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THE CARLYLE GROUP

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GLOBAL ALTERNATIVE ASSET MANAGEMENT

# Barclays Global Financial Services Conference

Adena Friedman, Chief Financial Officer  
September 2012

# Important Information

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As used throughout this document, and unless otherwise indicated, “Gross IRR” represents the annualized internal rate of return for the period indicated on limited partner invested capital based on contributions, distributions and unrealized value before management fees, expenses and carried interest, which will reduce returns and, in the aggregate are substantial. “Net IRR” represents the annualized internal rate of return for the period indicated on limited partner invested capital based on contributions, distributions and unrealized value after management fees, expenses and carried interest (but not taxes borne by investors). “Gross MOIC” represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital. 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 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. In considering investment performance information contained in this presentation, prospective investors should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that Carlyle or any Fund will achieve comparable results. Actual realized value of currently unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized valuations are based. Accordingly, the actual realized values of unrealized investments may differ materially from the values indicated herein.

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For purposes of the non-financial operating and statistical data included in this presentation, including the aggregation of our non-U.S. dollar denominated, investment funds, foreign currencies have been converted to U.S. dollars at the spot rate as of the last trading day of the reporting period and the average spot rate for the period has been utilized when presenting multiple periods. With respect to capital commitments raised in foreign currencies, the conversion to U.S. dollars is based on the exchange rate as of the date of closing of such capital commitment.

This presentation includes certain Non-GAAP financial measures, including Economic Net Income (ENI) and Distributable Earnings (DE). These Non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP.

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# Carlyle At a Glance: Public Information

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<b>Ticker</b>	<b>CG</b>
<b>Fully Diluted Units</b>	<b>304.5 million</b>
<b>Common Units (Float)</b>	<b>43.2 million</b>
<b>Market Capitalization</b>	<b>\$8.0 billion</b>
<b>Economic Net Income (ENI)</b>	<b>\$335 million</b>
<b>Distributable Earnings (DE)</b>	<b>\$294 million</b>
<b>Total AUM</b>	<b>\$156 billion</b>
<b>Fee-Earning AUM</b>	<b>\$112 billion</b>
<b>IPO Pricing Date</b>	<b>May 2, 2012</b>

Note: Market capitalization data as of 9/5/2012. All other data as of and for the six months ended 6/30/2012.

# How Carlyle is Unique

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Note: Presented for illustrative purposes only.

\$156 billion Total AUM / \$112 billion Fee-Earning AUM

99 active funds; 52 active carry funds; 29 active funds generating carry (19 \$1 billion+ funds)

200+ active portfolio companies and 250+ active real estate investments

1,300+ employees (600+ investment professionals) in 32 offices

## Corporate Private Equity

- 29 active private equity funds
- \$53 billion in AUM/\$37 billion Fee AUM
- \$37 billion of fair value in the ground
- \$15 billion in available capital
- 31% Realized/Partially Realized Gross IRR

## Global Market Strategies

- 53 active funds
- \$29 billion in AUM/\$28 billion Fee AUM
- Broad credit platform
- Scaled hedge funds platform
- 2<sup>nd</sup> largest global CLO manager

## Real Assets

- 11 Real Estate and Infrastructure funds;  
6 Energy funds<sup>1</sup>
- \$30 billion in AUM/\$20 billion Fee AUM
- \$23 billion of fair value in the ground
- \$7 billion in available capital
- 28% Realized/Partially Realized Gross IRR

## Fund of Funds Solutions

- \$45 billion in AUM
- One of the largest private equity fund of funds in the world
- Active investments in 625+ funds managed by 285+ GPs and 4,500+ portfolio companies

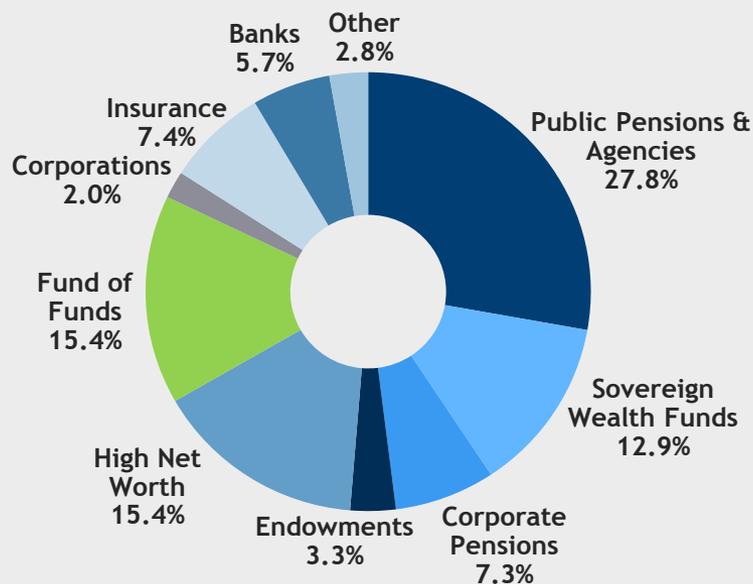
As of 6/30/2012.

1. The Energy & Power and Renewable funds are jointly advised with Riverstone Investment Group, L.L.C.

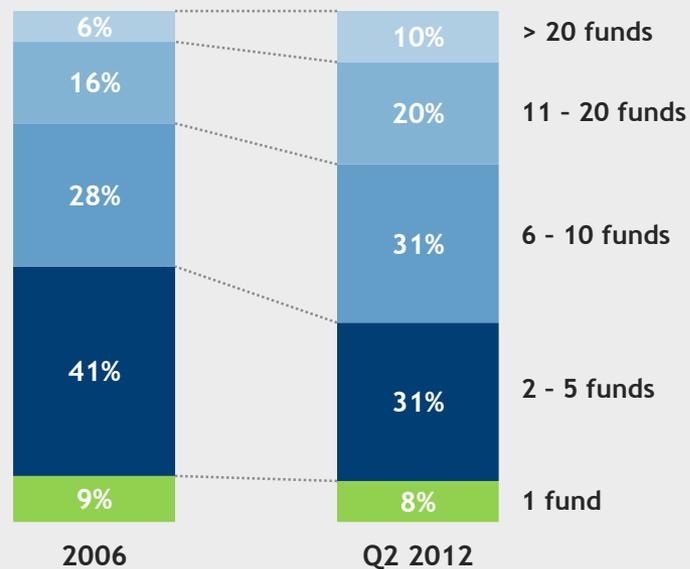
# We Have Built Exceptional Fundraising Capabilities



