAP IV	CRP VIII
		CEOF II	CRP V
		CGFSP II	CGFSP II
		CRP VII	CRP VII
			CJP III

Realized Principal Investment Income. Realized principal investment income was $46.0 million for the three months ended September 30, 2022 as compared to realized investment income of $61.6 million for the three months ended September 30, 2021. Realized principal investment income was $94.4 million for the nine months ended September 30, 2022 as compared to realized principal investment income of $109.3 million for the nine months ended September 30, 2021. Realized principal investment income for the three and nine months ended September 30, 2022 was primarily driven by lower realized gains from our U.S. buyout and U.S. growth funds, and higher realized gains from NGP. The decrease for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 was also driven by lower realized gains from our Asia buyout funds.

Fee Related Earnings

Fee Related Earnings increased $32.3 million for the three months ended September 30, 2022 as compared to three months ended September 30, 2021 and increased $127.7 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The following table provides the components of the changes in Fee Related Earnings for the three and nine months ended September 30, 2022:

	Three Months Ended September 30,	Nine Months Ended September 30,
	(Dollars in millions)	
Fee Related Earnings, September 30, 2021	$ 93.3	$ 281.0
Increases (decreases):		
Increase in fee revenues	71.5	238.8
Increase in cash-based compensation and benefits	(13.1)	(57.6)
Increase in general, administrative and other indirect expenses	(26.9)	(53.9)
All other changes	0.8	0.4
Total increase	32.3	127.7
Fee Related Earnings, September 30, 2022	$ 125.6	$ 408.7

Fee Revenues. Total fee revenues increased $71.5 million for the three months ended September 30, 2022 as compared to three months ended September 30, 2021 and increased $238.8 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, due to the following:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2022 v. 2021	
	(Dollars in millions)	
Higher fund management fees	$ 65.0	$ 182.6
Higher (lower) portfolio advisory and transaction fees, net and other	0.4	(2.8)
Higher fee related performance revenues	6.1	59.0
Total increase in fee revenues	$ 71.5	$ 238.8

The increase in fund management fees for the three months ended September 30, 2022 as compared to three months ended September 30, 2021 was primarily due to due to the activation of management fees on CETP V in the current year and CP VIII and CRP IX in the second half of the prior year, as well as $9.7 million of catch-up management fees, primarily related to CP VIII, partially offset by the basis step-down in CP VII and CRP VIII. We anticipate the fundraising landscape will continue to be increasingly competitive and as a result, fundraising in certain products may take longer to complete and fund sizes may not meet levels they otherwise would in a more favorable market environment. Slowdowns in fundraising may delay or reduce catch-up management fees that would be charged to fund investors in subsequent closings in the coming quarters and smaller fund sizes could result in lower management fees in the future.

The increase in fund management fees for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 was primarily due to the activation of management fees on CETP V in the current year and CP VIII, CRP IX, CP Growth and CAP Growth II in the second half of the prior year, as well as investment activity in CPI, on which management fees are based on invested capital. Fund management fees for the nine months ended September 30, 2022 also include $11.1 million of catch-up management fees, primarily related to CP VIII. These increases were partially offset by basis step-downs in CP VII and CRP VIII, as well as investment realizations in CP VI, on which management fees are based on invested capital.

The increase in fee related performance revenues for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 was driven by CPI, which began to realize recurring fee related performance revenue during the first quarter of 2022.

The total weighted-average management fee rates as of September 30, 2022 and 2021 were 1.37% and 1.28%, respectively. The increase was largely attributable to new fee-paying capital raised in CP VIII and CETP V as well as the onboarding of Fee-earning AUM related to the August 2022 Abingworth transaction, all of which have higher effective fee rates than the segment average. Fee-earning assets under management were $106.5 billion and $90.3 billion as of September 30, 2022 and 2021, respectively, an increase of $16.2 billion.

Cash-based compensation and benefits expense. Cash-based compensation and benefits expense increased $13.1 million for the three months ended September 30, 2022 as compared to three months ended September 30, 2021 and increased $57.6 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to increased headcount, as well as an increase in compensation associated with fee related performance revenues (approximately 45% of fee related performance revenues are paid as cash-based compensation) of $2.9 million and $28.2 million for the three and nine months ended September 30, 2022, respectively.

General, administrative and other indirect expenses. General, administrative and other indirect expenses increased $26.9 million for the three months ended September 30, 2022 as compared to three months ended September 30, 2021 and increased $53.9 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to increased professional fees, travel and other general expenses as well as external costs associated with fundraising activities. General, administrative and other indirect expenses for the nine months ended September 30, 2022 also include $7.5 million in advances to a portfolio company which have been fully reserved as an expense until recovered.

Fee-earning AUM as of and for the Three and Nine Months Ended September 30, 2022 and 2021

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

	As of September 30,	
	2022	2021
Global Private Equity	**(Dollars in millions)**	
Components of Fee-earning AUM (1)		
Fee-earning AUM based on capital commitments	$ 55,250	$ 55,247
Fee-earning AUM based on invested capital	40,496	28,704
Fee-earning AUM based on net asset value	5,832	3,680
Fee-earning AUM based on lower of cost or fair value	4,898	2,654
Total Fee-earning AUM	**$ 106,476**	**$ 90,285**
Weighted Average Management Fee Rates (2)		
All Funds	1.37 %	1.28 %
Funds in Investment Period	1.42 %	1.45 %

(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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Global Private Equity	**(Dollars in millions)**			
Fee-earning AUM Rollforward				
Balance, Beginning of Period	$ 105,635	$ 90,477	$ 104,252	$ 91,571
Inflows (1)	4,800	2,183	12,086	3,785
Outflows (including realizations) (2)	(2,544)	(1,865)	(7,111)	(4,341)
Market Activity & Other (3)	(319)	(156)	(126)	256
Foreign Exchange (4)	(1,096)	(354)	(2,625)	(986)
Balance, End of Period	**$ 106,476**	**$ 90,285**	**$ 106,476**	**$ 90,285**

(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 for the three and nine months ended September 30, 2022 include $2 billion of Fee-earning AUM associated with the August 2022 Abingworth transaction.

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 $106.5 billion at September 30, 2022, an increase of $0.9 billion, or approximately 1%, compared to $105.6 billion at June 30, 2022. The increase was driven by inflows of $4.8 billion including $2 billion acquired as part of the August 2022 Abingworth transaction. Partially offsetting these inflows were $2.5 billion of outflows driven by realizations in funds that charge fees on invested capital and $1.1 billion of negative foreign exchange activity primarily related to the translation of our EUR-denominated funds' AUM 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 at September 30, 2022 increased $2.2 billion, or approximately 2%, from $104.3 billion at December 31, 2021. The increase was driven by inflows of $12.1 billion from new fee-paying commitments raised in CETP V and CP VIII, new capital deployment in CPI, and $2 billion acquired as part of the August 2022 Abingworth transaction. This was partially offset by realizations of $7.1 billion in funds that charge fees based on invested capital and $2.6 billion in negative foreign exchange activity primarily from the translation of our EUR-denominated funds' AUM to USD.

Fee-earning AUM at September 30, 2022 increased $16.2 billion, or approximately 18%, from $90.3 billion at September 30, 2021. The increase was driven by inflows of $32.9 billion primarily from new fee-paying commitments raised in CP VIII, CRP IX, CETP V, CP Growth and CAP Growth II, capital deployment in funds that charge fees based on invested capital or net asset value such as CPI, and $2 billion acquired as part of the August 2022 Abingworth transaction. This was partially offset by outflows of $13.7 billion primarily due to realizations in funds that charge fees based on invested capital, as well as $2.9 billion in negative foreign exchange activity primarily from the translation of our EUR-denominated funds' AUM to USD.

Total AUM as of and for the Three and Nine Months Ended September 30, 2022

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

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
	(Dollars in millions)	
Global Private Equity		
Total AUM Rollforward		
Balance, Beginning of Period	$ 167,185	$ 162,117
Inflows (1)	4,059	11,276
Outflows (including realizations) (2)	(7,395)	(16,666)
Market Activity & Other (3)	2,271	11,802
Foreign Exchange (4)	(1,739)	(4,148)
Balance, End of Period	**$ 164,381**	**$ 164,381**

(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. Inflows for the three and nine months ended September 30, 2022 include $2 billion of AUM associated with the August 2022 Abingworth transaction.

(2) Outflows includes distributions net of recallable or recyclable amounts in our carry funds, related co-investment vehicles, and separately managed accounts, 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, and separately managed accounts, 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 $164.4 billion at September 30, 2022, a decrease of $2.8 billion, or approximately 2%, compared to $167.2 billion as of June 30, 2022. Driving the decrease were outflows of $7.4 billion primarily from distributions of investment proceeds in our NGP Energy, U.S. Buyout, and Europe Buyout funds, as well as $1.7 billion of negative foreign exchange activity primarily from the translation of our EUR-denominated funds' AUM to USD. This was partially offset by $4.1 billion of inflows, largely attributable to $2 billion of AUM acquired as part of the August 2022 Abingworth transaction as well as additional capital raised in CP VIII and CETP V. Overall segment appreciation of $2.3 billion for the period included appreciation of $0.5 billion in NGP XI, $0.4 billion in NGP XII, $0.3 billion in CEP V, and $0.3 billion in CPP II, partially offset by $0.2 billion of depreciation in CP VII.

Total AUM at September 30, 2022 increased $2.3 billion, or approximately 1%, from $162.1 billion as of December 31, 2021. Driving the increase were segment appreciation of $11.8 billion and $11.3 billion of inflows, largely attributable to additional capital raised in CETP V and CP VIII as well as $2 billion of AUM acquired as part of the August 2022 Abingworth transaction. Overall segment appreciation was driven by appreciation of $2.5 billion in NGP XI, $1.7 billion in NGP XII, and $1.1 billion in CRP VIII, partially offset by $1.9 billion of depreciation in CP VI. These increases were partially offset by outflows of $16.7 billion primarily from distributions of investment proceeds in our U.S. Buyout, Asia Buyout, U.S. Real Estate, Japan Buyout, and Europe Buyout funds, as well as $4.1 billion of negative foreign exchange activity primarily from the translation of our EUR-denominated funds' AUM to USD.

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 September 30, 2022, 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.

(Amounts in millions)				TOTAL INVESTMENTS						REALIZED/PARTIALLY REALIZED INVESTMENTS(5)		
				As of September 30, 2022						As of September 30, 2022		
Fund (Fee Initiation Date/Stepdown Date)(19)	Committed Capital(20)	Cumulative Invested Capital(1)	Percent Invested	Realized Value(2)	Remaining Fair Value(3)	MOIC (4)	Gross IRR (6)(12)	Net IRR (7)(12)	Net Accrued Carry/(Giveback) (8)	Total Fair Value(9)	MOIC (4)	Gross IRR (6)(12)
Corporate Private Equity												
CP VIII (Oct 2021 / Oct 2027)	$ 14,010	$ 6,501	46%	$ 1	$ 6,717	1.0x	NM	NM	$ —	n/a	n/a	n/a
CP VII (May 2018 / Oct 2021)	$ 18,510	$ 17,424	94%	$ 1,429	$ 21,494	1.3x	15%	9%	$ 400	$ 1,569	1.2x	12%
CP VI (May 2013 / May 2018)	$ 13,000	$ 13,140	101%	$ 23,074	$ 7,996	2.4x	20%	16%	$ 561	$ 27,102	2.6x	23%
CP V (Jun 2007 / May 2013)	$ 13,720	$ 13,238	96%	$ 27,108	$ 1,858	2.2x	18%	14%	$ 166	$ 27,206	2.5x	24%
CEP V (Oct 2018 / Sep 2024)	€ 6,416	€ 4,784	75%	€ 1,188	€ 5,351	1.4x	26%	14%	$ 123	n/a	n/a	n/a
CEP IV (Sep 2014 / Oct 2018)	€ 3,670	€ 3,798	103%	€ 5,446	€ 1,966	2.0x	18%	13%	$ 163	€ 5,682	2.5x	26%
CEP III (Jul 2007 / Dec 2012)	€ 5,295	€ 5,177	98%	€ 11,708	€ 53	2.3x	19%	14%	$ 4	€ 11,644	2.3x	19%
CAP V (Jun 2018 / Jun 2024)	$ 6,554	$ 5,124	78%	$ 1,420	$ 5,152	1.3x	24%	11%	$ 85	$ 889	1.8x	142%
CAP IV (Jul 2013 / Jun 2018)	$ 3,880	$ 4,044	104%	$ 5,602	$ 2,504	2.0x	18%	13%	$ 239	$ 6,499	2.8x	27%
CAP III (Jun 2008 / Jul 2013)	$ 2,552	$ 2,543	100%	$ 4,890	$ 218	2.0x	17%	12%	$ 23	$ 4,890	2.0x	18%
CJP IV (Oct 2020 / Oct 2026)	¥ 258,000	¥ 110,573	43%	¥ —	¥ 155,244	1.4x	93%	42%	$ 20	n/a	n/a	n/a
CJP III (Sep 2013 / Aug 2020)	¥ 119,505	¥ 91,192	76%	¥ 184,670	¥ 50,836	2.6x	24%	16%	$ 23	¥ 182,269	3.9x	33%
CGFSP III (Dec 2017 / Dec 2023)	$ 1,005	$ 878	87%	$ 367	$ 1,634	2.3x	43%	31%	$ 101	$ 795	6.4x	59%
CGFSP II (Jun 2013 / Dec 2017)	$ 1,000	$ 943	94%	$ 1,955	$ 502	2.6x	27%	20%	$ 41	$ 1,954	2.4x	28%
CP Growth (Oct 2021 / Oct 2027)	$ 1,149	$ 333	29%	$ —	$ 348	1.0x	NM	NM	$ —	n/a	n/a	n/a
CEOF II (Nov 2015 / Mar 2020)	$ 2,400	$ 2,393	100%	$ 2,258	$ 2,198	1.9x	20%	14%	$ 142	$ 2,400	3.8x	54%

