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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2020
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

As of April 27, 2020, there were 348,358,623 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 ☒

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Forward-Looking Statements

This report may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, contingencies, our dividend policy, our expectations regarding the impact of COVID-19, 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, 2019 filed with the United States Securities and Exchange Commission (“SEC”) on February 12, 2020, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other periodic filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Website and Social Media Disclosure

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

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

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

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

“Carry funds” generally refers to closed-end investment vehicles, in which commitments are drawn down over a specified investment period, and in which the general partner receives a special residual allocation of income from limited partners, which we refer to as carried interest, in the event that specified investment returns are achieved by the fund. Disclosures referring to carry funds will also include the impact of certain commitments which do not earn carried interest, but are either part of, or associated with our carry funds. The rate of carried interest, as well as the share of carried interest allocated to Carlyle, may vary across the carry fund platform. Carry funds generally include the following investment vehicles across our four business segments:

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

Carry funds specifically exclude certain funds advised by NGP in which Carlyle is not entitled to receive a share of carried interest (or "NGP Predecessor Funds"), collateralized loan obligation vehicles ("CLOs"), as well as our business development companies and associated managed accounts.

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

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

(a) the amount of limited partner capital commitments, generally for carry funds where the original investment period has not expired, for AlpInvest carry funds during the commitment fee period and for Metropolitan carry funds during the weighted-average investment period of the underlying funds;

(b) the remaining amount of limited partner invested capital at cost, generally for carry funds and certain co-investment vehicles where the original investment period has expired, Metropolitan carry funds after the expiration of the weighted-average investment period of the underlying funds, and one of our business development companies;

(c) the amount of aggregate fee-earning collateral balance 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 our open-ended funds (pre redemptions and subscriptions), as well as certain carry funds;

(e) the gross assets (including assets acquired with leverage), excluding cash and cash equivalents, of one of our business development companies and certain carry funds; or

(f) the lower of cost or fair value of invested capital, generally for AlpInvest carry funds where the commitment fee period has expired and certain carry funds where the investment period has expired.

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

(a) the aggregate fair value of our carry funds and related co-investment vehicles, NGP Predecessor Funds and separately managed accounts, plus the capital that Carlyle is entitled to call from investors in those funds and vehicles (including Carlyle commitments to those funds and vehicles and those of senior Carlyle professionals and employees) pursuant to the terms of their capital commitments to those funds and vehicles;

(b) the amount of aggregate collateral balance and principal cash 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 (pre-redemptions and subscriptions) of our open-ended funds; and

(d) the gross assets (including assets acquired with leverage) of our business development companies, plus the capital that Carlyle is entitled to call from investors in those vehicles pursuant to the terms of their capital commitments to those vehicles.

We include in our calculation of AUM and Fee-earning AUM certain energy and renewable resources funds that we jointly advise with Riverstone Holdings L.L.C. ("Riverstone") and the NGP Predecessor Funds and NGP Carry Funds (collectively, the "NGP Energy Funds") that are advised by NGP.

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

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2020	December 31, 2019
	(Unaudited)	
Assets		
Cash and cash equivalents	**$ 1,007.9**	$ 793.4
Cash and cash equivalents held at Consolidated Funds	**170.9**	122.4
Restricted cash	**0.6**	34.6
Investments, including accrued performance allocations of $2,752.1 million and $3,855.6 million as of March 31, 2020 and December 31, 2019, respectively	**5,391.1**	6,804.4
Investments of Consolidated Funds	**4,465.3**	5,007.3
Due from affiliates and other receivables, net	**228.0**	273.9
Due from affiliates and other receivables of Consolidated Funds, net	**88.8**	74.4
Fixed assets, net	**120.6**	108.2
Lease right-of-use assets, net	**194.2**	203.8
Deposits and other	**54.4**	54.0
Intangible assets, net	**58.3**	62.3
Deferred tax assets	**304.5**	270.1
Total assets	**$ 12,084.6**	$ 13,808.8
Liabilities and equity		
Debt obligations	**$ 2,188.3**	$ 1,976.3
Loans payable of Consolidated Funds	**4,196.3**	4,706.7
Accounts payable, accrued expenses and other liabilities	**301.6**	354.9
Accrued compensation and benefits	**1,773.3**	2,496.5
Due to affiliates	**456.1**	542.1
Deferred revenue	**296.3**	71.0
Deferred tax liabilities	**36.4**	65.2
Other liabilities of Consolidated Funds	**471.0**	316.1
Lease liabilities	**273.8**	288.2
Accrued giveback obligations	**22.4**	22.2
Total liabilities	**10,015.5**	10,839.2
Commitments and contingencies		
Partners' capital (common units, 117,840,651 issued and outstanding as of December 31, 2019)	**—**	703.8
Common stock, $0.01 par value, 100,000,000,000 shares authorized (348,358,623 shares issued and outstanding as of March 31, 2020)	**3.5**	—
Additional paid-in-capital	**2,569.0**	—
Retained earnings (deficit)	**(612.0)**	—
Accumulated other comprehensive loss	**(95.1)**	(85.2)
Non-controlling interests in consolidated entities	**203.7**	333.5
Non-controlling interests in Carlyle Holdings	**—**	2,017.5
Total equity	**2,069.1**	2,969.6
Total liabilities and equity	**$ 12,084.6**	$ 13,808.8

See accompanying notes.

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

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Revenues		
Fund management fees	**$ 355.9**	$ 353.4
Incentive fees	**8.9**	8.1
Investment income (loss)		
Performance allocations	**(937.6)**	349.1
Principal investment income (loss)	**(253.3)**	301.8
Total investment income (loss)	**(1,190.9)**	650.9
Interest and other income	**27.4**	22.2
Interest and other income of Consolidated Funds	**53.0**	52.4
Total revenues	**(745.7)**	1,087.0
Expenses		
Compensation and benefits		
Cash-based compensation and benefits	**204.3**	210.5
Equity-based compensation	**29.1**	36.0
Performance allocations and incentive fee related compensation	**(442.5)**	185.4
Total compensation and benefits	**(209.1)**	431.9
General, administrative and other expenses	**69.6**	112.5
Interest	**23.9**	19.7
Interest and other expenses of Consolidated Funds	**45.6**	38.1
Other non-operating expenses	**0.2**	0.3
Total expenses	**(69.8)**	602.5
Other income (loss)		
Net investment losses of Consolidated Funds	**(113.1)**	(14.2)
Income (loss) before provision for income taxes	**(789.0)**	470.3
Provision (benefit) for income taxes	**(80.0)**	24.0
Net income (loss)	**(709.0)**	446.3
Net loss attributable to non-controlling interests in consolidated entities	**(97.0)**	(4.5)
Net income (loss) attributable to Carlyle Holdings	**(612.0)**	450.8
Net income attributable to non-controlling interests in Carlyle Holdings	**—**	307.9
Net income (loss) attributable to The Carlyle Group Inc.	**(612.0)**	142.9
Net income attributable to Series A Preferred Unitholders	**—**	5.9
Net income (loss) attributable to The Carlyle Group Inc. Common Stockholders	**$ (612.0)**	$ 137.0
Net income (loss) attributable to The Carlyle Group Inc. per common share (see Note 11)		
Basic	**$ (1.76)**	$ 1.25
Diluted	**$ (1.76)**	$ 1.18
Weighted-average common shares		
Basic	**348,239,759**	109,210,460
Diluted	**348,239,759**	115,818,538

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

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

	Three Months Ended March 31,	
	2020	**2019**
Net income (loss)	**$ (709.0)**	$ 446.3
Other comprehensive income (loss)		
Foreign currency translation adjustments	**(22.9)**	1.9
Unrealized gains (losses) on Fortitude Re available-for-sale securities	**(7.7)**	5.6
Defined benefit plans		
Unrealized gain (loss) for the period	**(3.2)**	1.7
Less: reclassification adjustment for gain during the period, included in cash-based compensation and benefits expense	**0.4**	0.3
Other comprehensive income (loss)	**(33.4)**	9.5
Comprehensive income (loss)	**(742.4)**	455.8
Comprehensive loss attributable to non-controlling interests in consolidated entities	**(109.7)**	(4.2)
Comprehensive income (loss) attributable to Carlyle Holdings	**(632.7)**	460.0
Comprehensive income attributable to non-controlling interests in Carlyle Holdings	**—**	314.0
Comprehensive income (loss) attributable to The Carlyle Group Inc.	**$ (632.7)**	$ 146.0

See accompanying notes.

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

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

	Common Units	Preferred Equity	Partners' Capital	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Entities	Non-controlling Interests in Carlyle Holdings	Total Partners' Capital
Balance at December 31, 2018	**107.7**	**$ 387.5**	**$ 673.4**	**$ (83.3)**	**$ 324.2**	**$ 1,534.5**	**$ 2,836.3**
Reallocation of ownership interests in Carlyle Holdings	—	—	13.3	(1.1)	—	(12.2)	—
Exchange of Carlyle Holdings units for common units	0.2	—	1.4	(0.2)	—	(1.2)	—
Units repurchased	(0.6)	—	(10.4)	—	—	—	(10.4)
Deferred tax effects resulting from acquisition of interests in Carlyle Holdings	—	—	0.1	—	—	—	0.1
Equity-based compensation	—	—	12.0	—	—	25.4	37.4
Issuances of common units for equity-based awards	2.8	—	—	—	—	—	—
Contributions	—	—	—	—	2.2	—	2.2
Distributions	—	(5.9)	(47.4)	—	(32.2)	(99.4)	(184.9)
Net income	—	5.9	137.0	—	(4.5)	307.9	446.3
Cumulative effect adjustment upon adoption of ASU 2016-2	—	—	(0.2)	—	—	(0.5)	(0.7)
Currency translation adjustments	—	—	—	0.7	0.3	0.9	1.9
Unrealized gains on Fortitude Re available-for-sale securities	—	—	—	1.8	—	3.8	5.6
Defined benefit plans, net	—	—	—	0.6	—	1.4	2.0
Balance at March 31, 2019	**110.1**	**$ 387.5**	**$ 779.2**	**$ (81.5)**	**$ 290.0**	**$ 1,760.6**	**$ 3,135.8**

See accompanying notes.

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

	Three Months Ended March 31,	
	2020	**2019**
Cash flows from operating activities		
Net income (loss)	$ **(709.0)**	$ 446.3
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	**12.6**	14.8
Equity-based compensation	**29.1**	36.0
Non-cash performance allocations and incentive fees	**550.5**	(167.8)
Non-cash principal investment (income) loss	**252.1**	(299.7)
Other non-cash amounts	**(9.5)**	11.1
Consolidated Funds related:		
Realized/unrealized (gain) loss on investments of Consolidated Funds	**932.7**	(1.1)
Realized/unrealized (gain) loss from loans payable of Consolidated Funds	**(819.6)**	15.3
Purchases of investments by Consolidated Funds	**(807.5)**	(310.4)
Proceeds from sale and settlements of investments by Consolidated Funds	**327.2**	598.8
Non-cash interest income, net	**(1.2)**	(0.8)
Change in cash and cash equivalents held at Consolidated Funds	**(51.4)**	14.1
Change in other receivables held at Consolidated Funds	**(15.9)**	88.1
Change in other liabilities held at Consolidated Funds	**162.3**	(225.2)
Other non-cash amounts of Consolidated Funds	**(0.2)**	—
Purchases of investments	**(42.7)**	(71.3)
Proceeds from the sale of investments	**99.8**	138.7
Changes in deferred taxes, net	**(101.0)**	14.7
Change in due from affiliates and other receivables	**11.1**	59.9
Change in deposits and other	**(2.1)**	(8.4)
Change in accounts payable, accrued expenses and other liabilities	**(54.0)**	(68.9)
Change in accrued compensation and benefits	**(196.6)**	(137.6)
Change in due to affiliates	**(35.2)**	(2.2)
Change in lease right-of-use assets and lease liabilities	**(3.3)**	(1.1)
Change in deferred revenue	**225.9**	197.7
Net cash (used in) provided by operating activities	**(245.9)**	341.0
Cash flows from investing activities		
Purchases of fixed assets, net	**(13.2)**	(7.1)
Net cash used in investing activities	**(13.2)**	(7.1)
Cash flows from financing activities		
Borrowings under credit facilities	**251.0**	—
Repayments under credit facilities	**(35.8)**	—
Repayment of term loan	**—**	(25.0)
Payments on debt obligations	**(0.3)**	(6.8)
Proceeds from debt obligations, net of financing costs	**—**	20.5
Net borrowings (payments) on loans payable of Consolidated Funds	**393.3**	(157.1)
Dividends to common stockholders	**(87.4)**	(47.4)
Distributions to preferred unitholders	**—**	(5.9)
Distributions to non-controlling interest holders in Carlyle Holdings	**—**	(99.4)
Payment of deferred consideration for Carlyle Holdings units	**(68.8)**	—
Contributions from non-controlling interest holders	**4.2**	2.2
Distributions to non-controlling interest holders	**(24.3)**	(9.8)
Common shares repurchased	**(26.4)**	(10.4)
Change in due to/from affiliates financing activities	**51.1**	87.3
Net cash provided by (used in) financing activities	**456.6**	(251.8)
Effect of foreign exchange rate changes	**(17.0)**	7.7
Increase in cash, cash equivalents and restricted cash	**180.5**	89.8
Cash, cash equivalents and restricted cash, beginning of period	**828.0**	638.3
Cash, cash equivalents and restricted cash, end of period	$ **1,008.5**	$ 728.1
Supplemental non-cash disclosures		

Tax effects from the conversion to a Corporation recorded in equity	**$**	**53.6**	$	—
Net increase in partners' capital and accumulated other comprehensive income related to reallocation of ownership interest in Carlyle Holdings	**$**	**—**	$	12.2
Non-cash distributions to non-controlling interest holders	**$**	**—**	$	(22.4)
Net asset impact of deconsolidation of Consolidated Funds	**$**	**—**	$	(13.1)
Tax effect from acquisition of Carlyle Holdings partnership units:				
Deferred tax asset	**$**	**—**	$	0.6
Tax receivable agreement liability	**$**	**—**	$	0.5
Total partners' capital	**$**	**—**	$	0.1
Reconciliation of cash, cash equivalents and restricted cash, end of period:				
Cash and cash equivalents	**$**	**1,007.9**	$	723.0
Restricted cash		**0.6**		5.1
Total cash, cash equivalents and restricted cash, end of period	**$**	**1,008.5**	$	728.1
Cash and cash equivalents held at Consolidated Funds	**$**	**170.9**	$	213.9

See accompanying notes.

1. Organization and Basis of Presentation

Effective on January 1, 2020, The Carlyle Group L.P. converted from a Delaware limited partnership to a Delaware corporation named The Carlyle Group Inc. (the "Conversion"). As a result of the Conversion, each common unit was converted into a share of common stock. Under the laws of its incorporation, The Carlyle Group Inc. is deemed to be the same entity as The Carlyle Group L.P. (the "Partnership"). Unless the context suggests otherwise, references to "Carlyle" or the "Company," refer to (i) The Carlyle Group Inc. and its consolidated subsidiaries following the Conversion and (ii) The Carlyle Group L.P. and its consolidated subsidiaries prior to the Conversion. Because the Conversion became effective January 1, 2020, the accompanying consolidated financial statements as of December 31, 2019 and for the three months ended March 31, 2019 and related notes reflect the results of a partnership, and not a corporation.

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

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

Basis of Presentation

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

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information. These statements, including notes, have not been audited, exclude some of the disclosures required for annual financial statements, and should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the Securities and Exchange Commission ("SEC"). The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, consisting of normal recurring accruals, which are necessary for the fair presentation of the financial condition and results of operations for the interim periods presented.

2. Summary of Significant Accounting Policies

Principles of Consolidation

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

The Company evaluates (1) whether it holds a variable interest in an entity, (2) whether the entity is a VIE, and (3) whether the Company's involvement would make it the primary beneficiary. In evaluating whether the Company holds a variable interest, fees (including management fees, incentive fees and performance allocations) that are customary and commensurate with the level of services provided, and where the Company does not hold other economic interests in the entity that would absorb more than an insignificant amount of the expected losses or returns of the entity, are not considered variable interests. The Company considers all economic interests, including indirect interests, to determine if a fee is considered a variable interest.

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

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

As of March 31, 2020, assets and liabilities of the consolidated VIEs reflected in the unaudited condensed consolidated balance sheets were $4.7 billion and $4.7 billion, respectively. Except to the extent of the consolidated assets of the VIEs, the holders of the consolidated VIEs' liabilities generally do not have recourse to the Company.

Substantially all of the Company's Consolidated Funds are CLOs, which are VIEs that issue loans payable that are backed by diversified collateral asset portfolios consisting primarily of loans or structured debt. In exchange for managing the collateral for the CLOs, the Company earns investment management fees, including in some cases subordinated management fees and contingent incentive fees. In cases where the Company consolidates the CLOs (primarily because of a retained interest that is significant to the CLO), those management fees have been eliminated as intercompany transactions. As of March 31, 2020, the Company held $62.4 million of investments in these CLOs which represents its maximum risk of loss. The Company's investments in these CLOs are generally subordinated to other interests in the entities and entitle the Company to receive a pro rata portion of the residual cash flows, if any, from the entities. Investors in the CLOs have no recourse against the Company for any losses sustained in the CLO structure.

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

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

Investments in Unconsolidated Variable Interest Entities

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

	As of	
	March 31, 2020	December 31, 2019
	(Dollars in millions)	
Investments	$ **939.3**	$ 1,029.5
Accrued performance revenues	**115.6**	160.2
Management fee receivables	**27.4**	35.4
Total	$ **1,082.3**	$ 1,225.1

These amounts represent the Company's maximum exposure to loss related to the unconsolidated VIEs as of March 31, 2020 and December 31, 2019.

Basis of Accounting

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

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

Use of Estimates

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

Business Combinations

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

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. ASC 606 includes a five-step framework that requires an entity to: (i) identify the contract(s) with a customer, (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", which comprises substantially all of the Company's previously reported performance fee revenues) as earnings from financial assets within the scope of ASC 323, *Investments - Equity Method and Joint Ventures*, and therefore are not in the scope of ASC 606. In accordance with ASC 323, the Company records equity method income (losses) as a component of investment income based on the change in its proportionate claim on net assets of the investment fund, including performance allocations, assuming the investment fund was liquidated as of each reporting date pursuant to each fund's governing agreements. See Note 4 for additional information on the components of investments and investment income. Performance fees that do not meet the definition of performance-based capital allocations are in the scope of ASC 606 and are included in incentive fees in the unaudited condensed consolidated statements of operations. The calculation of unrealized performance revenues utilizes investment valuations of the funds' underlying investments, which are derived using the policies, methodologies and templates prepared by the Company's valuation group, as described in Note 3, Fair Value Measurement.

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

Fund Management Fees

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

As it relates to the Company's performance obligation to provide investment management services, the Company typically satisfies this performance obligation over time as the services are rendered, since the funds simultaneously receive and consume the benefits provided as the Company performs the service. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the funds. Management fees earned from each investment management contract over the contract life represent variable consideration because the consideration the Company is entitled to varies based on fluctuations in the basis for the management fee, for example fund net asset value ("NAV") or 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 Corporate Private Equity, Real Assets and Global Credit segments, management fees generally range from 1.0% to 2.0% of commitments during the fund's investment period based on limited partners' capital commitments to the funds. Following the expiration or termination of the investment period, management fees generally are based on the lower of cost or fair value of invested capital and the rate charged may also be reduced to between 0.6% and 2.0%. For certain separately managed accounts and longer-dated carry funds, with expected terms greater than ten years, management fees generally range from 0.2% to 1.0% based on contributions for unrealized investments or the current value of the investment. 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, management fees are called quarterly over the life of the funds.

Within the Global Credit segment, for CLOs and other structured products, management fees generally range from 0.4% to 0.5% based on the total par amounts of assets or the aggregate principal amount of the notes in the CLO and are due quarterly based on the terms and recognized over the respective period. Management fees for the CLOs and other structured products are governed by indentures and collateral management agreements and are subject to deferral under certain conditions. During the three months ended March 31, 2020, the Company deferred approximately $3.5 million of subordinated management fees on its CLOs (after the effect of consolidated CLOs). The Company will receive management fees for the CLOs until redemption of the securities issued by the CLOs, which is generally five to ten years after issuance. Management fees for the business development companies are due quarterly in arrears at annual rates that range from 1.25% of invested capital to 1.5% of gross assets, excluding cash and cash equivalents.

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

As of March 31, 2020 and December 31, 2019, management fee receivables were $78.9 million and $88.8 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. Transaction fees also include underwriting fees from the Company’s loan syndication and capital markets business, Carlyle Capital Solutions (“CCS”). Fund management fees include transaction and portfolio advisory fees of $4.4 million and $8.8 million for the three months ended March 31, 2020 and 2019, respectively, net of any offsets as defined in the respective partnership agreements.

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

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

Incentive Fees

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

Investment Income (Loss), including Performance Allocations

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

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

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

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

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

Interest Income

Interest income is recognized when earned. For debt securities representing non-investment grade beneficial interests in securitizations, the effective yield is determined based on the estimated cash flows of the security. Changes in the effective yield of these securities due to changes in estimated cash flows are recognized on a prospective basis as adjustments to interest income in future periods. Interest income earned by the Company is included in interest and other income in the accompanying unaudited condensed consolidated statements of operations. Interest income of the Consolidated Funds was $51.1 million and $51.0 million for the three months ended March 31, 2020 and 2019, respectively, and is included in interest and other income of Consolidated Funds in the accompanying unaudited condensed consolidated statements of operations.

Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)*, which was adopted by the Company on January 1, 2020. For more information regarding adoption, see "*Recent Accounting Pronouncements Recently Issued Accounting Standards Adopted as of January 1, 2020*" below.

Under ASU 2016-13, 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. As part of its adoption process, the Company assessed the collection risk characteristics of the outstanding amounts in its due from affiliates balance to define the following pools of receivables:

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

- Notes receivable.

The Company generally utilizes either historical credit loss information or discounted cash flows to calculate expected credit losses for each pool. Historical credit loss data may be adjusted for current conditions and reasonable and supportable forecasts. The Company's receivables are predominantly with its investment funds, which have low risk of credit loss based on the Company's historical experience. Therefore the adoption of ASU 2016-13 did not have a material impact to the accompanying unaudited condensed consolidated financial statements.

Compensation and Benefits

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

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

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

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

Performance Allocations and Incentive Fee Related Compensation – A portion of the performance allocations and incentive fees earned is due to employees and advisors of the Company. These amounts are accounted for as compensation expense in conjunction with the recognition of the related performance allocations and incentive fee revenue and, until paid, are recognized as a component of the accrued compensation and benefits liability. Accordingly, upon a reversal of performance allocations or incentive fee revenue, the related compensation expense, if any, is also reversed. As of March 31, 2020 and December 31, 2019, the Company had recorded a liability of $1.5 billion and $2.0 billion, respectively, related to the portion of accrued performance allocations and incentive fees due to employees and advisors, respectively, which was included in accrued compensation and benefits in the accompanying unaudited condensed consolidated balance sheets.

Income Taxes

The Carlyle Group Inc. is a corporation for U.S. federal income tax purposes and thus is subject to U.S. federal, state and local corporate income taxes. Prior to the Conversion, The Carlyle Group L.P. was generally organized as a series of pass-through entities and therefore generally not subject to U.S. federal income taxes, with the exception of certain wholly-owned subsidiaries which were subject to federal, state, local and foreign corporate income taxes at the entity level. Tax positions taken by the Company are subject to periodic audit by U.S. federal, state, local and foreign taxing authorities.

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.

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

Tax Receivable Agreement

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

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

Non-controlling Interests

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

Prior to the Conversion, the Company recorded non-controlling interests in Carlyle Holdings, which relates to the ownership interests of the other limited partners of the Carlyle Holdings partnerships. The Company, through wholly-owned subsidiaries, was the sole general partner of Carlyle Holdings. Accordingly, the Company consolidated the financial position and results of operations of Carlyle Holdings into its consolidated financial statements, and the other ownership interests in Carlyle Holdings were reflected as non-controlling interests in the Company’s unaudited condensed consolidated financial statements. Any change to the Company’s ownership interest in Carlyle Holdings was accounted for as a transaction within partners’ capital as a reallocation of ownership interests in Carlyle Holdings. As part of the Conversion, the limited partners of the Carlyle Holdings partnerships exchanged their Carlyle Holdings partnership units for an equivalent number shares of common stock of The Carlyle Group Inc., which was accounted for as a transaction within equity. As a result, the consolidated balance sheet and consolidated statement of operations of The Carlyle Group Inc. do not reflect any non-controlling interests in Carlyle Holdings following the Conversion.

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. Prior to the Conversion, we applied the “if-converted” method to Carlyle Holdings partnership units to determine the dilutive weighted-average common shares outstanding. Net income (loss) attributable to the common shares excludes net income (loss) and dividends attributable to any participating securities under the two-class method of ASC 260. Subsequent to the Conversion, the Company has a single class of stock and therefore, the “if-converted” method is no longer be applied in the computation of diluted earnings per share.

Investments

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

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

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

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

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

Principal Equity Method Investments

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

Cash and Cash Equivalents

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

Cash and Cash Equivalents Held at Consolidated Funds

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

Restricted Cash

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

Derivative Instruments

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

Securities Sold Under Agreements to Repurchase

As it relates to certain European CLOs sponsored by the Company, securities sold under agreements to repurchase ("repurchase agreements") are accounted for as collateralized financing transactions. The Company provides securities to counterparties to collateralize amounts borrowed under repurchase agreements on terms that permit the counterparties to repledge or resell the securities to others. As of March 31, 2020, $40.8 million of securities were transferred to counterparties under repurchase agreements and are included within investments in the unaudited condensed consolidated balance sheets. Cash received under repurchase agreements is recognized as a liability within debt obligations in the unaudited condensed consolidated balance sheets. Interest expense is recognized on an effective yield basis and is included within interest expense in the unaudited condensed consolidated statements of operations. See Note 5 for additional information.

Fixed Assets

Fixed assets consist of furniture, fixtures and equipment, leasehold improvements, and computer hardware and software and are stated at cost, less accumulated depreciation and amortization. Depreciation is recognized on a straight-line method over the assets' estimated useful lives, which for leasehold improvements are the lesser of the lease terms or the life of the asset, and three to seven years for other fixed assets. Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Leases

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

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

Intangible Assets and Goodwill

The Company's intangible assets consist of acquired contractual rights to earn future fee income, including management and advisory fees, customer relationships, and acquired trademarks. Finite-lived intangible assets are amortized over their estimated useful lives, which range from four to ten years, and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Intangible asset amortization expense was $3.6 million and $3.9 million during the three months ended March 31, 2020 and 2019, respectively, and is included in general, administrative, and other expenses in the unaudited condensed consolidated statements of operations.

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

Deferred Revenue

Deferred revenue represents management fees and other revenue received prior to the balance sheet date, which has not yet been earned. The increase in the deferred revenue balance for the three months ended March 31, 2020 was primarily driven by cash payments received in advance of the Company satisfying its performance obligations, partially offset by revenues that were included in the deferred revenue balance at the beginning of the period.