## Diverse Source of Capital Commitments



## LPs Commit Across Multiple Funds<sup>1</sup> (% Capital)



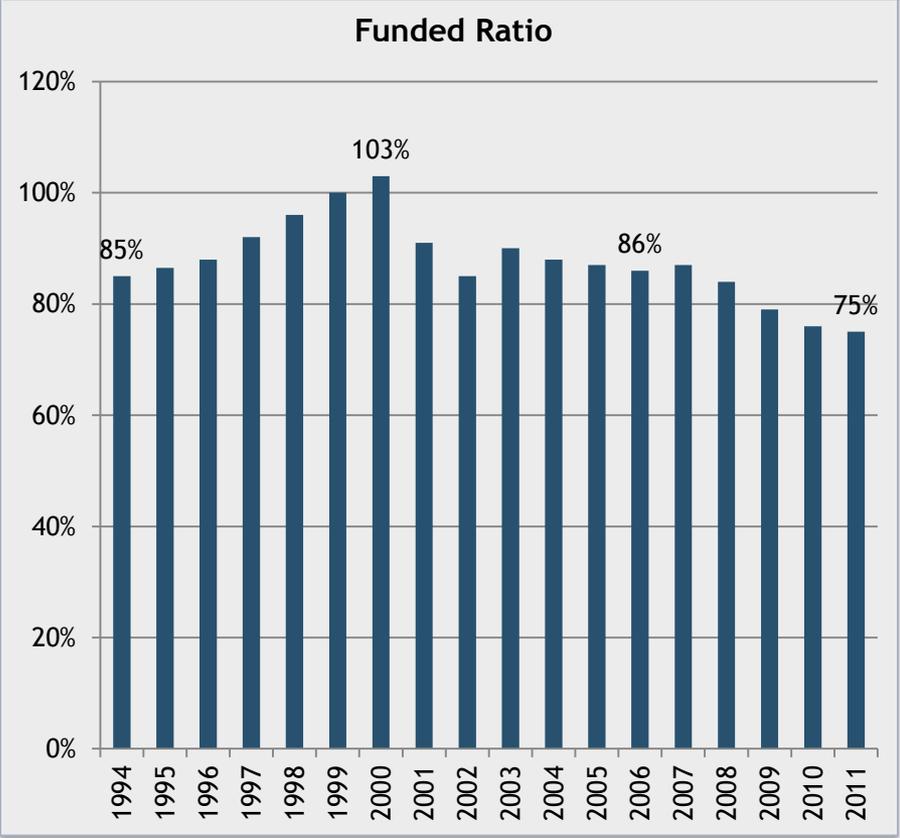
Note: As of 6/30/2012, does not include investors for structured credit funds, hedge funds or fund of funds vehicles.

1. Percentage of capital committed by investors to active carry funds, segmented by the number of active carry funds in which the investors were committed as of 12/31/2006 and 6/30/2012.

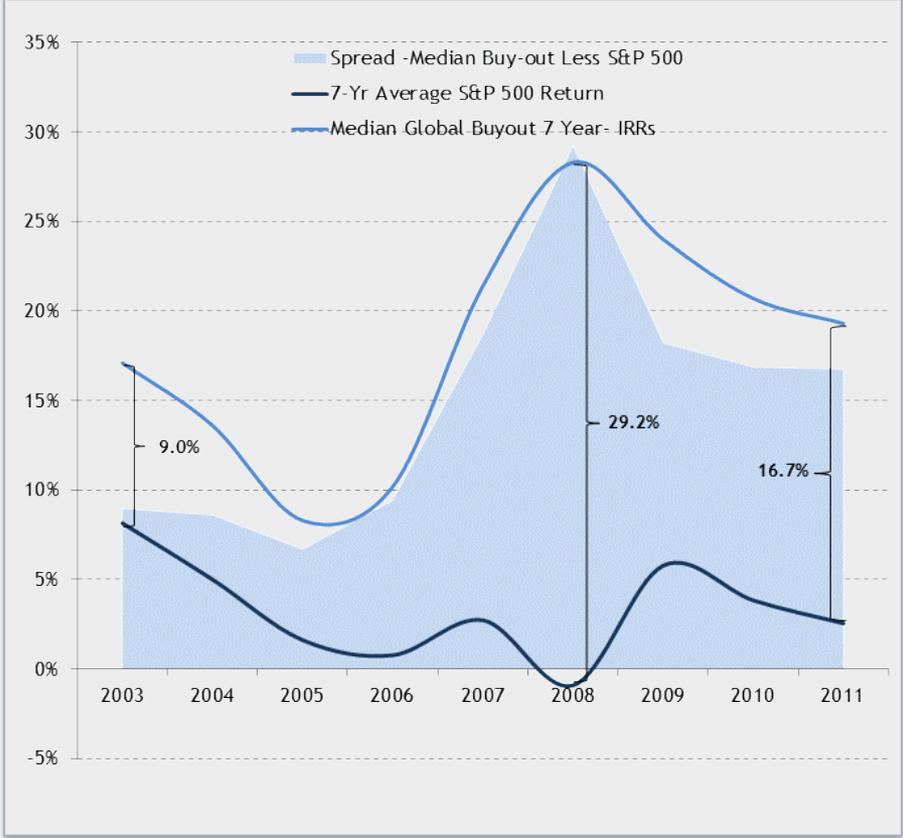
# Investors Need Alternatives Products More Than Ever