(Amounts in millions)				TOTAL INVESTMENTS						REALIZED/PARTIALLY REALIZED INVESTMENTS(5)		
				As of September 30, 2022						As of September 30, 2022		
Fund (Fee Initiation Date/Stepdown Date)(19)	**Committed Capital(20)**	**Cumulative Invested Capital(1)**	**Percent Invested**	**Realized Value(2)**	**Remaining Fair Value(3)**	**MOIC (4)**	**Gross IRR (6)(12)**	**Net IRR (7)(12)**	**Net Accrued Carry/(Giveback) (8)**	**Total Fair Value(9)**	**MOIC (4)**	**Gross IRR (6)(12)**
CEOF I (Sep 2011 / Nov 2015)	$ 1,119	$ 1,175	105%	$ 1,550	$ 294	1.6x	12%	8%	$ 45	$ 1,382	1.7x	20%
CETP V (Mar 2022 / Jun 2028)	€ 2,990	€ —	n/a	€ —	€ —	n/a	n/a	n/a	$ —	€ —	n/a	n/a
CETP IV (Jul 2019 / Jun 2022)	€ 1,350	€ 1,172	87%	€ —	€ 2,640	2.3x	66%	48%	$ 127	n/a	n/a	n/a
CETP III (Jul 2014 / Jul 2019)	€ 657	€ 602	92%	€ 1,239	€ 593	3.0x	42%	30%	$ 42	€ 1,181	4.4x	51%
CGP II (Dec 2020 / Jan 2025)	$ 1,840	$ 984	53%	$ 2	$ 979	1.0x	NM	NM	$ —	n/a	n/a	n/a
CGP (Jan 2015 / Mar 2021)	$ 3,588	$ 3,050	85%	$ 1,026	$ 3,294	1.4x	8%	6%	$ 65	$ 1,149	2.4x	20%
CAGP IV (Aug 2008 / Dec 2014)	$ 1,041	$ 954	92%	$ 1,123	$ 87	1.3x	6%	1%	$ —	$ 1,122	1.3x	7%
CSABF (Dec 2009 / Dec 2016)	$ 776	$ 736	95%	$ 485	$ 366	1.2x	2%	Neg	$ —	$ 633	1.3x	2%
All Other Active Funds & Vehicles(10)		$ 21,553	n/a	$ 21,605	$ 14,399	1.7x	18%	13%	$ 78	$ 21,804	2.2x	23%
Fully Realized Funds & Vehicles(11)		$ 23,882	n/a	$ 59,901	$ —	2.5x	28%	21%	$ 10	$ 59,901	2.5x	28%
TOTAL CORPORATE PRIVATE EQUITY(13)		**$ 135,493**	**n/a**	**$ 174,241**	**$ 81,844**	**1.9x**	**26%**	**18%**	**$ 2,457**	**$ 178,670**	**2.4x**	**27%**
Real Estate												
CRP IX (Oct 2021 / Oct 2026)	$ 7,987	$ 1,200	15%	$ —	$ 1,260	1.1x	NM	NM	$ —	n/a	n/a	n/a
CRP VIII (Aug 2017 / Oct 2021)	$ 5,505	$ 4,880	89%	$ 3,685	$ 4,793	1.7x	52%	33%	$ 202	$ 3,768	2.1x	54%
CRP VII (Jun 2014 / Dec 2017)	$ 4,162	$ 3,761	90%	$ 4,893	$ 1,482	1.7x	19%	12%	$ 70	$ 4,870	1.8x	22%
CRP VI (Mar 2011 / Jun 2014)	$ 2,340	$ 2,158	92%	$ 3,768	$ 161	1.8x	27%	18%	$ 5	$ 3,595	2.0x	31%
CPI (May 2016 / n/a)	$ 6,428	$ 6,237	97%	$ 1,887	$ 6,972	1.4x	21%	19%	n/a*	$ 1,145	1.8x	9%
All Other Active Funds & Vehicles(14)		$ 10,157	n/a	$ 13,520	$ 2,628	1.6x	9%	6%	$ 20	$ 13,175	1.6x	10%
Fully Realized Funds & Vehicles(15)		$ 4,889	n/a	$ 6,651	$ 5	1.4x	14%	7%	$ —	$ 6,656	1.4x	14%
TOTAL REAL ESTATE(13)		**$ 33,280**	**n/a**	**$ 34,405**	**$ 17,301**	**1.6x**	**13%**	**9%**	**$ 297**	**$ 33,209**	**1.7x**	**13%**
Infrastructure & Natural Resources												
CIEP II (Apr 2019 / Apr 2025)	$ 2,286	$ 1,008	44%	$ 391	$ 1,121	1.5x	45%	21%	$ 30	$ 585	2.5x	NM
CIEP I (Sep 2013 / Jun 2019)	$ 2,500	$ 2,367	95%	$ 1,477	$ 3,056	1.9x	19%	12%	$ 174	$ 1,761	2.6x	24%
CPP II (Sep 2014 / Apr 2021)	$ 1,527	$ 1,504	99%	$ 804	$ 1,893	1.8x	18%	11%	$ 100	$ 365	4.1x	76%
CGIOF (Dec 2018 / Sep 2023)	$ 2,201	$ 1,676	76%	$ 280	$ 1,882	1.3x	24%	9%	$ 26	$ 215	1.2x	NM
NGP XII (Jul 2017 / Jul 2022)	$ 4,304	$ 2,709	63%	$ 1,107	$ 4,116	1.9x	24%	17%	$ 190	$ 1,168	3.1x	40%
NGP XI (Oct 2014 / Jul 2017)	$ 5,325	$ 4,979	93%	$ 3,782	$ 5,342	1.8x	15%	11%	$ 315	$ 5,207	2.0x	32%
NGP X (Jan 2012 / Dec 2014)	$ 3,586	$ 3,351	93%	$ 3,237	$ 537	1.1x	3%	—%	$ —	$ 3,115	1.2x	5%
All Other Active Funds & Vehicles(17)		$ 4,179	n/a	$ 2,094	$ 4,226	1.5x	16%	14%	$ 24	$ 2,112	2.5x	28%
Fully Realized Funds & Vehicles(18)		$ 1,190	n/a	$ 1,435	$ 1	1.2x	3%	1%	$ —	$ 1,436	1.2x	3%
TOTAL INFRASTRUCTURE & NATURAL RESOURCES		**$ 22,963**	**n/a**	**$ 14,607**	**$ 22,173**	**1.6x**	**13%**	**9%**	**$ 858**	**$ 15,963**	**1.8x**	**15%**
Legacy Energy Funds(16)		$ 16,741	n/a	$ 23,973	$ 68	1.4x	12%	6%	$ (4)	$ 23,572	1.5x	14%

**Net accrued fee related performance revenues for CPI of $64 million are excluded from Net Accrued Performance Revenues. These amounts will be reflected as fee related performance revenues when realized, and included in Fund level fee revenues in our segment results.*

(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 revenue 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: ABV 8, ACCD 2, CEP II, CVP II, MENA, CCI, CSSAF I, CPF, CAP Growth I, CAP Growth II, 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, CJP II, 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, CER I, CER II, CRP IV, CRP V and CEREP III.

(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, NGP ETP IV, CPOCP, CRSEF, CRSEF II and NGP Minerals.

(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.

(19) The fund stepdown date represents the contractual stepdown date under the respective fund agreements for funds on which the fee basis stepdown has not yet occurred. Funds without a listed Fee Initiation Date and Stepdown Date have not yet initiated fees.

(20) All amounts shown represent total capital commitments as of September 30, 2022. Certain of our recent vintage funds are currently in fundraising and total capital commitments are subject to change.

Global Credit

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
	(Dollars in millions)			
Segment Revenues				
Fund level fee revenues				
Fund management fees	$ 128.4	$ 81.3	$ 345.8	$ 227.6
Portfolio advisory and transaction fees, net and other	27.3	15.9	72.1	34.1
Fee related performance revenues	14.5	11.2	41.2	31.0
Total fund level fee revenues	170.2	108.4	459.1	292.7
Realized performance revenues	63.0	2.1	96.6	2.2
Realized principal investment income	9.2	7.4	28.2	23.1
Interest income	4.5	1.3	8.6	4.5
Total revenues	246.9	119.2	592.5	322.5
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	69.9	58.7	214.2	168.0
Realized performance revenues related compensation	28.9	1.0	45.0	1.0
Total compensation and benefits	98.8	59.7	259.2	169.0
General, administrative, and other indirect expenses	26.4	14.7	70.2	39.5
Depreciation and amortization expense	2.1	2.3	6.0	6.2
Interest expense	7.9	6.8	23.5	19.4
Total expenses	135.2	83.5	358.9	234.1
(=) Distributable Earnings	**$ 111.7**	**$ 35.7**	**$ 233.6**	**$ 88.4**
(-) Realized Net Performance Revenues	34.1	1.1	51.6	1.2
(-) Realized Principal Investment Income	9.2	7.4	28.2	23.1
(+) Net Interest	3.4	5.5	14.9	14.9
(=) Fee Related Earnings	**$ 71.8**	**$ 32.7**	**$ 168.7**	**$ 79.0**

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021 and Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

Distributable Earnings

Distributable Earnings increased $76.0 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $145.2 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The following table provides the components of the changes in Distributable Earnings for the three and nine months ended September 30, 2022:

	Three Months Ended September 30,	Nine Months Ended September 30,
	(Dollars in millions)	
Distributable Earnings, September 30, 2021	$ 35.7	$ 88.4
Increases (decreases):		
Increase in fee related earnings	39.1	89.7
Increase in realized net performance revenues	33.0	50.4
Increase in realized principal investment income	1.8	5.1
Decrease in net interest	2.1	—
Total increase	76.0	145.2
Distributable Earnings, September 30, 2022	$ 111.7	$ 233.6

Realized Net Performance Revenues. Realized net performance revenues increased $33.0 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $50.4 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to realized net performance revenues generated by CCOF I and CSC, partially offset by the realization of a $5.9 million net giveback obligation for CSP III in the nine months ended September 30, 2022.

Realized Principal Investment Income. Realized principal investment income increased $1.8 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $5.1 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The increase for the nine months ended September 30, 2022 was primarily driven by realized principal investment income in CCOF I, as well as the impact of realized losses on investments in CEMOF in the prior year, partially offset by lower realized principal investment income from our U.S. CLOs and CSP IV.

Fee Related Earnings

Fee Related Earnings increased $39.1 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $89.7 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The following table provides the components of the changes in Fee Related Earnings for the three and nine months ended September 30, 2022:

	Three Months Ended September 30,	Nine Months Ended September 30,
	(Dollars in millions)	
Fee Related Earnings, September 30, 2021	$ 32.7	$ 79.0
Increases (decreases):		
Increase in fee revenues	61.8	166.4
Increase in cash-based compensation and benefits	(11.2)	(46.2)
Increase in general, administrative and other indirect expenses	(11.7)	(30.7)
All other changes	0.2	0.2
Total increase	39.1	89.7
Fee Related Earnings, September 30, 2022	$ 71.8	$ 168.7

Fee Revenues. Fee revenues increased $61.8 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $166.4 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, due to the following:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2022 v. 2021	
	(Dollars in millions)	
Higher fund management fees	$ 47.1	$ 118.2
Higher portfolio advisory and transaction fees, net and other	11.4	38.0
Higher fee related performance revenues	3.3	10.2
Total increase in fee revenues	$ 61.8	$ 166.4

The increase in fund management fees for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 was primarily driven by fees earned under the Fortitude strategic advisory services agreement and management fees on the CBAM portfolio, as well as investment activity at CCOF II, which charges fees based on invested capital, the issuance of U.S. CLOs over the last twelve months, and growth in our Interval Fund.

The increase in portfolio advisory and transaction fees, net and other for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 was primarily driven by an increase in capital markets fees, which vary with activity levels in a given period. The increase for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 was also driven by transaction fees in our insurance and aviation strategies. As capital markets activity slows, we may experience a corresponding reduction in the capital markets fees we earn in connection with activities related to the underwriting, issuance and placement of debt and equity securities.

The increase in fee related performance revenues for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 was due to higher fee related performance revenues from our Interval Fund.

The weighted average management fee rate on our carry funds decreased from 1.23% at September 30, 2021 to 1.05% at September 30, 2022. The rate decrease was primarily due to investment activity in funds on which management fees are based on invested capital and have a lower fee rate, including separately managed accounts.

Cash-based compensation and benefits expense. Cash-based compensation and benefits expense increased $11.2 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $46.2 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to increased headcount as we continue to build out new strategies and capabilities in this segment, and higher projected year-end bonuses. The increases also reflect increases in compensation associated with fee related performance revenues (approximately 45% of fee related performance revenues are paid as cash-based compensation).

General, administrative and other indirect expenses. General, administrative and other indirect expenses increased $11.7 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $30.7 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to higher professional fees, travel and other general expenses.

Fee-earning AUM as of and for the Three and Nine Months Ended September 30, 2022 and 2021

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

	As of September 30,	
	2022	2021
Global Credit	(Dollars in millions)	
Components of Fee-earning AUM (1)		
Fee-earning AUM based on capital commitments	$ 6,305	$ 2,758
Fee-earning AUM based on invested capital	13,021	9,022
Fee-earning AUM based on collateral balances, at par	44,707	29,191
Fee-earning AUM based on net asset value	2,029	1,621
Fee-earning AUM based on fair value and other (2)	51,256	5,621
Total Fee-earning AUM	**$ 117,318**	**$ 48,213**
Weighted Average Management Fee Rates (3)		
Global Credit Carry Funds	1.05 %	1.23 %

(1) For additional information concerning the components of Fee-earning AUM, see "—Fee-earning Assets under Management."

(2) Includes the fair value of Fortitude's general account assets covered by the strategic advisory services agreement and 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. As of September 30, 2022 and 2021, carry funds represented 14% and 22% of Global Credit Fee-earning AUM, respectively. 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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Global Credit	(Dollars in millions)			
Fee-earning AUM Rollforward				
Balance, Beginning of Period	$ 116,367	$ 45,885	$ 51,718	$ 42,133
Inflows (1)	5,566	3,386	76,143	9,324
Outflows (including realizations) (2)	(755)	(991)	(6,014)	(3,267)
Market Activity & Other (3)	(3,169)	142	(3,003)	511
Foreign Exchange (4)	(691)	(209)	(1,526)	(488)
Balance, End of Period	**$ 117,318**	**$ 48,213**	**$ 117,318**	**$ 48,213**

(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. Inflows for the nine months ended September 30, 2022 include Fee-earning AUM associated with the strategic advisory services agreement with Fortitude which was effective April 1, 2022, as well as Fee-earning AUM acquired in the March 2022 CBAM transaction. Inflows associated with these transactions were $48 billion and $14 billion, respectively.

(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 $117.3 billion at September 30, 2022, an increase of $0.9 billion, or approximately 1%, compared to $116.4 billion at June 30, 2022. This increase was driven by inflows of $5.6 billion primarily from the closing of three new U.S. CLOs and one new Euro CLO as well as capital invested in Aviation and CCOF II. This was partially offset by portfolio depreciation of $3.2 billion reflecting the negative impact of the rising interest rate environment on the value of Fortitude's fixed income securities. Fee-Earnings AUM also reflects outflows of $0.8 billion from runoff of CLO collateral balances and realizations in other funds with fees tied to invested capital, and negative foreign exchange activity of $0.7 billion related to the translation of our EUR-denominated CLOs to USD for reporting purposes. 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 at September 30, 2022 increased $65.6 billion, or approximately 127%, compared to $51.7 billion at December 31, 2021. This increase was driven by inflows of $76.1 billion primarily from Fee-earning AUM related to the strategic advisory services agreement signed with Fortitude in April 2022 and Fee-earning AUM acquired in the CBAM transaction in March 2022, as well as investment activity in CCOF II, the activation of fees and investment activity in Aviation, and the closing of our five latest vintage U.S. CLOs and two latest vintage Euro CLOs. This was partially offset by outflows of $6.0 billion primarily due to reductions for funds that are no longer calling for management fees, runoff of CLO collateral balances and realizations in other funds with fees tied to invested capital, $3.0 billion of portfolio depreciation, and $1.5 billion of negative foreign exchange activity from the translation of our EUR-denominated CLOs to USD for reporting purposes. Portfolio depreciation during the nine months ended September 30, 2022 primarily reflects the negative impact of the rising interest rate environment on the value of Fortitude's fixed income securities.