Accumulated Other Comprehensive Income (Loss)

The Company's accumulated other comprehensive income (loss) is comprised of foreign currency translation adjustments and gains and losses on defined benefit plans sponsored by AlpInvest. The components of accumulated other comprehensive income (loss) as of March 31, 2020 and December 31, 2019 were as follows:

	As of	
	March 31, 2020	December 31, 2019
	(Dollars in millions)	
Currency translation adjustments	$ (84.5)	$ (85.1)
Unrealized losses on defined benefit plans	(9.4)	(6.6)
Fortitude Re available-for-sale securities	(1.2)	6.5
Total	$ (95.1)	$ (85.2)

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 $17.2 million and $(12.7) million for the three months ended March 31, 2020 and 2019, respectively, are included in general, administrative and other expenses in the unaudited condensed consolidated statements of operations.

Recent Accounting Pronouncements

Recently Issued Accounting Standards Adopted as of January 1, 2020

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 eliminates, adds and modifies certain disclosure requirements for fair value measurements. This guidance was adopted by the Company on January 1, 2020.

In January 2017, the FASB issued ASU 2017-4, *Intangibles - Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment*. ASU 2017-04 simplifies an entity's annual goodwill test for impairment by eliminating the requirement to calculate the implied fair value of goodwill, and instead an entity should compare the fair value of a reporting unit with its carrying amount. The impairment charge will then be the amount by which the carrying amount exceeds the reporting unit's fair value. An entity would still have the option to perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The guidance was adopted by the Company on January 1, 2020 using a prospective transition method, and the impact was not material.

In June 2016, the FASB issued ASU 2016-13, *Accounting for Financial Instruments - Credit Losses (Topic 326)*. ASU 2016-13 requires an organization 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. Previously, GAAP required an "incurred loss" methodology that delayed recognition until it was probable a loss had been incurred. Under the new standard, the allowance for credit losses must be deducted from the amortized cost of the financial asset to present the net amount expected to be collected. The income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. The Company adopted this guidance using the modified retrospective transition method on January 1, 2020, and the impact was not material.

3. Fair Value Measurement

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

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

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

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

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

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

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

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

(Dollars in millions)	Level I	Level II	Level III	Total
Assets				
Investments of Consolidated Funds:				
Equity securities	$ —	$ —	$ 91.2	$ 91.2
Bonds	—	—	423.9	423.9
Loans	—	—	3,950.2	3,950.2
	—	—	4,465.3	4,465.3
Investments in CLOs and other	—	—	396.4	396.4
Foreign currency forward contracts	—	1.5	—	1.5
Total	$ —	$ 1.5	$ 4,861.7	$ 4,863.2
Liabilities				
Loans payable of Consolidated Funds[(1)]	$ —	$ —	$ 4,090.8	$ 4,090.8
Foreign currency forward contracts	—	3.6	—	3.6
Total	$ —	$ 3.6	$ 4,090.8	$ 4,094.4

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

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis by the above fair value hierarchy levels as of December 31, 2019:

(Dollars in millions)	Level I	Level II	Level III	Total
Assets				
Investments of Consolidated Funds:				
Equity securities	$ —	$ —	$ 19.4	$ 19.4
Bonds	—	—	574.1	574.1
Loans	—	—	4,413.8	4,413.8
	—	—	5,007.3	5,007.3
Investments in CLOs and other	—	—	496.2	496.2
Foreign currency forward contracts	—	0.1	—	0.1
Total	$ —	$ 0.1	$ 5,503.5	$ 5,503.6
Liabilities				
Loans payable of Consolidated Funds[(1)]	$ —	$ —	$ 4,685.2	$ 4,685.2
Foreign currency forward contracts	—	0.3	—	0.3
Total	$ —	$ 0.3	$ 4,685.2	$ 4,685.5

(1) 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.

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

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

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

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

CLO Investments and CLO Loans Payable – The Company measures the financial liabilities of its consolidated CLOs based on the fair value of the financial assets of its consolidated CLOs, as the Company believes the fair value of the financial assets are more observable. The fair values of the CLO 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. 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 loans payable held by third party beneficial interest holders on the basis of the fair value of the financial assets of the CLO and the beneficial interests held by the Company. The Company continues to measure the CLO loans payable that it holds at fair value based on both discounted cash flow analyses and third-party quotes, as described above.

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

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

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

	Financial Assets			
	Three Months Ended March 31, 2019			
	Investments of Consolidated Funds			
	Bonds	Loans	Investments in CLOs and other	Total
Balance, beginning of period	$ 690.1	$ 4,596.5	$ 446.4	$ 5,733.0
Deconsolidation of funds(1)	—	(883.7)	1.7	(882.0)
Purchases	69.5	240.9	29.7	340.1
Sales and distributions	(100.3)	(368.2)	(4.0)	(472.5)
Settlements	—	(130.3)	—	(130.3)
Realized and unrealized gains (losses), net				
Included in earnings	7.6	(5.8)	(4.1)	(2.3)
Included in other comprehensive income	(13.5)	(71.8)	2.6	(82.7)
Balance, end of period	$ 653.4	$ 3,377.6	$ 472.3	$ 4,503.3
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	$ 6.5	$ (16.1)	$ (4.1)	$ (13.7)

(1) As a result of the deconsolidation of two CLOs during the three months ended March 31, 2019, the investments that the Company held in those CLOs are no longer eliminated in consolidation and are now included in investments in CLOs and other.

	Financial Liabilities	
	Loans Payable of Consolidated Funds	
	Three Months Ended March 31,	
	2020	**2019**
Balance, beginning of period	**$ 4,685.2**	$ 4,840.1
Deconsolidation/consolidation of funds	**—**	(870.6)
Borrowings	**1,038.4**	142.4
Paydowns	**(729.0)**	(299.5)
Realized and unrealized (gains) losses, net		
Included in earnings	**(816.6)**	15.2
Included in other comprehensive income	**(87.2)**	(77.6)
Balance, end of period	**$ 4,090.8**	$ 3,750.0
Changes in unrealized (gains) losses included in earnings related to financial liabilities still held at the reporting date	**$ (816.9)**	$ 2.7
Changes in unrealized (gains) losses included in other comprehensive income related to financial liabilities still held at the reporting date	**$ (79.6)**	$ —

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

Gains and losses included in other comprehensive income for all Level III financial asset and liabilities are included in accumulated other comprehensive loss, non-controlling interests in consolidated entities and, prior to the Conversion, non-controlling interests in Carlyle Holdings in the unaudited condensed consolidated balance sheets.

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

(Dollars in millions)	Fair Value at March 31, 2020	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Assets				
Investments of Consolidated Funds:				
Equity securities	**$ 0.7**	Consensus Pricing	Indicative Quotes ($ per share)	0.00 - 0.21 (0.02)
	90.5	Discounted Cash Flow	Discount Rates	8% - 8% (8%)
Bonds	**423.9**	Consensus Pricing	Indicative Quotes (% of Par)	0 - 101 (76)
Loans	**3,950.2**	Consensus Pricing	Indicative Quotes (% of Par)	2 - 100 (81)
	4,465.3			
Investments in CLOs and other:				
Senior secured notes	**351.3**	Discounted Cash Flow with Consensus Pricing	Discount Margins (Basis Points)	3 - 3,000 (425)
			Default Rates	2% - 7% (4%)
			Recovery Rates	40% - 60% (48%)
			Indicative Quotes (% of Par)	28 - 100 (88)
Subordinated notes and preferred shares	**27.5**	Discounted Cash Flow with Consensus Pricing	Discount Rates	20% - 40% (32%)
			Default Rates	2% - 7% (4%)
			Recovery Rates	40% - 60% (49%)
			Indicative Quotes (% of Par)	10 - 41 (29)
Aviation subordinated notes	**7.0**	Discounted Cash Flow	Discount Rates	24% - 24% (24%)
Loans	**10.6**	Consensus Pricing	Indicative Quotes (% of Par)	93 - 94 (93)
Total	**$ 4,861.7**			
Liabilities				
Loans payable of Consolidated Funds:				
Senior secured notes	**$ 3,977.3**	Other (1)	N/A	N/A
Subordinated notes and preferred shares	**113.5**	Discounted Cash Flow with Consensus Pricing	Discount Rates	20% - 40% (28%)
			Default Rates	2% - 7% (5%)
			Recovery Rates	40% - 60% (46%)
			Indicative Quotes (% of Par)	22 - 60 (37)
Total	**$ 4,090.8**			

(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 following table summarizes quantitative information about the Company's Level III inputs as of December 31, 2019:

(Dollars in millions)		Fair Value at December 31, 2019	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Assets					
Investments of Consolidated Funds:					
Equity securities	$	1.6	Consensus Pricing	Indicative Quotes ($ per share)	0.01 - 25.18 (0.04)
		17.8	Discounted Cash Flow	Discount Rates	8% - 8% (8%)
Bonds		574.1	Consensus Pricing	Indicative Quotes (% of Par)	0 - 108 (98)
Loans		4,413.8	Consensus Pricing	Indicative Quotes (% of Par)	38 - 101 (97)
		5,007.3			
Investments in CLOs and other					
Senior secured notes		399.4	Discounted Cash Flow with Consensus Pricing	Discount Margins (Basis Points)	50 - 1,450 (210)
				Default Rates	1% - 4% (2%)
				Recovery Rates	45% - 75% (58%)
				Indicative Quotes (% of Par)	75 - 100 (98)
Subordinated notes and preferred shares		55.1	Discounted Cash Flow with Consensus Pricing	Discount Rate	10% - 15% (12%)
				Default Rates	1% - 4% (2%)
				Recovery Rates	45% - 75% (57%)
				Indicative Quotes (% of Par)	33 - 89 (57)
Aviation subordinated notes		4.3	Discounted Cash Flow	Discount Rates	15% - 15% (15%)
Loans		37.4	Consensus Pricing	Indicative Quotes (% of Par)	99 - 100 (99)
Total	$	5,503.5			
Liabilities					
Loans payable of Consolidated Funds:					
Senior secured notes	$	4,446.4	Other (1)	N/A	N/A
Subordinated notes and preferred shares		238.8	Discounted Cash Flow with Consensus Pricing	Discount Rates	10% - 15% (13%)
				Default Rates	1% - 4% (3%)
				Recovery Rates	45% - 75% (61%)
				Indicative Quotes (% of Par)	40 - 82 (62)
Total	$	4,685.2			

(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 discount margins, discount rates, default rates, recovery rates and indicative quotes. Significant decreases in recovery rates or indicative quotes 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 discount rates, default rates, recovery rates and indicative quotes. Significant increases in discount rates or default rates in isolation would result in a significantly lower fair value measurement. Significant decreases in recovery rates or indicative quotes in isolation would result in a significantly lower fair value measurement.

4. Investments

Investments consist of the following:

	As of	
	March 31, 2020	December 31, 2019
	(Dollars in millions)	
Accrued performance allocations	**$ 2,752.1**	$ 3,855.6
Principal equity method investments, excluding performance allocations	**2,232.3**	2,443.6
Principal investments in CLOs and other	**406.7**	505.2
Total	**$ 5,391.1**	$ 6,804.4

Accrued Performance Allocations

The components of accrued performance allocations are as follows:

	As of	
	March 31, 2020	December 31, 2019
	(Dollars in millions)	
Corporate Private Equity	**$ 1,424.4**	$ 2,107.5
Real Assets	**535.6**	764.4
Global Credit	**52.8**	136.9
Investment Solutions (1)	**739.3**	846.8
Total	**$ 2,752.1**	$ 3,855.6

(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 27% of accrued performance allocations at March 31, 2020 are related to Carlyle Partners VI, L.P. and Carlyle Asia Partners IV, L.P., two of the Company's Corporate Private Equity funds. Approximately 26% of accrued performance allocations at December 31, 2019 is related to Carlyle Partners VI, L.P.

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

	As of	
	March 31, 2020	December 31, 2019
	(Dollars in millions)	
Corporate Private Equity	**$ (5.4)**	$ (5.0)
Real Assets	**(16.9)**	(17.2)
Global Credit	**(0.1)**	—
Total	**$ (22.4)**	$ (22.2)

Principal Equity Method Investments, Excluding Performance Allocations

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

	As of	
	March 31, 2020	December 31, 2019
	(Dollars in millions)	
Corporate Private Equity	**$ 369.1**	$ 420.1
Real Assets	**574.8**	601.7
Global Credit	**1,166.9**	1,299.6
Investment Solutions	**121.5**	122.2
Total	**$ 2,232.3**	$ 2,443.6

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

On November 13, 2018, the Company acquired a 19.9% interest in Fortitude Group Holdings, LLC ("Fortitude Holdings"), a wholly owned subsidiary of American International Group, Inc. ("AIG") ("the Transaction"). 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.

Pursuant to the Membership Interest Purchase Agreement, the Company entered into a strategic asset management relationship with Fortitude Re pursuant to which Fortitude Re, together with certain AIG-affiliated ceding companies it has reinsured, committed to allocate assets in asset management strategies and vehicles of the Company and its affiliates. If Fortitude Re, together with AIG and its affiliates, fails to allocate an agreed upon amount of assets to the Company's asset management strategies and vehicles within 30 to 36 months of the closing of the transaction, the Company may be entitled to certain payments from AIG based on the commitment shortfall and assumed customary fee rates.

The Company paid $381 million in cash at closing (the "Initial Purchase Price") and expects to pay up to $95 million in additional deferred consideration following December 31, 2023. If Fortitude Holdings is unable to distribute a planned non-pro rata dividend to AIG by May 13, 2020, then the Initial Purchase Price will be adjusted upward by $100 million (of which the Company expects to pay $80 million in May 2020 and the remaining $20 million would be payable following December 31, 2023) to account for the increased value of Fortitude Holdings' equity. AIG also agreed to a post-closing purchase price adjustment pursuant to which AIG will pay affiliates of the Company in respect of certain adverse reserve development in Fortitude Re's property and casualty insurance business, based on an agreed methodology, that occur on or prior to December 31, 2023, up to the value of the Company's investment. The Company incurred approximately $17.9 million in transaction costs, which are included in the carrying value of the investment.

In connection with the Transaction, the Company also entered into an operating agreement that governs its rights and obligations as an equity holder of Fortitude Holdings and entitles the Company to customary minority protections contingent upon the Company maintaining agreed upon ownership percentages of Fortitude Holdings.

The Company's investment is accounted for under the equity method of accounting and the investment is included in the Global Credit segment. Separately, income from the assets managed by the Company is included in the segment of the relevant investment fund. The Company's net investment earnings (losses) from its investment are included in principal investment income in the unaudited condensed consolidated statements of operations.

On November 25, 2019, the Company signed an agreement for a new Carlyle-affiliated investment fund to acquire a 51.6% ownership interest in Fortitude Holdings from AIG, which is expected to close in mid-2020. At closing, the Company will transfer its existing 19.9% stake in Fortitude Holdings to the investment fund, and the Company's investment will become an ownership interest in the fund. Taken together, upon closing, the Company and its fund investors will have a 71.5% ownership interest in Fortitude Holdings. Subsequent to closing, the Company will record its investment at the net asset value of its interest in the fund.

As of March 31, 2020 and December 31, 2019, the Company's investment in Fortitude Holdings is $1,077.9 million and $1,200.9 million, respectively. The Company's earnings (losses) from its investment for the three months ended March 31, 2020 and 2019 were $(111.9) million and $256.3 million, respectively, which represents 19.9% of Fortitude Holdings' estimated net income (loss) for the respective periods. These amounts are inclusive of $(89.1) million and $229.3 million, respectively, of unrealized gains (losses) related to the change in fair value of embedded derivatives related to certain reinsurance contracts included in Fortitude Re's U.S. GAAP financial statements. Modified coinsurance is subject to the general accounting principles for hedging, specifically the guidance originally issued as Derivatives Implementation Group Issue No. B36: *Embedded Derivatives: Modified Coinsurance Agreements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments* ("DIG B36").

Estimated summarized financial information of Fortitude Holdings is presented below:

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Revenues	**$ 229.0**	$ 594.0
Expenses	**459.0**	440.0
Operating income (loss)	**(230.0)**	154.0
Investment gains (losses)	**89.0**	(32.0)
Change in value of funds withheld embedded derivatives	**(567.0)**	1,521.0
Income tax expense (benefit)	**(148.0)**	345.0
Net income (loss)	**$ (560.0)**	$ 1,298.0

Strategic Investment in NGP

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

The Company's investments in NGP as of March 31, 2020 and December 31, 2019 are as follows:

	As of	
	March 31, 2020	**December 31, 2019**
	(Dollars in millions)	
Investment in NGP Management	**$ 379.3**	$ 383.6
Principal investments in NGP funds	**54.7**	67.9
Total investments in NGP	**$ 434.0**	$ 451.5

Investment in NGP Management. The Company's equity interests in NGP Management entitle the Company to an allocation of income equal to 55.0% of the management fee-related revenues of NGP Management, which serves as the investment advisor to the NGP Energy Funds. Management fees are generally calculated as 1.0% to 2.0% of the limited partners' commitments during the fund's investment period, and 0.6% to 2.0% based on the lower of cost or fair market value of invested capital following the expiration or termination of the investment period. Management fee-related revenues from NGP Management are primarily driven by NGP XII, NGP XI and NGP X during the three months ended March 31, 2020 and 2019.

The Company records investment income (loss) for its equity income allocation from NGP management fee-related revenues and also records its share of any allocated expenses from NGP Management, expenses associated with the compensatory elements of the strategic investment, and the amortization of the basis differences related to the definite-lived identifiable intangible assets of NGP Management. The net investment income (loss) recognized in the Company's unaudited condensed consolidated statements of operations for the three months ended March 31, 2020 and 2019 were as follows:

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Management fee-related revenues from NGP Management	**$ 18.8**	$ 25.2
Expenses related to the investment in NGP Management	**(2.8)**	(2.5)
Amortization of basis differences from the investment in NGP Management	**(1.1)**	(1.4)
Net investment income from NGP Management	**$ 14.9**	$ 21.3

The difference between the Company's remaining carrying value of its investment and its share of the underlying net assets of the investee was $7.4 million and $8.5 million as of March 31, 2020 and December 31, 2019, respectively; these differences are amortized over a period of 10 years from the initial investment date.

Investment in the General Partners of NGP Carry Funds. The Company's investment in the general partners of the NGP Carry Funds entitle it to 47.5% of the performance allocations received by certain current and future NGP fund general partners. The Company records its equity income allocation from NGP performance allocations in principal investment income (loss) from equity method investments rather than performance allocations in its unaudited condensed consolidated statements of operations. There were no net investment earnings (losses) related to these performance allocations for the three months ended March 31, 2020. The Company recognized net investment earnings (losses) related to these performance allocations of $4.7 million for the three months ended March 31, 2019.

Principal Investments in NGP Funds. The Company also holds principal investments in the NGP Carry Funds. The Company recognized net investment earnings (losses) related to principal investment income in its unaudited condensed consolidated statements of operations of $(16.2) million and $0.4 million for the three months ended March 31, 2020 and 2019, respectively.

Principal Investments in CLOs and Other Investments

Principal investments in CLOs and other investments as of March 31, 2020 and December 31, 2019 primarily consisted of $406.7 million and $505.2 million, respectively, of investments in CLO senior and subordinated notes and derivative instruments. A portion of these investments is collateral to CLO term loans (see Note 5).

Investment Income (Loss)

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

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Performance allocations		
Realized	**$ 173.8**	$ 29.8
Unrealized	**(1,111.4)**	319.3
	(937.6)	349.1
Principal investment income from equity method investments (excluding performance allocations)		
Realized	**30.6**	31.3
Unrealized	**(211.7)**	271.3
	(181.1)	302.6
Principal investment income (loss) from investments in CLOs and other investments		
Realized	**0.2**	0.9
Unrealized	**(72.4)**	(1.7)
	(72.2)	(0.8)
Total	**$ (1,190.9)**	$ 650.9

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

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Corporate Private Equity	**$ (604.9)**	$ 132.8
Real Assets	**(204.4)**	109.4
Global Credit	**(63.0)**	29.6
Investment Solutions	**(65.3)**	77.3
Total	**$ (937.6)**	$ 349.1

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

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

Approximately 56%, or $194.1 million, of performance allocations for the three months ended March 31, 2019 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. (Corporate Private Equity segment) - $109.7 million,
- Carlyle Realty Partners V, L.P. (Real Assets segment) - $62.2 million, and
- AlpInvest Co- & Secondary Investments 2006-2008 (Investment Solutions segment) - $47.4 million.

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

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions)	
Corporate Private Equity	$ (37.7)	$ 8.2
Real Assets	(12.3)	33.5
Global Credit	(130.6)	256.9
Investment Solutions	(0.5)	4.0
Total	$ (181.1)	$ 302.6

The principal investment income (loss) in Global Credit for the three months ended March 31, 2020 and 2019 includes $(111.9) million and $256.3 million, respectively, from our equity method investment in Fortitude Holdings.

Investments of Consolidated Funds

The Company consolidates the financial positions and results of operations of certain CLOs in which it is the primary beneficiary. During the three months ended March 31, 2020, the Company formed one new CLO for which the Company is the primary beneficiary.

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

Interest and Other Income of Consolidated Funds

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

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions)	
Interest income from investments	$ 51.1	$ 51.0
Other income	1.9	1.4
Total	$ 53.0	$ 52.4

Net Investment Gains (Losses) of Consolidated Funds

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

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions)	
Gains (losses) from investments of Consolidated Funds	$ (932.7)	$ 1.1
Gains (losses) from liabilities of CLOs	819.6	(15.3)
Total	$ (113.1)	$ (14.2)

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

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions)	
Realized losses	**$ (0.5)**	$ (8.0)
Net change in unrealized gains (losses)	**(932.2)**	9.1
Total	**$ (932.7)**	$ 1.1

5. Borrowings

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

	March 31, 2020		December 31, 2019	
	Borrowing Outstanding	Carrying Value	Borrowing Outstanding	Carrying Value
	(Dollars in millions)			
Senior Credit Facility Due 2/11/2024	**$ 250.0**	**$ 250.0**	$ —	$ —
Global Credit Revolving Credit Facility	**1.0**	**1.0**	35.8	35.8
CLO Borrowings (See below)	**321.8**	**320.6**	324.9	324.0
3.875% Senior Notes Due 2/01/2023	**250.0**	**249.3**	250.0	249.3
5.625% Senior Notes Due 3/30/2043	**600.0**	**600.7**	600.0	600.7
5.650% Senior Notes Due 9/15/2048	**350.0**	**345.9**	350.0	345.8
3.500% Senior Notes Due 9/19/2029	**425.0**	**420.8**	425.0	420.7
Total debt obligations	**$ 2,197.8**	**$ 2,188.3**	$ 1,985.7	$ 1,976.3

Senior Credit Facility

The Company has entered into a senior credit facility which was amended and restated on February 11, 2019 (the "amended and restated senior credit facility"). The amended and restated senior credit facility includes $775.0 million in a revolving credit facility, which is scheduled to mature on February 11, 2024. Principal amounts outstanding under the amended and restated senior 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 LIBOR plus an applicable margin not to exceed 1.50% per annum (at March 31, 2020, the interest rate was 2.06%). The Company borrowed $250.0 million under the revolving credit facility during the three months ended March 31, 2020, which remained outstanding at March 31, 2020. Interest expense under the revolving credit facility was not significant for the three months ended March 31, 2020.

Global Credit Revolving Credit Facility

On December 17, 2018, certain subsidiaries of the Company established a $250.0 million revolving line of credit, primarily intended to support certain lending activities within the Global Credit segment. The credit facility includes a $125.0 million line of credit with a one-year term, and a $125.0 million line of credit with a three-year term. The revolving line of credit was extended by one year in December 2019. 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%.

During the three months ended March 31, 2020, the Company borrowed $1.0 million and repaid $35.8 million, under the credit facility. As of March 31, 2020, there was $1.0 million outstanding under this facility. Interest expense was not significant for the three months ended March 31, 2020.

CLO Borrowings

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

Formation Date	Borrowing Outstanding March 31, 2020	Borrowing Outstanding December 31, 2019	Maturity Date (1)	Interest Rate as of March 31, 2020	
February 28, 2017	**$ 73.5**	$ 75.3	November 17, 2031	2.33%	(2)
April 19, 2017	**22.9**	22.9	April 22, 2031	3.75%	(3) (14)
June 28, 2017	**22.9**	22.9	July 22, 2031	3.74%	(4) (14)
August 2, 2017	**22.8**	22.8	July 23, 2029	3.63%	(5) (14)
August 2, 2017	**19.1**	19.5	August 3, 2022	1.75%	(6)
August 14, 2017	**22.6**	22.6	August 15, 2030	3.55%	(7) (14)
November 30, 2017	**22.7**	22.7	January 16, 2030	3.56%	(8)(14)(16)
December 6, 2017	**19.1**	19.1	October 16, 2030	3.48%	(9)(14)(16)
December 7, 2017	**20.8**	20.8	January 19, 2029	3.18%	(10)(14)(16)
January 30, 2018	**19.2**	19.2	January 22, 2030	3.44%	(11)(14)(16)
March 1, 2018	**15.4**	15.3	January 15, 2031	3.38%	(12)(14)(16)
March 15, 2019	**20.3**	20.8	March 15, 2032	2.62%	(13)
August 20, 2019	**20.5**	21.0	August 15, 2032	2.52%	(15)
	$ 321.8	$ 324.9			

(1) Maturity date is earlier of date indicated or the date that the CLO is dissolved.
(2) Outstanding borrowing of €67.0 million; incurs interest at EURIBOR plus applicable margins as defined in the agreement.
(3) Incurs interest at LIBOR plus 1.932%.
(4) Incurs interest at LIBOR plus 1.923%.
(5) Incurs interest at LIBOR plus 1.808%.
(6) Original borrowing of €17.4 million; incurs interest at EURIBOR plus 1.75% and has full recourse to the Company.
(7) Incurs interest at LIBOR plus 1.848%.
(8) Incurs interest at LIBOR plus 1.7312%.
(9) Incurs interest at LIBOR plus 1.647%.
(10) Incurs interest at LIBOR plus 1.365%.
(11) Incurs interest at LIBOR plus 1.624%.
(12) Incurs interest at LIBOR plus 1.552%.
(13) Incurs interest at the average effective interest rate of each class of purchased securities plus 0.50% spread percentage and 0.08% class A-1 periodic adjustment rate up to €54,120.
(14) Term loan issued under master credit agreement.
(15) Incurs interest at the average effective interest rate of each class of purchased securities plus 0.50% spread percentage.
(16) CLO Indentures for the respective CLO borrowings entered on November 30, 2017 and after provide for an alternative rate framework determined at the Company's discretion upon a trigger event of LIBOR.

The CLO term loans are secured by the Company's investments in the respective CLO, have a general unsecured interest in the Carlyle entity that manages the CLO, and generally do not have recourse to any other Carlyle entity. Interest expense for the three months ended March 31, 2020 and 2019 was $2.5 million and $2.9 million, respectively. The fair value of the outstanding balance of the CLO term loans at March 31, 2020 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 €67.0 million term loan ($73.5 million at March 31, 2020) to the Company. This term loan is secured by the Company's investments in the retained notes in certain European CLOs that were formed in 2014 and 2015. This term loan will mature on the earlier of November 17, 2031 or the date that the certain European

CLO retained notes have been redeemed. The Company may prepay the term loan in whole or in part at any time after the third anniversary of the date of issuance without penalty. Prepayment of the term loan within the first three years will incur a penalty based on the prepayment amount. Interest on this term loan accrues at EURIBOR plus applicable margins (2.33% at March 31, 2020).