## Public Pension Funding Ratios Continue to Slide, Creating Increased Return Needs



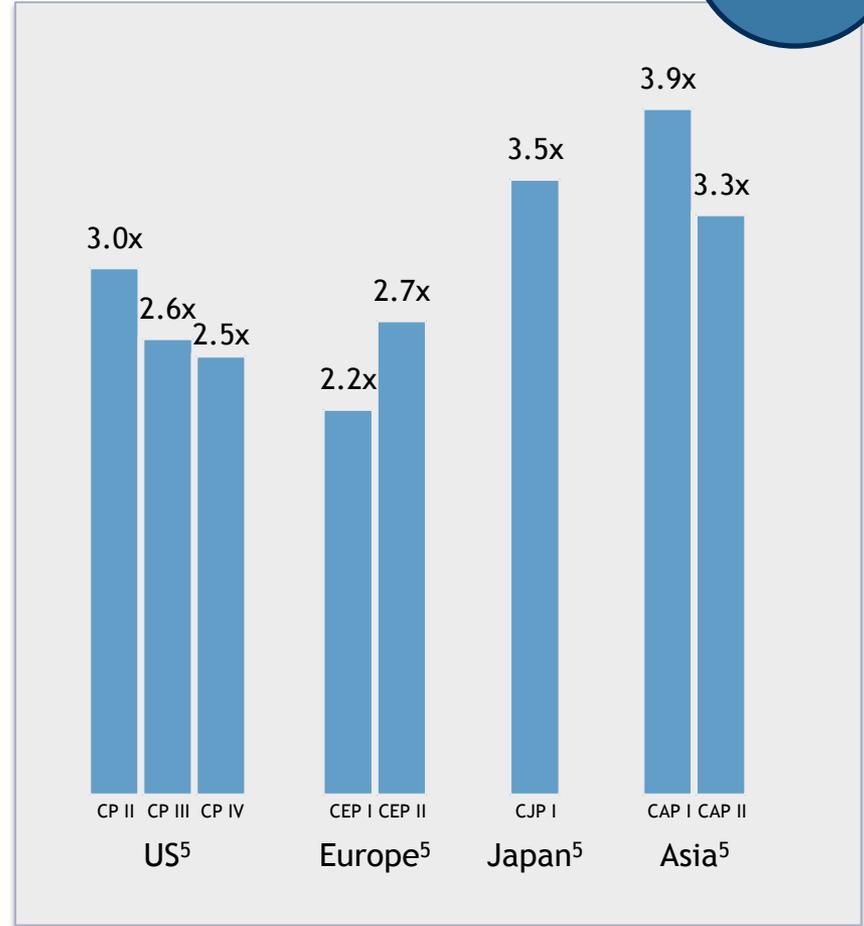
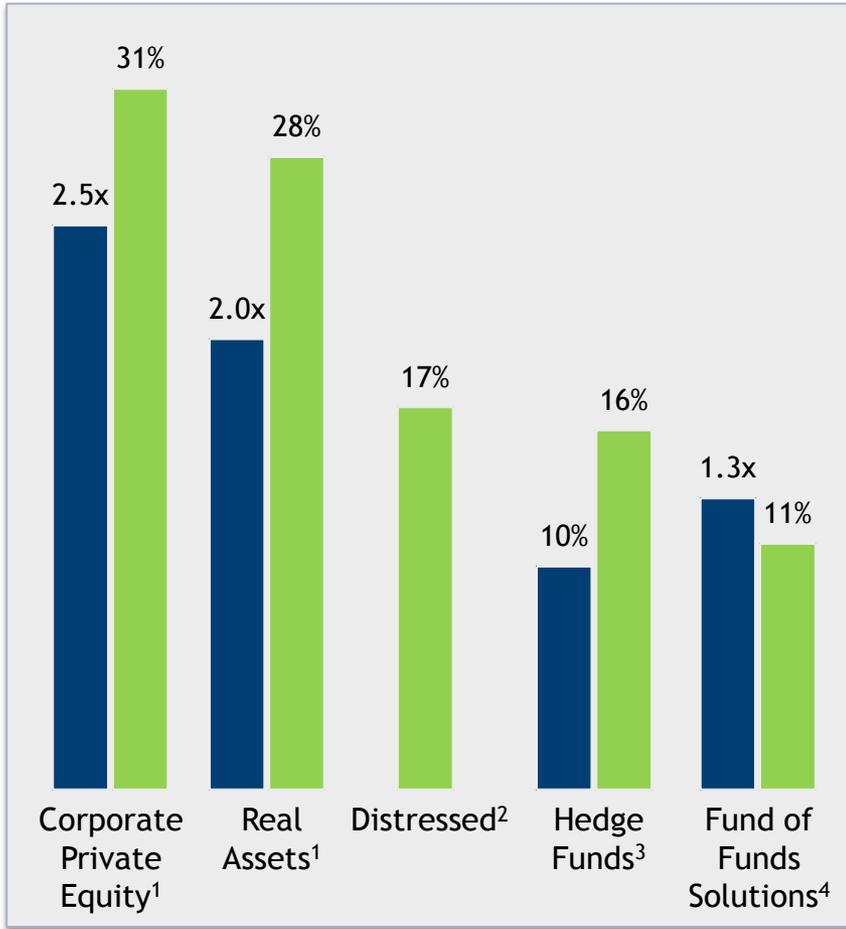
## Median Global Buyout Funds Outperformed the S&P 500 (7-year average) by 17% in 2011<sup>1</sup>



Source: Milliman, Preqin, Public Plans Database, Factset.

1. Median global buyout funds based on Preqin data. The Net IRR of the Median global buyout funds is based on beginning net asset values, cash flows and quarter end valuations (in the case of unliquidated holdings) for the applicable buyout funds on a 7-year cumulative basis from; for example, the 2011 data point refers to a 2004 vintage fund with 7-years of maturity. Please see the slide entitled "Important Information" for information regarding Net IRRs and comparisons with indices generally, the S&P 500 and the 10-year Treasury note.