Fee-earning AUM at September 30, 2022 increased $69.1 billion, or approximately 143%, compared to $48.2 billion at September 30, 2021. The increase was driven by inflows of $79.8 billion primarily from Fee-earning AUM related to the strategic advisory services agreement signed with Fortitude in April 2022 and Fee-earning AUM acquired in the CBAM transaction in March 2022, as well as the closing of eight new U.S. and three new Euro CLOs, the activation of fees in various cross-platform SMAs, capital invested in CCOF II, and the activation of fees and investment activity in Aviation. This was partially offset by outflows of $7.1 billion primarily due to runoff of our CLO collateral balances and realizations in other funds with fees tied to invested capital, $2.0 billion of portfolio depreciation, and $1.7 billion of negative foreign exchange activity related to the translation of our EUR-denominated CLOs to USD for reporting purposes. Portfolio depreciation during the twelve months ended September 30, 2022 primarily reflects the negative impact of the rising interest rate environment on the value of Fortitude's fixed income securities.

Total AUM as of and for the Three and Nine Months Ended September 30, 2022.

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

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
	(Dollars in millions)	
Global Credit		
Total AUM Rollforward		
Balance, Beginning of Period	$ 142,990	$ 73,384
Inflows (1)	3,446	74,995
Outflows (including realizations) (2)	(1,339)	(3,931)
Market Activity & Other (3)	(2,965)	(1,441)
Foreign Exchange (4)	(703)	(1,578)
Balance, End of Period	**$ 141,429**	**$ 141,429**

(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. Inflows for the nine months ended September 30, 2022 include AUM associated with the strategic advisory services agreement with Fortitude which was effective April 1, 2022, as well

as AUM acquired in the March 2022 CBAM transaction. Inflows associated with these transactions were $48 billion and $15 billion, respectively.

(2) Outflows includes distributions net of recallable 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 $141.4 billion at September 30, 2022, a decrease of $1.6 billion, or approximately 1%, compared to $143.0 billion at June 30, 2022. The decrease was due to portfolio depreciation of $3.0 billion, outflows of $1.3 billion primarily due to runoff of CLO and other collateral balances and distributions in our carry funds, and $0.7 billion of negative foreign exchange activity related to the translation of our EUR-denominated CLOs to USD for reporting purposes. Portfolio depreciation during the three months ended September 30, 2022 reflects the negative impact of the rising interest rate environment on the value of Fortitude’s fixed income securities and flat marks on our Global Credit carry funds. These decreases were partially offset by $3.4 billion of inflows related to the closing of three new U.S. CLOs and one new Euro CLO as well as fundraising in various external coinvestments and SMAs.

Total AUM at September 30, 2022 increased $68.0 billion, or approximately 93%, compared to $73.4 billion at December 31, 2021. The increase was driven by $75.0 billion of inflows primarily from AUM related to the strategic advisory services agreement signed with Fortitude in April 2022, AUM acquired in the CBAM transaction in March 2022, the closing of our five latest vintage U.S. CLOs and two latest vintage Euro CLOs, and additional capital raised in CCOF II. This was partially offset by $3.9 billion of outflows due to runoff of CLO and other collateral balances and distributions in our carry funds, portfolio depreciation of $1.4 billion, and $1.6 billion of negative foreign exchange activity from the translation of our EUR-denominated CLOs to USD. Portfolio depreciation during the nine months ended September 30, 2022 primarily reflects the negative impact of the rising interest rate environment on the value of Fortitude’s fixed income securities, partially offset by 1% appreciation on our Global Credit carry funds.

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 September 30, 2022, 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)				TOTAL INVESTMENTS As of September 30, 2022					
Fund (Fee Initiation Date/Stepdown Date)(11)	**Committed Capital(12)**	**Cumulative Invested Capital (1)**	**Percent Invested**	**Realized Value (2)**	**Remaining Fair Value (3)**	**MOIC (4)**	**Gross IRR (5) (8)**	**Net IRR (6) (8)**	**Net Accrued Carry/(Giveback) (7)**
Global Credit Carry Funds									
CSP IV (Apr 2016 / Dec 2020)	$ 2,500	$ 2,500	100%	$ 901	$ 2,284	1.3x	15%	8%	$ 2
CSP III (Dec 2011 / Aug 2015)	$ 703	$ 703	100%	$ 920	$ 58	1.4x	19%	9%	$ —
CSP II (Dec 2007 / Jun 2011)	$ 1,352	$ 1,352	100%	$ 2,431	$ 66	1.8x	17%	11%	$ 7
CCOF II (Nov 2020 / Oct 2025)	$ 4,425	$ 4,033	91%	$ 345	$ 4,023	1.1x	17%	11%	$ 24
CCOF I (Nov 2017 / Sep 2022)	$ 2,373	$ 3,433	145%	$ 2,231	$ 2,218	1.3x	19%	14%	$ 49
CEMOF II (Dec 2015 / Jun 2019)	$ 2,819	$ 1,712	61%	$ 1,435	$ 717	1.3x	8%	3%	$ —
CEMOF I (Dec 2010 / Dec 2015)	$ 1,383	$ 1,606	116%	$ 967	$ 142	0.7x	Neg	Neg	$ —
CSC (Mar 2017/ n/a)	$ 838	$ 1,303	155%	$ 1,625	$ 26	1.3x	16%	12%	$ 9
SASOF III (Nov 2014 / n/a)	$ 833	$ 991	119%	$ 1,191	$ 89	1.3x	19%	11%	$ 11
All Other Active Funds & Vehicles(9)		$ 6,804	n/a	$ 1,306	$ 4,787	0.9x	NM	NM	$ 6
Fully Realized Funds & Vehicles(10)		$ 1,944	n/a	$ 2,783	$ 1	1.4x	13%	8%	$ —
TOTAL GLOBAL CREDIT		**$ 26,380**	**n/a**	**$ 16,136**	**$ 14,411**	**1.2x**	**10%**	**4%**	**$ 107**

(1) 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.

(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) 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.

(6) 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 revenue 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 IV, SASOF V, CALF, and CICF.

(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, SASOF II and CASCOF.

(11) The fund stepdown date represents the contractual stepdown date under the respective fund agreements for funds on which the fee basis stepdown has not yet occurred. Funds without a listed Fee Initiation Date and Stepdown Date have not yet initiated fees.

(12) All amounts shown represent total capital commitments as of September 30, 2022. Certain of our recent vintage funds are currently in fundraising and total capital commitments are subject to change. Committed capital for CCOF II excludes $150 million in capital committed by a CCOF II investor to a side vehicle.

Global Investment Solutions

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Segment Revenues				
Fund level fee revenues				
Fund management fees	$ 55.6	$ 59.3	$ 167.4	$ 171.6
Portfolio advisory and transaction fees, net and other	—	—	—	0.3
Total fund level fee revenues	55.6	59.3	167.4	171.9
Realized performance revenues	73.4	45.9	122.3	105.2
Realized principal investment income	1.5	2.3	4.2	6.7
Interest income	0.9	—	1.2	0.1
Total revenues	131.4	107.5	295.1	283.9
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	30.1	25.7	84.1	83.3
Realized performance revenues related compensation	61.3	41.9	107.3	97.1
Total compensation and benefits	91.4	67.6	191.4	180.4
General, administrative, and other indirect expenses	9.1	6.9	24.7	21.5
Depreciation and amortization expense	1.2	1.3	3.7	3.5
Interest expense	2.7	2.9	8.4	7.9
Total expenses	104.4	78.7	228.2	213.3
(=) Distributable Earnings	**$ 27.0**	**$ 28.8**	**$ 66.9**	**$ 70.6**
(-) Realized Net Performance Revenues	12.1	4.0	15.0	8.1
(-) Realized Principal Investment Income	1.5	2.3	4.2	6.7
(+) Net Interest	1.8	2.9	7.2	7.8
(=) Fee Related Earnings	**$ 15.2**	**$ 25.4**	**$ 54.9**	**$ 63.6**

(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 in periods prior to the sale were immaterial to the Investment Solutions segment. The $5.0 million gain on the sale and the $26.8 million right-of-use asset impairment, as a result of the sublease transaction (see Note 10), are not included in DE or FRE. See "Non-GAAP Financial Measures" for the reconciliation of Total DE and FRE to the U.S.GAAP financial statements.

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021 and Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

Distributable Earnings

Distributable Earnings decreased $1.8 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and decreased $3.7 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The following table provides the components of the changes in Distributable Earnings for the three and nine months ended September 30, 2022:

	Three Months Ended September 30,	Nine Months Ended September 30,
	(Dollars in millions)	
Distributable Earnings, September 30, 2021	$ 28.8	$ 70.6
Increases (decreases):		
Decrease in fee related earnings	(10.2)	(8.7)
Increase in realized net performance revenues	8.1	6.9
Decrease in realized principal investment income	(0.8)	(2.5)
Decrease in net interest	1.1	0.6
Total decrease	(1.8)	(3.7)
Distributable Earnings, September 30, 2022	$ 27.0	$ 66.9

Global Investment Solutions had realized performance revenues of $122.3 million during the nine months ended September 30, 2022. 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 $15.0 million during the nine months ended September 30, 2022.

Realized Principal Investment Income. Realized principal investment income decreased $0.8 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, and decreased $2.5 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The decreases were primarily due to lower realized gains on investments in our secondary funds.

Fee Related Earnings

Fee Related Earnings decreased $10.2 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and decreased $8.7 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The following table provides the components of the changes in Fee Related Earnings for the three and nine months ended September 30, 2022:

	Three Months Ended September 30,	Nine Months Ended September 30,
	(Dollars in millions)	
Fee Related Earnings, September 30, 2021	$ 25.4	$ 63.6
Increases (decreases):		
Decrease in fee revenues	(3.7)	(4.5)
Increase in cash-based compensation and benefits	(4.4)	(0.8)
Increase in general, administrative and other indirect expenses	(2.2)	(3.2)
All other changes	0.1	(0.2)
Total decrease	(10.2)	(8.7)
Fee Related Earnings, September 30, 2022	$ 15.2	$ 54.9

Fee Revenues. Total fee revenues decreased $3.7 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, and decreased $4.5 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 primarily due to the impact of foreign currency translation on management fees denominated in Euro. The nine months ended September 30, 2022 benefited from increased management fees from our latest co-investment fund which activated fees in April 2021, the impact of which was partially offset by the decrease in management fees resulting from the sale of MRE in April 2021.

Cash-based compensation and benefits expense. Cash-based compensation and benefits expense increased $4.4 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 and increased $0.8 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 primarily due to an increased headcount.

General, administrative and other indirect expenses. General, administrative and other indirect expenses increased $2.2 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, and increased $3.2 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to increased professional fees and travel and entertainment expenses. The increase for the nine months ended September 30, 2022 was partially offset by lower external costs associated with fundraising activities.

Fee-earning AUM as of and for the Three and Nine Months Ended September 30, 2022 and 2021

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

	As of September 30,	
	2022	2021
Global Investment Solutions	(Dollars in millions)	
Components of Fee-earning AUM (1)		
Fee-earning AUM based on capital commitments	$ 19,096	$ 18,789
Fee-earning AUM based on invested capital (2)	4,788	3,855
Fee-earning AUM based on net asset value	3,637	3,689
Fee-earning AUM based on lower of cost or fair market value	8,899	11,544
Total Fee-earning AUM	**$ 36,420**	**$ 37,877**

(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 funds

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Global Investment Solutions	(Dollars in millions)			
Fee-earning AUM Rollforward				
Balance, Beginning of Period	$ 37,553	$ 38,494	$ 37,449	$ 36,398
Inflows (1)	735	819	3,905	7,330
Outflows (including realizations) (2)	(587)	(1,562)	(2,270)	(6,155)
Market Activity & Other (3)	337	468	1,111	1,273
Foreign Exchange (4)	(1,618)	(342)	(3,775)	(969)
Balance, End of Period	**$ 36,420**	**$ 37,877**	**$ 36,420**	**$ 37,877**

(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. During three and nine months ended September 30, 2022, this included the positive impact of foreign exchange resulting from the translation of our USD investments within our EUR-denominated AlpInvest funds.

(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 $36.4 billion at September 30, 2022, a decrease of $1.2 billion, or approximately 3%, compared to $37.6 billion at June 30, 2022. The decrease was driven by $1.6 billion in negative foreign exchange activity from the translation of our EUR-denominated Fee-Earning AUM to USD and outflows of $0.6 billion from realizations in our AlpInvest carry funds. This was partially offset by inflows of $0.7 billion primarily from new fee-paying commitments raised and purchases in our AlpInvest vehicles, as well as portfolio appreciation of $0.3 billion. 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 Global Investment Solutions as fully committed funds are based on the lower of cost or fair value of the underlying investments.

Fee-earning AUM at September 30, 2022 decreased $1.0 billion from $37.4 billion at December 31, 2021. This was driven by $3.8 billion in negative foreign exchange activity from the translation of our EUR-denominated Fee-Earning AUM to USD and outflows of $2.3 billion from realizations in our AlpInvest carry funds. Partially offsetting the decrease were inflows of $3.9 billion primarily from new fee-paying commitments raised, the activation of previously raised mandates, and purchases in our AlpInvest vehicles, as well as portfolio appreciation of $1.1 billion.

Fee-earning AUM at September 30, 2022 decreased $1.5 billion, or approximately 4%, compared to $37.9 billion at September 30, 2021. This was driven by $4.3 billion in negative foreign exchange activity from the translation of our EUR-denominated Fee-Earning AUM to USD and outflows of $4.2 billion from realizations in our AlpInvest carry funds. This decrease was partially offset by inflows of $5.2 billion primarily from new fee-paying commitments raised, the activation of previously raised mandates, and purchases in our AlpInvest vehicles, as well as portfolio appreciation of $1.9 billion.

Total AUM as of and for the Three and Nine Months Ended September 30, 2022

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

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
	(Dollars in millions)	
Global Investment Solutions		
Total AUM Rollforward		
Balance, Beginning of Period	$ 66,238	$ 65,456
Inflows (1)	274	3,699
Outflows (including realizations) (2)	(1,823)	(5,980)
Market Activity & Other (3)	1,648	7,215
Foreign Exchange (4)	(3,385)	(7,438)
Balance, End of Period	**$ 62,952**	**$ 62,952**

(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 Global 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 September 30, 2022.

(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 $63.0 billion at September 30, 2022, a decrease of $3.2 billion, or approximately 5%, compared to $66.2 billion at June 30, 2022. The decrease was driven by negative foreign exchange activity of $3.4 billion from the translation of our EUR-denominated AUM to USD and outflows of $1.8 billion from distributions in our carry funds. Partially offsetting the decrease was $1.6 billion of market appreciation and inflows of $0.3 billion related to fundraising.

Total AUM of $63.0 billion at September 30, 2022 decreased $2.5 billion, or approximately 4%, compared to $65.5 billion at December 31, 2021. The decrease was driven by negative foreign exchange activity of $7.4 billion and outflows of $6.0 billion from distributions in our carry funds. Partially offsetting the decrease was $7.2 billion of market appreciation and inflows of $3.7 billion related to fundraising.

Fund Performance Metrics

Fund performance information for our Global Investment Solutions funds that have at least $1.0 billion in capital commitments, cumulative equity invested or total value as of September 30, 2022, 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 Global Investment Solutions business.