Master Credit Agreement - Term Loans

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

CLO Repurchase Agreements

On February 5, 2019, the Company entered into a €100.0 million master credit facility agreement (the “CLO Financing Facility”) to finance a portion of the risk retention investments in certain European CLOs managed by the Company. Subject to the terms and conditions of the CLO Financing Facility, the Company and the counterparty may enter into repurchase agreements on such terms agreed upon by the parties. Each transaction entered into under the CLO Financing Facility will bear interest at a rate based on the weighted average effective interest rate of each class of securities that have been sold plus a spread to be agreed upon by the parties. As of March 31, 2020, €62.8 million of the CLO Financing Facility remained available.

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

The repurchase agreements may result in credit exposure in the event the counterparty to the transaction is unable to fulfill its contractual obligations. The Company minimizes the credit risk associated with these activities by monitoring counterparty credit exposure and collateral values. Other than margin requirements, the Company is not subject to additional terms or contingencies which would expose the Company to additional obligations based upon the performance of the securities pledged as collateral.

Senior Notes

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

	Aggregate Principal Amount	Fair Value (1) As of March 31, 2020	Fair Value (1) As of December 31, 2019	Interest Expense Three Months Ended March 31, 2020	Interest Expense Three Months Ended March 31, 2019
3.875% Senior Notes Due 2/1/2023 (2)(6)	$ 250.0	**$ 249.5**	$ 262.8	**$ 2.5**	$ 2.4
5.625% Senior Notes Due 3/30/2043 (3)	600.0	**659.0**	713.4	**8.4**	8.4
5.650% Senior Notes Due 9/15/2048 (4)	350.0	**374.7**	424.0	**5.0**	5.0
3.500% Senior Notes Due 9/19/2029 (5)	425.0	**402.6**	430.2	**3.8**	—
				$ 19.7	$ 15.8

(1) Including accrued interest. Fair value is based on indicative quotes and the notes are classified as Level II within the fair value hierarchy.
(2) Issued in January 2013 at 99.966% of par.
(3) Issued $400.0 million in aggregate principal at 99.583% of par in March 2013. An additional $200.0 million in aggregate principal was issued at 104.315% of par in March 2014, and is treated as a single class with the outstanding $400.0 million in senior notes previously issued.
(4) Issued in September 2018 at 99.914% of par.
(5) Issued in September 2019 at 99.841% of par.
(6) In September 2018, the Company completed a tender offer to re-purchase $250.0 million in aggregate principal amount of the 3.875% senior notes. As a result of this repurchase, the Company recognized $6.9 million of costs in interest expense and $0.9 million of costs in general, administrative and other expenses upon early extinguishment of the debt.

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.

Promissory Notes

Promissory Notes Due July 15, 2019

In June 2017, as part of the settlement with investors in two commodities investment vehicles managed by an affiliate of the Company (disclosed in Note 7), the Company issued a series of promissory notes, aggregating to $53.9 million, to the investors of these commodities investment vehicles. Interest on these promissory notes accrued at the three month LIBOR plus 2%. These promissory notes matured on July 15, 2019 and were fully repaid as of that date. Interest expense on these promissory notes was not significant for the three months ended March 31, 2019.

Debt Covenants

The Company is subject to various financial covenants under its loan agreements including, among other items, maintenance of a minimum amount of management fee-earning assets. The Company is also subject to various non-financial covenants under its loan agreements and the indentures governing its senior notes. The Company was in compliance with all financial and non-financial covenants under its various loan agreements as of March 31, 2020.

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 March 31, 2020 and December 31, 2019, the following borrowings were outstanding, which includes preferred shares classified as liabilities (Dollars in millions):

	As of March 31, 2020				
	Borrowing Outstanding	Fair Value	Weighted Average Interest Rate		Weighted Average Remaining Maturity in Years
Senior secured notes	**$ 4,749.3**	**$ 3,977.3**	**2.03%**		**11.13**
Subordinated notes, preferred shares and other	**105.5**	**113.5**	**N/A**	**(1)**	**11.27**
Total	**$ 4,854.8**	**$ 4,090.8**			

	As of December 31, 2019				
	Borrowing Outstanding	Fair Value	Weighted Average Interest Rate		Weighted Average Remaining Maturity in Years
Senior secured notes	$ 4,534.3	$ 4,446.4	1.87%		10.78
Subordinated notes, preferred shares and other	214.9	238.8	N/A	(1)	10.90
Total	$ 4,749.2	$ 4,685.2			

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

Loans payable of the CLOs are collateralized by the assets held by the CLOs and the assets of one CLO may not be used to satisfy the liabilities of another. This collateral consisted of cash and cash equivalents, corporate loans, corporate bonds and other securities. As of March 31, 2020 and December 31, 2019, the fair value of the CLO assets was $4.6 billion and $5.2 billion, respectively.

6. Accrued Compensation and Benefits

Accrued compensation and benefits consist of the following:

	As of	
	March 31, 2020	December 31, 2019
	(Dollars in millions)	
Accrued performance allocations and incentive fee-related compensation	**$ 1,502.2**	$ 2,038.2
Accrued bonuses	**124.4**	265.1
Employment-based contingent cash consideration	**29.7**	31.4
Other	**117.0**	161.8
Total	**$ 1,773.3**	$ 2,496.5

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

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Realized	**$ 112.9**	$ 44.2
Unrealized	**(555.4)**	141.2
Total	**$ (442.5)**	$ 185.4

7. Commitments and Contingencies

Capital Commitments

The Company and its unconsolidated affiliates have unfunded commitments to entities within the following segments as of March 31, 2020 (Dollars in millions):

	Unfunded Commitments
Corporate Private Equity	$ 2,323.1
Real Assets	953.7
Global Credit	379.2
Investment Solutions	244.3
Total	$ 3,900.3

Of the $3.9 billion of unfunded commitments, approximately $3.4 billion is subscribed individually by senior Carlyle professionals, advisors and other professionals, with the balance funded directly by the Company. In addition to these unfunded commitments, the Company may from time to time exercise its right to purchase additional interests in its investment funds that become available in the ordinary course of their operations. Additionally as of March 31, 2020, certain subsidiaries of the Company had $32.8 million in commitments related to the origination and syndication of loans and securities under the Carlyle Capital Solutions platform.

Guaranteed Loans

In December 2019, the Company entered into an agreement with a financial institution pursuant to which the Company provided a $130.0 million guarantee on a revolving credit facility for a fund in the Real Assets segment. The outstanding balance is secured by uncalled capital commitments of the fund’s limited partners. The Company has not funded any amounts under the guarantee to date, and the fair value of the guarantee is not significant to the consolidated financial statements.

On September 3, 2019, the Company entered into an agreement with a financial institution pursuant to which the Company is the guarantor on loans made to eligible employees investing in Carlyle sponsored funds (the “Program”). The Program has an initial period of one year, renewed annually, and accrues interest at either the WSJ Prime Rate minus 1.00% floating or the 12MAT Index plus 2.00% floating, in either case with a floor rate of 3.50% (versus actual rates of 2.25% and 3.69%, respectively, as of March 31, 2020). The aggregate Program limit of all loans is $100.0 million, and is collateralized by each borrower’s interest in the Carlyle sponsored funds. As of March 31, 2020, approximately $9.9 million was outstanding under the Program and payable by the employees. The Company has not funded any amounts under the guarantee to date, and believes the likelihood of any material funding under this guarantee to be remote. The fair value of the guarantee is not significant to the consolidated financial statements.

The Company is party to an agreement with a financial institution pursuant to which the Company is the guarantor on a credit facility for eligible employees investing in Carlyle sponsored funds. This credit facility, which was replaced by the Program, renewed on an annual basis, allowed for annual incremental borrowings up to an aggregate of $11.3 million, and accrued interest at the lower of the prime rate, as defined, or three-month LIBOR plus 3%, reset quarterly. Subsequent to September 3, 2019, no incremental borrowings are allowed under the facility, and the remaining balance was substantially transferred to the Program. As of March 31, 2020, approximately $1.0 million was outstanding under the credit facility and payable by the employees. The amount funded by the Company under this guarantee was not material.

Certain consolidated subsidiaries of the Company are the guarantors of revolving credit facilities for certain funds in the Investment Solutions segment. The guarantee is limited to the lesser of the total amount drawn under the credit facilities or the net asset value of the guarantor subsidiaries, which is approximately $15.5 million as of March 31, 2020. 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 $22.4 million at March 31, 2020 is shown as accrued giveback obligations in the unaudited condensed consolidated balance sheets, representing the giveback obligation that would need to be paid if the funds were liquidated at their current fair values at March 31, 2020. However, the ultimate giveback obligation, if any, generally is not paid until the end of a fund's life or earlier if the giveback becomes fixed and early payment is agreed upon by the fund's partners (see Note 2). The Company has recorded $1.4 million of unbilled receivables from former and current employees and senior Carlyle professionals as of March 31, 2020 and December 31, 2019, related to giveback obligations, which are included in due from affiliates and other receivables, net in the accompanying unaudited condensed consolidated balance sheets. The receivables are collateralized by investments made by individual senior Carlyle professionals and employees in Carlyle-sponsored funds. In addition, $169.1 million and $164.4 million have been withheld from distributions of carried interest to senior Carlyle professionals and employees for potential giveback obligations as of March 31, 2020 and December 31, 2019, respectively. Such amounts are held on behalf of the respective current and former Carlyle employees to satisfy any givebacks they may owe and are held by entities not included in the accompanying condensed consolidated balance sheets. Current and former senior Carlyle professionals and employees are personally responsible for their giveback obligations. As of March 31, 2020, approximately $14.3 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 $8.1 million.

During the year ended December 31, 2019, the Company paid $41.3 million to satisfy giveback obligations related to two of its Legacy Energy funds. Approximately $22.1 million of these obligations was paid by current and former senior Carlyle professionals and $19.2 million by the Company.

If, at March 31, 2020, all of the investments held by the Company's Funds were deemed worthless, a possibility that management views as remote, the amount of realized and distributed carried interest subject to potential giveback would be $0.4 billion, on an after-tax basis where applicable, of which approximately $0.2 billion would be the responsibility of current and former senior Carlyle professionals.

Leases

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

In June 2018, the Company entered into an amended non-cancelable lease agreement expiring on March 31, 2030 for its Washington, D.C. office. In connection with the amended lease, the Company exercised an option to terminate its office lease in Arlington, Virginia at the end of 2019. The Company is scheduled to relocate one of its New York City offices in late 2020 to new office space in Midtown New York. The new lease was signed in July 2018 and expires in 2036. In connection with this new lease, the Company incurred a charge of $63.5 million (including transaction costs) during the third quarter of 2018 related to the assignment of an existing office lease in New York City. The charge is expected to be paid over approximately 15 years beginning in 2021. This charge (excluding $3.5 million of transaction costs paid) was accounted for as a lease incentive, and is included in accounts payable, accrued expenses and other liabilities in the accompanying unaudited condensed consolidated balance sheets, since the lease has not yet commenced.

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

	Three Months Ended March 31,	
	2020	**2019**
Operating lease cost	**$ 11.8**	$ 11.5
Sublease income	**(0.6)**	(0.3)
Total operating lease cost	**$ 11.2**	$ 11.2
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 14.9**	$ 13.3
Weighted-average remaining lease term	**9.6 Years**	9.9 Years
Weighted-average discount rate	**5.3%**	5.3%

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

Year ending December 31,	
2020 (excluding the three months ended March 31, 2020)	$ 41.0
2021	46.5
2022	55.7
2023	51.4
2024	50.0
Thereafter	434.3
Total lease payments	$ 678.9
Less payments for leases that have not yet commenced	(325.4)
Less imputed interest	(79.7)
Total lease liabilities	$ 273.8

Legal Matters

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

Along with many other companies and individuals in the financial sector, the Company and Carlyle Mezzanine Partners, L.P. ("CMP") are named as defendants in *Foy v. Austin Capital*, a case filed in June 2009 in state court in New Mexico, which purports to be a *qui tam* suit on behalf of the State of New Mexico under the state Fraud Against Taxpayers Act ("FATA"). The suit alleges that investment decisions by New Mexico public investment funds were improperly influenced by campaign contributions and payments to politically connected placement agents. The plaintiffs seek, among other things, actual damages for lost income, rescission of the investment transactions described in the complaint and disgorgement of all fees received. In September 2017, the Court dismissed the lawsuit and the plaintiffs then filed an appeal seeking to reverse that decision. That appeal is pending. The Attorney General may also separately pursue its own recovery from defendants in the action.

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

A Luxembourg subsidiary of CEREP I, a real estate fund, has been involved since 2010 in a tax dispute with the French authorities relating to whether gain from the sale of an investment was taxable in France. In April 2015, the French tax court issued an opinion in this matter adverse to CEREP I, holding the Luxembourg subsidiary of CEREP I liable for approximately €105 million (including interest accrued since the beginning of the tax dispute). CEREP I paid approximately €30 million of the tax obligations and the Company paid the remaining approximately €75 million in its capacity as a guarantor. After an appeals process, in July 2019, the parties agreed to settle this matter by reducing the tax claim to €37.1 million of French tax and interest. The remaining €80.5 million will be retained by the Company and CEREP I. Accordingly, the Company recognized $71.5 million in principal investment income during the year ended December 31, 2019.

During 2017, the Company entered into settlement and purchase agreements with investors in a hedge fund and two structured finance vehicles managed by Vermillion related to investments of approximately $400 million in petroleum commodities that the Company believes were misappropriated by third parties outside the U.S. During the fourth quarter of 2018, the Company reached an agreement with the primary underwriters in the marine cargo insurance policies for $55 million, of which the Company recognized approximately $32 million in insurance proceeds during the year ended December 31, 2018, with the remaining proceeds to be distributed to former investors. Although additional recovery efforts continue, there is no assurance that the Company will be successful in any of these efforts and the Company will not recognize any amounts in respect of such recoveries until such amounts are probable of payment.

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

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

The Company accrues an estimated loss contingency liability when it is probable that such a liability has been incurred and the amount of the loss can be reasonably estimated. As of March 31, 2020, the Company had recorded liabilities aggregating to approximately $35 million for litigation-related contingencies, regulatory examinations and inquiries, and other matters. The Company evaluates its outstanding legal and regulatory proceedings and other matters each quarter to assess its loss contingency accruals, and makes adjustments in such accruals, upward or downward, as appropriate, based on management's best judgment after consultation with counsel. There is no assurance that the Company's accruals for loss contingencies will not need to be adjusted in the future or that, in light of the uncertainties involved in such matters, the ultimate resolution of these matters will not significantly exceed the accruals that the Company has recorded.

Indemnifications

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

Risks and Uncertainties

Carlyle's funds seek investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the underlying investees conduct their operations, as well as general economic, political, regulatory and public health conditions, may have a significant negative impact on the Company's investments and profitability. For example, the recent COVID-19 outbreak and its implications may have a significant impact on the values of the investments of the funds and the performance of our strategic investments, and therefore the financial results of the Company. 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, equity method investments, accounts payable, accrued expenses, other liabilities, loans, senior notes, assets and liabilities of Consolidated Funds and contingent and other consideration for acquisitions to be its financial instruments. Except for the senior notes, the carrying amounts reported in the unaudited condensed consolidated balance sheets for these financial instruments equal or closely approximate their fair values. The fair value of the senior notes is disclosed in Note 5.

8. Related Party Transactions

Due from Affiliates and Other Receivables, Net

The Company had the following due from affiliates and other receivables at March 31, 2020 and December 31, 2019:

	As of	
	March 31, 2020	**December 31, 2019**
	(Dollars in millions)	
Accrued incentive fees	**$ 9.0**	$ 8.2
Unbilled receivable for giveback obligations from current and former employees	**1.4**	1.4
Notes receivable and accrued interest from affiliates	**12.2**	10.5
Management fee, reimbursable expenses and other receivables from unconsolidated funds and affiliates, net	**205.4**	253.8
Total	**$ 228.0**	$ 273.9

Notes receivable represent loans that the Company has provided to certain unconsolidated funds to meet short-term obligations to purchase investments. Reimbursable expenses and other receivables from certain of the unconsolidated funds and portfolio companies relate to management fees receivable from limited partners, advisory fees receivable and expenses paid on behalf of these entities. These costs represent costs related to the pursuit of actual or proposed investments, professional fees and expenses associated with the acquisition, holding and disposition of the investments. The affiliates are obligated at the discretion of the Company to reimburse the expenses. Based on management's determination, the Company accrues and charges interest on amounts due from affiliate accounts at interest rates ranging up to 6.58% as of March 31, 2020. The accrued and charged interest to the affiliates was not significant for any period presented.

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

Due to Affiliates

The Company had the following due to affiliates balances at March 31, 2020 and December 31, 2019:

	As of	
	March 31, 2020	**December 31, 2019**
	(Dollars in millions)	
Due to non-consolidated affiliates	**$ 47.7**	$ 65.6
Deferred consideration for Carlyle Holdings units	**264.6**	332.7
Amounts owed under the tax receivable agreement	**107.3**	107.3
Other	**36.5**	36.5
Total	**$ 456.1**	$ 542.1

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. The amount owed under the tax receivable agreement is related primarily to the acquisition by the Company of Carlyle Holdings partnership units in June 2015 and March 2014, respectively, the exchange in May 2012 by CalPERS of its Carlyle Holdings partnership units for Company common units, as well as certain unit exchanges by senior Carlyle professionals prior to the Conversion. Deferred consideration for Carlyle Holdings units relates to the obligation to the former 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 of which occurred on January 31, 2020. The obligation was initially recorded at fair value, net of a discount of $11.3 million and measured using Level III inputs in the fair value hierarchy.

Other Related Party Transactions

In the normal course of business, the Company has made use of aircraft owned by entities controlled by senior Carlyle professionals. The senior Carlyle professionals paid for their purchases of aircraft and bear all operating, personnel and maintenance costs associated with their operation for personal use. Payment by the Company for the business use of these aircraft by senior Carlyle professionals and other employees, which is made at market rates, totaled $1.8 million and $0.7 million for the three months ended March 31, 2020 and 2019, respectively. These fees are included in general, administrative, and other expenses in the unaudited condensed consolidated statements of operations.

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.

9. Income Taxes

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

The Conversion resulted in a step-up in the tax basis of certain assets that will be recovered as those assets are sold or the basis is amortized. The Company recorded an estimated net deferred tax asset of $256.6 million relating to this step-up in tax basis. The Conversion and subsequent exchange of Carlyle Holdings units for an equivalent number of shares of common stock of the Company also resulted in an estimated net reduction of the deferred tax asset of $400.5 million. This amount was generated by: (1) deferred tax liabilities on investments and accrued performance revenue allocations, net of related compensation, which were not previously subject to U.S. corporate income tax, (2) an increase in the historical net deferred tax assets reflecting deferred tax amounts previously allocated to private unitholders, and (3) a decrease in the historical net deferred tax assets reflecting the impact of reducing our effective state tax rate under the corporate structure. Together with the estimated step-up in tax basis, the Conversion resulted in an estimated net reduction to the Company’s net deferred tax asset of $143.9 million on January 1, 2020.

The impact of the Conversion to the Company’s net deferred tax assets is based on information currently available; however, the impact of the Conversion cannot be fully determined until the analysis of the tax and book basis of underlying assets of certain partnerships is complete upon finalization of the Company's 2019 tax return information. As a result, the impact of the Conversion may differ, possibly materially, from the current estimates.

The effect of the exchange of Carlyle Holdings units for an equivalent number of shares of common stock of The Carlyle Group Inc. in the Conversion is accounted for as a transaction with non-controlling shareholders, the direct tax effects of which are recorded in equity. The effect of the termination of the status of the Company as a partnership for U.S. tax purposes in the Conversion is accounted for as a change in tax status and the related deferred tax effects are recorded in the provision (benefit) for income taxes in the three months ended March 31, 2020. Of the estimated $143.9 million net reduction in the net deferred tax asset of the Company resulting from the Conversion, $90.3 million of expense was recorded in the provision (benefit) for income taxes and $53.6 million recorded directly as a reduction to equity in the three months ended March 31, 2020.

The Company’s provision (benefit) for income taxes was $(80.0) million and $24.0 million for the three months ended March 31, 2020 and 2019, respectively. During the three months ended March 31, 2020, the benefit for income taxes reflects a tax benefit of $170.3 million related to the net loss recorded for the quarter, net of the $90.3 million expense discussed above related to Conversion. The Company's effective tax rate was approximately 10% and 5% for the three months ended March 31, 2020 and 2019, respectively. The effective tax rate for the three months ended March 31, 2020 differs from the statutory rate primarily due to the income tax expense resulting from the Conversion. In periods prior to the Conversion, the effective tax rate differs from the statutory rate because of the Company's status as a partnership.

In the normal course of business, the Company is subject to examination by federal and certain state, local and foreign tax regulators. With a few exceptions, as of March 31, 2020, the Company's U.S. federal income tax returns for the years 2016 through 2018 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 2014 to 2018. Foreign tax returns are generally subject to audit from 2011 to 2018. Certain of the Company's affiliates are currently under audit by federal, state and foreign tax authorities.

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

10. Non-controlling Interests in Consolidated Entities

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

	As of	
	March 31, 2020	December 31, 2019
	(Dollars in millions)	
Non-Carlyle interests in Consolidated Funds	$ (7.8)	$ 0.1
Non-Carlyle interests in majority-owned subsidiaries	205.7	324.5
Non-controlling interest in carried interest, giveback obligations and cash held for carried interest distributions	5.8	8.9
Non-controlling interests in consolidated entities	$ 203.7	$ 333.5

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

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions)	
Non-Carlyle interests in Consolidated Funds	$ (7.4)	$ —
Non-Carlyle interests in majority-owned subsidiaries	(89.0)	(7.2)
Non-controlling interest in carried interest, giveback obligations and cash held for carried interest distributions	(0.6)	2.7
Non-controlling interests in loss of consolidated entities	$ (97.0)	$ (4.5)

11. Earnings Per Common Share

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

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

	Three Months Ended March 31, 2019	
	Basic	Diluted
Net income attributable to common shares	$ 137,000,000	$ 137,000,000
Weighted-average common shares outstanding	109,210,460	115,818,538
Net income per common share	$ 1.25	$ 1.18

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

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

	Three Months Ended March 31, 2019	
	Basic	Diluted
The Carlyle Group Inc. weighted-average common shares outstanding	109,210,460	109,210,460
Unvested restricted stock units	—	5,659,577
Issuable Carlyle Group Inc. common shares	—	948,501
Weighted-average common shares outstanding	109,210,460	115,818,538

The Company applies the treasury stock method to determine the dilutive weighted-average common shares represented by the unvested restricted stock units. Also included in the determination of dilutive weighted-average common shares are issuable common shares associated with the Company's acquisitions, strategic investments in NGP and performance-vesting restricted stock units. All such awards are antidilutive and excluded from the computation of diluted earnings per share given the net loss attributable to common stockholders for the three months ended March 31, 2020.

Prior to the Conversion, the Company also included contingently issuable Carlyle Holdings partnership units in the determination of dilutive weighted-average common shares. The Company applied the "if-converted" method to the vested Carlyle Holdings partnership units to determine the dilutive weighted-average common shares outstanding in 2019. The Company applied the treasury stock method to the unvested Carlyle Holdings partnership units and the "if-converted" method on the resulting number of additional Carlyle Holdings partnership units to determine the dilutive weighted-average common shares represented by the unvested Carlyle Holdings partnership units.

In computing the dilutive effect that the exchange of Carlyle Holdings partnership units would have on earnings per common share in 2019, the Company considered that net income available to holders of common shares would increase due to the elimination of non-controlling interests in Carlyle Holdings (including any tax impact). Based on these calculations, 230,889,295 of vested Carlyle Holdings partnership units for the three months ended March 31, 2019 were antidilutive, and therefore have been excluded.

12. Equity

Preferred Unit Issuance and Redemption

On September 13, 2017, the Company issued 16,000,000 of 5.875% Series A Preferred Units (the "Preferred Units") for gross proceeds of $400.0 million, or $387.5 million, net of issuance costs and expenses. Distributions on the Preferred Units were payable quarterly on March 15, June 15, September 15, and December 15 of each year, beginning on December 15, 2017, when, as and if declared by the Board of Directors, at a rate per annum of 5.875%. Distributions on the Preferred Units were discretionary and non-cumulative.

On October 7, 2019, the Company redeemed the Preferred Units in full pursuant to the tax redemption provisions of the Preferred Units at a price of $25.339757 per unit, which is equal to $25.25 per Preferred Unit plus declared and unpaid distributions to, but excluding, the redemption date.

Stock Repurchase Program

In December 2018, the Board of Directors of the Company authorized the repurchase of up to $200.0 million of common units and/or Carlyle Holdings units. As part of the Conversion, in January 2020 the Board of Directors re-authorized the December 2018 repurchase program. Under the repurchase program, shares of common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and actual number of shares of common stock repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This repurchase program may be suspended or discontinued at any time and does not have a specified expiration date. During the three months ended March 31, 2020, the Company paid an aggregate of $26.4 million to repurchase and retire approximately 1.1 million shares, with all of the repurchases done via open market and brokered transactions. As of March 31, 2020, $139.1 million of repurchase capacity remains under the program.

Dividends

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

Dividend Record Date	Dividend Payment Date	Dividend per Common Share [1]	Dividend to Common Stockholders
		(Dollars in millions, except per share data)	
May 13, 2019	May 20, 2019	$ 0.19	$ 21.0
August 12, 2019	August 19, 2019	0.43	49.9
November 12, 2019	November 19, 2019	0.31	36.5
February 18, 2020	February 25, 2020	0.25	87.4
Total 2019 Dividend Year		$ 1.18	$ 194.8
May 12, 2020	May 19, 2020	$ 0.25	$ 87.2
Total 2020 Dividend Year (through Q1 2020)		$ 0.25	$ 87.2

(1) The dividends to common stockholders for Q1 2020 and Q4 2019 reflect the exchange of all Carlyle Holdings partnership units to shares of common stock in The Carlyle Group Inc. in connection with the Conversion on January 1, 2020.

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

13. Equity-Based Compensation

In May 2012, Carlyle Group Management L.L.C., the general partner of the Partnership, adopted the Equity Incentive Plan. The Equity Incentive Plan, which was amended on January 1, 2020 in connection with the Conversion to reflect shares of the Company’s common stock, is a source of equity-based awards permitting the Company to grant to Carlyle employees, directors and consultants non-qualified options, share appreciation rights, common shares, restricted stock units and other awards based on the Company’s common shares. The total number of the Company’s common shares which were initially available for grant under the Equity Incentive Plan was 30,450,000. The Equity Incentive Plan contains a provision which automatically increases the number of the Company’s common shares available for grant based on a pre-determined formula; this increase occurs annually on January 1. As of January 1, 2020, pursuant to the formula, the total number of the Company’s common shares available for grant under the Equity Incentive Plan was 34,715,889.