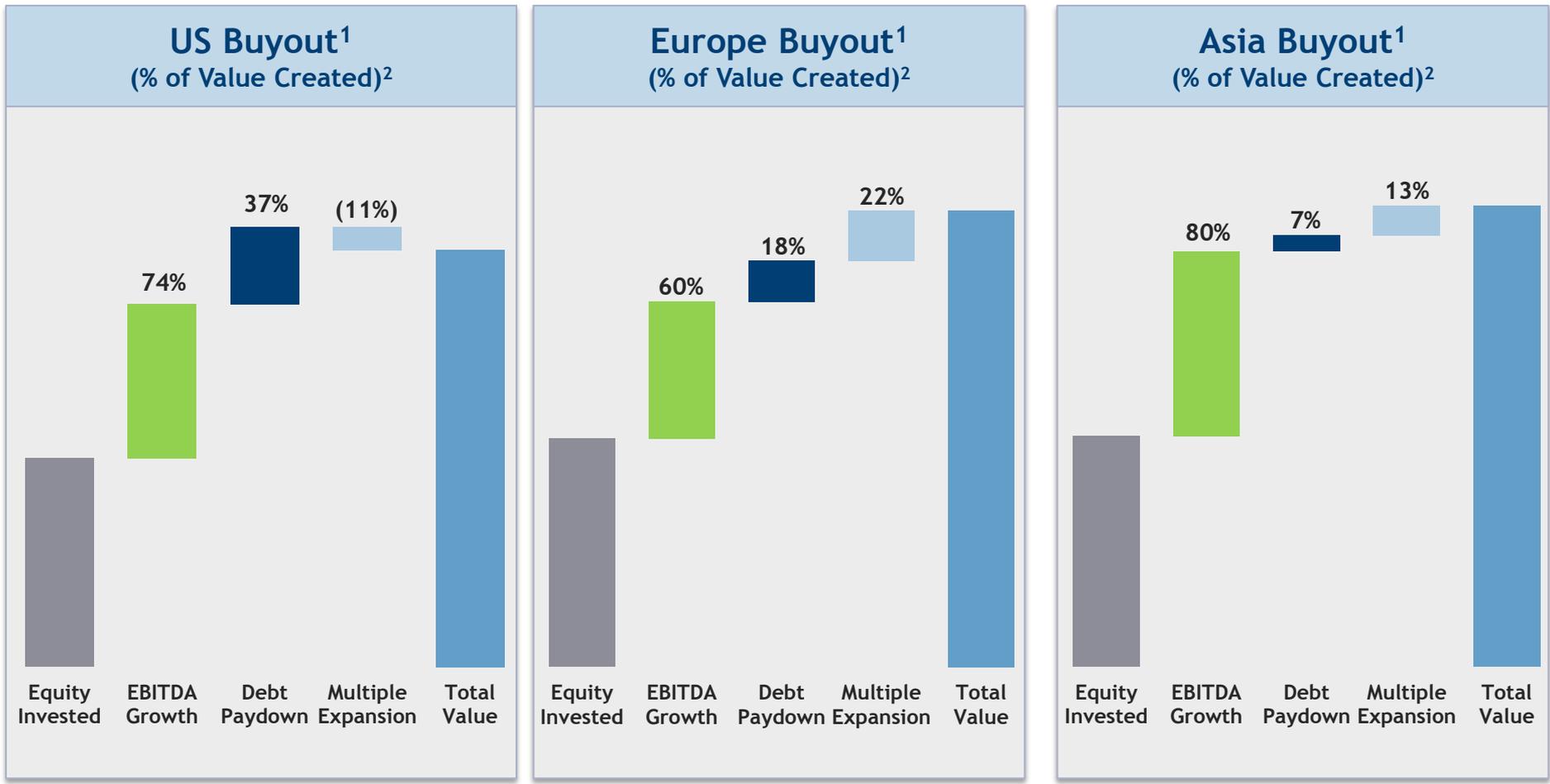
# Carlyle Generates Strong Results Across its Global Platform



As of June 30, 2012. Note: Please see the “Important Information” slide for more information on the calculation of Gross IRRs and Gross MOICs

1. Inception to date aggregate Realized and Partially Realized Gross IRR, Realized and Partially Realized MOIC.
2. Inception to date Gross IRR for Carlyle Strategic Partners II, L.P., the largest GMS carry fund.
3. Inception to date net annualized return on the Claren Road Master Fund and Opportunities Fund, respectively, our two largest hedge funds.
4. Inception to date aggregate Gross IRR and MOIC.
5. Realized and Partially Realized Gross MOIC of CPE fully invested funds as of June 30, 2012. CP V, CEP III, CJP II and CAP III are not included in the comparisons above as they were not fully invested as of June 30, 2012. Carlyle does not believe it is appropriate to compare fully invested funds with non-fully invested funds.

# Earnings Growth Drives Value Creation



As of 12/31/2011. Presented for illustrative purposes only.

1. Funds included in analysis: US Buyout - CP IV & CP V, Europe Buyout - CEP I, CEP II & CEP III, Asia Buyout: CAP I, CAP II & CAP III. Excludes external co-investment.

2. Illustrates the source of value creation on all realized and unrealized investments currently valued at greater than 1.0x, excludes external co-investment.