(Dollars in millions)			TOTAL INVESTMENTS							
			As of September 30, 2022							
Global Investment Solutions (1)(8)(13)	**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) (10)**	**Net IRR (7)(10)**	**Net Accrued Carry/(Giveback) (12)**
			(Reported in Local Currency, in Millions)							
Main Fund VI - Fund Investments	2015	€ 1,106	€ 1,187	€ 1,170	€ 1,375	€ 2,545	2.1x	26%	25%	$ 4
Main Fund V - Fund Investments	2012	€ 5,080	€ 6,324	€ 8,029	€ 5,809	€ 13,839	2.2x	20%	19%	$ 21
Main Fund IV - Fund Investments	2009	€ 4,877	€ 6,110	€ 10,127	€ 3,059	€ 13,186	2.2x	18%	17%	$ 1
Main Fund III - Fund Investments	2005	€ 11,500	€ 14,612	€ 23,222	€ 1,969	€ 25,191	1.7x	10%	10%	$ —
Main Fund II - Fund Investments	2003	€ 4,545	€ 5,373	€ 8,441	€ 270	€ 8,712	1.6x	10%	9%	$ —
Main Fund I - Fund Investments	2000	€ 5,175	€ 4,766	€ 7,835	€ 55	€ 7,890	1.7x	12%	11%	$ —
Main Fund VII - Secondary Investments	2020	$ 8,649	$ 3,969	$ 760	$ 4,531	$ 5,291	1.3x	NM	NM	$ 54
AlpInvest Secondaries Fund VII	*2020*	*$ 6,769*	*$ 2,915*	*$ 542*	*$ 3,332*	*$ 3,874*	*1.3x*	*NM*	*NM*	*$ 38*
Main Fund VI - Secondary Investments	2017	$ 6,017	$ 5,204	$ 3,067	$ 5,051	$ 8,118	1.6x	18%	15%	$ 81
AlpInvest Secondaries Fund VI	*2017*	*$ 3,333*	*$ 2,921*	*$ 1,674*	*$ 2,857*	*$ 4,531*	*1.6x*	*18%*	*14%*	*$ 52*
Main Fund V - Secondary Investments	2011	€ 4,273	€ 4,785	€ 7,754	€ 1,139	€ 8,893	1.9x	21%	20%	$ 21
AlpInvest Secondaries Fund V	*2012*	*$ 756*	*$ 632*	*$ 923*	*$ 204*	*$ 1,127*	*1.8x*	*18%*	*15%*	*$ 9*
Main Fund IV - Secondary Investments	2010	€ 1,859	€ 2,153	€ 3,619	€ 104	€ 3,722	1.7x	19%	18%	$ —
Main Fund III - Secondary Investments	2006	€ 2,250	€ 2,646	€ 4,006	€ 39	€ 4,045	1.5x	10%	10%	$ —
Main Fund VIII - Co-Investments	2021	$ 3,986	$ 2,206	$ 25	$ 2,409	$ 2,434	1.1x	15%	10%	$ 3
AlpInvest Co-Investment Fund VIII	*2021*	*$ 3,614*	*$ 2,002*	*$ 23*	*$ 2,196*	*$ 2,219*	*1.1x*	*15%*	*11%*	*$ 3*
Main Fund VII - Co-Investments	2017	$ 2,842	$ 2,577	$ 938	$ 3,583	$ 4,521	1.8x	21%	17%	$ 69
AlpInvest Co-Investment Fund VII	*2017*	*$ 1,688*	*$ 1,562*	*$ 596*	*$ 2,186*	*$ 2,782*	*1.8x*	*21%*	*18%*	*$ 44*
Main Fund VI - Co-Investments	2014	€ 1,115	€ 1,054	€ 1,951	€ 748	€ 2,700	2.6x	26%	24%	$ 6
Main Fund V - Co-Investments	2012	€ 1,124	€ 1,152	€ 2,814	€ 476	€ 3,289	2.9x	28%	26%	$ 4
Main Fund IV - Co-Investments	2010	€ 1,475	€ 1,503	€ 3,702	€ 828	€ 4,530	3.0x	24%	23%	$ —
Main Fund III - Co-Investments	2006	€ 2,760	€ 3,189	€ 4,620	€ 74	€ 4,694	1.5x	6%	5%	$ —
Main Fund III - Mezzanine Investments	2006	€ 2,000	€ 2,248	€ 2,963	€ 108	€ 3,071	1.4x	10%	9%	$ —
Main Fund II - Mezzanine Investments	2004	€ 700	€ 842	€ 1,166	€ 7	€ 1,174	1.4x	8%	7%	$ —
All Other Active Funds & Vehicles(9)	Various		$ 9,657	$ 3,926	$ 10,074	$ 14,001	1.4x	13%	12%	$ 94
Fully Realized Funds & Vehicles	Various		€ 3,497	€ 7,380	€ 11	€ 7,391	2.1x	33%	31%	$ —
TOTAL GLOBAL INVESTMENT SOLUTIONS (USD)(11)			**$ 83,760**	**$ 105,436**	**$ 41,383**	**$ 146,819**	**1.8x**	**14%**	**13%**	**$ 359**

(1) Includes private equity and mezzanine primary fund investments, secondary fund investments and co-investments originated by the AlpInvest 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 September 30, 2022, these excluded investments represent $3.1 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 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 XII - 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 revenue balance/(giveback obligation) as of the current quarter end. Total Net Accrued Carry excludes approximately $5.9 million of net accrued carry which was retained as part of the sale of MRE on April 1, 2021.

(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 Funds VII and VIII 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. We may elect to invest additional amounts in funds focused on new investment areas.

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 revolving credit facility, which has $1.0 billion of available capacity as of September 30, 2022. We believe these sources will be sufficient to fund our capital needs for at least the next twelve months. We believe we will meet longer-term expected future cash requirements and obligations through a combination of existing cash and cash equivalent balances, cash flow from operations, accumulated earnings and amounts available for borrowing from our senior revolving credit facility or other financings.

Cash and cash equivalents. Cash and cash equivalents were approximately $1.4 billion at September 30, 2022. 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.

Corporate Treasury Investments. These investments represent investments in U.S. Treasury and government agency obligations, commercial paper, certificates of deposit, other investment grade securities and other investments with original maturities of greater than three months when purchased. As of September 30, 2022, we had $69.5 million in corporate treasury investments.

After deducting cash amounts allocated to the specific requirements mentioned above, the remaining cash and cash equivalents, is approximately $1.3 billion as of September 30, 2022. 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 April 29, 2022, the Company entered into an amendment and restatement of its senior revolving credit facility. Following the amendment, the capacity under the revolving credit facility is $1.0 billion and the facility is scheduled to mature on April 29, 2027. 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% per annum, or (b) at SOFR (or similar benchmark rate for non-U.S. dollar borrowings) plus a 0.10% adjustment and an applicable margin not to exceed 1.50% per annum (4.14% at September 30, 2022). As of September 30, 2022, 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 $126.6 billion and a total leverage ratio of less than 4.0 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, which was amended in December 2020 and September 2021, has capacity of $250.0 million and is scheduled to mature in September 2024. 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 September 30, 2022, 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 CLO borrowings were $381.6 million and $219.0 million at September 30, 2022 and December 31, 2021, respectively, with the increase during the nine months ended September 30, 2022 primarily driven by the CBAM acquisition. 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 September 30, 2022, $365.9 million of these borrowings are secured by investments attributable to The Carlyle Group Inc. See Note 8 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.

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.

Subordinated Notes. In May and June 2021, Carlyle Finance L.L.C. issued $500.0 million aggregate principal amount of 4.625% subordinated notes due May 15, 2061. The subordinated notes are unsecured and subordinated obligations of the issuer and are fully and unconditionally guaranteed, jointly and severally, on a subordinated basis, by the Company, each of the Carlyle Holdings partnerships, and CG Subsidiary Holdings L.L.C., an indirect subsidiary of the Company. The indentures governing the subordinated notes contain customary covenants that, among other things, limit the issuers' and the guarantors' ability, subject to certain exceptions, to incur indebtedness ranking on a parity with the subordinated notes or indebtedness ranking junior to the subordinated notes secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or lease all or substantially all of their assets. The subordinated 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 on or after June 15, 2026, prior to their stated maturity, at a redemption price equal to their principal amount plus any accrued and unpaid interest to, but excluding, the date of redemption. If interest due on the Subordinated Notes is deemed to no longer be deductible in the U.S., a "Tax Redemption Event," the subordinated notes may be redeemed, in whole, but not in part, within 120 days of the occurrence of such event at a redemption price equal to their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption. In addition, the subordinated notes may be redeemed, in whole, but not in part, at any time prior to May 15, 2026, within 90 days of the rating agencies determining that the Subordinated Notes should no longer receive partial equity treatment pursuant to the rating agency's criteria, a "rating agency event," at a redemption price equal to 102% of their principal amount plus any accrued and unpaid interest to, but excluding, the date of redemption.

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 September 30, 2022, gross and net of accrued giveback obligations, are set forth below:

	Accrued Performance Allocations	Accrued Giveback Obligation	Net Accrued Performance Revenues
		(Dollars in millions)	
Global Private Equity	$ 5,866.3	$ (18.4)	$ 5,847.9
Global Credit	220.1	(22.5)	197.6
Global Investment Solutions [1]	1,342.3	—	1,342.3
Total	$ 7,428.7	$ (40.9)	$ 7,387.8
Plus: Accrued performance allocations from NGP Carry Funds			536.0
Less: Net accrued performance allocations presented as fee related performance revenues			(64.0)
Less: Accrued performance allocation-related compensation			(3,784.5)
Plus: Receivable for giveback obligations from current and former employees			10.1
Less: Deferred taxes on certain foreign accrued performance allocations			(33.4)
Plus: Net accrued performance allocations attributable to non-controlling interests in consolidated entities			1.0
Plus: Net accrued allocations attributable to Consolidated Funds, eliminated in consolidation			4.5
Net accrued performance revenues before timing differences			4,057.5
Less/Plus: Timing differences between the period when accrued performance allocations are realized and the period they are collected/distributed			22.5
Net accrued performance revenues attributable to The Carlyle Group Inc.			$ 4,080.0

(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 September 30, 2022, 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
	Quarter-to-Date		Year-to-Date		Last Twelve Months		
	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	
Overall Carry Fund Appreciation/(Depreciation)	7 %	2 %	33 %	10 %	45 %	17 %	
Global Private Equity [2]:							$ 3,608.3
Corporate Private Equity	4 %	1 %	34 %	4 %	50 %	10 %	2,457.1
Real Estate	9 %	2 %	26 %	17 %	31 %	28 %	296.9
Infrastructure & Natural Resources	7 %	8 %	25 %	45 %	30 %	52 %	858.0
Global Credit Carry Funds	3 %	0 %	21 %	1 %	30 %	2 %	106.7
Global Investment Solutions Carry Funds [3]	10 %	0 %	39 %	9 %	48 %	16 %	365.0
Net Accrued Performance Revenues							$ 4,080.0

(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 $3.7 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. Appreciation in 2022 includes the positive impact of foreign currency translation of the USD-denominated investments in our EUR-based funds. Excluding that impact, appreciation (depreciation) was (2)%, 4% and 10% in the three, six and twelve months ended September 30, 2022.

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, certain strategic investments, and investments in certain CLOs) may be sold at our discretion as a source of liquidity.

Investments as of September 30, 2022 consist of the following:

	Investments in Carlyle Funds	Investments in NGP [1]	Total
		(Dollars in millions)	
Investments, excluding performance allocations	$ 2,663.4	$ 906.1	$ 3,569.5
Less: Amounts attributable to non-controlling interests in consolidated entities	(167.9)	—	(167.9)
Plus: Investments in Consolidated Funds, eliminated in consolidation	128.1	—	128.1
Less: Strategic equity method investments in NGP Management	—	(370.1)	(370.1)
Less: Investment in NGP general partners - accrued performance allocations	—	(536.0)	(536.0)
Total investments attributable to The Carlyle Group Inc., exclusive of NGP Management	$ 2,623.6	$ —	$ 2,623.6

(1) See Note 6 to our unaudited condensed consolidated financial statements.

Our investments as of September 30, 2022, can be further attributed as follows (Dollars in millions):

Investments in Carlyle Funds, excluding CLOs:		
Global Private Equity funds [1]	$	848.9
Global Credit funds [2]		1,030.9
Global Investment Solutions funds [3]		107.8
Total investments in Carlyle Funds, excluding CLOs		1,987.6
Investments in CLOs		510.4
Other investments		125.6
Total investments attributable to The Carlyle Group Inc.		2,623.6
CLO loans and other borrowings collateralized by investments attributable to The Carlyle Group Inc. [4]		(365.9)
Total investments attributable to The Carlyle Group Inc., net of CLO loans and other borrowings	$	2,257.7

(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 6 to the consolidated financial statements. This investment has a carrying value of $645.3 million as of September 30, 2022.

(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 $381.6 million in total CLO borrowings as of September 30, 2022 and as disclosed in Note 8 to the consolidated financial statements, $365.9 million are collateralized by investments attributable to The Carlyle Group Inc. The remaining $15.7 million in total CLO borrowings are collateralized by investments attributable to non-controlling interests.

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;
- pay dividends to our common stockholders in accordance with our dividend policy;
- 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. Under our dividend policy for our common stock, our intention is to pay dividends to holders of our common stock in an amount of $0.325 per common share on a quarterly basis ($1.30 annually), commencing with the first quarter 2022 dividend paid in May 2022. Prior to the first quarter 2022 dividend, we paid dividends to holders of our common stock in an amount of $0.25 per share of common stock ($1.00 annually). For U.S. federal income tax purposes, any dividends we pay 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 our 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 in compliance with applicable law, and our dividend policy may be changed at any time.

With respect to distribution year 2022, the Board of Directors has declared a dividend to common stockholders totaling approximately $354.1 million, or $0.975 per share, consisting of the following:

Common Stock Dividends - Dividend Year 2022

Quarter	Dividend per Common Share	Dividend to Common Stockholders	Record Date	Payment Date
	(Dollars in millions, except per share data)			
Q1 2022	$ 0.325	$ 117.6	May 10, 2022	May 17, 2022
Q2 2022	0.325	118.3	August 9, 2022	August 16, 2022
Q3 2022	0.325	118.2	November 18, 2022	November 25, 2022
Total	$ 0.975	$ 354.1		

With respect to distribution year 2021, the Board of Directors declared cumulative dividends to common stockholders totaling approximately $356.6 million, 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
Q2 2021	0.25	89.3	August 10, 2021	August 17, 2021
Q3 2021	0.25	89.1	November 9, 2021	November 17, 2021
Q4 2021	0.25	89.5	February 15, 2022	February 23, 2022
Total	$ 1.00	$ 356.6		

Dividends to common stockholders paid during the nine months ended September 30, 2022 totaled $325.4 million, including the amount paid in February 2022 of $0.25 per common share in respect of the fourth quarter of 2021. Dividends to common stockholders paid during the nine months ended September 30, 2021 totaled $266.7 million, including the amount paid in February 2021 of $0.25 per common share in respect of the fourth quarter of 2020.