A summary of the status of the Company's non-vested equity-based awards as of March 31, 2020 and a summary of changes for the three months ended March 31, 2020, 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, 2019	14,622,159	$ 17.09	788,290	$ 20.30
Granted	3,174,430	$ 29.81	299,401	$ 33.40
Vested	2,290,161	$ 18.35	—	$ —
Forfeited	422,822	$ 19.14	—	$ —
Balance, March 31, 2020	15,083,606	$ 19.75	1,087,691	$ 23.90

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

The Company recorded compensation expense for restricted stock units of $29.1 million and $35.9 million for the three months ended March 31, 2020 and 2019, respectively, with $7.3 million and $3.5 million of corresponding deferred tax benefits, respectively. As of March 31, 2020, the total unrecognized equity-based compensation expense related to unvested restricted stock units is $223.3 million, which is expected to be recognized over a weighted-average term of 2.2 years.

14. Segment Reporting

Carlyle conducts its operations through four reportable segments:

Corporate Private Equity – The Corporate 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 transactions that focus on either a particular geography, industry, or strategy.

Real Assets – The Real Assets segment is comprised of the Company's operations that advise U.S. and international funds focused on real estate, infrastructure, and energy transactions.

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

Investment Solutions – The Investment Solutions segment advises global private equity fund of funds programs and related co-investment and secondary activities through AlpInvest. This segment also includes Metropolitan, a global manager of real estate fund of funds and related co-investment and secondary activities.

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 Real Assets 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 four 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 associated with acquisitions or strategic investments, changes in the tax receivable agreement liability, corporate conversion costs, amortization and any impairment charges associated with acquired intangible assets, transaction costs associated with acquisitions, 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.

The following table presents the financial data for the Company's four reportable segments for the three months ended March 31, 2020:

	Three Months Ended March 31, 2020				
	Corporate Private Equity	Real Assets	Global Credit	Investment Solutions	Total
	(Dollars in millions)				
Segment Revenues					
Fund level fee revenues					
Fund management fees	$ 188.5	$ 80.2	$ 73.0	$ 39.8	$ 381.5
Portfolio advisory and transaction fees, net and other	3.9	0.3	2.6	—	6.8
Total fund level fee revenues	192.4	80.5	75.6	39.8	388.3
Realized performance revenues	53.6	11.6	21.0	85.4	171.6
Realized principal investment income	9.6	0.6	5.1	0.6	15.9
Interest income	1.2	0.6	3.1	0.4	5.3
Total revenues	256.8	93.3	104.8	126.2	581.1
Segment Expenses					
Compensation and benefits					
Cash-based compensation and benefits	94.2	35.5	49.1	25.0	203.8
Realized performance revenues related compensation	24.3	5.4	9.7	84.0	123.4
Total compensation and benefits	118.5	40.9	58.8	109.0	327.2
General, administrative, and other indirect expenses	17.5	19.7	5.6	5.5	48.3
Depreciation and amortization expense	3.4	1.4	1.6	1.0	7.4
Interest expense	10.0	3.9	7.0	2.3	23.2
Total expenses	149.4	65.9	73.0	117.8	406.1
Distributable Earnings	**$ 107.4**	**$ 27.4**	**$ 31.8**	**$ 8.4**	**$ 175.0**
(-) Realized Net Performance Revenues	29.3	6.2	11.3	1.4	48.2
(-) Realized Principal Investment Income	9.6	0.6	5.1	0.6	15.9
(+) Net Interest	8.8	3.3	3.9	1.9	17.9
(=) Fee Related Earnings	**77.3**	**23.9**	**19.3**	**8.3**	**128.8**
Segment assets as of March 31, 2020	$ 2,714.3	$ 1,416.6	$ 2,151.5	$ 1,144.6	$ 7,427.0

The following table presents the financial data for the Company's four reportable segments for the three months ended March 31, 2019:

	Three Months Ended March 31, 2019				
	Corporate Private Equity	Real Assets	Global Credit	Investment Solutions	Total
	(Dollars in millions)				
Segment Revenues					
Fund level fee revenues					
Fund management fees	$ 190.0	$ 77.4	$ 74.8	$ 39.4	$ 381.6
Portfolio advisory and transaction fees, net and other	3.8	3.3	2.9	—	10.0
Total fund level fee revenues	193.8	80.7	77.7	39.4	391.6
Realized performance revenues	23.4	4.9	—	20.9	49.2
Realized principal investment income	(2.3)	1.6	4.6	0.2	4.1
Interest income	1.2	0.5	3.8	0.5	6.0
Total revenues	216.1	87.7	86.1	61.0	450.9
Segment Expenses					
Compensation and benefits					
Cash-based compensation and benefits	96.7	35.8	46.6	23.2	202.3
Realized performance revenues related compensation	10.4	12.0	—	19.8	42.2
Total compensation and benefits	107.1	47.8	46.6	43.0	244.5
General, administrative, and other indirect expenses	34.1	16.8	16.5	8.3	75.7
Depreciation and amortization expense	4.9	1.9	2.1	1.4	10.3
Interest expense	7.9	3.1	6.7	1.9	19.6
Total expenses	154.0	69.6	71.9	54.6	350.1
Distributable Earnings	**$ 62.1**	**$ 18.1**	**$ 14.2**	**$ 6.4**	**$ 100.8**
(-) Realized Net Performance Revenues	13.0	(7.1)	—	1.1	7.0
(-) Realized Principal Investment Income (Loss)	(2.3)	1.6	4.6	0.2	4.1
(+) Net Interest	6.7	2.6	2.9	1.4	13.6
(=) Fee Related Earnings	**$ 58.1**	**$ 26.2**	**$ 12.5**	**$ 6.5**	**$ 103.3**

The following table reconciles the Total Segments to the Company's Income (Loss) Before Provision for Taxes for the three months ended March 31, 2020 and 2019, and Total Assets as of March 31, 2020.

	Three Months Ended March 31, 2020					
	Total Reportable Segments	Consolidated Funds	Reconciling Items		Carlyle Consolidated
	(Dollars in millions)				
Revenues	**$ 581.1**	**$ 53.0**	**$ (1,379.8)**	**(a)**	**$ (745.7)**
Expenses	**$ 406.1**	**$ 53.8**	**$ (529.7)**	**(b)**	**$ (69.8)**
Other income (loss)	**$ —**	**$ (113.1)**	**$ —**	**(c)**	**$ (113.1)**
Distributable earnings	**$ 175.0**	**$ (113.9)**	**$ (850.1)**	**(d)**	**$ (789.0)**
Total assets	**$ 7,427.0**	**$ 4,725.5**	**$ (67.9)**	**(e)**	**$ 12,084.6**

	Three Months Ended March 31, 2019				
	Total Reportable Segments	Consolidated Funds	Reconciling Items		Carlyle Consolidated
	(Dollars in millions)				
Revenues	$ 450.9	$ 52.4	$ 583.7	(a)	$ 1,087.0
Expenses	$ 350.1	$ 43.7	$ 208.7	(b)	$ 602.5
Other income (loss)	$ —	$ (14.2)	$ —	(c)	$ (14.2)
Distributable earnings	$ 100.8	$ (5.5)	$ 375.0	(d)	$ 470.3

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

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Unrealized performance revenues	**$ (1,109.0)**	$ 301.8
Unrealized principal investment income (loss)	**(264.7)**	238.6
Adjusted unrealized principal investment income (loss) from investment in Fortitude Re	**(22.8)**	27.0
Adjustments related to expenses associated with investments in NGP Management and its affiliates	**(3.9)**	(4.0)
Non-Carlyle economic interests in acquired businesses and other adjustments to present certain costs on a net basis	**(77.7)**	20.4
Elimination of revenues of Consolidated Funds	**98.3**	(0.1)
	$ (1,379.8)	$ 583.7

The following table reconciles the total segments fund level fee revenue to the most directly comparable U.S. GAAP measure, the Company's consolidated fund management fees, for the three months ended March 31, 2020 and 2019.

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Total Reportable Segments - Fund level fee revenues	**$ 388.3**	$ 391.6
Adjustments [1]	**(32.4)**	(38.2)
Carlyle Consolidated - Fund management fees	**$ 355.9**	$ 353.4

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

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

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Unrealized performance revenues related compensation	**$ (580.1)**	$ 146.0
Equity-based compensation	**31.7**	39.4
Acquisition related charges and amortization of intangibles and impairment	**3.0**	12.0
Other non-operating expense	**0.2**	0.3
Tax expense associated with certain foreign performance revenues related compensation	**11.2**	(6.1)
Non-Carlyle economic interests in acquired businesses and other adjustments to present certain costs on a net basis	**8.0**	20.9
Debt extinguishment costs	**—**	0.1
Corporate conversion costs, severance and other adjustments	**4.5**	1.7
Elimination of expenses of Consolidated Funds	**(8.2)**	(5.6)
	$ (529.7)	$ 208.7

(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 March 31,	
	2020	**2019**
	(Dollars in millions)	
Income (loss) before provision for income taxes	**$ (789.0)**	$ 470.3
Adjustments:		
Net unrealized performance revenues	**528.9**	(155.8)
Unrealized principal investment (income) loss	**264.7**	(238.6)
Adjusted unrealized principal investment (income) loss from investment in Fortitude Re	**22.8**	(27.0)
Equity-based compensation (1)	**31.7**	39.4
Acquisition related charges, including amortization of intangibles and impairment	**3.0**	12.0
Other non-operating expense	**0.2**	0.3
Tax expense associated with certain foreign performance revenues	**11.2**	(6.1)
Net (income) loss attributable to non-controlling interests in consolidated entities	**97.0**	4.5
Debt extinguishment costs	**—**	0.1
Corporate conversion costs, severance and other adjustments	**4.5**	1.7
Distributable Earnings	**$ 175.0**	$ 100.8
Realized performance revenues, net of related compensation (2)	**48.2**	7.0
Realized principal investment income (2)	**15.9**	4.1
Net interest	**17.9**	13.6
Fee Related Earnings	**$ 128.8**	$ 103.3

(1) Equity-based compensation for the three months ended March 31, 2020 and 2019 includes amounts that are 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 March 31, 2020		
	Carlyle Consolidated	**Adjustments (3)**	**Total Reportable Segments**
		(Dollars in millions)	
Performance revenues	**$ (937.6)**	**$ 1,109.2**	**$ 171.6**
Performance revenues related compensation expense	**(442.5)**	**565.9**	**123.4**
Net performance revenues	**$ (495.1)**	**$ 543.3**	**$ 48.2**
Principal investment income (loss)	**$ (253.3)**	**$ 269.2**	**$ 15.9**

	Three Months Ended March 31, 2019		
	Carlyle Consolidated	**Adjustments (3)**	**Total Reportable Segments**
		(Dollars in millions)	
Performance revenues	$ 349.1	$ (299.9)	$ 49.2
Performance revenues related compensation expense	185.4	(143.2)	42.2
Net performance revenues	$ 163.7	$ (156.7)	$ 7.0
Principal investment income (loss)	$ 301.8	$ (297.7)	$ 4.1

(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 certain incentive fees from business development companies, which are included in fund management fees in the segment results, and (vi) the reclassification of tax expenses associated with certain foreign performance revenues. Adjustments to principal investment income (loss) also include the reclassification of earnings for the investments in NGP Management and its affiliates to the appropriate operating captions for the segment results, and the exclusion of charges associated with the investment in NGP Management and its affiliates that are excluded from the segment results.

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

15. Subsequent Events

Dividends

In April 2020, the Company’s Board of Directors declared a quarterly dividend of $0.25 per share of common stock to common stockholders of record at the close of business on May 12, 2020, payable on May 19, 2020.

16. Supplemental Financial Information

The following supplemental financial information illustrates the consolidating effects of the Consolidated Funds on the Company's financial position as of March 31, 2020 and December 31, 2019 and results of operations for the three months ended March 31, 2020 and 2019. The supplemental statement of cash flows is presented without effects of the Consolidated Funds.

	As of March 31, 2020			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Assets				
Cash and cash equivalents	$ 1,007.9	$ —	$ —	$ 1,007.9
Cash and cash equivalents held at Consolidated Funds	—	170.9	—	170.9
Restricted cash	0.6	—	—	0.6
Investments, including performance allocations of $2,752.1 million	5,454.2	—	(63.1)	5,391.1
Investments of Consolidated Funds	—	4,465.3	—	4,465.3
Due from affiliates and other receivables, net	232.8	—	(4.8)	228.0
Due from affiliates and other receivables of Consolidated Funds, net	—	88.8	—	88.8
Fixed assets, net	120.6	—	—	120.6
Lease right-of-use assets, net	194.2	—	—	194.2
Deposits and other	53.9	0.5	—	54.4
Intangible assets, net	58.3	—	—	58.3
Deferred tax assets	304.5	—	—	304.5
Total assets	$ 7,427.0	$ 4,725.5	$ (67.9)	$ 12,084.6
Liabilities and equity				
Debt obligations	$ 2,188.3	$ —	$ —	$ 2,188.3
Loans payable of Consolidated Funds	—	4,196.3	—	4,196.3
Accounts payable, accrued expenses and other liabilities	301.6	—	—	301.6
Accrued compensation and benefits	1,773.3	—	—	1,773.3
Due to affiliates	456.1	—	—	456.1
Deferred revenue	296.3	—	—	296.3
Deferred tax liabilities	36.4	—	—	36.4
Other liabilities of Consolidated Funds	—	471.0	—	471.0
Lease liabilities	273.8	—	—	273.8
Accrued giveback obligations	22.4	—	—	22.4
Total liabilities	5,348.2	4,667.3	—	10,015.5
Common stock	3.5	—	—	3.5
Additional paid-in capital	2,569.0	69.5	(69.5)	2,569.0
Retained earnings (deficit)	(612.0)	—	—	(612.0)
Accumulated other comprehensive loss	(93.2)	(3.5)	1.6	(95.1)
Non-controlling interests in consolidated entities	211.5	(7.8)	—	203.7
Total equity	2,078.8	58.2	(67.9)	2,069.1
Total liabilities and equity	$ 7,427.0	$ 4,725.5	$ (67.9)	$ 12,084.6

	As of December 31, 2019			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Assets				
Cash and cash equivalents	$ 793.4	$ —	$ —	$ 793.4
Cash and cash equivalents held at Consolidated Funds	—	122.4	—	122.4
Restricted cash	34.6	—	—	34.6
Investments, including performance allocations of $3,855.6 million	6,982.7	—	(178.3)	6,804.4
Investments of Consolidated Funds	—	5,007.3	—	5,007.3
Due from affiliates and other receivables, net	279.0	—	(5.1)	273.9
Due from affiliates and other receivables of Consolidated Funds, net	—	74.4	—	74.4
Fixed assets, net	108.2	—	—	108.2
Lease right-of-use assets, net	203.8	—	—	203.8
Deposits and other	53.8	0.2	—	54.0
Intangible assets, net	62.3	—	—	62.3
Deferred tax assets	270.1	—	—	270.1
Total assets	$ 8,787.9	$ 5,204.3	$ (183.4)	$ 13,808.8
Liabilities and partners' capital				
Loans payable	$ 1,976.3	$ —	$ —	$ 1,976.3
Loans payable of Consolidated Funds	—	4,706.7	—	4,706.7
Accounts payable, accrued expenses and other liabilities	354.9	—	—	354.9
Accrued compensation and benefits	2,496.5	—	—	2,496.5
Due to affiliates	542.1	—	—	542.1
Deferred revenue	71.0	—	—	71.0
Deferred tax liabilities	65.2	—	—	65.2
Other liabilities of Consolidated Funds	—	316.1	—	316.1
Lease liabilities	288.2	—	—	288.2
Accrued giveback obligations	22.2	—	—	22.2
Total liabilities	5,816.4	5,022.8	—	10,839.2
Partners' capital	703.8	61.7	(61.7)	703.8
Accumulated other comprehensive loss	(84.5)	(0.1)	(0.6)	(85.2)
Non-controlling interests in consolidated entities	333.4	0.1	—	333.5
Non-controlling interests in Carlyle Holdings	2,018.8	119.8	(121.1)	2,017.5
Total partners' capital	2,971.5	181.5	(183.4)	2,969.6
Total liabilities and partners' capital	$ 8,787.9	$ 5,204.3	$ (183.4)	$ 13,808.8

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

	Three months ended March 31, 2019			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Revenues				
Fund management fees	$ 358.7	$ —	$ (5.3)	$ 353.4
Incentive fees	8.1	—	—	8.1
Investment income				
Performance allocations	349.1	—	—	349.1
Principal investment income	289.6	—	12.2	301.8
Total investment income	638.7	—	12.2	650.9
Interest and other income	29.2	—	(7.0)	22.2
Interest and other income of Consolidated Funds	—	52.4	—	52.4
Total revenues	1,034.7	52.4	(0.1)	1,087.0
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	210.5	—	—	210.5
Equity-based compensation	36.0	—	—	36.0
Performance allocations and incentive fee related compensation	185.4	—	—	185.4
Total compensation and benefits	431.9	—	—	431.9
General, administrative and other expenses	112.5	—	—	112.5
Interest	19.7	—	—	19.7
Interest and other expenses of Consolidated Funds	—	43.7	(5.6)	38.1
Other non-operating expenses	0.3	—	—	0.3
Total expenses	564.4	43.7	(5.6)	602.5
Other loss				
Net investment losses of Consolidated Funds	—	(14.2)	—	(14.2)
Income (loss) before provision for income taxes	470.3	(5.5)	5.5	470.3
Provision for income taxes	24.0	—	—	24.0
Net income (loss)	446.3	(5.5)	5.5	446.3
Net loss attributable to non-controlling interests in consolidated entities	(4.5)	—	—	(4.5)
Net income (loss) attributable to Carlyle Holdings	450.8	(5.5)	5.5	450.8
Net income attributable to non-controlling interests in Carlyle Holdings	307.9	—	—	307.9
Net income (loss) attributable to The Carlyle Group Inc.	142.9	(5.5)	5.5	142.9
Net income attributable to Series A Preferred Unitholders	5.9	—	—	5.9
Net income (loss) attributable to The Carlyle Group Inc. Common Stockholders	$ 137.0	$ (5.5)	$ 5.5	$ 137.0

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions)	
Cash flows from operating activities		
Net income (loss)	$ (701.6)	$ 446.3
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	12.6	14.8
Equity-based compensation	29.1	36.0
Non-cash performance allocations and incentive fees	550.5	(167.8)
Non-cash principal investment (income) loss	363.6	(286.3)
Other non-cash amounts	(9.5)	11.1
Purchases of investments	(53.6)	(72.7)
Proceeds from the sale of investments	110.4	155.1
Change in deferred taxes, net	(101.0)	14.7
Change in due from affiliates and other receivables	11.4	60.6
Change in deposits and other	(2.1)	(8.4)
Change in accounts payable, accrued expenses and other liabilities	(54.0)	(68.9)
Change in accrued compensation and benefits	(196.6)	(137.6)
Change in due to affiliates	(35.2)	(2.2)
Change in lease right-of-use asset and lease liability	(3.3)	(1.1)
Change in deferred revenue	225.9	197.7
Net cash provided by operating activities	146.6	191.3
Cash flows from investing activities		
Purchases of fixed assets, net	(13.2)	(7.1)
Net cash used in investing activities	(13.2)	(7.1)
Cash flows from financing activities		
Borrowings under credit facilities	251.0	—
Repayments under credit facilities	(35.8)	—
Repayment of term loan	—	(25.0)
Payments on debt obligations	(0.3)	(6.8)
Proceeds from debt obligations	—	20.5
Distributions to common unitholders	(87.4)	(47.4)
Distributions to preferred unitholders	—	(5.9)
Distributions to non-controlling interest holders in Carlyle Holdings	—	(99.4)
Contributions from non-controlling interest holders	4.2	2.2
Distributions to non-controlling interest holders	(23.3)	(9.8)
Payment of deferred consideration for Carlyle Holdings units	(68.8)	—
Common shares repurchased	(26.4)	(10.4)
Change in due to/from affiliates financing activities	51.1	87.3
Net cash provided by (used in) financing activities	64.3	(94.7)
Effect of foreign exchange rate changes	(17.2)	0.3
Increase in cash, cash equivalents and restricted cash	180.5	89.8
Cash, cash equivalents and restricted cash, beginning of period	828.0	638.3
Cash, cash equivalents and restricted cash, end of period	$ 1,008.5	$ 728.1
Reconciliation of cash, cash equivalents and restricted cash, end of period:		
Cash and cash equivalents	$ 1,007.9	$ 723.0
Restricted cash	0.6	5.1
Total cash, cash equivalents and restricted cash, end of period	$ 1,008.5	$ 728.1
Cash and cash equivalents held at Consolidated Funds	$ 170.9	$ 213.9

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

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

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

The following discussion analyzes the financial condition and results of operations of The Carlyle Group Inc. (the "Company"). Such analysis should be read in conjunction with the consolidated financial statements and the related notes included in this Quarterly Report on Form 10-Q and the Annual Report on Form 10-K for the year ended December 31, 2019.

Overview

We conduct our operations through four reportable segments: Corporate Private Equity, Real Assets, Global Credit, and Investment Solutions.

- *Corporate Private Equity* — Our Corporate Private Equity segment advises our 24 buyout and 10 middle market and growth capital funds, which seek a wide variety of investments of different sizes and growth potentials. As of March 31, 2020, our Corporate Private Equity segment had $80 billion in AUM and $61 billion in Fee-earning AUM.

- *Real Assets* — Our Real Assets segment advises our ten U.S. and internationally focused real estate funds, our five infrastructure funds, our two international energy funds, as well as our three Legacy Energy funds. The segment also includes three NGP Predecessor Funds and four NGP Carry Funds advised by NGP. As of March 31, 2020, our Real Assets segment had $40 billion in AUM and $31 billion in Fee-earning AUM.

- *Global Credit* — Our Global Credit segment advises a group of 66 funds that pursue investment strategies including loans and structured credit, direct lending, opportunistic credit, energy credit, distressed credit, and aircraft financing and servicing. As of March 31, 2020, our Global Credit segment had $49 billion in AUM and $38 billion in Fee-earning AUM.

- *Investment Solutions* — Our Investment Solutions segment advises global private equity and real estate fund of funds programs and related co-investment and secondary activities across 265 fund vehicles. As of March 31, 2020, our Investment Solutions segment had $48 billion in AUM and $28 billion in Fee-earning AUM.

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

Our Family of Funds

The following chart presents the name (acronym), total capital commitments (in the case of our carry funds, structured credit funds, and the NGP Predecessor Funds), assets under management (in the case of structured products), gross assets (in the case of our BDCs) and vintage year of the active funds in each of our segments, as of March 31, 2020. We present total capital commitments (as opposed to assets under management) for our closed-end investment funds because we believe this metric provides the most useful information regarding the relative size and scale of such funds. In the case of our products which are open-ended and accordingly do not have permanent committed capital, we generally believe the most useful metric regarding relative size and scale is assets under management.

Corporate Private Equity		
Buyout Carry Funds		
Carlyle Partners (U.S.)		
CP VII	$18.5 bn	2018
CP VI	$13.0 bn	2014
CP V	$13.7 bn	2007
Global Financial Services Partners		
CGFSP III	$1.0 bn	2018
CGFSP II	$1.0 bn	2013
Carlyle Europe Partners		
CEP V	€6.4 bn	2018
CEP IV	€3.7 bn	2014
CEP III	€5.3 bn	2007
CEP II	€1.8 bn	2003
Carlyle Asia Partners		
CAP V	$6.6 bn	2018
CBPF II	RMB 2.0 bn	2017
CAP IV	$3.9 bn	2014
CAP III	$2.6 bn	2008
Carlyle Japan Partners		
CJP IV	¥258.0 bn	2020
CJP III	¥119.5 bn	2013
CJP II	¥165.6 bn	2006
Carlyle Global Partners		
CGP II	$1.2 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
Middle Market & Growth Carry Funds		
Carlyle U.S. Venture/Growth Partners		
CEOF II	$2.4 bn	2015
CEOF I	$1.1 bn	2011
CVP II	$0.6 bn	2001
Carlyle Europe Technology Partners		
CETP IV	€1.4 bn	2019
CETP III	€0.7 bn	2014
Carlyle Asia Venture/Growth Partners		
CAGP V	$0.3 bn	2017
CAGP IV	$1.0 bn	2008
Carlyle Cardinal Ireland		
CCI	€0.3 bn	2014

Global Credit		
Loans & Structured Credit		
Cash CLO's		
U.S.	$19.2 bn	2012-2020
Europe	€6.8 bn	2013-2019
Structured Credit Carry Funds		
CREV	$0.5 bn	2020
CSC	$0.8 bn	2017
CASCOF	$0.4 bn	2015
Direct Lending		
Business Development Companies1		
TCG BDC II, Inc.	$1.8 bn	2017
TCG BDC, Inc.	$2.1 bn	2013
Opportunistic Credit Carry Fund		
CCOF	$2.4 bn	2017
Energy Credit Carry Funds		
CEMOF II	$2.8 bn	2015
CEMOF I	$1.4 bn	2011
Distressed Credit Carry Funds		
CSP IV	$2.5 bn	2016
CSP III	$0.7 bn	2011
CSP II	$1.4 bn	2007
Carlyle Aviation Partners		
SASOF V	$0.9 bn	2020
SASOF IV	$1.0 bn	2018
SASOF III	$0.8 bn	2015
SASOF II	$0.6 bn	2012
Securitization vehicles[2]	$2.8 bn	Various
9 other vehicles[2]	$2.3 bn	Various

Investment Solutions		
AlpInvest		
Fund of Private Equity Funds		
93 vehicles	€44.2 bn	2000-2020
Secondary Investments		
69 vehicles	€19.7 bn	2002-2020
Co-Investments		
67 vehicles	€15.6 bn	2002-2020
Metropolitan Real Estate		
36 vehicles	$5.0 bn	2002-2019

Real Assets [4]		
Real Estate Carry Funds		
Carlyle Realty Partners (U.S.)		
CRP VIII	$5.5 bn	2017
CRP VII	$4.2 bn	2014
CRP VI	$2.3 bn	2011
CRP V	$3.0 bn	2006
CRP IV	$1.0 bn	2005
CRP III	$0.6 bn	2001
Core Plus Real Estate (U.S.)		
CPI[2]	$3.2 bn	2016
International Real Estate		
CER	€0.5 bn	2017
CEREP III	€2.2 bn	2007
Natural Resources Funds		
NGP Energy Carry Funds		
NGP XII	$4.3 bn	2017
NGP XI	$5.3 bn	2014
NGP X	$3.6 bn	2012
NGP Agribusiness Carry Fund		
NGP GAP	$0.4 bn	2014
NGP Predecessor Funds		
Various[3]	$5.7 bn	2007-2008
International Energy Carry Funds		
CIEP II	$2.2 bn	2019
CIEP I	$2.5 bn	2013
Infrastructure Carry Funds		
CRSEF	$0.2 bn	2019
CGIOF	$2.2 bn	2019
CPP II	$1.5 bn	2014
CPOCP	$0.5 bn	2013

Note: All amounts shown represent total capital commitments as of March 31, 2020 unless otherwise noted. Certain of our recent vintage funds are currently in fundraising and total capital commitments are subject to change. In addition, certain carry funds included herein may be disclosed which are not included in fund performance if they have not made an initial capital call or commenced investment activity. The NGP funds are advised by NGP Energy Capital Management, LLC, a separately registered investment adviser, and we do not serve as an investment adviser to those funds.