## Activity Has Been Robust in the Third Quarter of 2012

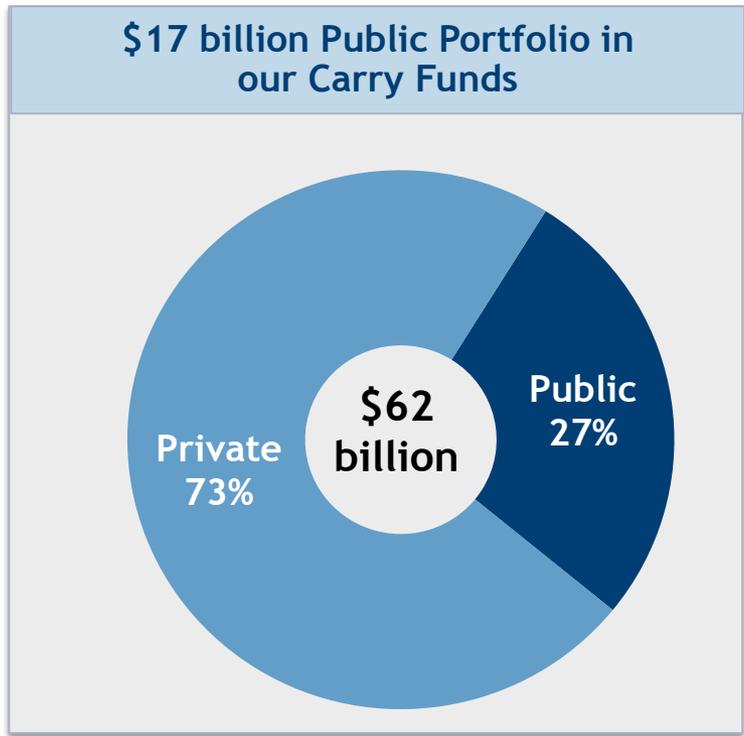
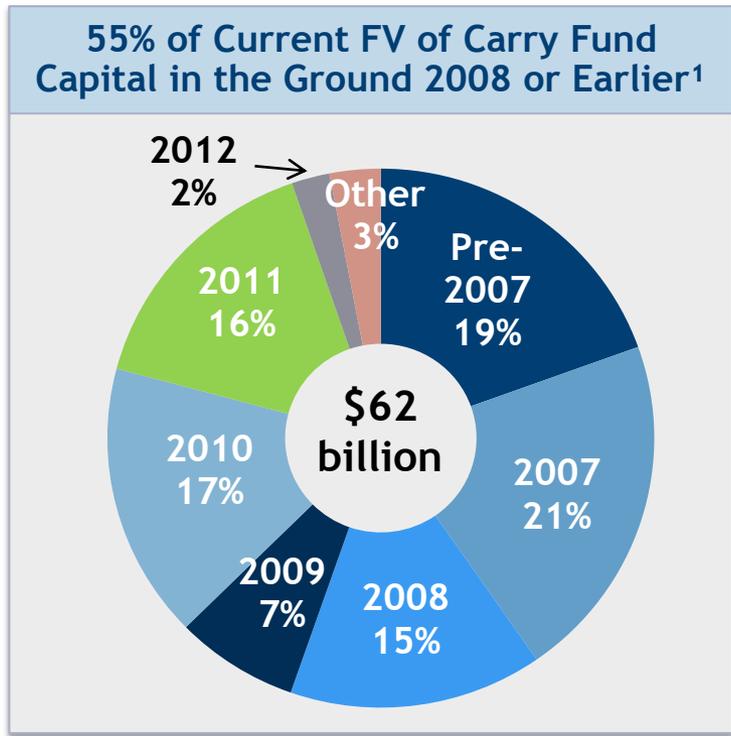
Transaction	Enterprise Value (\$mn)	Fund Vehicles	Region
DuPont Performance Coatings	\$4,900	CP V, CEP III	US, Europe
Hamilton Sunstrand Industrial	\$3,460	CP V	US
Getty Images	\$3,300	CP V	US
Genesee & Wyoming	\$2,000	CP V	US
TCW Group	Not Disclosed	CGFSP, CP V	US
Philadelphia Refinery JV	Not Disclosed	CEOF, CEMOF	US
Meinian OneHealth (13.5% stake)	Not Disclosed	RMB Fund	China
Service King Collision	Not Disclosed	CSP III, CEOF	US
Orguel	Not Disclosed	CSABF/FBIE	South America
Cogentrix	Not Disclosed	CIP	US
Various Real Estate	NA		Global

Note: Announced deals only thus far in third quarter 2012. Only Service King and Meinian Health closed, all others subject to traditional closing processes and risks.

# \$72 Billion Portfolio Poised for Near Term Realizations

Operating Model Delivers a Cash-Rich Earnings Stream

With over \$9 billion in hedge fund capital and \$62 billion in carry fund capital currently at work, we have an expansive portfolio of investments with near-term realization potential.



**21 IPOs between 2010 and 2012**



As of 6/30/2012. Note: References to portfolio companies are presented for illustrative purposes only.  
 1. Fair value of remaining carry fund capital in the ground, by vintage.

# Exit Opportunities Have Accelerated in the Third Quarter of 2012

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Below, we list some of the publicly disclosed equity or company sales thus far in the third quarter

Public Equity Follow on Sales	Announced or Completed Sales	Special Dividend
China Pacific Life Group	AMC Entertainment (completed)	Booz Allen & Hamilton
Dunkin Brands	Gencom Software Int'l (completed)	
Kinder Morgan	Talaris (completed)	
SS&C	Three Rivers (completed)	
	UC4 Software (announced)	
	Distressed & Real Estate exits	

Note: Sample of publicly announced transactions thus far in third quarter 2012. UC4 transaction is subject to traditional closing process, review, and risks.

# “The Carlyle Engine” Delivers a Cash-Rich Earnings Stream

Operating Model Delivers a Cash-Rich Earnings Stream

## Fundraising Facts & Figures<sup>1</sup>

Carry Fund Investors	1,400+
Countries	73
Cumulative Capital Raised (excluding acquisitions)	\$123 billion
Capital Raised, 2008-2Q2012	\$38 billion
Investor Relations Group	69

## Equity Investments<sup>2</sup> (\$ billion)

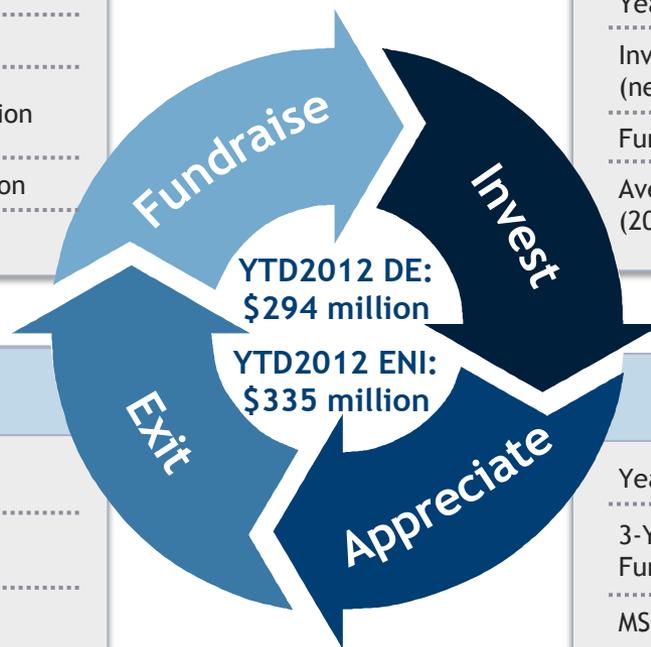
Year-to-Date	\$2.9
Investments Year-to-Date (new and follow-on)	122
Funds that made Investments	27
Average Annual Equity Invested (2007-2011)	\$10.6

## Realized Proceeds (\$ billion)<sup>3</sup>

Year-to-Date	\$6.8
Investments Producing Distributions (YTD)	160
Funds that made Distributions (YTD)	34
Average Annual Distributions (2007-2011)	\$8.0

## Carry Fund Appreciation

Year-to-Date	8%
3-Year Average Annual Carry Fund Appreciation (2009-2011)	19%
MSCI World 3-Year Average <sup>4</sup>	5.9%



As of 6/30/2012.