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. For example, in March 2022, our Global Credit platform acquired a diversified portfolio of triple net leases through a Carlyle-affiliated investment fund as part of the expansion of our real estate strategy, which was funded in part with a $200 million minority interest balance sheet investment from Carlyle. 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 September 30, 2022, 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 September 30, 2022, consisted of the following (Dollars in millions):

Asset Class	Unfunded Commitment
Global Private Equity	$ 3,351.2
Global Credit	376.2
Global Investment Solutions	261.0
Total	$ 3,988.4

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 $4.0 billion of unfunded commitments, approximately $3.3 billion is subscribed individually by senior Carlyle professionals, operating executives and other professionals, with the balance funded directly by the Company. In November 2022, the Company entered into agreements to purchase certain third-party interests in a Global Investment Solutions fund for $61.0 million. The Company will incur a loss of $12.7 million upon the closing of the transaction in the fourth quarter of 2022, which represents a premium to the fair market value of the interests acquired.

Under the Carlyle Global Capital Markets platform, certain of our subsidiaries may act as an underwriter, syndicator or placement agent for security offerings and loan originations. We earn fees in connection with these activities and bear the risk of the sale of such securities and placement of such loans, which may be longer dated. As of September 30, 2022, we had $99.6 million in unfunded commitments related to the origination and syndication of loans and securities under the Carlyle Global Capital Markets platform, of which $80.0 million was settled in October 2022.

Repurchase Program. In October 2021, our Board of Directors authorized the repurchase of up to $400 million of common stock, which replaced a repurchase authorization provided in February 2021 effective January 1, 2022. This program authorizes the repurchase of shares of common stock from time to time in open market transactions, in privately negotiated transactions or otherwise, including through Rule 10b5-1 plans. During the nine months ended September 30, 2022, we paid an aggregate of $146.9 million to repurchase and retire approximately 3.6 million shares of common stock with all of the repurchases done via open market and brokered transactions. As of September 30, 2022, $253.1 million of repurchase capacity remained 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.

	Nine Months Ended September 30,	
	2022	2021
	(Dollars in millions)	
Statements of Cash Flows Data		
Net cash (used in) provided by operating activities, including investments in Carlyle funds	$ (258.5)	$ 1,302.4
Net cash used in investing activities	(863.2)	(17.8)
Net cash provided by financing activities	88.9	157.9
Effect of foreign exchange rate changes	(79.8)	(26.2)
Net change in cash, cash equivalents and restricted cash	$ (1,112.6)	$ 1,416.3

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 provided by (used in) operating activities during the nine months ended September 30, 2022 and 2021, excluding the activities of our Consolidated Funds, were $793.5 million and $1,484.9 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 and income taxes. During both the nine months ended September 30, 2022 and 2021, net cash provided by operating activities primarily included the receipt of management fees and realized performance allocations and incentive fees, totaling approximately $3.4 billion and $3.1 billion, respectively. These inflows were offset by payments for compensation and general, administrative and other expenses of approximately $2.1 billion and $1.9 billion for the nine months ended September 30, 2022 and 2021, respectively, which includes payment of 2021 and 2020 year-end bonuses paid in January 2022 and 2021, respectively.

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 nine months ended September 30, 2022, investment proceeds were $388.3 million while investment purchases were $559.6 million, which includes our $200 million strategic investment in iStar through our real estate credit fund and our $49 million follow-on investment in Carlyle FRL. During the nine months ended September 30, 2021, investment proceeds were $533.8 million as compared to purchases of $178.0 million.

The net cash provided by operating activities for the nine months ended September 30, 2022 and 2021 also reflects the investment activity of our Consolidated Funds. For the nine months ended September 30, 2022, purchases of investments by the Consolidated Funds were $3.1 billion, while proceeds from the sales and settlements of investments by the Consolidated Funds were $2.4 billion. For the nine months ended September 30, 2021, purchases of investments by the Consolidated Funds were $3.9 billion, while proceeds from the sales and settlements of investments by the Consolidated Funds were $3.6 billion.

Net Cash Used In Investing Activities. Our investing activities generally reflect cash used for acquisitions, fixed assets and software for internal use. For the nine months ended September 30, 2022, cash used in investing activities principally reflects purchases of intangible assets and net CLO investments from the CBAM transaction of $618.4 million, the purchase of Abingworth of $150.2 million, and net purchases of corporate treasury investments of $69.6 million. Purchases of fixed assets were $25.0 million and $27.0 million for the nine months ended September 30, 2022 and 2021, respectively.

Net Cash Provided by (Used in) Financing Activities. Net cash provided by (used in) financing activities during the nine months ended September 30, 2022 and 2021, excluding the activities of our Consolidated Funds, was $(972.8) million and $(31.4) million, respectively. Net cash used in financing activities for the nine months ended September 30, 2022 (prior to the effects of consolidation) includes $471.6 million primarily related to the amounts funded to bridge investment activity in consolidated funds that are actively fundraising in our Global Private Equity segment. This investment activity is reflected as purchases of investments in our consolidated statement of cash flows. During the nine months ended September 30, 2022 and the nine months ended September 30, 2021, the Company made no borrowings or repayments under the revolving credit facilities. The Company also paid $68.8 million in each of January 2022 and 2021, representing the second and third annual installments of the deferred consideration payable to former Carlyle Holdings unitholders in connection with the Conversion.

Dividends paid to our common stockholders were $325.4 million and $266.7 million for the nine months ended September 30, 2022 and 2021, respectively. The Company paid $146.9 million and $84.5 million for the nine months ended September 30, 2022 and 2021, respectively, to repurchase and retire 3.6 million and 1.9 million shares, respectively. For the nine months ended September 30, 2022, cash provided by financing activities reflects $38.9 million from common shares issued for the carry distributed in shares program. This financing cash inflow partially offsets the corresponding operating cash outflow for realized performance allocations and incentive fee related compensation included in net income.

The net borrowings (payments) on loans payable by our Consolidated Funds during the nine months ended September 30, 2022 and 2021 were $449.4 million and $165.2 million, respectively. Contributions from non-controlling interest holders were $282.1 million and $57.2 million for the nine months ended September 30, 2022 and 2021, respectively, which relate primarily to contributions from the non-controlling interest holders in Consolidated Funds. For the nine months ended September 30, 2022 and 2021, distributions to non-controlling interest holders were $173.5 million and $76.3 million, respectively, which relate primarily to distributions to the non-controlling interest holders in Consolidated Funds.

Our Balance Sheet

Total assets were $21.1 billion at September 30, 2022, a decrease of $0.2 billion from December 31, 2021. The decrease in total assets was primarily attributable to a decrease in cash and cash equivalents of $1.1 billion, partially offset by an increase in net intangible assets of $0.9 billion, driven by the Abingworth and CBAM transactions, and a $0.2 billion increase in investments, including performance allocations. The increase in investments, including performance allocations, was largely driven by our strategic investment in a portfolio of triple net leases through a Carlyle-affiliated fund and the CBAM transaction (see Note 4 to the unaudited condensed consolidated financial statements), as well as appreciation across the portfolio, partially offset by a $177 million investment loss related to the dilution of our indirect investment in Fortitude (see Note 6 to the unaudited condensed consolidated financial statements) and realizations. The decrease in cash was primarily due to the aforementioned investments, as well as the payment of the third installment of deferred consideration to the former Carlyle Holdings unitholders, and payments for bonuses and payroll, dividends and income taxes. Cash and cash equivalents were approximately $1.4 billion and $2.5 billion at September 30, 2022 and December 31, 2021, respectively.

Total liabilities were $14.4 billion at September 30, 2022, a decrease of $1.1 billion from December 31, 2021. The decrease in liabilities was primarily attributable to a decrease in accrued compensation and benefits of $0.6 billion due to the payment of performance revenues that were realized but unpaid as of December 31, 2021 and the payment of year-end bonuses in the first quarter, as well as a decrease in the loans payable and other liabilities of consolidated funds. These decreases were partially offset by an increase in debt obligations of $163.4 million driven by an increase in outstanding CLO borrowings, largely in connection with the CBAM transaction (see Notes 4 and 8 to the unaudited condensed consolidated financial statements).

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. In addition, 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 19 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. At September 30, 2022, our total assets without the effect of the Consolidated Funds were $15.0 billion, including cash and cash equivalents of $1.4 billion and net accrued performance revenues of $4.1 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 3 and Note 10 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 September 30, 2022 on a consolidated basis and on a basis excluding the obligations of the Consolidated Funds:

	Oct. 1, 2022 to Dec. 31, 2022	2023-2024	2025-2026	Thereafter	Total
	(Dollars in millions)				
Debt obligations (1)	$ —	$ 23.9	$ 14.9	$ 2,220.6	$ 2,259.4
Interest payable (2)	183.1	225.4	220.2	1,889.9	2,518.6
Other consideration (3)	0.3	329.5	80.7	35.4	445.9
Operating lease obligations (4)	16.0	128.7	115.7	393.5	653.9
Capital commitments to Carlyle funds (5)	4,148.9	—	—	—	4,148.9
Tax receivable agreement payments (6)	—	27.7	6.5	67.7	101.9
Loans payable of Consolidated Funds (7)	33.8	268.9	268.5	6,191.3	6,762.5
Unfunded commitments of the CLOs (8)	10.4	—	—	—	10.4
Consolidated contractual obligations	4,392.5	1,004.1	706.5	10,798.4	16,901.5
Loans payable of Consolidated Funds (7)	(33.8)	(268.9)	(268.5)	(6,191.3)	(6,762.5)
Capital commitments to Carlyle funds (5)	(3,297.7)	—	—	—	(3,297.7)
Unfunded commitments of the CLOs (8)	(10.4)	—	—	—	(10.4)
Carlyle Operating Entities contractual obligations	$ 1,050.6	$ 735.2	$ 438.0	$ 4,607.1	$ 6,830.9

(1) The table above assumes that no prepayments are made on the senior and subordinated notes and that the outstanding balances, if any, on the senior credit facility and Global Credit revolving credit facility are repaid on the maturity dates of credit facilities, which are February 2024 and September 2024, respectively. 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 8 to the unaudited condensed consolidated financial statements for the various maturity dates of the CLO term loans, senior notes and subordinated notes.

(2) The interest rates on the debt obligations as of September 30, 2022 consist of: 3.500% on $425.0 million of senior notes, 5.650% on $350.0 million of senior notes, 5.625% on $600.0 million of senior notes, 4.625% on $500.0 million of subordinated notes, and a range of approximately 1.36% to 8.11% 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 acquisitions of Carlyle Aviation Partners and Abingworth, deferred consideration related to our strategic investment in Fortitude, 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 third of which occurred during the first quarter of 2022. 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, including our largest offices in Washington, D.C., New York City, London and Hong Kong, which have non-cancelable lease agreements expiring in various years through 2036. 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 $4.0 billion of unfunded commitments to the funds, approximately $3.3 billion is subscribed individually by senior Carlyle professionals, advisors and other professionals, with the balance funded directly by the Company. The amount presented above also includes $99.6 million in unfunded commitments related to the origination and syndication of loans and securities under the Carlyle Global Capital Markets platform, as well as $61.0 million related to commitments to purchase certain third-party interests in a Global Investment Solutions fund.

(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 September 30, 2022, at spreads to market rates pursuant to the debt agreements, and range from 0.30% to 11.31%.

(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 $28.8 million at September 30, 2022 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 acquisitions of Carlyle Aviation Partners and Abingworth, which are accounted for as compensation expense, and are accrued over the service period. If earned, payments are made in the year following the performance year to which the payments relate. 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. To date, we have paid $53.6 million related to the Carlyle Aviation Partners earn-out for the performance period ended December 31, 2021. For our acquisition of Abingworth, the contingent cash obligations relate to future incentive payments of up to $130.0 million that are payable upon the achievement of certain performance targets during 2023 through 2028.

Based on the terms of the underlying contracts, the maximum amount that could be paid from contingent cash obligations associated with the acquisitions of Carlyle Aviation Partners and Abingworth as of September 30, 2022 is $226.4 million versus the amounts recognized on the balance sheet of $45.2 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 10 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 September 30, 2022. See Note 10 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for information related to indemnifications.

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 10 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, 2021 through September 30, 2022 is as follows:

	Shares as of December 31, 2021	Shares Issued	Shares Forfeited	Shares Repurchased / Retired	Shares as of September 30, 2022
The Carlyle Group Inc. common shares	355,367,876	11,624,380	—	(3,619,692)	363,372,564

Shares of The Carlyle Group Inc. common stock issued during the period from December 31, 2021 through September 30, 2022 relate to the vesting of the Company’s restricted stock units, shares issued pursuant to a program under which we distributed realized performance allocation related compensation in fully vested, newly issued shares (see Note 15 to the accompanying condensed consolidated financial statements), 4.2 million and 0.6 million shares issued as part of the purchase price consideration in the CBAM and Abingworth transactions (see Note 4 to the accompanying condensed consolidated financial statements), and shares issued and delivered in connection with our equity method investment in NGP.

The total shares as of September 30, 2022 as shown above exclude approximately 0.2 million net common shares in connection with the vesting of restricted stock units subsequent to September 30, 2022 that will participate in the common shareholder dividend that will be paid November 25, 2022.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires our management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. These estimates and judgments are based on historical information, information currently available to us and on various other assumptions management believes to be reasonable under the circumstances. Actual results could vary from those estimates and we may change our estimates and assumptions in future evaluations. Changes in these estimates and assumptions may have a material effect on our results of operations and financial condition. There have been no material changes in the critical accounting estimates since those discussed in our Annual Report on Form 10-K for the year ended December 31, 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 nine months ended September 30, 2022. For additional information, refer to our Annual Report on Form 10-K for the year ended December 31, 2021.

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 September 30, 2022 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 10, Commitments and Contingencies, of the notes to the Company’s unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q, 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, 2021.

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 September 30, 2022 for the periods indicated:

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
	(Dollars in millions, except unit and per unit data)			
July 1, 2022 to July 31, 2022 (1)	—	$ —	—	$ 294.7
August 1, 2022 to August 31, 2022 (1)(2)	819,182	$ 35.80	819,182	$ 265.4
September 1, 2022 to September 30, 2022 (1)(2)	378,148	$ 32.41	378,148	$ 253.1
Total	1,197,330		1,197,330	

(1) In October 2021, the Board of Directors of the Company authorized the repurchase of up to $400.0 million of common stock in the aggregate, effective January 1, 2022. 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

On August 1, 2022, in connection with the acquisition of Abingworth LLP, the Company issued 642,507 shares of the Company’s common stock, par value $0.01 per share to the sellers in the transaction as partial consideration for the acquisition. The issues of the shares of common stock were issued in a private placement exempt from the registration requirements of the Securities Act in reliance on the exemptions set forth in Section 4(1)(2) of the Securities Act as a transaction by an issuer not involving any public offering.

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:

Exhibit No.	Description
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).
10.1*	Separation Agreement, dated August 7, 2022, between Kewsong Lee and The Carlyle Group Employee Co., L.L.C.
22*	Senior and Subordinated Notes, Issuers and Guarantors.
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 September 30, 2022, 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.

SIGNATURES

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: November 08, 2022	By:	/s/ Curtis L. Buser
	Name:	Curtis L. Buser
	Title:	Chief Financial Officer
		(Principal Financial Officer and Authorized Officer)

SEPARATION AGREEMENT

This Separation Agreement (this "*Agreement*") is entered into as of August 7, 2022 by and between Kewsong Lee ("*Employee*") and The Carlyle Group Employee Co., L.L.C., a Delaware limited liability company ("*Employer*"), on behalf of itself, its members, partners, directors, officers and any subsidiaries and affiliates controlled by, controlling, or under common control with Employer, including any entity doing business under The Carlyle Group name, and any of each of their respective assigns (collectively, "*Carlyle*") in order to further the mutually desired terms and conditions set forth herein.