(1) Amounts represent gross assets plus any available capital as of March 31, 2020.
(2) Amounts represent Total AUM as of March 31, 2020.
(3) Includes NGP M&R, NGP ETP II, and NGP IX, on which we are not entitled to a share of carried interest.
(4) Real Assets also includes the Legacy Energy funds, which we jointly advise with Riverstone Holdings L.L.C. The impact of these funds is no longer significant to our results of operations.

Trends Affecting our Business

The global economy faces historic levels of turmoil and dislocation as the impact of the COVID-19 pandemic fully materializes across the world. In the first quarter, U.S. real GDP declined at a 4.8% annualized rate over the fourth quarter of 2019, while real GDP in the Eurozone declined at a 14.4% annualized rate, the fastest quarter-over-quarter decline on record. Real-time portfolio data from the start of the second quarter suggest that the U.S. and Eurozone economies are currently contracting at an annual rate of between 10% and 20%. In its April 2020 World Economic Outlook, the International Monetary Fund ("IMF") dubbed the current recession the "Great Lockdown," and it expects a contraction of the economy in 2020 about two to three times greater than in 2009. Investor hopes for a quick recovery have generally faded and currently, the IMF does not expect the level of gross domestic product in advanced economies to return to fourth quarter 2019 levels until 2022.

It is difficult to overstate the magnitude and speed of the decline in global economic activity. For many businesses, revenues are down significantly, and for certain businesses, revenues have substantially ceased, leading to a cascade of downstream effects such as wage cuts, layoffs, abandoned plans for capital expenditures, and loan and lease delinquencies, all of which culminate in furthering the contagion across sectors and asset classes. The massive fallout in the global labor market that has occurred to date with, for example, U.S. jobless claims rising 30 million in the six weeks ended April 25, 2020, Norway's unemployment rate hitting 10.7% in March 2020 and countries across Europe expecting similar jumps in the coming months, and 1.4 million people filing universal credit claims in the United Kingdom since March 16, 2020, is likely to exacerbate already decreased levels of consumption. The limited March and April 2020 economic data released so far are in line with or worse than the challenging picture presented in consensus estimates. April flash services purchasing managers' indices (PMIs) across developed market economies continued to post dramatic declines. The Eurozone's services PMI in April hit a record low of 11.7, indicating significant contraction. In March, retail sales in the U.S. in real dollar terms sank by 8.3% month-over-month, the largest single month contraction since at least the mid-1940s.

While the worst of the economic upheaval is likely yet to come for most of the world, the trough of China's contraction appears to have occurred in February 2020. There is early evidence of the beginning of a return to normal in China where authorities took decisive action to both contain the virus and reboot the economy. Our portfolio company data indicate that many retail establishments in China have reopened, hiring rates have rebounded, and cargo volumes are now above their levels at the same time last year. While this progress is encouraging, the Chinese economy still contracted by 6.8% in the first quarter year-over-year according to official statistics. Data indicate large durable goods and discretionary retail purchases are still weak. Retail passenger vehicle sales in March 2020, for example, were 40% lower than the same period a year ago, while proprietary portfolio data on salon visits indicate a slow recovery in nonessential spending.

In the U.S., first quarter 2020 earnings for companies in the S&P 500 are estimated to have fallen by 15.8% year-over-year, which would be the largest drop since the second quarter of 2009 when earnings fell by 26.9% year-over-year. There are significant differences in the level of declines across sectors as some businesses are inherently more exposed to social-distancing restrictions with brick and mortar retail, restaurants, hospitality, airlines, and transportation among those most heavily impacted. The energy sector has also suffered as a Saudi-Russian oil price war flooded markets with excess supply in the face of an already significant demand shock. Brent crude spot prices declined over 60% in the first quarter of 2020 and remain under pressure as doubts that a U.S.-backed deal with OPEC+ to cut nearly 10% of global supply will be enough to make up for the significant decline in demand.

A disconnect also appears to be growing between equity markets and underlying fundamentals. During February, March, and April 2020, markets have seemingly tracked developments in public health rather than anticipated corporate performance. As investors digested news of the virus's impact in Italy, where hospitals quickly became overwhelmed and fatalities mounted rapidly, global equities plummeted nearly 35% through late-March 2020, from their peaks in mid-February. Since then, markets have been volatile, but generally have erased about half of those losses, as increasingly positive epidemiological data emerge and investors react to massive amounts of fiscal and monetary stimulus in both Europe and the U.S. Through April 24, 2020, the S&P 500, MSCI ACWI, EuroStoxx 600, and Shanghai Composite fell 12%, 16%, 21%, and 8%, respectively, and forward earnings multiples are now higher than they were before the market rout began.

Central banks globally have adopted a "whatever it takes" posture in response to the pandemic's impact on financial systems and the broader economy. More than a dozen central banks across North America, Europe, and Asia have cut policy rates. In an emergency session on March 15, 2020, the Federal Open Market Reserve Committee slashed the target range for the federal funds rate to the zero lower bound. There have also been several liquidity measures and quantitative easing programs launched, expanded, or even declared as "unlimited" by some policy makers. In the U.S., the Federal Reserve has announced $2.3 trillion in balance sheet commitments and $1.5 trillion in quantitative easing among other programs to shore up commercial paper and repo markets, extend access to dollar swap lines to both developed and emerging market economies, and encourage financial sector support of households and small businesses. These actions are in addition to the nearly $3 trillion in fiscal stimulus passed by Congress to date, with the potential for additional legislative measures throughout the year. European and Asian authorities have employed similarly novel and expansive policy responses.

Government bond yields have fallen to new lows amid the flurry of monetary policy action and investors' flight from risk assets. The 10-year Treasury yield briefly fell to a record low of 38 basis points in early March 2020, and now hovers between 60 and 70 basis points. In contrast, corporate bond yields have spiked, though there is significant dispersion across the credit spectrum. Investment grade debt yields, after rising sharply in mid-March 2020, are now at the same levels as earlier in the year. Speculative grade yields remain elevated, with single-B rated yields at 920 basis points as of April 23, 2020, an increase of over 400 basis points since the start of the year. Even so, this marks an improvement from the worst of the credit market rout, when B-rated yields exceeded 12% on March 23, 2020, the highest level since 2009.

The turbulence in global economies and significant market dislocation adversely impacted the value of our carry fund portfolio in the first quarter. Our Corporate Private Equity funds depreciated by (8)% in the first quarter. In our Real Assets funds, our real estate funds depreciated (1)% in the first quarter, while our natural resources funds fell (22)% due to continued pressure from our energy funds. In our Global Credit segment, our carry funds (which represent approximately 25% of the total Global Credit assets under management) depreciated (21)% in the quarter. Our Global Credit funds include our Energy Mezzanine funds, which experienced 30% depreciation during the first quarter. Our Investment Solutions funds appreciated 1% in the first quarter, though the valuations of our primary and secondary fund of funds reflect investment fair values as determined by the general partners of the underlying funds as of December 31, 2019. As a result, in total, net accrued performance revenue on our balance sheet declined to $1.2 billion at March 31, 2020 from $1.7 billion at December 31, 2019. However, our accrued clawback remained unchanged from year end; and while it's possible that our net accrued performance revenues could further decrease should values continue to decline, we do not expect a material change in our accrued clawback. While the pandemic has significantly impacted the current valuations of our funds, we believe our existing portfolio of assets is generally of high-quality and well-diversified by fund, industry sector, asset class, and region.

We expect the economic fallout from COVID-19 to impact our distributable earnings and fee related earnings and we are working to mitigate the impact, including through the active management of our expenses. We anticipate that the pace of investment and exit activity across our Corporate Private Equity segment generally will slow over the next several quarters as buyers and sellers reassess the market environment and adjust expectations. We are not forced buyers or sellers and will continue to evaluate opportunities strategically as they arise. In particular, we believe that there may be increased opportunities for investments in the Global Credit segment. During the first quarter, our carry funds invested $3.0 billion in new or follow-on transactions, and we have invested approximately $20.8 billion over the last twelve months. In our Global Credit segment, there were $3.2 billion of gross originations in our Direct Lending business over the last twelve months, and we closed one new US CLO at $455 million of par value in the first quarter. In the first quarter, we generated $4.5 billion in realized proceeds from our carry funds, and realized $19.7 billion over the last twelve months. With markets still unstable and exits slowing, the pace of realizations over the next few quarters is expected to slow and quarterly realized performance revenues are likely to be below this quarter for the next several quarters.

While fundraising for 2020 started strong and we raised $7.5 billion of new capital in the first quarter, we currently expect that our overall fundraising pace could slow in the second half of 2020. This in turn would dampen the growth of our fee-earning assets under management, with a corresponding impact on our management fee revenues. The pace of fundraising going forward will depend on the assessment by our limited partner investors of their own investment portfolios, their existing investment commitments, asset allocation policies, anticipated long- and short-term capital needs and overall view of the investment marketplace and future investment opportunities.

Approximately 98% of our fee-earning assets under management is located in closed-end fund structures with no redemption risk. With respect to our fee revenue, 90% is in the form of management fees from traditional closed-end, long-dated funds, which are highly predictable and stable, and do not have significant exposure to the underlying fund valuations. Growth of these fees relies on new vintages or new carry fund families, and to the extent fundraising for these products is delayed, growth of this revenue base will be similarly delayed. With regard to the other 10% of fee revenue, we earn about $120 million annually from our management fees on our CLOs in the form of base fees and subordinated fees. Subordinated fees represent approximately 70% of this revenue base. Credit rating downgrades across the industry may cause the subordinated fees to be deferred. These deferred fees can be subsequently turned back on and recaptured based on the actual default rates and cash returns within the CLO structures. During this quarter, we did not recognize approximately $4.1 million of subordinated fees which were deferred. If the ratings agencies further downgrade bonds and loans in which the CLOs have invested, it is likely that CLOs across the industry will experience revenue deferrals over the course of this year. During the Great Financial Crisis, we saw the majority of CLOs across the industry shut off subordinated fees, but 100% of our CLO subordinated fees were turned back on and all of our deferred revenue was recovered. Finally, transaction and advisory fees generated $53 million of fee revenue in 2019, and are likely to trend lower with a slower pace of closed investments.

As the situation continues to unfold, our top priority has been the health and well-being of our people, and the people at our portfolio companies and in the broader community. Further, we remain focused on supporting our portfolio and ensuring that we continue to deliver for investors and all stakeholders. The majority of our global offices outside of Asia remain closed and the vast majority of our employees are working remotely. At this time, we are uncertain when we will reopen our global office locations, but we continue to operate our business and address the needs of our investors and portfolio companies through our remote-work technology in line with our business continuity plan.

Recent Transactions

Dividends

In April 2020, the Company's Board of Directors declared a quarterly dividend of $0.25 per share to common stockholders of record at the close of business on May 12, 2020, payable on May 19, 2020.

Key Financial Measures

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

Revenues

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

Fund Management Fees. Fund management fees include management fees and transaction and portfolio advisory fees. We earn management fees for advisory services we provide to funds in which we hold a general partner interest or with which we have an investment advisory or investment management agreement. Additionally, management fees include catch-up management fees, which are episodic in nature and represent management fees charged to fund investors in subsequent closings of a fund which apply to the time period between the fee initiation date and the subsequent closing date.

Management fees attributable to Carlyle Partners VII, L.P. ("CP VII"), our seventh U.S. buyout fund with $17.5 billion of Fee-earning AUM as of March 31, 2020 were approximately 17% of total management fees recognized during both the three months ended March 31, 2020 and 2019. No other fund generated over 10% of total management fees in the periods presented.

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

Transaction and Portfolio Advisory Fees. Transaction and portfolio advisory fees include fees we receive for the transaction and portfolio advisory services we provide to our portfolio companies, as well as underwriting fees from our loan syndication and capital markets business, Carlyle Capital Solutions ("CCS"). 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. The recognition of portfolio advisory fees and transactions fees can be volatile as they are primarily generated by investment activity within our funds, and therefore are impacted by our investment pace. Underwriting fees include gains, losses and fees arising from securities offerings in which we participate in the underwriter syndicate.

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

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

Performance allocations in excess of 10% of the total for the three months ended March 31, 2020 and 2019 were generated from the following funds:

Three Months Ended March 31,					
2020			2019		
(Dollars in millions)					
CP VI	$	(558.6)	CP VI	$	86.0
CIEP I		(160.1)	CRP V		60.7
CAP IV		167.2	Alpinvest Co- & Secondary Investments 2006-2008		47.4

The CAP IV fund appreciated in the three months ended March 31, 2020 primarily due to appreciation of a public investment in the portfolio. No other fund generated over 10% of performance allocations in the periods presented above.

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

Realized carried interest may be clawed back or given back to the fund if the fund’s investment values decline below certain return hurdles, which vary from fund to fund. When the fair value of a fund’s investments remains constant or falls below certain return hurdles, previously recognized performance allocations are reversed. In all cases, each investment fund is considered separately in evaluating carried interest and potential giveback obligations. For any given period, performance allocations revenue on our statement of operations may include reversals of previously recognized performance allocations due to a decrease in the value of a particular fund that results in a decrease of cumulative performance allocations earned to date. Since fund return hurdles are cumulative, previously recognized performance allocations also may be reversed in a period of appreciation that is lower than the particular fund’s hurdle rate. For the three months ended March 31, 2020 and 2019, the reversals of performance allocations were $2.0 billion and $27.8 million, respectively. Additionally, unrealized performance allocations reverse when performance allocations are realized, and unrealized performance allocations can be negative if the amount of realized performance allocations exceed total performance allocations generated in the period.

As of March 31, 2020, accrued performance allocations and accrued giveback obligations were $2.8 billion and $22.4 million, respectively. Each balance assumes a hypothetical liquidation of the funds’ investments at March 31, 2020 at their then current fair values. These assets and liabilities will continue to fluctuate in accordance with the fair values of the funds' investments until they are realized. As of March 31, 2020, $14.3 million of the accrued giveback obligation is the responsibility of various current and former senior Carlyle professionals and other limited partners of the Carlyle Holdings partnerships, and the net accrued giveback obligation attributable to the Company is $8.1 million. The Company uses "net accrued performance revenues" to refer to the aggregation of the accrued performance allocations and incentive fees net of (i) accrued giveback obligations, (ii) accrued performance allocations and incentive fee-related compensation, (iii) performance allocations and incentive fee-related tax obligations, and (iv) accrued performance allocations and incentive fees attributable to non-controlling interests and excludes any net accrued performance allocations and incentive fees that have been realized but will be collected in subsequent periods. Net accrued performance revenues as of March 31, 2020 are $1.2 billion.

In addition, realized performance allocations may be reversed in future periods to the extent that such amounts become subject to a giveback obligation. If, at March 31, 2020, all investments held by our carry funds were deemed worthless, the amount of realized and previously distributed performance allocations subject to potential giveback would be approximately $0.4 billion on an after-tax basis where applicable. See the related discussion of "Contingent Obligations (Giveback)" within "— Liquidity and Capital Resources."

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

	Inception through March 31, 2020	
	Total Giveback	**Giveback Attributable to Carlyle**
	(Dollars in millions)	
Various Legacy Energy Funds	$ 155.2	$ 55.0
All other Carlyle Funds	56.9	0.6
Aggregate Giveback since Inception	$ 212.1	$ 55.6

The amounts above include $40.6 million attributable to Legacy Energy Fund IV that was realized during the year ended December 31, 2019, of which $19.9 million was attributable to the Company.

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

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

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

Investment income also represents the realized and unrealized gains and losses on our principal investments, including our investments in Carlyle funds that are not consolidated, as well as any interest and other income. Investment income also includes the related amortization of the basis difference between the carrying value of our investment and our share of the underlying net assets of the investee, as well as the compensation expense associated with compensatory arrangements provided by us to employees of our equity method investee, as it relates to our investments in NGP. Principal investment income also includes our share of earnings from our strategic investment in Fortitude Re. 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 hierarchal disclosure framework which ranks the observability of market price inputs used in measuring financial instruments at fair value. The observability of inputs is impacted by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices, or for which fair value can be measured from quoted prices in active markets, will generally have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

The table below summarizes the valuation of investments and other financial instruments included within our AUM, by segment and fair value hierarchy levels, as of March 31, 2020:

	As of March 31, 2020				
	Corporate Private Equity	**Real Assets**	**Global Credit**	**Investment Solutions**	**Total**
Consolidated Results	(Dollars in millions)				
Level I	$ 640	$ 1,861	$ 259	$ 1,574	**$ 4,334**
Level II	1,952	(12)	1,778	—	**3,718**
Level III	45,197	22,293	38,768	29,095	**135,353**
Fair Value of Investments	47,789	24,142	40,805	30,669	**143,405**
Available Capital	32,594	15,652	7,997	17,285	**73,528**
Total AUM	**$ 80,383**	**$ 39,794**	**$ 48,802**	**$ 47,954**	**$ 216,933**

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

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

Expenses

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

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

In addition, we have implemented various equity-based compensation arrangements that require senior Carlyle professionals and other employees to vest ownership of a portion of their equity interests over a service period of generally six months to three and a half years, which under U.S. GAAP will result in compensation charges over current and future periods. We intend to grant fewer equity awards to employees than we have previously. For example, in February 2018, 2019 and 2020, we granted approximately 13.3 million, 6.7 million and 3.2 million of restricted stock units and other awards, respectively. Compensation charges associated with all equity-based compensation grants are excluded from Fee Related Earnings and Distributable Earnings.

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

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

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

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

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

In the normal course of business, we are subject to examination by federal and certain state, local and foreign tax regulators. With a few exceptions, as of March 31, 2020, our U.S. federal income tax returns for the years 2016 through 2018 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 2014 to 2018. Foreign tax returns are generally subject to audit from 2011 to 2018. Certain of our affiliates are currently under audit by federal, state and foreign tax authorities. We do not believe the outcome of any future audit will have a material impact on our consolidated financial statements.

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

Non-controlling Interests in Carlyle Holdings. Prior to the Conversion, we recorded significant non-controlling interests in Carlyle Holdings relating to the ownership interests of the limited partners of the Carlyle Holdings partnerships. The Company, through wholly owned subsidiaries, was the sole general partner of Carlyle Holdings. Accordingly, the Company consolidated the financial position and results of operations of Carlyle Holdings into its financial statements, and the other ownership interests in Carlyle Holdings were reflected as a non-controlling interest in the Company’s financial statements. The limited partners of the Carlyle Holdings partnerships exchanged their Carlyle Holdings partnership units for an equivalent number of shares of common stock of The Carlyle Group Inc. as part of the Conversion. As a result, following the Conversion, the consolidated balance sheet and consolidated statement of operations of The Carlyle Group Inc. do not reflect any non-controlling interests in Carlyle Holdings.

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 four segments. We also use DE in our budgeting, forecasting, and the overall management of our segments. We believe that reporting DE is helpful to understanding our business and that investors should review the same supplemental financial measure that management uses to analyze our segment performance. DE is intended to show the amount of net realized earnings without the effects of consolidation of the Consolidated Funds. DE is derived from our segment reported results and is an additional measure to assess performance and determine amounts potentially available for distribution to the Company's common stockholders.

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

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

Operating Metrics

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

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

(a) the amount of limited partner capital commitments, generally for carry funds where the original investment period has not expired, for AlpInvest carry funds during the commitment fee period and for Metropolitan carry funds during the weighted-average investment period of the underlying funds (see "Fee-earning AUM based on capital commitments" in the table below for the amount of this component at each period);

(b) the remaining amount of limited partner invested capital at cost, generally for carry funds and certain co-investment vehicles where the original investment period has expired, Metropolitan carry funds after the expiration of the weighted-average investment period of the underlying funds, and one of our business development companies (see "Fee-earning AUM based on invested capital" in the table below for the amount of this component at each period);

(c) the amount of aggregate fee-earning collateral balance 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 our open-ended funds (pre redemptions and subscriptions), as well as certain carry funds (see "Fee-earning AUM based on net asset value" in the table below for the amount of this component at each period);

(e) the gross assets (including assets acquired with leverage), excluding cash and cash equivalents, of one of our business development companies and certain carry funds (see "Fee-earning AUM based on lower of cost or fair value and other" in the table below for the amount of this component at each period); and

(f) the lower of cost or fair value of invested capital, generally for AlpInvest carry funds where the commitment fee period has expired and certain carry funds where the investment period has expired, (see "Fee-earning AUM based on lower of cost or fair value and other" in the table below for the amount of this component at each period).

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

Consolidated Results	As of March 31, 2020	As of March 31, 2019
	(Dollars in millions)	
Components of Fee-earning AUM		
Fee-earning AUM based on capital commitments (1)	$ 72,175	$ 71,022
Fee-earning AUM based on invested capital (2)	39,118	42,652
Fee-earning AUM based on collateral balances, at par (3)	25,304	23,713
Fee-earning AUM based on net asset value (4)	4,261	3,555
Fee-earning AUM based on lower of cost or fair value and other (5)	17,388	19,081
Balance, End of Period (6) (7)	**$ 158,246**	**$ 160,023**

(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 Real Assets and Investment Solutions funds.

(3) Represents the amount of aggregate Fee-earning collateral balances and principal balances, at par, for our CLOs/structured products.

(4) Reflects the net asset value (pre-redemptions and subscriptions) of our hedge funds, mutual fund and fund of hedge funds vehicles, as well as certain other carry funds.

(5) Includes funds with fees based on gross asset value.

(6) Energy III, Energy IV, and Renew II (collectively, the "Legacy Energy Funds"), are managed with Riverstone Holdings LLC and its affiliates. Affiliates of both Carlyle and Riverstone act as investment advisors to each of the Legacy Energy Funds. Carlyle has a minority representation on the management committees of Energy IV and Renew II. Carlyle and Riverstone each hold half of the seats on the management committee of Energy III, but the investment period for this fund has expired and the remaining investments in such fund are being disposed of in the ordinary course of business. As of March 31, 2020, the Legacy Energy Funds had, in the aggregate, approximately $1.8 billion in AUM and $1.5 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 balance excludes $12.5 billion 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.

Consolidated Results	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
	(Dollars in millions)	
Fee-earning AUM Rollforward		
Balance, Beginning of Period	$ 161,057	$ 159,552
Inflows (1)	2,897	3,231
Outflows (including realizations) (2)	(4,656)	(2,268)
Market Activity & Other (3)	29	216
Foreign Exchange (4)	(1,081)	(708)
Balance, End of Period	**$ 158,246**	**$ 160,023**

(1) Inflows represents limited partner capital raised by our carry funds or separately managed accounts for which management fees based on commitments were activated during the period, the fee-earning commitments invested in vehicles for which management fees are based on invested capital, the fee-earning collateral balance of new CLO issuances, as well as gross subscriptions in our vehicles for which management fees are based on net asset value. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM.

(2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, reductions for funds that are no longer calling for fees, gross

redemptions in our open-ended funds, and runoff of CLO collateral balances. Distributions for funds earning management fees based on commitments during the period do not affect Fee-earning AUM.

(3) Market Activity & Other represents realized and unrealized gains (losses) on portfolio investments in our carry funds based on the lower of cost or fair value and net asset value, as well as activity of funds with fees based on gross asset value.

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

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

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

(a) the aggregate fair value of our carry funds and related co-investment vehicles, NGP Predecessor Funds and separately managed accounts, plus the capital that Carlyle is entitled to call from investors in those funds and vehicles (including Carlyle commitments to those funds and vehicles and those of senior Carlyle professionals and employees) pursuant to the terms of their capital commitments to those funds and vehicles;

(b) the amount of aggregate collateral balance and principal cash 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 (pre-redemptions and subscriptions) of our open-ended funds; and

(d) the gross assets (including assets acquired with leverage) of our business development companies, plus the capital that Carlyle is entitled to call from investors in those vehicles pursuant to the terms of their capital commitments to those vehicles.

We include in our calculation of AUM and Fee-earning AUM certain energy and renewable resources funds that we jointly advise with Riverstone and the NGP Energy Funds that are advised by NGP.

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

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

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

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

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

Consolidated Results		Three Months Ended March 31, 2020 (Dollars in millions)
Total AUM Rollforward		
Balance, Beginning of Period	$	224,442
Inflows (1)		7,133
Outflows (including realizations) (2)		(3,924)
Market Activity & Other (3)		(9,140)
Foreign Exchange (4)		(1,578)
Balance, End of Period	**$**	**216,933**

(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. New CLO warehouse assets are recognized as an inflow to AUM, while corresponding fundraising will not be recognized until CLO issuance.

(2) Outflows includes distributions net of recallable or recyclable amounts in our carry funds, related co-investment vehicles, separately managed accounts and the NGP Predecessor Funds, gross redemptions in our open-ended funds, runoff of CLO collateral balances and the expiration of available capital.

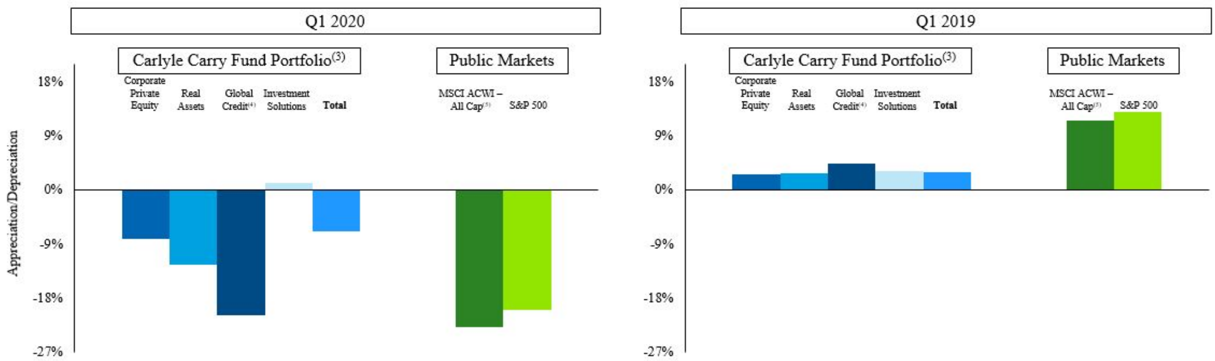
(3) Market Activity & Other generally represents realized and unrealized gains (losses) on portfolio investments in our carry funds and related co-investment vehicles, the NGP Predecessor Funds and separately managed accounts, as well as the net impact of fees, expenses and non-investment income, change in gross asset value for our business development companies and other changes in AUM.

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

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

The table below presents the change in appreciation on portfolio investments of our carry funds. Please refer to "— Segment Analysis" for a detailed discussion by segment of the activity affecting Total AUM for each of the periods presented.

Carlyle Portfolio Appreciation[1,2] vs. % Change in MSCI All Country World Index - All Cap



(1) Reflects carry funds only. Appreciation/Depreciation is fund only, and excludes the impact of external co-investment.

(2) For Carlyle returns, "Appreciation/Depreciation" represents realized and unrealized gain / loss for the period on a total return basis before fees and expenses. The percentage of return is calculated as the sum of ending remaining investment fair market value ("FMV") and net investment outflow (sales proceeds less net purchases) less beginning remaining investment FMV divided by beginning remaining investment FMV.

(3) In the Corporate Private Equity, Real Assets, and Global Credit carry funds, public investments made up 8% of remaining fair value at March 31, 2020 and 8% of remaining fair value at March 31, 2019. For Q1 2020, public investments depreciated 2% while private investments depreciated 11%, compared to 16% public appreciation and 2% private appreciation for Q1 2019. Public portfolio includes initial public offerings ("IPO") that occurred in the quarter. Investments may be reported as private in quarters prior to the IPO quarter.