1. Data excludes acquisitions.
2. Investments by carry funds only.
3. Realized Proceeds from carry funds only.
4. MSCI. Three year data through 12/31/2011.

## Distribution Policy to Unit Holders Initiated During the Second Quarter

Carlyle intends to distribute a fixed \$0.16 per full quarter in the first three quarters of each year, with a fourth quarter true up based on full year results balanced against firm cash requirements

	2Q Pro Forma Results	Post IPO Results (May - June)
Distributable Earnings	\$116.7	\$97.4
<i>Allocating DE for only public portion (14.2%)</i>		
Distributable Earnings to the Carlyle Group L.P, net of tax	\$13.7	\$12.2
Units in public float	43.2	43.2
Distributable Earnings, net, per The Carlyle Group L.P. common units outstanding	\$0.32	\$0.28
<b>Partial Quarter Distribution to common unit holders</b>		<b>\$0.11</b>

(1) The selected pro forma non-GAAP financial measures for the three months ended June 30, 2012 presents these measures giving pro forma effect to the Reorganization and Offering Transactions described in our final Prospectus dated May 2, 2012, as if such transactions had occurred on January 1, 2012.

(2) Represents the implied provision for current income taxes that was calculated using a similar methodology applied in calculating the current tax provision for The Carlyle Group L.P., without any reduction for noncontrolling interests.

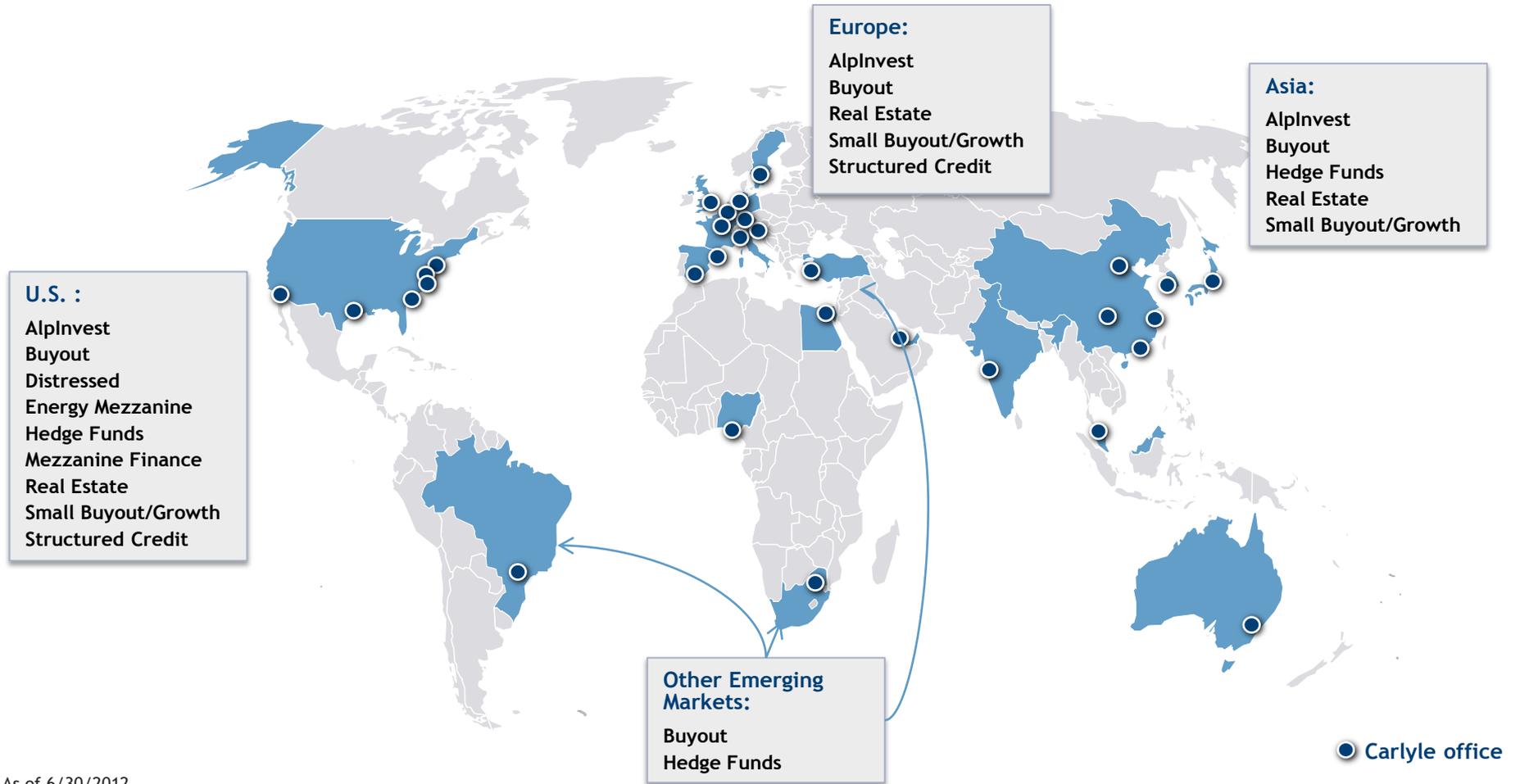
(3) Represents current corporate income taxes payable upon distributable earnings allocated to Carlyle Holdings I GP, Inc.

(4) Different from tax figures disclosed in the earnings release based on timing of initial public offering.

# Fully Scaled Global Platform Positions us for Growth

Fully Scaled, Global Platform Positions us for Further Growth

More than 600 Investment Professionals in 32 Offices



As of 6/30/2012.