WHEREAS, Employee is an employee of Employer pursuant to an employment agreement dated October 23, 2017, as amended effective as of January 1, 2020 (the "*Employment Agreement*"); and

WHEREAS, Employee, Employer and Carlyle have mutually agreed that Employee will separate from employment with Employer to pursue new opportunities on the terms and conditions of separation as set forth below;

WHEREAS, in connection with the cessation of Employee's employment with Employer, the parties desire to agree on the terms and conditions of separation as set forth below.

NOW, THEREFORE, in consideration of the covenants, releases, representations, mutual promises, and terms and conditions contained herein, the receipt and sufficiency of which each of the undersigned hereby acknowledges, Employee and Carlyle agree as follows:

1. Separation.

a. Employee's employment with Employer is terminating effective as of August 7, 2022 (the "*Separation Date*"). Employee hereby resigns from the Board of Directors of the Carlyle Group, Inc. and as an officer, director, board member, agent or any similar position with Carlyle, any affiliate of Carlyle or any portfolio company or investment in which Carlyle or an affiliate of Carlyle has acquired a direct or indirect interest, in each case, effective as of the Separation Date. Employee acknowledges and agrees that such resignations are permanent and shall not be impacted by any revocation of this Agreement. Concurrently with the signing of this Agreement, Employee is providing to Carlyle the Confirmation of Resignation and Power of Attorney attached hereto as Attachment A in order to facilitate any further action that is required in order to remove Employee from all applicable positions described in this Section 1(a). Each of Employee and Carlyle hereby waive any applicable notice provisions.

b. Subsequent to the Separation Date, Employee shall have no authority to, and hereby agrees not to, legally, contractually or otherwise attempt to bind Carlyle or its affiliates or any investment funds or investments managed by or affiliated with Carlyle or to incur any liabilities on their behalf. Subsequent to the Separation Date, Employee will not represent Employee to any person or entity as having authority to act on behalf of Carlyle.

c. Employee hereby agrees that Employee will provide consulting services to Carlyle as a Senior Advisor during the period commencing on the Separation Date and continuing through December 31, 2022 or such earlier date as of which the consulting services are terminated pursuant to this Section 1(c) (the "*Transition Period*"). For purposes of this Section 1(c), Employee shall be referred to as "Senior Advisor." Such services shall comprise assisting in the transition of duties as reasonably requested by any executive officer of Carlyle or any member of the Office of the CEO of Carlyle (the "*Services*"). To the extent Carlyle requests that Senior Advisor travel on Carlyle business during the Transition Period, such travel shall be subject to Senior Advisor and Carlyle reasonably agreeing in advance to the manner of, and reimbursement for, such travel costs. During the Transition Period (and in any event until

September 15, 2022), Senior Advisor will be entitled to receive continued administrative support and assistance from the individual who serves as Senior Advisor's executive assistant as of the Separation Date (the "Executive Assistant"), for so long as the Executive Assistant remains employed by Carlyle during such period (and shall be permitted to solicit and/or hire the Executive Assistant). Senior Advisor will not disclose to third parties, and will use reasonable best efforts to protect, the confidentiality of any non-public business, financial and investment information related to Carlyle and its portfolio companies received in connection with the Services, subject to the exceptions set forth in Section 7(b) of Attachment B. Senior Advisor agrees to comply with all rules, laws, and regulations that are related to the Services (including, but not limited to, securities laws prohibiting purchases or sales of securities while aware of material, non-public information regarding such securities) and to comply with the Carlyle's investment supervision and pre-clearance protocols, as may be required by Carlyle. The Services will automatically terminate on December 31, 2022, provided that either Senior Advisor or the Carlyle may terminate the Services for any reason by providing 15 days' notice to the other party in writing or by email and Carlyle may terminate the Services immediately for Cause (as defined in the Employment Agreement) without providing any notice to Senior Advisor.

2. Payments and Other Consideration.

a. Employee is entitled to receive Employee's base salary through the Separation Date payable through Employer's regularly scheduled bi-weekly payroll dates.

b. Contingent on Employee signing and not revoking this Agreement, Employee shall receive the following cash severance payments, less applicable withholdings and taxes, which Employee agrees are in full satisfaction of any and all payments owed to Employee under Section 6(a) of the Employment Agreement:

i. an aggregate amount equal to $1,405,000, which corresponds to the aggregate amount, subject to rounding, of the following monthly payments (prorated for partial months) for the remainder of the Term (as defined in the Employment Agreement): (A) Employee's base salary divided by 12, plus (B) Employee's Average Annual Bonus (as defined in the Employment Agreement) for calendar years 2020 and 2021, divided by 12, plus (C) Employee's (and his covered dependents') monthly COBRA (as defined below) premium, payable in five equal monthly installments commencing with the first regularly scheduled payroll date that is at least 45 days after the Separation Date; and

ii. a lump sum cash amount, payable within 30 days following February 1, 2023, equal to a pro rata portion, subject to rounding, of the Annual Bonus (as defined in the Employment Agreement) for 2022 based on the actual per share dividends paid by the Company on its common stock with respect to calendar year 2022, which is expected to equal $1,950,000.

c. Except as provided in this Agreement, Employee shall not be entitled to receive from Carlyle any further base salary, bonuses or other payments or amounts. Carlyle shall reimburse Employee for any unreimbursed documented business expenses incurred prior to the Separation Date in accordance with the Carlyle expense reimbursement policy. Employee specifically acknowledges and agrees that the payments and benefits described herein are adequate consideration for the execution and performance of this Agreement by Employee. All amounts due and payable under this Agreement are gross payments, and such gross amounts will be reduced by amounts required or authorized to be withheld by law, including all applicable federal, state and local withholding taxes and deductions. Employee hereby authorizes Carlyle to withhold funds for taxes due under the Federal Insurance Contributions Act ("*FICA*") from Employee's final bi-weekly payroll amount or severance payment in connection with the restricted stock units ("*RSUs*") of The Carlyle Group Inc. (the "*Company*") that will vest under the terms of this Agreement and the Award Agreements (as further described in Section 5 hereto). Employee agrees that with regard to federal, state and local income taxes that accrue on each upcoming vesting date of RSUs and performance-based restricted stock units ("*PSUs*") of the Company that will vest under the terms of this Agreement and the Award Agreements, Employee automatically will participate in the sell-to-cover or other tax payment process offered to then current Carlyle employees. Employee acknowledges and agrees that any future vesting of RSUs and PSUs may be subject to federal, state and local income tax withholding and that the RSU and PSU income and the applicable taxes withheld will be reported on a Form W-2 for the year in which any such vesting occurs.

d. Employee will continue to be eligible for health insurance and other applicable employee benefits through the Separation Date. As of the Separation Date, Employee shall not be eligible to participate or continue to participate in any employee benefit plans or compensation arrangements of Carlyle or otherwise be entitled to any perquisite or fringe benefit, except: (i) that Employee will be entitled to elect insurance coverage following the Separation Date to the extent permitted under the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("*COBRA*"); (ii) Employee will retain Employee's interest in the Carlyle 401(k) plan that has become vested as of the Separation Date; and (iii) as otherwise specifically set forth in this Agreement.

e. Employee will cooperate with Carlyle at Carlyle's expense to return Carlyle's laptop computer and any other Carlyle equipment or property in Employee's possession to Employer as soon as practicable following the Separation Date, or at such later date determined by Carlyle in order to facilitate Employee's performance of services as a Senior Advisor. For the avoidance of doubt, Employee will be permitted to retain his personal computer, telephone (including mobile phone) and phone number, which Carlyle acknowledges are his own. Except as otherwise determined by Carlyle, in order to facilitate Employee's performance of services as a Senior Advisor, Employee will cease to have access to Carlyle's computer network, voicemail, email, file network, VPN access, and instant messaging as of the Separation Date and will relinquish Employee's office security pass on the Separation Date, provided that Employee shall be entitled to retain access to Carlyle's email and voicemail through the later of the end of the Transition Period and September 15, 2022. For at least 60 days following the end of such email/voicemail access, Carlyle shall permit Employee to set up a customary email/voicemail message to direct correspondence to his personal account or phone.

f. Notwithstanding anything herein to the contrary, following the Separation Date, Employee (i) shall be entitled to retain all business cards and names and contact information retained in Employee's rolodex or Outlook and (ii) shall be entitled to remove from Carlyle's premises (and, Carlyle shall reasonably assist Employee in gathering and removing) any personal documents (including, without limitation, any documents relating to Employee's financial interests in Carlyle, including any funds, investment vehicles and accounts whose investments are or were managed by Carlyle, tax information, agreements or other contracts to which Employee is a party or a beneficiary, and information relating to employee benefit plans and entitlements) that is on Carlyle property (including electronically); provided that all documents covered by clause (ii) shall remain subject to all covenants and agreements for the benefit of Carlyle regarding confidentiality applicable thereto and under which Employee has any obligation.

g. Carlyle will reimburse Employee for, or pay directly, (i) Employee's reasonable and documented legal fees and costs incurred in connection with the review, drafting and negotiation of this Agreement and other compensation arrangements and any ancillary documentation up to a maximum amount of $125,000, (ii) Employee's reasonable and documented public relations, media and communication services fees and costs incurred in connection with Employee's separation from employment up to a maximum amount of $75,000, and (iii) Employee's reasonable and documented costs incurred through the Separation Date in the Part 135 Certification of Employee's personal aircraft and crew. Reimbursements under this Section 2(g) are subject to Employee providing documentation that is reasonably satisfactory to Carlyle.

3. Carried Interest; Incentive Fees.

a. In Employee's capacity as a member of certain Carlyle-controlled partnerships (including in Employee's individual capacity and via The Kewsong Lee 2011 GST Trust) (the "*ILP Entities*") that receive carried interest from those Carlyle investment funds listed on the carried interest summary provided by the Company to Employee on the date hereof (the "Carried Interest Summary"), Employee has been allocated sharing ratios representing Employee's participation percentage in the carried interest derived from certain investments acquired by Carlyle investment funds through the Separation Date as are identified under the column heading "Investment" on the Carried Interest Summary (the "*Acquired Investments*"). For the avoidance of doubt, the information contained in the Carried Interest Summary is current as of June 30, 2022.

b. Employee will continue to participate in the carried interest proceeds derived from the Acquired Investments in Employee's capacity as a member of the relevant ILP Entities to the extent that Employee's participation interest in such Acquired Investments has vested as of the Separation Date, as set forth under the column heading "Vested Percentage" in the Carried Interest Summary (the "*Vested Participation*") and such percentage of future participation is listed under the column heading "Vested Effective" in the Carried Interest Summary. As identified under the column heading "Additional Vesting" on the Carried Interest Summary, the vesting of all of Employee's unvested participation interest in the Acquired Investments as of the Separation Date will be accelerated and become part of the Vested Participation effective as of the Effective Date (such accelerated vesting identified under the column heading "Additional Vesting" on the Carried Interest Summary, collectively, the "*Additional Vested Participation*"). Employee will have a 0% sharing ratio in Employee's capacity as a member of the ILP Entities for all investments acquired by the Carlyle funds after the Separation Date.

c. Employee's Vested Participation and Additional Vested Participation will continue to be subject to any relevant partnership agreements of the ILP Entities and the Carlyle funds and Carlyle policies and procedures regarding carried interest, including any required clawbacks, holdbacks, escrows, reserves, true-up obligations and similar obligations that may be required under such partnership agreements and Investment Sharing Ratio Letters, and to the cross-collateral effects of each of the Carlyle funds' structure (such that losses (or gains) derived by any one of the Carlyle funds from other transactions entered into by such Carlyle fund may reduce the carried interest proceeds available for distribution with respect to the Vested Participation or Additional Vested Participation). The terms and conditions of all such partnership agreements are unchanged by this Agreement and remain in full force and effect.

d. As of the Separation Date, Employee's eligibility to share in and receive any payment in respect of any of the incentive fees earned by Carlyle (or any affiliate) in respect of TCG BDC, Inc. and TCG BDC II, Inc. shall terminate.

4. Coinvestments. All fully funded personal coinvestments made by Employee (including in Employee's individual capacity and via The Kewsong Lee 2011 GST Trust) prior to the Separation Date are 100% vested and will remain unaffected by the matters contemplated by this Agreement. A summary of coinvestment interests in all such investments made prior to the Separation Date as of the most recent available date has been provided to Employee by the Company on the date hereof. As of the Separation Date, Employee's outstanding unfunded coinvestment commitments shall be reduced to zero and Employee shall not be eligible to continue to fund any unfunded coinvestment commitments. For the avoidance of doubt, to the

extent that one or more investments in one or more investment funds or vehicles has been funded on Employee's behalf on or prior to the Separation Date under the line of credit or credit facility for the applicable investment fund or investment vehicle, following the Separation Date, Employee hereby acknowledges that Employee continues to be obligated to fund the capital call(s) made with respect to such investment(s) and Employee remains a party to, and is bound by, the terms and conditions of the applicable Carlyle coinvestment partnership agreement and related documentation governing such coinvestment participation and any agreements Employee has entered into with Carlyle with respect to such coinvestment participation. As of the Separation Date, Employee will not be eligible to invest in any future Carlyle coinvestment opportunities. Notwithstanding Employee's Separation, with respect to Employee's vested coinvestment interests, Employee remains a party to, and is bound by, the terms and conditions of the Carlyle coinvestment partnership agreements and related documentation governing such coinvestment participation, including any agreements Employee has entered into with Carlyle with respect to such coinvestment participation.