(4) Carry funds comprise approximately 25% of the AUM in Global Credit at March 31, 2020.

(5) The MSCI ACWI - All Cap Index represents the performance of the MSCI All Country World Index across all market capitalization sizes of the global equity market. There are significant differences between the types of securities and assets typically acquired by our carry funds and the investments covered by the MSCI All Country World Index. Specifically, our carry funds may make investments in securities and other assets that have a greater degree of risk and volatility, and less liquidity, than those securities included in the MSCI All Country World Index. Moreover, investors in the securities included in the MSCI All Country World Index may not be subject to the management fees, carried interest or expenses to which investors in our carry funds are typically subject. Comparisons between the carry fund appreciation and the MSCI All Country World Index are included for informational purposes only.

Consolidation of Certain Carlyle Funds

The Company consolidates all entities that it controls either through a majority voting interest or as the primary beneficiary of variable interest entities. The entities we consolidate are referred to collectively as the Consolidated Funds in our unaudited condensed consolidated financial statements. As of March 31, 2020, our Consolidated Funds represent approximately 2% of our AUM; 1% of our management fees for the three months ended March 31, 2020 and 9% of our principal investment loss for the three months ended March 31, 2020.

We are not required under the consolidation guidance to consolidate in our financial statements most of the investment funds we advise. However, we consolidate certain CLOs that we advise. As of March 31, 2020, our consolidated CLOs held approximately $4.6 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 2 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Consolidated Results of Operations

The following table and discussion sets forth information regarding our unaudited condensed consolidated results of operations for the three months ended March 31, 2020 and 2019. 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.

Furthermore, the Conversion on January 1, 2020 increases the significance of our provision (benefit) for income taxes in 2020 and eliminated the attribution of earnings to non-controlling interests in Carlyle Holdings given the exchange of the Carlyle Holdings partnership units for an equivalent number of shares of common stock in The Carlyle Group Inc.

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions, except share and per share data)	
Revenues		
Fund management fees	$ 355.9	$ 353.4
Incentive fees	8.9	8.1
Investment income (loss)		
Performance allocations	(937.6)	349.1
Principal investment income (loss)	(253.3)	301.8
Total investment income (loss)	(1,190.9)	650.9
Interest and other income	27.4	22.2
Interest and other income of Consolidated Funds	53.0	52.4
Total revenues	(745.7)	1,087.0
Expenses		
Compensation and benefits		
Cash-based compensation and benefits	204.3	210.5
Equity-based compensation	29.1	36.0
Performance allocations and incentive fee related compensation	(442.5)	185.4
Total compensation and benefits	(209.1)	431.9
General, administrative and other expenses	69.6	112.5
Interest	23.9	19.7
Interest and other expenses of Consolidated Funds	45.6	38.1
Other non-operating expenses	0.2	0.3
Total expenses	(69.8)	602.5
Other income (loss)		
Net investment losses of Consolidated Funds	(113.1)	(14.2)
Income (Loss) before provision for income taxes	(789.0)	470.3
Provision (Benefit) for income taxes	(80.0)	24.0
Net income (loss)	(709.0)	446.3
Net loss attributable to non-controlling interests in consolidated entities	(97.0)	(4.5)
Net income (loss) attributable to Carlyle Holdings	(612.0)	450.8
Net income attributable to non-controlling interests in Carlyle Holdings	—	307.9
Net income (loss) attributable to The Carlyle Group Inc.	(612.0)	142.9
Net income attributable to Series A Preferred Unitholders	—	5.9
Net income (loss) attributable to The Carlyle Group Inc. Common Stockholders	$ (612.0)	$ 137.0
Net income (loss) attributable to The Carlyle Group Inc. per common share		
Basic	$ (1.76)	$ 1.25
Diluted	$ (1.76)	$ 1.18
Weighted-average common shares		
Basic	348,239,759	109,210,460
Diluted	348,239,759	115,818,538

Three Months Ended March 31, 2020 Compared to the Three Months Ended March 31, 2019

Revenues

Total revenues decreased $1.8 billion, or 169%, for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The following table provides the components of the changes in total revenues for the three months ended March 31, 2020:

	Three Months Ended March 31,	
	2020 v. 2019	
	(Dollars in millions)	
Total Revenues, March 31, 2019	$	1,087.0
Increases (Decreases):		
Increase in fund management fees		2.5
Increase in incentive fees		0.8
Decrease in investment income, including performance allocations		(1,841.8)
Increase in interest and other income		5.2
Increase in interest and other income of Consolidated Funds		0.6
Total decrease		(1,832.7)
Total Revenues, March 31, 2020	$	(745.7)

Fund Management Fees. Fund management fees increased $2.5 million, or 0.7%, to $355.9 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily due to the following:

	Three Months Ended March 31,	
	2020 v. 2019	
	(Dollars in millions)	
Higher management fees from the commencement of the investment period for certain newly raised funds	$	26.0
Lower management fees resulting from the change in basis for earning management fees from commitments to invested capital for certain funds and from distributions from funds whose management fees are based on invested capital (1)		(23.4)
Increase in catch-up management fees from subsequent closes of funds that are in the fundraising period		3.1
Lower transaction and portfolio advisory fees		(4.4)
All other changes		1.2
Total increase in fund management fees	$	2.5

(1) Includes the impact of the deferral of approximately $3.5 million of subordinated management fees on our CLOs (after the effect of consolidated CLOs) during the three months ended March 31, 2020.

Fund management fees include transaction and portfolio advisory fees, net of rebate offsets, of $4.4 million and $8.8 million for the three months ended March 31, 2020 and 2019, respectively. The decrease in transaction and portfolio advisory fees resulted primarily from transaction fees earned related to investments in our international energy carry funds and CCS underwriting fees in 2019.

Investment Income. Investment income decreased $1.8 billion to $1.2 billion for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily due to the following:

	Three Months Ended March 31,	
	2020 v. 2019	
	(Dollars in millions)	
Decrease in performance allocations, excluding NGP	$	(1,286.7)
Decrease in investment income from NGP, which includes performance allocations from the investments in NGP		(27.7)
Decrease in investment income from our buyout and growth funds		(45.1)
Increase in losses on foreign currency hedges		(3.9)
Decrease in investment income from our real assets funds, excluding NGP		(16.5)
Decrease in investment income from our distressed debt funds, energy mezzanine funds and opportunistic credit funds		(6.1)
Decrease in investment income from our direct lending funds, interval funds and CCS		(9.1)
Decrease in investment income from Aviation Partners		(2.2)
Decrease in investment income from CLOs		(71.2)
Decrease in investment income from Fortitude Re		(368.2)
All other changes		(5.1)
Total decrease in investment income	$	(1,841.8)

The Company's earnings (losses) from its investment in Fortitude Re for the three months ended March 31, 2020 and 2019 were $(111.9) million and $256.3 million, respectively, which represents 19.9% of Fortitude Re's estimated net income for the respective periods. These amounts are inclusive of $(89.1) million and $229.3 million of unrealized (losses) and gains, respectively, resulting from changes in the fair value of embedded derivatives related to certain reinsurance contracts included in Fortitude Re's U.S. GAAP financial statements. Modified coinsurance is subject to the general accounting principles for hedging, specifically the guidance originally issued as Derivatives Implementation Group Issue No. B36: *Embedded Derivatives: Modified Coinsurance Agreements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments* ("DIG B36"). The significant decrease in fair value on the embedded derivatives during the quarter is primarily a result of a widening of credit spreads during the period, partially offset by lower risk-free interest rates.

In November 2019, we signed an agreement for a Carlyle-affiliated investment fund to acquire an additional stake in Fortitude Re, which is expected to close in mid-2020. At closing, the Company will transfer its stake in Fortitude Re to the investment fund, and our investment will become an ownership interest in the fund. At that time, we will record our investment at the net asset value of our interest in the fund, which we expect to be lower than our current carrying value primarily due to these unrealized gains on embedded derivatives. Cumulative unrealized gains on embedded derivatives from the date of our investment through March 31, 2020 were $539.1 million.

March's rapid decline in asset prices and extreme widening of liability spreads led to a significant fall in marks across the capital structure. The fair value of the CLO investments held by the firm (before the effects of consolidation) declined 18% during the quarter, comprised of 47% depreciation on subordinated notes and 11% depreciation on senior notes.

Performance Allocations. Performance allocations decreased $1,286.7 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. Performance allocations by segment on a consolidated U.S. GAAP basis for the three months ended March 31, 2020 and 2019 comprised the following:

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions)	
Corporate Private Equity	$ (604.9)	$ 132.8
Real Assets	(204.4)	109.4
Global Credit	(63.0)	29.6
Investment Solutions [(1)]	(65.3)	77.3
Total performance allocations	$ (937.6)	$ 349.1
Total carry fund appreciation (depreciation)	(7)%	3%

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

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

The global economy faces historic levels of turmoil and dislocation as the impact of the COVID-19 pandemic fully materializes across the world. Central banks globally have adopted a "whatever it takes" posture in response to the pandemic's impact on financial systems and the broader economy. Real-time portfolio data from the start of the second quarter suggest that the U.S. and Eurozone economies are currently contracting at an annual rate of between 10% and 20%. The turbulence in global economies and significant market dislocation adversely impacted the value of our carry fund portfolio during the first quarter. Our Corporate Private Equity funds depreciated by 8% in the quarter. In our Real Assets segment, Real Estate funds depreciated by 1% and our Natural Resources funds depreciated by 22% in the quarter, due to continued pressure on our energy funds. In our Global Credit segment, our carry funds, which represent approximately 25% of the total Global Credit assets under management, depreciated by 21% in the third quarter. Our Global Credit carry funds include our Energy Mezzanine funds, which experienced depreciation of 30% during the first quarter. Our Investment Solutions funds appreciated by 1%, though our primary and secondary fund of funds reflect investment fair values as determined by the general partners of the underlying funds as of December 31, 2019.

Interest and Other Income. Interest and other income increased $5.2 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily as a result of the reimbursement of certain costs incurred on behalf of Carlyle funds.

Interest and Other Income of Consolidated Funds. Interest and other income of Consolidated Funds increased $0.6 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. 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 $672.3 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The following table provides the components of the changes in total expenses for the three months ended March 31, 2020:

		Three Months Ended March 31,
		2020 v. 2019
		(Dollars in millions)
Total Expenses, March 31, 2019	$	602.5
Increases (Decreases):		
Decrease in total compensation and benefits		(641.0)
Decrease in general, administrative and other expenses		(42.9)
Increase in interest and other expenses of Consolidated Funds		7.5
All other changes		4.1
Total decrease		(672.3)
Total Expenses, March 31, 2020	$	(69.8)

Total Compensation and Benefits. Total compensation and benefits decreased $641.0 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, due to the following:

		Three Months Ended March 31,
		2020 v. 2019
		(Dollars in millions)
Decrease in cash-based compensation and benefits	$	(6.2)
Decrease in equity-based compensation		(6.9)
Decrease in performance allocations and incentive fee related compensation		(627.9)
Decrease in total compensation and benefits	$	(641.0)

Cash-based Compensation and Benefits. Cash-based compensation and benefits decreased $6.2 million, or 3%, for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily due to the following:

		Three Months Ended March 31,
		2020 v. 2019
		(Dollars in millions)
Increase in headcount and bonuses	$	2.1
Contingent earnout associated with Carlyle Aviation Partners acquisition		(8.3)
Total decrease in cash-based compensation and benefits	$	(6.2)

Equity-based Compensation. Equity-based compensation decreased $6.9 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 primarily due to the lower rate of ongoing grants of restricted stock units.

Performance allocations and incentive fee related compensation expense. Performance allocations and incentive fee related compensation expense decreased $627.9 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. Performance allocations and incentive fee related compensation as a percentage of performance allocations and incentive fees was 47% for the three months ended March 31, 2020 and 53% for the three months ended March 31, 2019. 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, Corporate Private Equity, our performance allocations and incentive fee related compensation expense as a percentage of performance allocations and incentive fees is generally around 45%. Performance allocations from our Investment Solutions segment pay a higher ratio of performance allocations and incentive fees as compensation, primarily as a result of the terms of our acquisition of AlpInvest. Conversely, performance allocations from the Legacy Energy funds in our Real Assets segment are primarily allocated to Carlyle because the investment teams for the Legacy Energy funds are employed by Riverstone and not Carlyle.

General, Administrative and Other Expenses. General, administrative and other expenses decreased $42.9 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily due to:

	Three Months Ended March 31,	
	2020 v. 2019	
	(Dollars in millions)	
CCC litigation cost recovery [1]	$	(29.9)
Lower depreciation and intangible asset amortization		(2.2)
Higher professional fees, including corporate conversion costs		10.1
Higher external fundraising costs		0.9
Foreign exchange and other changes		(21.8)
Total decrease in general, administrative and other expenses	$	(42.9)

(1) See Note 7 to our unaudited condensed consolidated financial statements.

Interest and Other Expenses of Consolidated Funds. Interest and other expenses of Consolidated Funds increased $7.5 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, 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.

Net Investment Gains of Consolidated Funds

For the three months ended March 31, 2020, net investment losses of Consolidated Funds were $113.1 million as compared to net investment losses of $14.2 million for the three months ended March 31, 2019. For both the three months ended March 31, 2020 and 2019, net investment gains (losses) comprise the activity of the consolidated CLOs and certain other funds. For the consolidated CLOs, the amount reflects the net gain or loss on the fair value adjustment of both the assets and liabilities. The three months ended March 31, 2020 include significant losses on the CLO assets and gains on the CLO liabilities resulting from the rapid decline in asset prices and widening of credit spreads late in the quarter. The components of net investment gains (losses) of Consolidated Funds for the respective periods are:

	Three Months Ended March 31,			
	2020		2019	
	(Dollars in millions)			
Realized losses	$	(0.5)	$	(8.0)
Net change in unrealized gains (losses)		(932.2)		9.1
Total gains (losses)		(932.7)		1.1
Gains (Losses) from liabilities of CLOs		819.6		(15.3)
Total net investment losses of Consolidated Funds	$	(113.1)	$	(14.2)

Net Income Attributable to Non-controlling Interests in Consolidated Entities

Net loss attributable to non-controlling interests in consolidated entities was $97.0 million for the three months ended March 31, 2020 as compared to net loss of $4.5 million for the three months ended March 31, 2019. These amounts primarily reflect the net income attributable to non-controlling interests in carried interest, giveback obligations, and cash held for carried interest distributions. This balance also includes the net earnings or losses of the Consolidated Funds for each period, which are substantially all allocated to the related funds' limited partners or CLO investors.

Net Income Attributable to The Carlyle Group Inc. Common Stockholders

The net income (loss) attributable to The Carlyle Group Inc. common stockholders was $(612.0) million for the three months ended March 31, 2020 as compared to $137.0 million for the three months ended March 31, 2019. Prior to the Conversion, the Company was allocated a portion of the net income (loss) attributable to Carlyle Holdings based on the Company's ownership in Carlyle Holdings (which was approximately 32% as of March 31, 2019). Net income or loss attributable to the Company also included 100% of the net income (loss) attributable to the Company's wholly-owned taxable subsidiary, Carlyle Holdings I GP Inc., which was $(9.9) million for the three months ended March 31, 2019. As a result, the total net income or loss attributable to the Company has historically varied as a percentage of the net income or loss attributable to Carlyle Holdings, and is not comparable to net income (loss) attributable to The Carlyle Group Inc. common stockholders following the Conversion. See Note 9 to the accompanying unaudited condensed consolidated financial statements for more information regarding the impact of Conversion and the effective tax rate for the three months ended March 31, 2020.

Non-GAAP Financial Measures

The following tables set forth information in the format used by management when making resource deployment decisions and in assessing performance of our segments. These non-GAAP financial measures are presented for the three months ended March 31, 2020 and 2019. Our Non-GAAP financial measures exclude the effects of unrealized performance allocations net of related compensation expense, unrealized principal investment income, consolidated funds, acquisition-related items including amortization and any impairment charges of acquired intangible assets and contingent consideration taking the form of earn-outs, charges associated with equity-based compensation, changes in the tax receivable agreement liability, corporate actions and infrequently occurring or unusual events.

The following table shows our total segment DE and FRE for the three months ended March 31, 2020 and 2019.

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Total Segment Revenues	$ 581.1	$ 450.9
Total Segment Expenses	406.1	350.1
Distributable Earnings	**$ 175.0**	**$ 100.8**
(-) Realized Net Performance Revenues	48.2	7.0
(-) Realized Principal Investment Income	15.9	4.1
(+) Net Interest	17.9	13.6
(=) Fee Related Earnings	**$ 128.8**	**$ 103.3**

The following table sets forth our total segment revenues for the three months ended March 31, 2020 and 2019.

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Segment Revenues		
Fund level fee revenues		
Fund management fees	$ 381.5	$ 381.6
Portfolio advisory and transaction fees, net and other	6.8	10.0
Total fund level fee revenues	388.3	391.6
Realized performance revenues	171.6	49.2
Realized principal investment income	15.9	4.1
Interest income	5.3	6.0
Total Segment Revenues	$ 581.1	$ 450.9

The following table sets forth our total segment expenses for the three months ended March 31, 2020 and 2019.

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Segment Expenses		
Compensation and benefits		
Cash-based compensation and benefits	$ 203.8	$ 202.3
Realized performance revenue related compensation	123.4	42.2
Total compensation and benefits	327.2	244.5
General, administrative, and other indirect expenses	48.3	75.7
Depreciation and amortization expense	7.4	10.3
Interest expense	23.2	19.6
Total Segment Expenses	$ 406.1	$ 350.1

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

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Income (loss) before provision for income taxes	**$ (789.0)**	**$ 470.3**
Adjustments:		
Net unrealized performance revenues	528.9	(155.8)
Unrealized principal investment (income) loss(1)	264.7	(238.6)
Adjusted unrealized principal investment (income) loss from investment in Fortitude Re(1)	22.8	(27.0)
Equity-based compensation(2)	31.7	39.4
Acquisition related charges, including amortization of intangibles and impairment	3.0	12.0
Other non-operating expense	0.2	0.3
Tax expense associated with certain foreign performance fee revenues	11.2	(6.1)
Net loss attributable to non-controlling interests in consolidated entities	97.0	4.5
Debt extinguishment costs	—	0.1
Corporate conversion costs, severance and other adjustments	4.5	1.7
(=) Distributable Earnings	**$ 175.0**	**$ 100.8**
(-) Realized net performance revenues(3)	48.2	7.0
(-) Realized principal investment income(2)	15.9	4.1
(+) Net Interest	17.9	13.6
(=) Fee Related Earnings	**$ 128.8**	**$ 103.3**

(1) Adjustments to unrealized principal investment income (loss) are inclusive of $(89.1) million and $229.3 million of unrealized gains (losses), respectively, resulting from changes in the fair value of embedded derivatives related to certain reinsurance contracts included in Fortitude Re's U.S. GAAP financial statements. Adjusted unrealized principal investment income (loss) from the investment in Fortitude Re represents 19.9% of Fortitude Re's estimated net income (loss) for the respective periods, excluding the unrealized gains (losses) related to embedded derivatives.

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

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

	Three Months Ended March 31, 2020		
	Carlyle Consolidated	Adjustments [(4)]	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	$ (937.6)	$ 1,109.2	$ 171.6
Performance revenues related compensation expense	(442.5)	565.9	123.4
Net performance revenues	$ (495.1)	$ 543.3	$ 48.2
Principal investment income (loss)	$ (253.3)	$ 269.2	$ 15.9

	Three Months Ended March 31, 2019		
	Carlyle Consolidated	Adjustments [(4)]	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	$ 349.1	$ (299.9)	$ 49.2
Performance revenues related compensation expense	185.4	(143.2)	42.2
Net performance revenues	$ 163.7	$ (156.7)	$ 7.0
Principal investment income (loss)	$ 301.8	$ (297.7)	$ 4.1

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

Distributable Earnings for our reportable segments are as follows:

	Three Months Ended March 31,	
	2020	2019
	(Dollars in millions)	
Corporate Private Equity	$ 107.4	$ 62.1
Real Assets	27.4	18.1
Global Credit	31.8	14.2
Investment Solutions	8.4	6.4
Distributable Earnings	**$ 175.0**	**$ 100.8**

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.

Corporate Private Equity

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

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
	(Dollars in millions)	
Segment Revenues		
Fund level fee revenues		
Fund management fees	$ 188.5	$ 190.0
Portfolio advisory and transaction fees, net and other	3.9	3.8
Total fund level fee revenues	192.4	193.8
Realized performance revenues	53.6	23.4
Realized principal investment income (loss)	9.6	(2.3)
Interest income	1.2	1.2
Total revenues	256.8	216.1
Segment Expenses		
Compensation and benefits		
Cash-based compensation and benefits	94.2	96.7
Realized performance revenues related compensation	24.3	10.4
Total compensation and benefits	118.5	107.1
General, administrative, and other indirect expenses	17.5	34.1
Depreciation and amortization expense	3.4	4.9
Interest expense	10.0	7.9
Total expenses	149.4	154.0
Distributable Earnings	**$ 107.4**	**$ 62.1**
(-) Realized Net Performance Revenues	29.3	13.0
(-) Realized Principal Investment Income (Loss)	9.6	(2.3)
(+) Net Interest	8.8	6.7
(=) Fee Related Earnings	**$ 77.3**	**$ 58.1**

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Distributable Earnings

Distributable Earnings increased $45.3 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The following table provides the components of the changes in Distributable Earnings for the three months ended March 31, 2020:

	Three Months Ended March 31, (Dollars in millions)
Distributable Earnings, March 31, 2019	$ 62.1
Increases (decreases):	
Increase in fee related earnings	19.2
Increase in realized net performance revenues	16.3
Increase in realized principal investment income	11.9
Increase in net interest	(2.1)
Total increase	45.3
Distributable Earnings, March 31, 2020	$ 107.4

Realized Net Performance Revenues. Realized net performance revenues increased $16.3 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily due to higher realizations in our U.S. and financial services buyout funds, partially offset by lower realizations in our Asia buyout funds. Realized net performance revenues were primarily generated by the following funds for the three months ended March 31, 2020 and 2019.

Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
CP IV	CAP III
CGFSP I	

Realized Principal Investment Income. Realized principal investment income was $9.6 million for the three months ended March 31, 2020 as compared to realized principal investment loss of $2.3 million for the three months ended March 31, 2019. The increase was primarily due to higher realized gains from our investment in one of our Asia buyout funds, as well as lower realized losses from our investments in our Europe buyout funds.

Fee Related Earnings

Fee Related Earnings increased $19.2 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The following table provides the components of the changes in Fee Related Earnings for the three months ended March 31, 2020:

	Three Months Ended March 31, (Dollars in millions)
Fee Related Earnings, March 31, 2019	$ 58.1
Increases (decreases):	
Decrease in fee revenues	(1.4)
Decrease in cash-based compensation and benefits	2.5
Decrease in general, administrative and other indirect expenses	16.6
All other changes	1.5
Total increase	19.2
Fee Related Earnings, March 31, 2020	$ 77.3

Fee Revenues. Total fee revenues decreased $1.4 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, due to the following:

	Three Months Ended March 31,	
	2020 v. 2019	
	(Dollars in millions)	
Lower fund management fees	$	(1.5)
Higher portfolio advisory and transaction fees, net and other		0.1
Total decrease in fee revenues	$	(1.4)

The decrease in fund management fees for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 was primarily due to lower fee rates and a lower basis for CP VI, CP V, CEP III, CEP V, CETP III and CEOF I as they have exited the investment period. These decreases were partially offset by the activation of management fees during the third quarter of 2019 on our fourth Europe technology fund ("CETP IV").

The total weighted-average management fee rates as of March 31, 2020 and 2019 were 1.26% and 1.22%, respectively, with the increase driven by new funds raised with higher fee rates. Fee-earning assets under management were $61.1 billion and $61.9 billion as of March 31, 2020 and 2019, respectively, a decrease of $0.8 billion.

Cash-based compensation and benefits expense. Cash-based compensation and benefits expense decreased $2.5 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily due to lower projected year-end bonuses.

General, administrative and other indirect expenses. General, administrative and other indirect expenses decreased $16.6 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily due to the allocated portion of the cost recovery associated with the CCC matter of $14.6 million and positive foreign currency adjustments during the three months ended March 31, 2020 (see Note 7 to the accompanying unaudited condensed consolidated financial statements for more information).

Fee-earning AUM as of and for the Three Months Ended March 31, 2020 and 2019

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

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

	As of March 31,			
	2020		2019	
Corporate Private Equity	(Dollars in millions)			
Components of Fee-earning AUM (1)				
Fee-earning AUM based on capital commitments	$	38,277	$	36,394
Fee-earning AUM based on invested capital		20,614		23,289
Fee-earning AUM based on lower of cost or fair value		2,197		2,218
Total Fee-earning AUM	**$**	**61,088**	**$**	**61,901**
Weighted Average Management Fee Rates (2)				
All Funds		1.26%		1.22%
Funds in Investment Period		1.47%		1.46%

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

(2) Represents the aggregate effective management fee rate of each fund in the segment, weighted by each fund's Fee-earning AUM, as of the end of each period presented.

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

	Three Months Ended March 31,	
	2020	2019
Corporate Private Equity	(Dollars in millions)	
Fee-earning AUM Rollforward		
Balance, Beginning of Period	$ 61,660	$ 62,358
Inflows (1)	43	328
Outflows (including realizations) (2)	(257)	(525)
Market Activity & Other (3)	—	(19)
Foreign Exchange (4)	(358)	(241)
Balance, End of Period	**$ 61,088**	**$ 61,901**

(1) Inflows represents limited partner capital raised by our carry funds or separately managed accounts for which management fees based on commitments were activated during the period, and the fee-earning commitments invested in vehicles for which management fees are based on invested capital. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM.

(2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, and reductions for funds that are no longer calling for fees. Realizations for funds earning management fees based on commitments during the period do not affect Fee-earning AUM.

(3) Market Activity & Other represents realized and unrealized gains (losses) on portfolio investments in our carry funds based on the lower of cost or fair value.

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

Fee-earning AUM was $61.1 billion at March 31, 2020, a decrease of $0.6 billion, or approximately 1%, compared to $61.7 billion at December 31, 2019. This decrease was driven by $0.4 billion of negative foreign exchange activity from the translation of our EUR-denominated funds’ AUM to USD and outflows of $0.3 billion primarily in our U.S. buyout and Europe growth funds. Investment and distribution activity has no impact for funds still in the original investment period where Fee-earning AUM is based on commitments.

Fee-earning AUM was $61.1 billion at March 31, 2020, a decrease of $0.8 billion, or approximately 1%, compared to $61.9 billion at March 31, 2019. The decrease was driven by outflows of $3.6 billion primarily due to dispositions in CP VI, CEP III, and other funds which charge fees based on invested equity. Partially offsetting the decrease were inflows of $3.2 billion primarily from new fee-paying commitments raised in CETP IV and CEP V.

Fee-earning AUM was $61.9 billion at March 31, 2019, a decrease of $0.5 billion, or approximately 1%, compared to $62.4 billion at December 31, 2018. The decrease was driven by outflows of $0.5 billion primarily from distributions in our Asia buyout and growth funds, as well as $0.2 billion of foreign exchange losses primarily due to the translation of Fee-earning AUM in our Europe buyout and growth funds from EUR to USD. This was partially offset by inflows of $0.3 billion from new fee-paying commitments raised in CEP V.