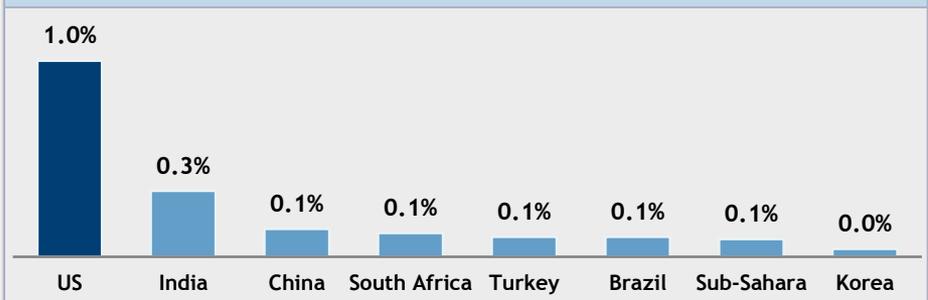
# Carlyle is Positioned to Capture Emerging Markets Growth

Fully Scaled, Global Platform Positions us for Further Growth

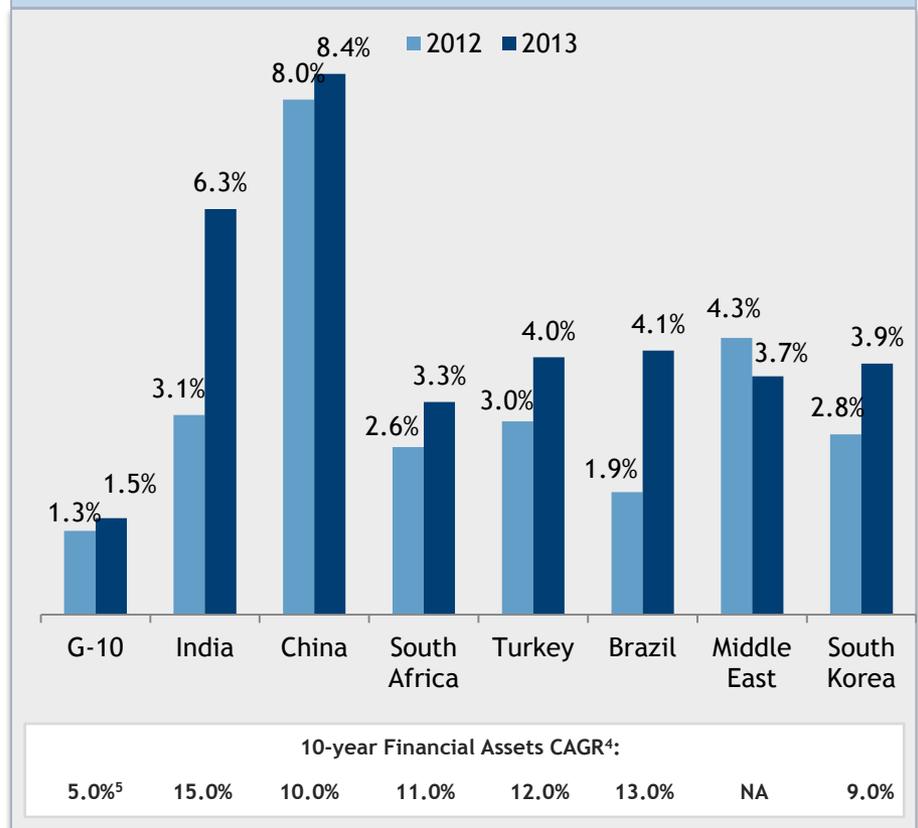
## Carlyle is Established in Emerging Markets

AUM <sup>1</sup>	\$12 billion Carry Funds \$2 billion ESG
# of Funds	14 Carry Funds / 7 ESG Hedge Funds
# of Investment Professionals	146
# of Offices	13
Gross IRR	23%

## PE Penetration Rate (% PE Inv. / GDP)<sup>2</sup>



## Forecasted GDP Growth in Emerging Economies<sup>3</sup>



As of 6/30/2012, unless otherwise noted.

1. Carry fund AUM includes coinvestment vehicles.

2. Emerging Markets Private Equity Association, as of 3/31/2011.

3. Data from Bloomberg, as of September 6, 2012.

4. McKinsey Global Institute, The Emerging Equity Gap, 12/31/2011.

5. Represents US data.

Note: Emerging Market countries include: China, India, Brazil, UAE, Turkey, Singapore, Korea, Nigeria and South Africa.

# A Positive Outlook for the Future



As of 6/30/2012, unless otherwise noted.

1. Includes \$16.4 billion of dry powder for AlInvest.

2. Includes \$62 billion of Carry Funds and \$10 billion of hedge funds. Does not include Structured Credit or Fund of Funds Solutions.



*One Carlyle*

# Appendix

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- 2011 and 2012 YTD Results and Balance Sheet
- Deep, Seasoned and Stable Team
- Detailed Segment Metrics - CPE, RA & GMS

## 2011 and YTD 2012 Financial Results

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Pre-tax Segment Measures (\$ million)	FY 2011	2012 YTD <sup>1</sup>
Total Segment Revenue	\$2,149	\$955
Net Realized Performance Fees <sup>1</sup>	678	219
Fee Related Earnings	121	70
Economic Net Income	833	335
Distributable Earnings	864	294

See “Unaudited Pro Forma Financial information” in Carlyle’s registration statement and form 10-Q filed with the U.S. Securities and Exchange Commission.

1. Year to date through second quarter 2012.

2. Performance fee revenue net of related compensation expense.

# Strong and Stable Balance Sheet

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Key Balance Sheet Items <sup>1</sup> (\$ million)	6/30/2012
Cash & Equivalents	\$450
Net Accrued Performance Fees (Net of Giveback and accrued performance fee compensation)	1,178
Investments attributable to Carlyle unitholders	217
Term Loan <sup>2</sup>	500
Undrawn revolving credit line	750

We used the IPO proceeds to pay down debt during the second quarter 2012

1. Balance sheet amounts are shown without the impact of certain Carlyle funds that are required to be consolidated on its financial statements.
2. Term loan has a 5-year term, with specific terms and conditions as described in Carlyle's registration statement and form 10-Q filed with the U.S. Securities and Exchange Commission. There are two existing interest rate swaps, an incumbent swap expiring in 2013 and an amortizing swap executed in October 2011 struck at 108bp.

# Deep, Stable and Seasoned Team



As of 6/30/2012.