5. Restricted and Performance Stock Units. Employee has previously been granted RSUs and PSUs under The Carlyle Group Inc. Amended and Restated 2012 Equity Incentive Plan, as amended from time to time (the "*Equity Plan*") and pursuant to the award agreements listed below in this Section 5 (collectively, the "*Award Agreements*"). For the avoidance of doubt, all references in this Agreement to RSUs and PSUs include deferred restricted common unit awards of The Carlyle Group L.P. that automatically converted into RSUs in connection with Carlyle's conversion to a corporation effective as of January 1, 2020. All RSUs and PSUs held by Employee pursuant to the Award Agreements will be treated as set forth below in this Section 5, *provided* that Employee remains in compliance with this Agreement, the applicable Award Agreements and the Equity Plan, and Employee agrees that such treatment is in full satisfaction of any rights Employee may have with respect to the RSUs and PSUs, whether under the Employment Agreement, the Award Agreements, the Equity Plan, or otherwise.

a. February 2018 RSU Award. Reference is made to the Global Deferred Restricted Common Unit Agreement dated as of February 1, 2018 between the Company and Employee, pursuant to which there were 250,000 RSUs outstanding as of immediately prior to the Separation Date. In accordance with the terms of such Award Agreement, Employee shall remain entitled to receive settlement, subject to applicable tax withholding, of such 250,000 RSUs within 30 days following February 1, 2023.

b. February 2018 PSU Award. Reference is made to the Global Deferred Restricted Common Unit Agreement (Performance-Vesting) dated as of February 6, 2018 between the Company and Employee, pursuant to which there were 250,000 target PSUs outstanding as of immediately prior to the Separation Date. Employee shall remain entitled to receive settlement, subject to applicable tax withholding, of such 250,000 target PSUs (which target shall be adjusted by the Performance Multiplier (as defined in such Award Agreement)) within 30 days following February 1, 2023.

c. February 2019 PSU Award. Reference is made to the Global Deferred Restricted Common Unit Agreement For Co-Chief Executive Officers (Outperformance-Vesting) dated as of February 13, 2019 between the Company and Employee, pursuant to which there were 500,000 target PSUs outstanding as of immediately prior to the Separation Date. Employee shall remain entitled to receive settlement, subject to applicable tax withholding, of such 500,000 target PSUs (which target shall be adjusted by the Performance Multiplier (as defined in such Award Agreement)) within 30 days following February 1, 2023.

d. February 2020 PSU Award. Reference is made to the Global Deferred Restricted Common Unit Agreement For Co-Chief Executive Officers dated as of February 12, 2020 between the Company and Employee, pursuant to which there were 100,000 target PSUs outstanding as of immediately prior to the Separation Date. Employee shall remain entitled to receive settlement, subject to applicable tax withholding, of such 100,000 target PSUs (which shall be adjusted by the Performance Multiplier (as defined in such Award Agreement)) within 30 days following February 1, 2023.

e. February 2021 PSU Award. Reference is made to the Global Deferred Restricted Stock Unit Agreement (Strategic Equity Performance-Vesting) dated as of February 2, 2021 between Carlyle and Employee (the "*February 2021 PSU Agreement*"), pursuant to which there were 742,432 target PSUs outstanding as of immediately prior to the Separation Date. In accordance with the terms of such Award Agreement, such 742,432 target PSUs are forfeited in their entirety as of the Separation Date and Employee has no further rights or entitlements with respect to such PSUs.

f. February 2022 PSU Award. Reference is made to the Global Restricted Stock Unit Agreement dated as of February 10, 2022 between the Company and Employee, pursuant to which there were 605,528 target PSUs outstanding as of immediately prior to the Separation Date. In accordance with the terms of such Award Agreement, such 605,528 target PSUs are forfeited in their entirety as of the Separation Date and Employee has no further rights or entitlements with respect to such PSUs.

g. May 2022 RSU Award. Reference is made to the Global Deferred Restricted Common Unit Agreement dated as of May 1, 2022 between Carlyle and Employee, pursuant to which there were 9,695 RSUs outstanding as of immediately prior to the Separation Date. In accordance with the terms of such Award Agreement, such 9,695 RSUs vest in their entirety as of November 1, 2022, subject to Employee's continued service as Senior Advisor through such date (or if Carlyle terminates the Services without Cause).

h. Notwithstanding anything contained in the Equity Plan or the Award Agreements, no portion of any RSUs or PSUs vested in accordance with the terms of this Section 5 or otherwise held by Employee shall be subject to any limitations on transfer, other than any trading blackout period generally applicable to former employees of Carlyle. For the avoidance of doubt, Employee remains subject to the Company's policy against insider trading, to the extent applicable to Employee.

6. Restrictive Covenants.

a. Employee reaffirms, and agrees to comply with, all restrictive covenants set forth in the Employment Agreement and the related enforcement provisions, including each of the covenants and enforcement provisions contained Section 7 (Records and Confidential Data), Section 8 (Cooperation), Section 9 (Non-Disparagement), Section 10 (Non-Solicitation), and Section 12 (Enforcement of Restrictive Covenants), which, in each case, is set forth at length in Attachment B to this Agreement. Employee agrees that such restrictive covenants and enforcement provisions are, and shall remain, in full force and effect and that such restrictive covenants and enforcement provisions, as set forth in Attachment B to this Agreement, are hereby incorporated into, and form a part of, this Agreement, provided, that, Carlyle shall provide Employee with written notice of any alleged breach of any such covenants and not less than 30 days to cure, if curable (as determined by Carlyle in its reasonable discretion). Carlyle agrees to comply with Section 9 (Non-Disparagement) of the Employment Agreement.

b. Employee expressly acknowledges and agrees that, he continues to be bound by, and agrees to continue to comply with, any other restrictive covenants and related enforcement provisions applicable to Employee under any agreement between Employee and Carlyle (excluding the covenants contained in the February 2021 PSU Agreement, which shall not apply after the Separation Date), *provided*, that, Carlyle shall provide Employee with written notice of any alleged breach of any such covenants and not less than 30 days to cure, if curable (as determined by Carlyle in its reasonable discretion); and *provided*, *further* that any non-solicitation or non-hire covenant will not apply to the Executive Assistant.

c. The applicable post-employment restricted period for any restrictive covenants by which Employee is bound shall commence on the Separation Date.

7. Indemnification. The Indemnification Agreement dated as of January 1, 2020 by and among the Company and Employee shall remain in full force and effect in accordance with its terms.

8. Unlawful Acts. Employee agrees and represents that Employee is not aware of any act or omission by or on behalf of Employee or any other Carlyle employee that could constitute an unlawful act, fraud, gross negligence or willful misconduct on the part of Employer or Carlyle during the time of Employee’s employment. Carlyle agrees and represents that it is not aware of any act or omission by or on behalf of Employee or any other Carlyle employee that could constitute an unlawful act, fraud, gross negligence or willful misconduct on the part of Employee during the time of Employee’s employment. Carlyle, on behalf of itself and the Releasees and their successors and assigns, represents and warrants that as of the date of this Agreement, there are no known claims, demands, causes of actions, fees and liabilities of any kind whatsoever, which it or they had or now have against Employee as of the date of this Agreement, by reason of any actual or alleged act, omission, transaction, practice, conduct, statement, occurrence, or any other matter related to Employee’s employment with Carlyle or otherwise.

9. Release and Waiver.

a. Except as to the obligations of Carlyle arising under this Agreement (including, without limitation, the indemnification obligations provided above), Employee, for Employee and Employee’s heirs, beneficiaries, personal representatives and agents, releases and forever discharges Carlyle together with all of each of their present or former officers, directors, partners, members, managers, shareholders, employees, agents, representatives, attorneys, plan administrators and servants, and each of their affiliates, predecessors, successors and assigns, and family members of the aforementioned, each in their official capacities, (collectively, the “*Releasees*”) from any and all claims, charges, complaints, causes of action, promises, liens, obligations, damages and liabilities of every kind whatsoever, known or unknown, suspected or unsuspected, which against them Employee or Employee’s executors, administrators, successors or assigns ever had, now have or may hereafter claim to have against them arising out of or in any way related to events, acts, omissions or conduct occurring at any time prior to and including the date on which Employee executes this Agreement (the “*Release*”).

b. This Release includes, but is not limited to, any rights or claims relating in any way to Employee’s employment relationship with Carlyle or any of the Releasees, or the termination of Employee’s employment, any rights or claims arising under any federal, state or local law, including without limitation, claims arising under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, Section 1981 of the Civil Rights Act of 1866, the Genetic Information Nondiscrimination Act of 2008, the Occupational Safety and Health Act of 1970, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Employee Retirement Income Security Act of 1974, the Equal Pay Act, the Immigration and Reform Control Act, the Uniform Services Employment and Re-Employment Act, the Rehabilitation Act of 1973, Executive Order 11246 and the Sarbanes-Oxley Act of 2002, each as amended, or any other federal, state or local law, regulation, ordinance or common law, or under any policy, agreement, understanding or promise, written or oral, formal or informal, between Carlyle or any of the Releasees and Employee; *provided* that, the Release shall not release Carlyle from its obligations under this Agreement; and *provided* further that this Release does not waive, release or otherwise discharge any claim or cause of action that cannot legally be waived, including, but not limited to, any claim for earned but unpaid wages, workers' compensation benefits, unemployment benefits, and vested 401(k) benefits. By signing this Agreement, Employee represents that Employee has not commenced or joined in any claim, charge, action or proceeding whatsoever against Carlyle or any of the Releasees arising out of or relating to any of the matters released in this Section 9. While this Agreement does not prevent Employee from filing a charge with the U.S. Equal Employment Opportunity Commission (the "*EEOC*") or any government agency, Employee agrees that Employee will not be entitled to or accept any personal recovery in any action or proceeding that may be commenced by Employee or on Employee's behalf arising out of the matters released herein, including but not limited to any charge filed with the EEOC or any other government agency which prohibits the waiver of the right to file a charge. This provision also does not prevent Employee from enforcing this Agreement, or challenging it under the Age Discrimination in Employment Act of 1967, including the Older Workers' Benefit Protection Act of 1990.

c. For the purpose of implementing a full and complete release, Employee expressly acknowledges that: (i) the Release is intended to include, without limitation, claims that Employee did not know or suspect to exist at the time of execution, regardless of whether the knowledge of such claims, or the facts upon which they might be based, would materially have affected the Release; and (ii) the consideration given under this Agreement was also for the release of the aforementioned claims and contemplates the extinguishment of any such unknown claims.

d. Employee represents that Employee has not transferred or assigned, or purported to transfer or assign, to any person or entity, any claim described in this Agreement. Employee further agrees to indemnify and hold harmless each and all of the Releasees against any and all claims based upon, arising out of, or in any way connected with any such actual or purported transfer or assignment. Employee agrees that Employee has not and will not cause any lawsuit to be filed or maintained against the Releasees asserting any of the claims released herein.

e. Employee hereby acknowledges that Employee is not presently affected by any disability that would prevent Employee from knowingly and voluntarily granting this Release, and further acknowledges that the promises made herein are not made under duress, coercion or undue influence.

f. Employee freely and voluntarily accepts the consideration cited herein as sufficient payment for the full, final and complete release stated herein, and agrees that no other promises or representations have been made to Employee by Carlyle or any other person purporting to act on behalf of Carlyle, except as expressly stated herein.

g. Employee also hereby waives Employee's rights under the following statutes to the fullest extent permissible under applicable state and local laws including, but not limited to, New York State Human Rights Law (N.Y. Exec. Law § 296, *et seq.*); New York City Human Rights Law (NYC Code § 8-101); New York Equal Pay Law (N.Y. Lab. Law § 194); New York Equal Rights Law (N.Y. Civ. Rights § 40e); New York Off-Duty Conduct Lawful Activities Discrimination Law (N.Y. Lab. Law § 201-d); New York Minimum Wage Act (N.Y. Lab. Law §§ 650 to 665); New York Wage and Hour Law (N.Y. Lab. Law § 190 *et seq.*); New York Whistleblower Statute (N.Y. Lab Law § 740); New York State Paid Family Leave Benefits Law (12 NYCRR § 380). This waiver and release, however, does not apply to any rights which cannot be waived as a matter of law.

h. Notwithstanding the foregoing, Employee is not waiving any rights he may have to (a) the Acquired Investments, the Vested Participation or any similar vested participation, Company equity awards (including RSUs and PSUs) or Employee's vested accrued employee benefits under Carlyle's health, welfare or 401(k) plans as of the date hereof or the personal investments that you hold in Carlyle-managed investment funds, (b) benefits or rights to seek benefits under applicable workers' compensation statutes or unemployment insurance or indemnification statutes, (c) be indemnified by any Releasee pursuant to existing contractual arrangements or under such Releasee's organizational documents or receive coverage under any applicable directors' and officers' insurance policy that otherwise affords coverage to Employee, (d) pursue claims which by law cannot be waived by signing this Agreement, or (e) enforce this Agreement.

10. Return of Confidential Information and Property. Employee represents and agrees that, subject to Section 2(f): (a) Employee shall return to Carlyle, by the Separation Date, all Confidential Information, including without limitation, mailing lists, reports, files, memoranda, correspondence, notices, records and software, data, computer access codes or disks and instructional manuals, and other physical or personal property which Employee received and/or prepared or helped prepare in connection with Employee's employment and (b) Employee will not retain copies, duplicates, reproductions or excerpts of any Confidential Information.

11. Survivability. The validity of this Agreement shall be as of the Effective Date, and all representations, warranties, covenants and other promises set forth in this Agreement shall be true and correct on the Effective Date and the Separation Date and shall survive the execution of this Agreement by the parties.

12. Incorporation of Certain Provisions by Reference. The following provisions of the Employment are incorporated herein by reference and shall apply to this Agreement as if set forth at length herein, *mutatis mutandis*: Section 13 (Offset), Section 14 (Withholding), Section 18 (Arbitration), Section 19 (Recoupment Policy), and Section 20 (Code Section 409A).

13. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the parties hereto, and it may only be modified or amended in writing signed by all parties hereto. For the avoidance of doubt, all written agreements between Employee and any Carlyle-related entity shall remain in full force and effect and Employee shall continue to be bound by the terms and conditions thereof, except as explicitly indicated otherwise in this Agreement. Except for provisions of the Employment Agreement that are expressly incorporated herein by reference, as of the Separation Date, the Employment Agreement shall be void and of no further force or effect. For the purpose of clarity, any and all notice provisions contained in the Employment Agreement or any Carlyle-affiliated partnership agreement or other agreement applicable to Employee are hereby waived and of no further force or effect.

14. Governing Law. The validity of this Agreement and any of the terms or provisions as well as the rights and duties of the parties hereunder shall be governed by the laws of the State of New York, without reference to any conflict of law or choice of law principles in the State of New York that might apply the law of another jurisdiction.

15. Counterparts. This Agreement may be executed in multiple original counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signature pages in ".pdf" form or other electronic signatures (including signatures via DocuSign) shall be deemed original signatures of this Agreement.

16. Employee agrees that:

- Employee is entering into this Agreement knowingly and voluntarily, and Employee has not been coerced, intimidated or threatened into signing this Agreement;

- Employee has been advised by Employer in writing of Employee's right to consult an attorney and that Employee should consult an attorney about this Agreement;

- Employee has twenty-one (21) days to consider this Agreement, with such time period to begin upon Employee's receipt of this Agreement. The parties agree that any changes made to this Agreement during the twenty-one (21) days in which Employee may consider this Agreement, whether material or not, will not restart the running of the twenty-one (21) day period;

- Except for the final pay set forth in Section 2.a., absent execution of this Agreement, Employee is not otherwise entitled to the payments and consideration described in Sections 2, 3, and 5.a and 5.b hereof;

- Employee has been advised that any tax information or written tax advice contained herein is not intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer. (The foregoing sentence has been affixed pursuant to U.S. Treasury Regulations governing tax practice);

- Employee has seven (7) days following Employee's execution of this Agreement to revoke this Agreement (the "*Revocation Period*"). This Agreement is neither effective nor enforceable until the eighth (8th) day following Employee's execution of this Agreement as long as Employee has not revoked this Agreement (such eighth (8th) day, the "*Effective Date*"). Employee can revoke this Agreement during the Revocation Period by sending an e-mail to **Jeffrey Ferguson, Jeffrey.Ferguson@carlyle.com** and by also sending a confirming notice by certified mail to **Jeffrey Ferguson**. In the event that Employee revokes this Agreement, this Agreement shall be null and void, and Employee shall not be entitled to any of the consideration set forth in this Agreement for which a release of claims is required; and

- Employee has read this Agreement carefully and fully understands it.