Total AUM as of and for the Three Months Ended March 31, 2020

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

	Three Months Ended March 31, 2020
	(Dollars in millions)
Corporate Private Equity	
Total AUM Rollforward	
Balance, Beginning of Period	$ 86,429
Inflows (1)	492
Outflows (including realizations) (2)	(1,378)
Market Activity & Other (3)	(4,728)
Foreign Exchange (4)	(432)
Balance, End of Period	**$ 80,383**

(1) Inflows reflects the impact of gross fundraising during the period. For funds or vehicles denominated in foreign currencies, this reflects translation at the average quarterly rate, while the separately reported Fundraising metric is translated at the spot rate for each individual closing.

(2) Outflows includes distributions net of recallable or recyclable amounts in our carry funds, related co-investment vehicles 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, 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 $80.4 billion at March 31, 2020, a decrease of $6.0 billion, compared to $86.4 billion as of December 31, 2019. The decrease was driven by overall segment depreciation of $4.7 billion, or 8%, for the period. The carry funds driving depreciation for the period included $(1.3) billion attributable to CP VI, $(0.6) billion attributable to CP VII, and $(0.4) billion attributable to CEP IV. Also driving the decrease were outflows of $1.4 billion primarily from distributions of investment proceeds.

Fund Performance Metrics

Fund performance information for our investment funds that generally have at least $1.0 billion in capital commitments, cumulative equity invested or total value as of March 31, 2020, 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 Corporate Private Equity business. Please see "— Our Family of Funds" for a legend of the fund acronyms listed below.

				TOTAL INVESTMENTS								REALIZED/PARTIALLY REALIZED INVESTMENTS(7)			
				As of March 31, 2020								As of March 31, 2020			
Corporate Private Equity	Fund Vintage (1)	Investment Period End/Fee Stepdown (2)	Committed Capital	Cumulative Invested Capital(3)	Realized Value(4)	Remaining Fair Value(5)	MOIC(6)	Gross IRR (9)(17)	Net IRR (10)(17)	In Accrued Carry/(Clawback) (11)	LTM Realized Carry (12)	Cumulative Invested Capital(3)	Total Fair Value(13)	MOIC(6)	Gross IRR (9)(17)
			(Reported in Local Currency, in Millions)									(Reported in Local Currency, in Millions)			
Fully Invested/Committed Funds(8)															
CP V	2007		$ 13,719.7	$ 13,190.9	$ 26,028.0	$ 1,679.2	2.1x	18%	14%	X	X	$ 10,777.9	$ 26,488.1	2.5x	24%
CP VI	2014		$ 13,000.0	$ 12,874.2	$ 5,929.4	$ 12,054.1	1.4x	12%	8%	X		$ 3,080.0	$ 5,024.2	1.6x	18%
CEP II	2003		€ 1,805.4	€ 2,048.4	€ 4,113.3	€ 15.4	2.0x	36%	20%	X	X	€ 1,888.9	€ 4,120.7	2.2x	43%
CEP III	2007		€ 5,294.9	€ 5,155.5	€ 10,982.2	€ 417.6	2.2x	19%	14%	X	X	€ 4,667.5	€ 11,240.8	2.4x	20%
CEP IV	2014		€ 3,669.5	€ 3,735.8	€ 1,220.3	€ 3,370.5	1.2x	9%	4%			€ 645.9	€ 795.8	1.2x	9%
CAP III	2008		$ 2,551.6	$ 2,543.2	$ 4,416.5	$ 222.7	1.8x	16%	11%	X	X	$ 2,149.0	$ 4,416.7	2.1x	19%
CAP IV	2014		$ 3,880.4	$ 4,058.8	$ 2,832.6	$ 3,221.9	1.5x	14%	9%	X		$ 1,364.4	$ 3,757.6	2.8x	35%
CJP II	2006		¥ 165,600.0	¥ 141,866.7	¥ 205,301.1	¥ 1,080.0	1.5x	7%	3%			¥ 134,666.7	¥ 203,831.2	1.5x	7%
CGFSP II	2013		$ 1,000.0	$ 942.7	$ 897.9	$ 702.6	1.7x	21%	14%	X	X	$ 406.5	$ 801.2	2.0x	28%
CEOF I	2011		$ 1,119.1	$ 1,173.1	$ 1,295.5	$ 443.8	1.5x	12%	8%	X		$ 505.1	$ 1,082.2	2.1x	32%
CETP III	2014		€ 656.6	€ 580.1	€ 664.8	€ 579.9	2.1x	39%	25%	X	X	€ 160.5	€ 664.8	4.1x	54%
CAGP IV	2008		$ 1,041.4	$ 954.1	$ 1,076.5	$ 166.5	1.3x	7%	2%			$ 589.8	$ 1,010.4	1.7x	13%
All Other Active Funds, Coinvestments and SMAs(14)	Various			$ 10,288.7	$ 10,072.3	$ 4,558.2	1.4x	10%	8%			$ 5,417.4	$ 10,169.8	1.9x	16%
Fully Realized Funds, Coinvestments and SMAs(15)	Various			$ 24,914.5	$ 63,417.0	$ 10.4	2.5x	33%	28%			$ 24,914.5	$ 63,427.4	2.5x	33%
Total Fully Invested/Committed Funds				**$ 84,896.2**	**$ 136,501.8**	**$ 27,879.0**	**1.9x**	**26%**	**18%**			**$ 58,532.8**	**$ 136,526.4**	**2.3x**	**27%**
Funds in the Investment Period(8)															
CP VII	2018	May-24	$ 18,510.0	$ 7,849.4	$ 39.2	$ 7,580.3	1.0x	NM	NM						
CEP V	2018	Oct-24	€ 6,416.4	€ 1,686.5	€ 8.0	€ 1,636.5	1.0x	NM	NM						
CAP V	2018	Jun-24	$ 6,554.2	$ 1,144.8	$ 275.0	$ 959.7	1.1x	NM	NM						
CGP	2015	Mar-21	$ 3,588.0	$ 2,799.8	$ 192.7	$ 2,662.8	1.0x	1%	Neg						
CJP III	2013	Aug-20	¥ 119,505.1	¥ 91,191.7	¥ 73,829.1	¥ 100,220.1	1.9x	23%	14%	X					
CGFSP III	2018	Dec-23	$ 1,004.6	$ 441.4	$ 2.7	$ 528.0	1.2x	NM	NM						
CEOF II	2015	Aug-20	$ 2,400.0	$ 2,055.9	$ 161.1	$ 1,934.0	1.0x	1%	Neg						
CETP IV	2019	Jul-25	€ 1,350.0	€ 255.3	€ —	€ 227.5	0.9x	NM	NM						
All Other Funds, Coinvestments and SMAs(16)	Various			$ 3,633.0	$ 537.1	$ 3,494.6	1.1x	NM	NM						
Total Funds in the Investment Period				**$ 20,901.1**	**$ 1,901.8**	**$ 20,134.5**	**1.1x**	**3%**	**Neg**			**$ 522.3**	**$ 1,408.3**	**2.7x**	**37%**
TOTAL CORPORATE PRIVATE EQUITY(18)				**$ 105,797.3**	**$ 138,403.5**	**$ 48,013.5**	**1.8x**	**25%**	**17%**			**$ 59,055.1**	**$ 137,934.6**	**2.3x**	**27%**

(1) The data presented herein that provides "inception to date" performance results of our segments relates to the period following the formation of the first fund within each segment. For our Corporate Private Equity segment our first fund was formed in 1990.

(2) Represents the fund's investment period end date or, if different, the date at which the management fee calculation basis is scheduled to step down from commitments to remaining invested capital at cost (where applicable). This measure is only relevant and reported for funds currently in the investment period.

(3) Represents the original cost of investments since inception of the fund.

(4) Represents all realized proceeds since inception of the fund.

(5) Represents remaining fair value, before management fees, expenses and carried interest, and may include remaining escrow values for realized investments.

(6) Multiple of invested capital ("MOIC") represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital.

(7) 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. We do not present Realized/Partially Realized performance information separately for funds that are still in the investment period because of the relatively insignificant level of realizations for funds of this type. However, to the extent such funds have had realizations, they are included in the Realized/Partially Realized performance information presented for Total Corporate Private Equity.

(8) Fully Invested funds are past the expiration date of the investment period as defined in the respective limited partnership agreement. In instances where a successor fund has had its first capital call, the predecessor fund is categorized as fully invested.

(9) Gross Internal Rate of Return (“Gross IRR”) represents the annualized IRR for the period indicated on Limited Partner invested capital based on contributions, distributions and unrealized value before management fees, expenses and carried interest.

(10) 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.

(11) Fund has a net accrued performance fee balance/(giveback obligation) as of the current quarter end, driven by a significant portion of the fund's asset base.

(12) Fund has generated realized net performance fees/(realized giveback) in the last twelve months.

(13) Represents all realized proceeds combined with remaining fair value, before management fees, expenses and carried interest.

(14) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMA's), and certain other stand-alone investments arranged by us: CVP II, MENA, CCI, CSSAF I, CSABF, and CPF.

(15) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMA's), and certain other stand-alone investments arranged by us: CP I, CP II, CP III, CP IV, CEP I, CAP I, CAP II, CBPF I, CJP I, CMG, CVP I, CUSGF III, CGFSP I, CEVP I, CETP I, CETP II, CAVP I, CAVP II, CAGP III and Mexico.

(16) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMAs), and certain other stand-alone investments arranged by us: CAGP V and CBPF II.

(17) For funds marked “NM,” IRR may be positive or negative, but is considered not meaningful because of the limited time since initial investment and early stage of capital deployment. For funds marked “Neg,” IRR is negative as of reporting period end.

(18) For purposes of aggregation, funds that report in foreign currency have been converted to U.S. dollars at the reporting period spot rate.

Real Assets

For purposes of presenting our results of operations for this segment, our earnings from our investments in NGP are presented in the respective operating captions. The following table presents our results of operations for our Real Assets segment:

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Segment Revenues		
Fund level fee revenues		
Fund management fees	$ 80.2	$ 77.4
Portfolio advisory and transaction fees, net and other	0.3	3.3
Total fund level fee revenues	80.5	80.7
Realized performance revenues	11.6	4.9
Realized principal investment income	0.6	1.6
Interest income	0.6	0.5
Total revenues	93.3	87.7
Segment Expenses		
Compensation and benefits		
Cash-based compensation and benefits	35.5	35.8
Realized performance revenues related compensation	5.4	12.0
Total compensation and benefits	40.9	47.8
General, administrative, and other indirect expenses	19.7	16.8
Depreciation and amortization expense	1.4	1.9
Interest expense	3.9	3.1
Total expenses	65.9	69.6
(=) Distributable Earnings	**$ 27.4**	**$ 18.1**
(-) Realized Net Performance Revenues	6.2	(7.1)
(-) Realized Principal Investment Income	0.6	1.6
(+) Net Interest	3.3	2.6
(=) Fee Related Earnings	**$ 23.9**	**$ 26.2**

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Distributable Earnings

Distributable Earnings increased $9.3 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The following table provides the components of the changes in Distributable Earnings for the three months ended March 31, 2020:

	Three Months Ended March 31,
	(Dollars in millions)
Distributable Earnings, March 31, 2019	$ 18.1
Increases (decreases):	
Decrease in fee related earnings	(2.3)
Increase in realized net performance revenues	13.3
Decrease in realized principal investment income	(1.0)
Increase in net interest	(0.7)
Total increase	9.3
Distributable Earnings, March 31, 2020	$ 27.4

Realized Net Performance Revenues. Realized net performance revenues increased $13.3 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 primarily due to the $19.9 million realized giveback on Riverstone Legacy Energy Fund IV in the three months ended March 31, 2019 and realizations in our Europe real estate funds in the three months ended March 31, 2020, partially offset by higher realizations in our U.S. real estate funds and our power opportunities fund in the three months ended March 31, 2019. Realized net performance revenues were primarily generated by the following funds for the three months ended March 31, 2020 and 2019:

Three Months Ended March 31,	
2020	2019
CERF	Energy IV (giveback)
	CPI
	CRP VII
	CPOCP

Realized Principal Investment Income. Realized principal investment income decreased $1.0 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 primarily related to lower principal investment income related to our investments in International Energy carry funds.

Fee Related Earnings

Fee Related Earnings decreased $2.3 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The following table provides the components of the changes in Fee Related Earnings for the three months ended March 31, 2020:

		Three Months Ended March 31,
		(Dollars in millions)
Fee Related Earnings, March 31, 2019	$	26.2
Increases (decreases):		
Decrease in fee revenues		(0.2)
Decrease in cash-based compensation and benefits		0.3
Increase in general, administrative and other indirect expenses		(2.9)
All other changes		0.5
Total decrease		(2.3)
Fee Related Earnings, March 31, 2020	$	23.9

Fee Revenues. Fee revenues decreased $0.2 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, due to the following:

		Three Months Ended March 31,
		2020 v. 2019
		(Dollars in millions)
Higher fund management fees	$	2.8
Lower portfolio advisory and transaction fees, net and other		(3.0)
Total decrease in fee revenues	$	(0.2)

The increase in fund management fees for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 primarily reflects the increased management fees from CIEP II including $6.1 million in catch up management fees from subsequent closes, partially offset by lower management fees from CIEP I, CRP VII, NGP XI and NGP X. Management fees for the three months ended March 31, 2019 also included $3.9 million in catch up management fees from subsequent closes for CGIOF and NGP XII.

The decrease in portfolio advisory and transaction fees, net and other for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 is primarily from transaction fees associated with investments at CIEP I and CPP II in three months ended March 31, 2019.

The weighted average management fee rate for funds in the investment period decreased to 1.30% at March 31, 2020 from 1.32% at March 31, 2019 primarily due to new funds raised in CIEP II with a lower fee rate than its predecessor fund, CIEP I, which exited the investment period. The total weighted average management fee rate was 1.26% at March 31, 2020, an increase from 1.22% at March 31, 2019.

General, administrative and other indirect expenses. General, administrative and other indirect expense increased $2.9 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily due to increased professional fees driven by fund organization costs, partially offset by the allocated portion of the cost recovery associated with the CCC matter of $5.7 million (see Note 7 to the accompanying unaudited condensed consolidated financial statements for more information).

Fee-earning AUM as of and for the Three Months Ended March 31, 2020 and 2019

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

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

	As of March 31,			
	2020		2019	
Real Assets	(Dollars in millions)			
Components of Fee-earning AUM (1)				
Fee-earning AUM based on capital commitments	$	17,004	$	15,247
Fee-earning AUM based on invested capital (2)		11,227		15,616
Fee-earning AUM based on net asset value		2,304		1,681
Fee-earning AUM based on lower of cost or fair value and other (3)		356		364
Total Fee-earning AUM (4)	**$**	**30,891**	**$**	**32,908**
Weighted Average Management Fee Rates (5)				
All Funds		1.26%		1.22%
Funds in Investment Period		1.30%		1.32%

(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 investments for certain real estate funds.

(3) Includes certain funds that are calculated on gross asset value.

(4) Energy III, Energy IV, and Renew II (collectively, the "Legacy Energy Funds"), are managed with Riverstone Holdings LLC and its affiliates. Affiliates of both Carlyle and Riverstone act as investment advisors to each of the Legacy Energy Funds. Carlyle has a minority representation on the management committees of Energy IV and Renew II. Carlyle and Riverstone each hold half of the seats on the management committee of Energy III, but the investment period for this fund has expired and the remaining investments in such fund are being disposed of in the ordinary course of business. As of March 31, 2020, the Legacy Energy Funds had, in the aggregate, approximately $1.8 billion in AUM and $1.5 billion in Fee-earning AUM. NGP IX, or in the case of NGP M&R and NGP ETP II, certain affiliated entities (collectively, the "NGP Predecessor Funds") and NGP X, NGP GAP, NGP XI, and NGP XII (referred to herein as the "NGP Carry Funds", collectively with the NGP Predecessor Funds, the "NGP Energy Funds"), are managed by NGP Energy Capital Management ("NGP"). As of March 31, 2020, the NGP Energy Funds had, in the aggregate, approximately $9.4 billion in AUM and $9.7 billion in Fee-earning AUM.

(5) 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. Calculation reflects Carlyle's 10% and 55% interest in management fees earned by the Legacy Energy funds and the NGP Energy Funds, respectively.

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

Real Assets	Three Months Ended March 31, 2020	2019
	(Dollars in millions)	
Fee-earning AUM Rollforward		
Balance, Beginning of Period	$ 33,151	$ 32,977
Inflows (1)	757	390
Outflows (including realizations) (2)	(2,795)	(553)
Market Activity & Other (3)	(136)	28
Foreign Exchange (4)	(86)	66
Balance, End of Period	**$ 30,891**	**$ 32,908**

(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, and gross subscriptions in open-ended vehicles with management fees based on net asset value. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM.

(2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, reductions for funds that are no longer calling for fees, and gross redemptions in open-ended vehicles with management fees based on net asset value. 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 and net asset value.

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

Fee-earning AUM was $30.9 billion at March 31, 2020, a decrease of $2.3 billion compared to $33.2 billion at December 31, 2019. The decrease was driven by outflows of $2.8 billion primarily in our NGP Energy and Legacy Energy funds. This was partially offset by inflows of $0.8 billion primarily related to new fee-paying commitments in CIEP II. Changes in fair value have no material impact on Fee-earning AUM for Real Assets as substantially all of the funds generate management fees based on either commitments or invested capital at cost, neither of which is impacted by fair value movements. Investment and distribution activity has no impact for funds still in the original investment period where Fee-earning AUM is based on commitments.

Fee-earning AUM was $30.9 billion at March 31, 2020, a decrease of $2.0 billion, or approximately 6%, compared to $32.9 billion at March 31, 2019. This decrease was driven by outflows of $7.0 billion primarily in our NGP Energy, Legacy Energy, and US Real Estate funds. Partially offsetting the decrease were inflows of $5.2 billion primarily related to new fee-paying commitments raised in CIEP II and CGIOF, and new limited partner capital invested in CPI.

Fee-earning AUM was $32.9 billion at March 31, 2019, a decrease of $0.1 billion compared to $33.0 billion at December 31, 2018. The decrease was driven by outflows of $0.6 billion, primarily related to distribution and step-down activity in our NGP Carry Funds and U.S. real estate funds. The decrease was offset by inflows of $0.4 billion primarily related to new fee-paying commitments in NGP XII and CGIOF, and new limited partner capital invested in CPI.

Total AUM as of and for the Three Months Ended March 31, 2020

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

	Three Months Ended March 31, 2020
	(Dollars in millions)
Real Assets	
Total AUM Rollforward	
Balance, Beginning of Period	$ 43,355
Inflows (1)	1,114
Outflows (including realizations) (2)	(477)
Market Activity & Other (3)	(4,053)
Foreign Exchange (4)	(145)
Balance, End of Period	**$ 39,794**

(1) Inflows reflects the impact of gross fundraising during the period. For funds or vehicles denominated in foreign currencies, this reflects translation at the average quarterly rate, while the separately reported Fundraising metric is translated at the spot rate for each individual closing.

(2) Outflows includes distributions net of recallable or recyclable amounts in our carry funds, related co-investment vehicles, separately managed accounts and the NGP Predecessor Funds, gross redemptions in our open-ended 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 and related co-investment vehicles, the NGP Predecessor Funds and separately managed accounts, as well as the net impact of fees, expenses and non-investment income, 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 $39.8 billion at March 31, 2020, a decrease of $3.6 billion, or approximately 8%, compared to $43.4 billion at December 31, 2019. This decrease was primarily due to carry fund market depreciation of $4.1 billion, or 12%, which was driven by $1.0 billion attributable to NGP XI, $0.6 billion attributable to CIEP I, and $0.4 billion attributable to NGP XII. This was partially offset by inflows of $1.1 billion primarily from fundraising in CPI and CIEP II.

Fund Performance Metrics

Fund performance information for our carry funds that generally have at least $1.0 billion in capital commitments, cumulative equity invested or total value as of March 31, 2020, 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 Real Assets business. Please see “— Our Family of Funds” for a legend of the fund acronyms listed below.

Real Assets	Fund Vintage (1)	Investment Period End/Fee Stepdown (2)	Committed Capital	TOTAL INVESTMENTS As of March 31, 2020: Cumulative Invested Capital(3)	Realized Value(4)	Remaining Fair Value(5)	MOIC(6)	Gross IRR (9)(17)	Net IRR (10)(17)	In Accrued Carry/(Clawback) (11)	LTM Realized Carry (12)	REALIZED/PARTIALLY REALIZED INVESTMENTS(7) As of March 31, 2020: Cumulative Invested Capital(3)	Total Fair Value(13)	MOIC(6)	Gross IRR (9)(17)
				(Reported in Local Currency, in Millions)								(Reported in Local Currency, in Millions)			
Fully Invested/Committed Funds(8)															
CRP III	2000		$ 564.1	$ 522.5	$ 1,588.4	$ 293.3	3.6x	44%	30%	X	X	$ 522.5	$ 1,881.6	3.6x	44%
CRP IV	2004		$ 950.0	$ 1,261.6	$ 1,711.4	$ 287.5	1.6x	7%	4%			$ 1,204.5	$ 1,985.7	1.6x	7%
CRP V	2006		$ 3,000.0	$ 3,349.2	$ 5,073.9	$ 786.0	1.7x	12%	9%	X	X	$ 3,227.1	$ 5,763.8	1.8x	13%
CRP VI	2010		$ 2,340.0	$ 2,152.7	$ 3,595.6	$ 310.7	1.8x	27%	18%	X	X	$ 1,705.9	$ 3,450.9	2.0x	32%
CRP VII	2014		$ 4,161.6	$ 3,677.5	$ 3,501.8	$ 2,246.1	1.6x	19%	12%	X	X	$ 1,918.5	$ 3,471.8	1.8x	26%
CEREP III	2007		€ 2,229.5	€ 2,052.7	€ 2,379.9	€ 102.5	1.2x	4%	1%			€ 1,911.6	€ 2,393.3	1.3x	5%
CIEP I	2013		$ 2,500.0	$ 2,264.0	$ 860.6	$ 1,982.5	1.3x	13%	5%			$ 665.4	$ 1,300.1	2.0x	23%
NGP X	2012		$ 3,586.0	$ 3,343.9	$ 2,963.3	$ 598.1	1.1x	2%	Neg			$ 2,018.0	$ 2,865.4	1.4x	14%
NGP XI	2014		$ 5,325.0	$ 4,916.1	$ 1,583.2	$ 3,510.2	1.0x	1%	Neg			$ 1,373.9	$ 1,592.0	1.2x	33%
Energy III	2005		$ 3,800.0	$ 3,569.7	$ 5,248.6	$ 152.2	1.5x	9%	5%			$ 3,152.1	$ 5,044.9	1.6x	11%
Energy IV	2007		$ 5,979.1	$ 6,371.4	$ 6,812.6	$ 490.5	1.1x	5%	0%		(X)	$ 5,731.6	$ 6,767.0	1.2x	6%
Renew II	2008		$ 3,417.5	$ 2,833.5	$ 2,930.9	$ 1,032.5	1.4x	7%	4%	(X)		$ 2,376.5	$ 2,946.6	1.2x	5%
All Other Active Funds, Coinvestments and SMAs(14)	Various			$ 5,303.6	$ 6,533.7	$ 2,134.9	1.6x	8%	7%			$ 3,560.6	$ 6,590.3	1.9x	11%
Fully Realized Funds, Coinvestments and SMAs(15)	Various			$ 8,018.8	$ 10,615.4	$ 13.6	1.3x	18%	9%			$ 8,018.8	$ 10,629.0	1.3x	19%
Total Fully Invested/Committed Funds				**$ 49,836.6**	**$ 55,630.7**	**$ 13,950.6**	**1.4x**	**11%**	**6%**			**$ 37,572.6**	**$ 56,915.1**	**1.5x**	**13%**
Funds in the Investment Period(8)															
CRP VIII	2017	May-22	$ 5,505.1	$ 2,143.4	$ 125.6	$ 2,343.9	1.2x	NM	NM						
NGP XII	2017	Jul-22	$ 4,277.6	$ 1,967.0	$ 0.1	$ 1,677.2	0.9x	NM	NM						
CIEP II	2019	Apr-25	$ 2,242.7	$ 366.1	$ —	$ 330.2	0.9x	NM	NM						
CPP II	2014	Apr-21	$ 1,526.7	$ 1,101.5	$ 295.9	$ 991.7	1.2x	7%	1%						
CPI	2016	n/a	$ 3,044.9	$ 2,466.2	$ 484.2	$ 2,395.8	1.2x	13%	11%	X	X				
CGIOF	2018	Sep-23	$ 2,201.4	$ 226.0	$ 28.8	$ 201.5	1.0x	NM	NM						
All Other Funds, Coinvestments and SMAs(16)	Various			$ 1,832.0	$ 233.6	$ 1,615.9	1.0x	NM	NM						
Total Funds in the Investment Period				**$ 10,102.2**	**$ 1,168.3**	**$ 9,556.2**	**1.1x**	**6%**	**Neg**			**$ 283.6**	**$ 515.7**	**1.8x**	**NM**
TOTAL REAL ASSETS(18)				**$ 59,938.8**	**$ 56,798.9**	**$ 23,506.7**	**1.3x**	**11%**	**5%**			**$ 37,856.2**	**$ 57,430.8**	**1.5**	**13%**

(1) The data presented herein that provides “inception to date” performance results of our segments relates to the period following the formation of the first fund within each segment. For our Real Assets segment our first fund was formed in 1997.

(2) Represents the fund's investment period end date or, if different, the date at which the management fee calculation basis is scheduled to step down from commitments to remaining invested capital at cost (where applicable). This measure is only relevant and reported for funds currently in the investment period.

(3) Represents the original cost of investments since inception of the fund.

(4) Represents all realized proceeds since inception of the fund.

(5) Represents remaining fair value, before management fees, expenses and carried interest, and may include remaining escrow values for realized investments.

(6) Multiple of invested capital (“MOIC”) represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital.

(7) 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. We do not present Realized/Partially Realized performance information separately for funds that are still in the investment period because of the relatively insignificant level of realizations for funds of this type. However, to the extent such funds have had realizations, they are included in the Realized/Partially Realized performance information presented for Total Real Assets.

(8) Fully Invested funds are past the expiration date of the investment period as defined in the respective limited partnership agreement. In instances where a successor fund has had its first capital call, the predecessor fund is categorized as fully invested.

(9) Gross Internal Rate of Return (“Gross IRR”) represents the annualized IRR for the period indicated on Limited Partner invested capital based on contributions, distributions and unrealized value before management fees, expenses and carried interest.

(10) 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.

(11) Fund has a net accrued performance fee balance/(giveback obligation) as of the current quarter end, driven by a significant portion of the fund's asset base.

(12) Fund has generated realized net performance fees/(realized giveback) in the last twelve months.

(13) Represents all realized proceeds combined with remaining fair value, before management fees, expenses and carried interest.

(14) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMAs), and certain other stand-alone investments arranged by us: NGP GAP and CPOCP.