# Corporate Private Equity

## Financial Data

ENI <sup>1</sup>	\$179 million
DE <sup>1</sup>	\$181 million
Fee-Related Earnings <sup>1</sup>	\$24 million
# of Funds	29
# of Investment Professionals	259
# of Offices	24

## Operating Metrics

MOIC (Realized & Partially Realized)	2.5x
MOIC (All Assets)	1.8x
Gross IRR (Realized & Partially Realized)	31%
Gross IRR (All Assets)	26%
Fee-Earning AUM	\$37.1 billion
Total AUM	\$52.5 billion
Dry Powder	\$15.3 billion

## Select Active Fund Level Information

Fund	Fully/ Partially Invested	Inception Date	Committed Capital	Cumulatively Invested Capital	MOIC	Gross IRR
<b>US Buyout</b>						
CP II	Invested	Oct-94	\$1,331	\$1,362	3.0x	34%
CP III	Invested	Feb-00	\$3,913	\$4,032	2.5x	27%
CP IV	Invested	Dec-04	\$7,850	\$7,613	1.9x	15%
CP V	Partially	May-07	\$13,720	\$9,220	1.4x	14%
<b>Europe Buyout</b>						
CEP I	Invested	Dec-97	€ 1,004	€ 972	2.2x	18%
CEP II	Invested	Sep-03	€ 1,805	€ 2,047	1.8x	39%
CEP III	Partially	Dec-06	€ 5,295	€ 4,072	1.2x	7%
<b>Asia Buyout</b>						
CAP I	Invested	Dec-98	\$750	\$628	3.9x	25%
CAP II	Invested	Feb-06	\$1,810	\$1,611	1.6x	11%
CAP III	Partially	May-08	\$2,552	\$1,637	1.0x	(5%)
<b>Carlyle Japan Partners</b>						
CJP I	Invested	Oct-01	¥50,000	¥47,291	2.6x	61%
CJP II	Partially	Jul-06	¥165,600	¥119,540	1.0x	1%
<b>Carlyle Financial Services Partners</b>						
CGFSP	Partially	Sep-08	\$1,100	\$798	1.3x	16%
<b>Carlyle Asia Growth Partners</b>						
CAGP IV	Partially	Jun-08	\$1,041	\$422	1.2x	14%

As of 6/30/2012. Note: Select fund list includes funds with more than \$1 billion in commitments.

1. Year to date through 2Q 2012.

# Global Market Strategies

## Financial Data

ENI <sup>1</sup>	\$70 million
DE <sup>1</sup>	\$55 million
Fee-Related Earnings <sup>1</sup>	\$36 million
# of Funds	53
# of Investment Professionals	151
# of Offices	6

## Operating Metrics

CSP II - MOIC (All Assets)	1.6x
CSP II - Gross IRR (All Assets)	17%
Claren Road Master Fund - Gross IRR (All Assets)	10%
Claren Road Opportunities Fund - Gross IRR (All Assets)	16%
Fee-Earning AUM	\$27.7 billion
Total AUM	\$29.0 billion
Dry Powder	\$1.3 billion

## Segment Composition

Product Line	Strategy	\$ AUM (bn)	# of Funds
<b>Structured Credit</b>			
Structured Credit - US & Europe	Invests in performing broadly syndicated senior secured bank loans through CLOs and synthetic structures	\$15.0	37
Middle Market Lending	Provides financing, primarily through senior secured loans and subordinated debt to middle market companies	\$1.2	1
<b>Carry Funds</b>			
Strategic Partners	Invests in debt and equity of operationally sound, financially distressed companies, seeking to exert influence or obtain control where appropriate	\$1.8	3
Corporate Mezzanine	Middle market mezzanine investments, focused on LBOs, recapitalizations, acquisitions and growth financings	\$0.7	2
Energy Mezzanine	Invests in mezzanine debt investments in North American energy and power projects and companies	\$0.7	1
<b>Hedge Funds</b>			
Emerging Sovereign Group	Emerging markets investment manager focused on macro, long/short equity and other strategic/tactical global macro strategies	\$2.5	7
Claren Road Asset Management	Long/short credit manager focused on global high grade, high yield, sovereign debt, cash and derivative markets	\$7.1	2
<b>Total</b>		<b>\$29.0</b>	<b>53</b>

(1) Comprised of the former investment team of Churchill Financial LLC.

As of 6/30/2012. Note: Select fund list includes funds with more than \$1 billion in commitments.  
1. Year to date through 2Q 2012.

# Real Assets

## Financial Data

ENI <sup>1</sup>	\$72 million
DE <sup>1</sup>	\$49 million
Fee-Related Earnings <sup>1</sup>	\$2 million
# of Funds	17
# of Investment Professionals	130
# of Offices	13

## Operating Metrics

MOIC (Realized & Partially Realized)	2.0x
MOIC (All Assets)	1.5x
Gross IRR (Realized & Partially Realized)	28%
Gross IRR (All Assets)	17%
Fee-Earning AUM	\$19.5 billion
Total AUM	\$30.0 billion
Dry Powder	\$7.1 billion

## Select Active Fund Level Information

Fund	Fully/ Partially Invested	Inception Date	Committed Capital	Cumulatively Invested Capital	MOIC	Gross IRR
<b>Carlyle Realty Partners (CRP)</b>						
CRP III	Invested	Nov-00	\$564	\$523	2.5x	44%
CRP IV	Invested	Dec-04	\$950	\$1,186	0.9x	(3%)
CRP V	Invested	Nov-06	\$3,000	\$3,123	1.3x	8%
CRP VI	Partially	Sep-10	\$2,340	\$517	1.1x	n/m
<b>Carlyle Europe Real Estate Partners (CEREP)</b>						
CEREP I	Invested	Mar-02	€ 427	€ 517	1.4x	13%
CEREP II	Invested	Apr-05	€ 763	€ 827	0.4x	(22%)
CEREP III	Invested	May-07	€ 2,230	€ 1,475	1.2x	6%
<b>Infrastructure Fund (CIP)</b>						
CIP	Partially	Sep-06	\$1,144	\$733	1.0x	0%
<b>Energy Funds</b>						
Energy II	Invested	Jul-02	\$1,100	\$1,314	2.8x	82%
Energy III	Invested	Oct-05	\$3,800	\$3,467	1.9x	17%
Energy IV	Invested	Dec-07	\$5,979	\$4,698	1.6x	26%
<b>Other Funds</b>						
Renew II	Partially	Mar-08	\$3,418	\$2,418	1.4x	17%

As of 6/30/2012. Note: Select fund list includes funds with more than \$1 billion in commitments.

1. Year to date through 2Q 2012.