17. Notices. For purposes of this Agreement, notices, demands and all other communications provided for hereunder to be given to Carlyle shall be in writing and shall be deemed to have been given when delivered by email to **Jeffrey Ferguson** and confirmed via telephone to **Jeffrey Ferguson**. Notices to Employee shall be deemed to have been given when sent to Employee's last known address in Carlyle's Human Resources files or at such other address as Employee shall have furnished to Carlyle in writing.

18. Benefit. Employer shall receive the benefit of all provisions of this Agreement on its own behalf and as trustee on behalf of all other relevant Carlyle entities and the portfolio companies.

19. Defend Trade Secrets Act Disclosure. By Employee's signature to this Agreement, Employee acknowledges that Employee has received and reviewed The Carlyle Group's Whistleblower Policy, which, among other things, provides written notice to Employee of certain immunity provided by the Defend Trade Secrets Act, 18 U.S.C. § 1833(b).

[*Signature Page Follows.*]

IN WITNESS WHEREOF, Employee, Employer, and Carlyle have executed this Agreement as of the date first set forth above.

EMPLOYER: **The Carlyle Group Employee Co., L.L.C.,**
on behalf of itself and Carlyle

By: /s/ Jeffrey Ferguson
Name: Jeffrey W. Ferguson
Title: General Counsel

The Carlyle Group Inc.

By: /s/ Jeffrey Ferguson
Name: Jeffrey W. Ferguson
Title: General Counsel

CG Subsidiary Holdings L.L.C.

By: /s/ Jeffrey Ferguson
Name: Jeffrey W. Ferguson
Title: Managing Director

Carlyle Holdings III L.P.

By: /s/ Jeffrey Ferguson
Name: Jeffrey W. Ferguson
Title: Managing Director

[Signature Page to Separation Agreement]

EMPLOYEE:

/s/ Kewsong Lee

Kewsong Lee

[Signature Page to Separation Agreement]

ATTACHMENT A

See attached.

CONFIRMATION OF RESIGNATION AND POWER OF ATTORNEY

Kewsong Lee (the "*Undersigned Individual*") hereby confirms that effective as of August 7, 2022 (the "*Effective Date*") the Undersigned Individual has resigned and agreed not to hold any position as an employee, officer, director, board member or observer, committee member, agent or any other similar position with: (i) The Carlyle Group Employee Co., L.L.C.; (ii) any subsidiary or affiliate controlled by, controlling, or under common ownership with The Carlyle Group Employee Co., L.L.C., including any entity doing business under The Carlyle Group name (collectively, "*Carlyle*"); or (iii) any portfolio company or investment in which Carlyle or an affiliate of Carlyle has acquired a direct or indirect interest as of the date below (the entities identified in (i), (ii), and (iii), collectively, the "*Carlyle Entities*").

The Undersigned Individual hereby appoints Jeffrey W. Ferguson as the undersigned's attorney-in-fact with full power and authority, on the Undersigned Individual's behalf, to execute and deliver any document or instrument that may be necessary and appropriate for effecting the Undersigned Individual's removal as an officer, director, advisor, board member or observer, committee member, agent of any similar position of any of the Carlyle Entities as of the Effective Date.

Employee agrees to cooperate with Carlyle to take such further actions and deliver such additional documents, consents or instruments as may be reasonably necessary or appropriate to give effect to the intent of this Confirmation of Resignation and Power of Attorney to facilitate Employee's resignation from all roles with Carlyle or associated with Carlyle as described herein.

[*Signature Page Follows.*]

IN WITNESS WHEREOF, the Undersigned Individual has executed this Confirmation of Resignation and Power of Attorney as of the date first indicated above.

Signed as a Deed

/s/ Kewsong Lee

Kewsong Lee

[Signature Page to Confirmation of Resignation and Power of Attorney]

ATTACHMENT B

Restrictive Covenants

All capitalized terms used and not otherwise defined in this Attachment B shall have the meaning given to such terms in the Employment Agreement.

7. Records and Confidential Data.

a. All memoranda, notices, files, records and other documents made or compiled by Employee during the Term in the ordinary course of business (other than business cards and names and contact information retained in Employee's rolodex or Outlook), or made available to Employee concerning the business of Carlyle (including, without limitation, any "best practices" materials made available to Employee), shall be Employer's property and shall be delivered to Employer promptly following its request therefore or automatically promptly following the end of the Term. Notwithstanding anything herein to the contrary, Employee shall be entitled to retain, both during and following the Term, (i) all business cards and names and contact information retained in Employee's rolodex or Outlook and (ii) shall be entitled to remove from Carlyle's premises (and, upon a termination of employment for any reason, Employer shall reasonably assist Employee in gathering and removing) any personal documents (including, without limitation, any documents relating to his financial interests in Carlyle, including any funds, investment vehicles and accounts whose investments are or were managed by Carlyle, tax information, agreements or other contracts to which Employee is a party or a beneficiary, and information relating to employee benefit plans and entitlements) that is on Carlyle property (including electronically); provided that all documents covered by clause (ii) shall remain subject to all covenants and agreements for the benefit of Carlyle regarding confidentiality applicable thereto and under which Employee has any obligation.

b. Employee acknowledges that, in and as a result of Employee's employment hereunder, Employee will be making use of and/or acquiring confidential or proprietary information, knowledge and data developed by Carlyle that is of a special and unique nature and value to Carlyle, including, but not limited to, the nature and material terms of business opportunities and proposals available to Carlyle and financial records of Carlyle, Carlyle investment funds and investors in such funds (collectively, "*Confidential Information*"). Employee shall not at any time disclose to any Person (other than Carlyle) or use for any purpose other than in accordance with Employee's employment with Carlyle, any Confidential Information (regardless of whether such information qualifies as a "trade secret" under applicable law) that has been obtained by or disclosed to Employee as a result of Employee's employment by Employer unless: (i) authorized in writing by Employer; (ii) such information, knowledge or data is or becomes available to the public generally without breach of this Section 7; (iii) disclosure is required to be made pursuant to an order of any court or government agency, subpoena or legal process; (iv) disclosure is made to officers, directors or affiliates of Employer or Carlyle (and the officers and directors of such affiliates) or to auditors, counsel, or other professional advisors to Carlyle; or (v) disclosure is required by a court, mediator or arbitrator in connection with any litigation or dispute between Employer and Employee. Employee shall immediately supply Employer with a copy of any legal process delivered to Employee requesting Confidential Information, and prior to disclosure of Confidential Information in connection therewith or any other required disclosure, Employee shall notify Employer and shall permit Employer to seek an order protecting the confidentiality of such information, unless Employee has been advised by counsel that such notification would violate applicable law or an applicable court order. Employee agrees that Employee's obligations under this Section 7 may be enforced by specific performance and that breaches or prospective breaches of this Section 7 may be enjoined.

c. Employee will not publicly disclose any private placement fundraising information about a Carlyle fund vehicle that has not had a final closing of capital commitments if such disclosure would violate the federal "private placement" rules that permit fund offerings to be unregistered.

d. Notwithstanding any other provision of this Agreement: (i) no provision of this Agreement prohibits or restricts Employee from reporting possible violations of law or other whistleblower information to a government regulator or governmental agency or other authorized individuals; (ii) Carlyle's consent is not required for such disclosure to a government regulator or governmental agency; and (iii) notice to Carlyle is not required in the case of such whistleblower disclosure to a government regulator or governmental agency. Notwithstanding the foregoing, under no circumstance is Employee authorized to disclose any information covered by Carlyle's attorney-client privileged or attorney work product without Carlyle's prior written consent. The obligations under this Section 7 shall survive the termination or expiration of this Agreement and any termination of Employee's employment.

8. Cooperation.

a. Following the termination of Employee's employment with Employer for any reason, Employee shall provide reasonable cooperation to Employer and its affiliates in connection with (i) the orderly transfer of information known by Employee regarding his duties and (ii) any formal or informal dispute resolution effort, action, proceeding, investigation or litigation involving Carlyle or its affiliates relating to any matter that occurred during or prior to the Term in which Employee was involved or of which he has substantive knowledge; *provided* that Employee shall be reimbursed for any reasonable out-of-pocket costs incurred in connection with such cooperation (including any reasonable legal, accounting or other professional fees incurred by Employee subject to pre-approval by Employer not to be unreasonably withheld or delayed), and any such cooperation shall be at such times and in such locations as are reasonably acceptable to Employee taking into account his other professional and personal obligations. If Employee receives a subpoena or other request for information, Employee agrees to provide Employer with prompt notice of the subpoena or request so that Carlyle may take appropriate action to avoid or contest disclosure, unless Employee has been advised by counsel that providing such notice would violate applicable law or an applicable court order.

b. Following the termination of Employee's employment with Employer for any reason, Employer shall, and shall cause its affiliates to, provide reasonable cooperation to Employee in all matters relating to his interests and rights in, and obligation in respect of, Carlyle and any funds, investment vehicles and accounts whose investments are or were managed by Carlyle, including, by providing copies of all documents governing any such interests, rights and obligations and providing reasonable access to such Carlyle personnel as is reasonable requested by Employee to understand such interests, rights and obligations.

9. Non-Disparagement. Employer and Employee covenant and agree that, both during Employee's employment with Employer and for a period of five years after the Separation Date, (i) Employee shall not disparage Carlyle, the Founders and Carlyle's employees, directors or businesses or members of Carlyle's Executive and Management Committees and (ii) Carlyle shall not authorize, and the Founders and Carlyle's directors and members of Carlyle's Executive and Management Committees shall not make, disparaging remarks about Employee. The previous sentence shall not apply, however, in the case of any statement that is made (x) in testimony pursuant to a court order, subpoena or legal process or (y) to a court, mediator, government agency or arbitrator in connection with any litigation or dispute between Employer and Employee.

10. Non-Solicitation. Employee agrees that, both during Employee's employment with Employer and for a period of 12 months after the Separation Date, Employee will not, directly or indirectly, without the prior written consent of the Board: (i) participate in any capacity,

including as an investor or an advisor, in any transaction that Carlyle was actively considering investing in or offering to invest in prior to the Separation Date; (ii) solicit, contact or identify investors in any investment partnership, fund, vehicle or managed account controlled or advised by Carlyle (to the extent Employee knows that such Person is an investor, directly or indirectly, in such partnership, fund, vehicle or managed account) on behalf of any Person; or (iii) recruit, solicit, induce or seek to induce any current employee of Carlyle (other than the Executive Assistant) to become employed by Employee or any other Person; *provided, however*, Employee's obligations pursuant to clause (ii) following the Separation Date shall not be in effect beyond December 31, 2022; *provided, further*, Employee's obligations pursuant to this Section 10 following the Separation Date shall not be in effect beyond a Change of Control.

11. Non-Competition. Employee agrees that, both during Employee's employment with Employer and for the period from the Separation Date through December 31, 2022 or, if earlier, a Change of Control, Employee will not, directly or indirectly, without the prior written consent of the Board, engage in any business or activity that competes with the Carlyle Business. For this purpose, Employee shall be deemed "engaged" in a proscribed activity in the event Employee engages in the activity directly or indirectly, whether through or by an entity in which Employee is a director (or the equivalent), executive officer, employee, or equity holder, or otherwise. Employee shall not be deemed to be "engaged" in the proscribed activity if (x) the entity engaged in the activity is a publicly traded entity and Employee's only relationship with such entity is an equity stake of five percent (5%) or less or (y) Employee indirectly holds an equity interest in an entity, with such interest being a stake of five percent (5%) or less of the interests in such entity, that is engaged in a proscribed activity through a fund or similar investment vehicle in which Employee is a limited partner (or functional equivalent) with no direction or control over the investments of such fund or other investment vehicle. Notwithstanding anything to the contrary herein, Employee may engage in (i) personal investment activities that do not compete with the Carlyle Business and for which Employee receives no compensation in any form and (ii) charitable, community, literary and artistic activities.

12. Enforcement of Restrictive Covenants.

a. Employee agrees that Sections 10 and 11 may limit Employee's ability to earn a livelihood in a business similar to the business conducted by Employer, but Employee nevertheless hereby agrees and hereby acknowledges the consideration provided to Employee in this Agreement is adequate to support the restrictions contained herein. Employee further agrees that the restrictions set forth in Sections 10 and 11 are reasonable and necessary to protect Carlyle's trade secrets and other legitimate business needs. In the event that any court or tribunal of competent jurisdiction shall determine Sections 10 and 11 to be unenforceable or invalid for any reason, Employee and Carlyle agree that Sections 10 and 11, as applicable, 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.

b. Employee agrees and acknowledges that Sections 9, 10 and 11 are a material inducement to Carlyle to enter into the Employment Agreement and, as such, it is agreed by the parties that any violation of Sections 9, 10 and 11 by Employee will constitute a material breach of the Employment Agreement and shall entitle Employer to cease making any payment pursuant to Section 6.a of the Employment Agreement (as incorporated into Section 2 of this Agreement). Employee and Employer agree that the remedy at law for any breach of Sections 9, 10 and 11 may be inadequate, and that Carlyle or Employee, as applicable, 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 Employee's or Carlyle's obligations as set forth in

Sections 9, 10 and 11. The obligations under Sections 9, 10 and 11 shall survive the expiration or termination of the Employment Agreement or this Agreement.

Exhibit 22

Subsidiary guarantors and issuers of guaranteed securities and affiliates whose securities collateralize securities of the registrant

The following securities (collectively, the “Notes”) issued by the corresponding issuer listed below, each a wholly-owned subsidiary of The Carlyle Group Inc. (the “Company”), were outstanding as of September 30, 2022:

Notes Issued Under	Issuer	Jurisdiction of Formation, Organization, or Incorporation
5.625% Senior Notes due 2043	Carlyle Holdings II Finance L.L.C.	Delaware
5.65% Senior Notes due 2048	Carlyle Finance L.L.C.	Delaware
3.500% Senior Notes due 2029	Carlyle Finance Subsidiary L.L.C.	Delaware
4.625% Subordinated Notes due 2061	Carlyle Finance L.L.C.	Delaware

As of September 30, 2022, the guarantors under the Notes consisted of the Company, as a guarantor that provides an unsecured guarantee of the Notes, and its wholly-owned subsidiaries listed in the below table. The guarantees are joint and several, and full and unconditional.

Guarantor	Jurisdiction of Formation, Organization, or Incorporation
Carlyle Holdings I L.P.	Delaware
Carlyle Holdings II L.P.*	Quebec
Carlyle Holdings III L.P.	Quebec
CG Subsidiary Holdings L.L.C.	Delaware
Carlyle Holdings II L.L.C.	Delaware

* Carlyle Holdings II L.P. is not a guarantor of the 4.625% Subordinated Notes due 2061

Exhibit 31.1

I, William E. Conway, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 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: November 08, 2022

/s/ William E. Conway, Jr.
William E. Conway, Jr.
Chief Executive Officer
The Carlyle Group Inc.
(*Principal Executive Officer*)

Exhibit 31.2

I, Curtis L. Buser, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 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: November 08, 2022

/s/ Curtis L. Buser

Curtis L. Buser
Chief Financial Officer
The Carlyle Group Inc.
(*Principal Financial Officer*)

Exhibit 32.1

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 September 30, 2022 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William E. Conway, Jr., 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/ William E. Conway, Jr.
William E. Conway, Jr.
Chief Executive Officer
The Carlyle Group Inc.

Date: November 08, 2022

* 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.

Exhibit 32.2

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 September 30, 2022 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: November 08, 2022

* 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.