(15) Aggregate includes the following funds: CRP I, CRP II, CRCP I, CAREP I, CAREP II, CEREP I, CEREP II, Energy I, Energy II, Renew I, and CIP.

(16) Aggregate includes CCR, CRSEF, and CER. Return is not considered meaningful, as the investment period commenced in October 2016 for CCR, December 2019 for CRSEF, and December 2017 for CER.

(17) For funds marked “NM,” IRR may be positive or negative, but is considered not meaningful because of the limited time since initial investment and early stage of capital deployment. For funds marked “Neg,” IRR is negative as of reporting period end.

(18) For purposes of aggregation, funds that report in foreign currency have been converted to U.S. dollars at the reporting period spot rate.

Global Credit

We continue to invest in growing our Global Credit business, and in the near to mid term, this segment will incur additional expenses to build the credit business and raise additional capital.

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

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Segment Revenues		
Fund level fee revenues		
Fund management fees	$ 73.0	$ 74.8
Portfolio advisory and transaction fees, net and other	2.6	2.9
Total fund level fee revenues	75.6	77.7
Realized performance revenues	21.0	—
Realized principal investment income	5.1	4.6
Interest income	3.1	3.8
Total revenues	104.8	86.1
Segment Expenses		
Compensation and benefits		
Cash-based compensation and benefits	49.1	46.6
Realized performance revenues related compensation	9.7	—
Total compensation and benefits	58.8	46.6
General, administrative, and other indirect expenses	5.6	16.5
Depreciation and amortization expense	1.6	2.1
Interest expense	7.0	6.7
Total expenses	73.0	71.9
(=) Distributable Earnings	**$ 31.8**	**$ 14.2**
(-) Realized Net Performance Revenues	11.3	—
(-) Realized Principal Investment Income	5.1	4.6
(+) Net Interest	3.9	2.9
(=) Fee Related Earnings	**$ 19.3**	**$ 12.5**

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Distributable Earnings

Distributable Earnings increased $17.6 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The following table provides the components of the changes in Distributable Earnings for the three months ended March 31, 2020:

	Three Months Ended March 31,
	(Dollars in millions)
Distributable Earnings, March 31, 2019	$ 14.2
Increases (decreases):	
Increase in fee related earnings	6.8
Increase in realized net performance revenues	11.3
Increase in realized principal investment income	0.5
Increase in net interest	(1.0)
Total increase	17.6
Distributable Earnings, March 31, 2020	$ 31.8

Realized Net Performance Revenues. Realized net performance revenues increased $11.3 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily driven by Carlyle Aviation Partners in the three months ended March 31, 2020.

Realized Principal Investment Income. Realized principal investment income increased $0.5 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily due to higher realizations on investments in our carry and structured credit funds.

Fee Related Earnings

Fee Related Earnings increased $6.8 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The following table provides the components of the changes in Fee Related Earnings for the three months ended March 31, 2020:

	Three Months Ended March 31,
	(Dollars in millions)
Fee Related Earnings, March 31, 2019	$ 12.5
Increases (decreases):	
Decrease in fee revenues	(2.1)
Increase in cash-based compensation and benefits	(2.5)
Decrease in general, administrative and other indirect expenses	10.9
All other changes	0.5
Total increase	6.8
Fee Related Earnings, March 31, 2020	$ 19.3

Fee Revenues. Fee revenues decreased $2.1 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily driven by lower management fees from our energy mezzanine carry funds and the deferral of $4.1 million of subordinated management fees in our U.S. and Europe CLOs due to rating agency downgrades on bonds and loans in which the CLOs are invested. This was partially offset by increased management fees from our direct lending platform. It is likely that the CLOs will experience further management fee deferrals later this year if rating agencies continue to downgrade bonds and loans in which the CLOs invest.

The weighted average management fee rate on our carry funds increased from 1.22% at March 31, 2019 to 1.28% at March 31, 2020. The rate increase was primarily due to runoff of an early vintage fund with a lower fee rate.

Cash-based compensation and benefits expense. Cash-based compensation and benefits expense increased $2.5 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily due to increased headcount.

General, administrative and other indirect expenses. General, administrative and other indirect expenses decreased $10.9 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, primarily due to the allocated portion of the cost recovery associated with the CCC matter of $6.3 million and positive foreign currency adjustments during the three months ended March 31, 2020 (see Note 7 to the accompanying unaudited condensed consolidated financial statements for more information).

Fee-earning AUM as of and for the Three Months Ended March 31, 2020 and 2019

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

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

	As of March 31,	
	2020	**2019**
Global Credit	**(Dollars in millions)**	
Components of Fee-earning AUM (1)		
Fee-earning AUM based on capital commitments	$ 4,133	$ 7,403
Fee-earning AUM based on invested capital	5,198	2,174
Fee-earning AUM based on collateral balances, at par	25,304	23,713
Fee-earning AUM based on net asset value	1,297	1,024
Fee-earning AUM based on other (2)	2,133	2,230
Total Fee-earning AUM	**$ 38,065**	**$ 36,544**
Weighted Average Management Fee Rates (3)		
All Funds, excluding CLOs	1.28%	1.22%

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

(2) Includes funds with fees based on gross asset value.

(3) Represents the aggregate effective management fee rate for carry funds, weighted by each fund's Fee-earning AUM, as of the end of each period presented. Management fees for CLOs are based on the total par amount of the assets (collateral) and principal balance of the notes in the fund and are not calculated as a percentage of equity and are therefore not included.

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

	Three Months Ended March 31,	
	2020	**2019**
Global Credit	**(Dollars in millions)**	
Fee-earning AUM Rollforward		
Balance, Beginning of Period	$ 37,862	$ 35,152
Inflows (1)	1,060	1,324
Outflows (including realizations) (2)	(898)	(70)
Market Activity & Other (3)	209	277
Foreign Exchange (4)	(168)	(139)
Balance, End of Period	**$ 38,065**	**$ 36,544**

(1) Inflows represents limited partner capital raised by our carry funds or separately managed accounts for which management fees based on commitments were activated during the period, the fee-earning commitments invested in vehicles for which management fees are based on invested capital, the fee-earning collateral balance of new CLO issuances, as well as gross subscriptions in our vehicles for which management fees are based on net asset value. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM.

(2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, reductions for funds that are no longer calling for fees, gross redemptions in our open-ended funds, and runoff of CLO collateral balances. Realizations for funds earning management fees based on commitments during the period do not affect Fee-earning AUM.

(3) Market Activity & Other represents realized and unrealized gains (losses) on portfolio investments in funds or vehicles based on the lower of cost or fair value or net asset value, as well as activity of funds with fees based on gross asset value.

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

Fee-earning AUM was $38.1 billion at March 31, 2020, an increase of $0.2 billion compared to $37.9 billion at December 31, 2019. This increase was driven by inflows of $1.1 billion primarily related to purchases in CCOF and the closing of our latest U.S. CLO. This was offset by outflows of $0.9 billion primarily due to management fees being turned off in SASOF II and runoff of our CLO collateral balances. Investment and distribution activity has no impact for funds still in the original investment period where Fee-earning AUM is based on commitments.

Fee-earning AUM was $38.1 billion at March 31, 2020, an increase of $1.6 billion, or approximately 4%, compared to $36.5 billion at March 31, 2019. The increase was driven by inflows of $4.2 billion primarily related to the raising of additional U.S. and Europe CLOs, as well as purchases in CCOF and CSC. Also driving the increase was $1.0 billion of market appreciation and other activity primarily from increases in the gross asset value of our Aviation securitization vehicles and our second BDC. This was partially offset by outflows of $3.5 billion primarily due to a fee-basis stepdown in CEMOF II, runoff of our CLO collateral balances, and fees being turned off in SASOF II.

Fee-earning AUM was $36.5 billion at March 31, 2019, an increase of $1.3 billion, or approximately 4%, compared to $35.2 billion at December 31, 2018. The increase was driven by inflows of $1.3 billion primarily related to the closing of our latest U.S. and Europe CLO's, as well as purchases in CCOF.

Total AUM as of and for the Three Months Ended March 31, 2020.

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

	Three Months Ended March 31, 2020
	(Dollars in millions)
Global Credit	
Total AUM Rollforward	
Balance, Beginning of Period	$ 49,412
Inflows (1)	1,258
Outflows (including realizations) (2)	(514)
Market Activity & Other (3)	(1,172)
Foreign Exchange (4)	(182)
Balance, End of Period	**$ 48,802**

(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. New CLO warehouse assets are recognized as an inflow to AUM, while corresponding fundraising will not be recognized until CLO issuance.

(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-ended 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 $48.8 billion at March 31, 2020, a decrease of $0.6 billion, or approximately 1%, compared to $49.4 billion at December 31, 2019. The decrease was driven by market depreciation and other activity of $1.2 billion with $0.3 billion attributable to CEMOF II, $0.3 billion attributable to CSC, and $0.2 billion attributable to CSP IV. Also contributing to the decrease were outflows of $0.5 billion primarily in our Aviation funds. This was partially offset by $1.3 billion of inflows primarily related to fundraising in SASOF V and CREV.

Fund Performance Metrics

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

The following table reflects the performance of carry funds in our Global Credit business. These tables separately present carry funds that, as of March 31, 2020, 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 March 31, 2020							
Global Credit (Carry Funds Only)	**Fund Vintage (1)**	**Investment Period End/Fee Stepdown(2)**	**Committed Capital**	**Cumulative Invested Capital (3)**	**Realized Value (4)**	**Remaining Fair Value (5)**	**MOIC (6)**	**Gross IRR (7) (13)**	**Net IRR (8) (13)**	**In Accrued Carry/(Clawback) (14)**	**LTM Realized Carry/(Clawback) (15)**
Active Fully Invested/Committed Funds (9)											
CSP II	2007		$ 1,352.3	$ 1,352.3	$ 2,430.8	$ 72.8	1.9x	17%	12%	X	
CSP III	2011		$ 702.8	$ 702.8	$ 845.8	$ 210.4	1.5x	23%	13%	X	
CEMOF I	2011		$ 1,382.5	$ 1,603.4	$ 864.2	$ 126.4	0.6x	Neg	Neg		
CEMOF II	2015		$ 2,819.2	$ 1,652.6	$ 588.6	$ 880.2	0.9x	Neg	Neg		
All Other Active Funds, Coinvestments and SMAs (10)	Various			$ 2,592.9	$ 2,643.5	$ 330.9	1.1x	7%	2%		
Fully Realized Funds, Coinvestments and SMAs (11)	Various			$ 1,312.1	$ 1,804.7	$ —	1.4x	12%	7%		
Total Fully Invested/Committed Funds				**$ 9,215.9**	**$ 9,177.6**	**$ 1,620.8**	**1.2x**	**8%**	**1%**		
Funds in the Investment Period (9)											
CSP IV	2016	Dec-20	$ 2,500.0	$ 1,396.4	$ 528.5	$ 915	1.0x	NM	NM		
CCOF	2017	Jun-22	$ 2,373.4	$ 1,833.2	$ 230.1	$ 1,642.1	1.0x	NM	NM		
All Other Funds, Coinvestments and SMAs (12)	Various			$ 1,861.8	$ 661.0	$ 1,056.6	0.9x	NM	NM		
Total Funds in the Investment Period				**$ 5,091.3**	**$ 1,419.5**	**$ 3,613.7**	**1.0x**	**NM**	**NM**		
TOTAL Global Credit				**$ 14,307.3**	**$ 10,597.2**	**$ 5,234.5**	**1.1x**	**7%**	**Neg**		

(1) The data presented herein that provides "inception to date" performance results of our segments relates to the period following the formation of the first fund within each segment. For our Global Credit segment our first carry fund was formed in 2004.

(2) Represents the fund's investment period end date or, if different, the date at which the management fee calculation basis is scheduled to step down from commitments to remaining invested capital at cost (where applicable). This measure is only relevant and reported for funds currently in the investment period.

(3) Represents the original cost of investments net of investment level recallable proceeds which is adjusted to reflect recyclability of invested capital for the purpose of calculating the fund MOIC.

(4) Represents all realized proceeds since inception of the fund.

(5) Represents remaining fair value, before management fees, expenses and carried interest, and may include remaining escrow values for realized investments.

(6) Multiple of invested capital ("MOIC") represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital.

(7) Gross Internal Rate of Return ("Gross IRR") represents the annualized IRR for the period indicated on Limited Partner invested capital based on contributions, distributions and unrealized value before management fees, expenses and carried interest.

(8) 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.

(9) Fully Invested funds are past the expiration date of the investment period as defined in the respective limited partnership agreement. In instances where a successor fund has had its first capital call, the predecessor fund is categorized as fully invested.

(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: SASOF II, SASOF III, and CASCOF.

(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: CSP I, CMP I, and CMP II.

(12) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMAs), and certain other stand-alone investments arranged by us: SASOF IV and CSC.

(13) For funds marked "NM," IRR may be positive or negative, but is considered not meaningful because of the limited time since initial investment and early stage of capital deployment. For funds marked "Neg," IRR is negative as of reporting period end.

(14) Fund has a net accrued performance fee balance/(giveback obligation) as of the current quarter end, driven by a significant portion of the fund's asset base.

(15) Fund has generated realized net performance fees/(realized giveback) in the last twelve months.

Investment Solutions

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

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Segment Revenues		
Fund level fee revenues		
Fund management fees	$ 39.8	$ 39.4
Total fund level fee revenues	39.8	39.4
Realized performance revenues	85.4	20.9
Realized principal investment income	0.6	0.2
Interest income	0.4	0.5
Total revenues	126.2	61.0
Segment Expenses		
Compensation and benefits		
Cash-based compensation and benefits	25.0	23.2
Realized performance revenues related compensation	84.0	19.8
Total compensation and benefits	109.0	43.0
General, administrative, and other indirect expenses	5.5	8.3
Depreciation and amortization expense	1.0	1.4
Interest expense	2.3	1.9
Total expenses	117.8	54.6
(=) Distributable Earnings	**$ 8.4**	**$ 6.4**
(-) Realized Net Performance Revenues	1.4	1.1
(-) Realized Principal Investment Income	0.6	0.2
(+) Net Interest	1.9	1.4
(=) Fee Related Earnings	**$ 8.3**	**$ 6.5**

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Distributable Earnings

Distributable Earnings increased $2.0 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The following table provides the components of the changes in Distributable Earnings for the three months ended March 31, 2020:

	Three Months Ended March 31,
	(Dollars in millions)
Distributable Earnings, March 31, 2019	$ 6.4
Increases (decreases):	
Increase in fee related earnings	1.8
Increase in realized net performance revenues	0.3
Increase in realized principal investment income	0.4
Increase in net interest	(0.5)
Total increase	2.0
Distributable Earnings, March 31, 2020	$ 8.4

Investment Solutions had a significant increase in realized performance revenues during the quarter to $85.4 million. 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 $1.4 million during the three months ended March 31, 2020.

Fee Related Earnings

Fee Related Earnings increased $1.8 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The following table provides the components of the changes in Fee Related Earnings for the three months ended March 31, 2020:

	Three Months Ended March 31,
	(Dollars in millions)
Fee Related Earnings, March 31, 2019	$ 6.5
Increases (decreases):	
Increase in fee revenues	0.4
Increase in cash-based compensation and benefits	(1.8)
Decrease in general, administrative and other indirect expenses	2.8
All other changes	0.4
Total increase	1.8
Fee Related Earnings, March 31, 2020	$ 8.3

Cash-based compensation and benefits expense. Cash-based compensation and benefits expense increased $1.8 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 primarily due to increased headcount.

General, administrative and other indirect expenses. General, administrative and other indirect expenses decreased $2.8 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 primarily due to the allocated portion of the cost recovery associated with the CCC matter of $3.3 million and positive foreign currency adjustments during the three months ended March 31, 2020 (see Note 7 to the accompanying unaudited condensed consolidated financial statements for more information).

Fee-earning AUM as of and for the Three Months Ended March 31, 2020 and 2019

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

	As of March 31,	
	2020	2019
Investment Solutions	(Dollars in millions)	
Components of Fee-earning AUM (1)		
Fee-earning AUM based on capital commitments	$ 12,761	$ 11,978
Fee-earning AUM based on invested capital (2)	2,079	1,573
Fee-earning AUM based on net asset value	660	850
Fee-earning AUM based on lower of cost or fair market value	12,702	14,269
Total Fee-earning AUM	**$ 28,202**	**$ 28,670**

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

(2) Includes amounts committed to or reserved for certain AlpInvest and Metropolitan carry funds.

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

	Three Months Ended March 31,	
	2020	2019
Investment Solutions	(Dollars in millions)	
Fee-earning AUM Rollforward		
Balance, Beginning of Period	$ 28,384	$ 29,065
Inflows (1)	1,037	1,189
Outflows (including realizations) (2)	(706)	(1,120)
Market Activity & Other (3)	(44)	(70)
Foreign Exchange (4)	(469)	(394)
Balance, End of Period	**$ 28,202**	**$ 28,670**

(1) Inflows represents limited partner capital raised by our carry funds or separately managed accounts for which management fees based on commitments were activated during the period and the fee-earning commitments invested in vehicles for which management fees are based on invested capital. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM.

(2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, and reductions for funds that are no longer calling for fees. Distributions for funds earning management fees based on commitments during the period do not affect Fee-earning AUM.

(3) Market Activity & Other represents realized and unrealized gains (losses) on portfolio investments in our carry funds based on the lower of cost or fair value and net asset value.

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

Fee-earning AUM was $28.2 billion at March 31, 2020, a decrease of $0.2 billion compared to $28.4 billion at December 31, 2019. This was driven by outflows, including distributions, of $0.7 billion which were primarily attributable to our AlpInvest carry funds. Also driving the decrease were $0.5 billion of foreign exchange losses from the translation of our AlpInvest Fee-earning AUM from EUR to USD. Offsetting the decrease were inflows, including fee-paying commitments, of $1.0 billion primarily due to activation of previously raised mandates and purchases in our AlpInvest vehicles. Distributions from funds still in the commitment or weighted-average investment period do not impact Fee-earning AUM as these fund s are based on commitments and not invested capital. Increases in fair value have an impact on Fee-earning AUM for Investment Solutions as fully committed funds are based on the lower of cost or fair value of the underlying investments.

Fee-earning AUM was $28.2 billion at March 31, 2020, a decrease of $0.5 billion, or approximately 2%, compared to $28.7 billion at March 31, 2019. The decrease was driven by outflows, including distributions, of $3.6 billion primarily in our AlpInvest carry funds and $0.5 billion of foreign exchange losses due to the translation of our AlpInvest Fee-earning AUM from EUR to USD. This was offset by inflows, including fee-paying commitments, of $3.6 billion due to activation of previously raised mandates and purchases in our AlpInvest and MRE carry funds.

Fee-earning AUM was $28.7 billion at March 31, 2019, a decrease of $0.4 billion, or approximately 1%, compared to $29.1 billion at December 31, 2018. This was driven by outflows, including distributions, of $1.1 billion which were primarily attributable to our AlpInvest carry funds and $0.4 billion of foreign exchange losses due to the translation of our AlpInvest Fee-earning AUM from EUR to USD. This was offset by inflows, including fee-paying commitments, of $1.2 billion primarily due to activation of previously raised mandates and purchases in our AlpInvest vehicles.

Total AUM as of and for the Three Months Ended March 31, 2020

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

	Three Months Ended March 31, 2020	
	(Dollars in millions)	
Investment Solutions		
Total AUM Rollforward		
Balance, Beginning of Period	$	45,246
Inflows (1)		4,269
Outflows (including realizations) (2)		(1,555)
Market Activity & Other (3)		813
Foreign Exchange (4)		(819)
Balance, End of Period	**$**	**47,954**

(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 noninvestment income, as well as other changes in AUM. The fair market values for our Investment Solutions primary and secondary carry funds are based on the latest available valuations of the underlying limited partnership interests as provided by their general partners which typically has a lag of up to 90 days, plus the net cash flows since the latest valuation, up to March 31, 2020.

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

Total AUM was $48.0 billion at March 31, 2020, an increase of $2.8 billion, or approximately 6%, compared to $45.2 billion at December 31, 2019. This increase was driven by inflows of $4.3 billion from new commitments raised in our AlpInvest and MRE carry funds. Partially offsetting the increase were outflows of $1.6 billion primarily related to distributions in our AlpInvest funds. $0.8 billion of decreases in Total AUM were attributable to the translation of our AlpInvest AUM from EUR to USD.

Fund Performance Metrics

Fund performance information for our AlpInvest and Metropolitan funds that have at least $1.0 billion in capital commitments, cumulative equity invested or total value as of March 31, 2020, which we refer to as our “significant funds” is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund return information reflected in this discussion and analysis is not indicative of the performance of The Carlyle Group Inc. and is also not necessarily indicative of the future performance of any particular fund. An investment in The Carlyle Group Inc. is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns. Primary and secondary investments in external funds are generally valued based on the proportionate share of the net assets provided by the third party general partners of the underlying fund partnerships based on the most recent available information which typically has a lag of up to 90 days. As a result, amounts presented may not include the impact of economic activity in the current quarter.

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

Investment Solutions (1)	Vintage Year	Fund Size	TOTAL INVESTMENTS As of March 31, 2020 — Cumulative Invested Capital (2)(3)	Realized Value (3)	Remaining Fair Value	Total Fair Value (4)	MOIC (5)	Gross IRR (7) (9)	Net IRR (8) (9)
			(Reported in Local Currency, in Millions)						
AlpInvest									
Fully Committed Funds (6)									
Main Fund I - Fund Investments	2000	€ 5,174.6	€ 4,416.2	€ 7,189.3	€ 80.0	€ 7,269.3	1.6x	12%	11%
Main Fund II - Fund Investments	2003	€ 4,545.0	€ 4,991.5	€ 7,645.2	€ 370.0	€ 8,015.2	1.6x	10%	9%
Main Fund III - Fund Investments	2005	€ 11,500.0	€ 13,417.3	€ 19,510.9	€ 2,757.1	€ 22,268.0	1.7x	10%	10%
Main Fund IV - Fund Investments	2009	€ 4,877.3	€ 5,544.4	€ 6,680.8	€ 3,593.4	€ 10,274.2	1.9x	17%	17%
Main Fund V - Fund Investments	2012	€ 5,080.0	€ 5,344.5	€ 3,181.1	€ 5,266.8	€ 8,447.9	1.6x	16%	15%
Main Fund VI - Fund Investments	2015	€ 1,106.4	€ 898.6	€ 285.0	€ 931.0	€ 1,216.0	1.4x	17%	16%
Main Fund II - Secondary Investments	2003	€ 998.4	€ 1,045.8	€ 1,894.6	€ 16.8	€ 1,911.4	1.8x	27%	26%
Main Fund III - Secondary Investments	2006	€ 2,250.0	€ 2,443.7	€ 3,674.7	€ 69.2	€ 3,744.0	1.5x	11%	10%
Main Fund IV - Secondary Investments	2010	€ 1,859.1	€ 2,001.6	€ 3,213.0	€ 207.7	€ 3,420.7	1.7x	19%	18%
Main Fund V - Secondary Investments	2011	€ 4,272.8	€ 4,259.3	€ 5,079.6	€ 1,898.0	€ 6,977.5	1.6x	20%	18%
Main Fund III - Co-Investments	2006	€ 2,760.0	€ 2,899.0	€ 3,676.6	€ 441.9	€ 4,118.5	1.4x	5%	5%
Main Fund IV - Co-Investments	2010	€ 1,475.0	€ 1,394.3	€ 3,205.0	€ 445.0	€ 3,650.0	2.6x	23%	22%
Main Fund V - Co-Investments	2012	€ 1,122.2	€ 1,072.8	€ 1,783.0	€ 917.8	€ 2,700.8	2.5x	28%	26%
Main Fund VI - Co-Investments	2014	€ 1,114.6	€ 955.8	€ 1,130.3	€ 1,006.4	€ 2,136.7	2.2x	27%	25%
Main Fund II - Mezzanine Investments	2004	€ 700.0	€ 779.9	€ 1,064.9	€ 12.5	€ 1,077.4	1.4x	7%	7%
Main Fund III - Mezzanine Investments	2006	€ 2,000.0	€ 2,052.4	€ 2,595.9	€ 173.8	€ 2,769.7	1.3x	10%	9%
All Other Active Funds (10)	Various		€ 2,541.2	€ 1,455.1	€ 1,555.2	€ 3,010.3	1.2x	5%	4%
Fully Realized Funds	Various		€ 2,172.0	€ 4,910.9	€ 1.6	€ 4,912.6	2.3x	35%	32%
Total Fully Committed Funds			**€ 58,230.1**	**€ 78,175.8**	**€ 19,744.2**	**€ 97,920.1**	**1.7x**	**13%**	**12%**
Funds in the Commitment Period (6)									
Main Fund VI - Secondary Investments	2017	€ 5,209.4	€ 3,656.1	€ 547.4	€ 3,829.5	€ 4,376.9	1.2x	15%	11%
Main Fund VII - Co-Investments	2017	€ 2,529.0	€ 1,542.4	€ 52.8	€ 1,635.6	€ 1,688.4	1.1x	7%	4%
All Other Funds (10)	Various		€ 1,670.2	€ 224.3	€ 1,603.6	€ 1,827.9	1.1x	9%	7%
Total Funds in the Commitment Period			**€ 6,868.8**	**€ 824.4**	**€ 7,068.7**	**€ 7,893.1**	**1.1x**	**12%**	**9%**
TOTAL ALPINVEST			**€ 65,098.9**	**€ 79,000.3**	**€ 26,812.9**	**€ 105,813.2**	**1.6x**	**13%**	**12%**
TOTAL ALPINVEST (USD) (11)			**$ 71,427.4**	**$ 86,680.1**	**$ 29,419.5**	**$ 116,099.6**	**1.6x**		
Metropolitan Real Estate									
Active Fully Committed Funds	Various	$ 2,744.3	$ 2,568.9	$ 2,735.6	$ 645.8	$ 3,381.4	1.3x	7%	5%
Fully Realized Funds	Various	$ 611.2	$ 588.7	$ 710.4	$ 0.5	$ 710.9	1.2x	4%	2%
Total Fully Committed Funds (6)			**$ 3,157.7**	**$ 3,446.0**	**$ 646.3**	**$ 4,092.3**	**1.3x**	**6%**	**4%**
MRE Secondaries Fund II	2017	$ 1,165.2	$ 301.6	$ 67.8	$ 263.3	$ 331.1	1.1x	9%	Neg
All Other Funds in the Commitment Period	Various	$ 515.7	$ 92.9	$ 7.6	$ 80.9	$ 88.5	1.0x	NM	NM
Total Funds in the Commitment Period (6)			**$ 394.5**	**$ 75.4**	**$ 344.2**	**$ 419.6**	**1.1x**	**6%**	**Neg**
TOTAL METROPOLITAN REAL ESTATE			**$ 3,552.2**	**$ 3,521.5**	**$ 990.5**	**$ 4,511.9**	**1.3x**	**6%**	**4%**

(1) Includes private equity and mezzanine primary fund investments, secondary fund investments and co-investments originated by the AlpInvest team, as well as real estate primary fund investments, secondary fund investments and co-investments originated by the Metropolitan Real Estate team. Excluded from the performance information shown are a) investments that were not originated by AlpInvest, and b) Direct Investments, which was spun off from AlpInvest in 2005, and c) LP co-investment vehicles advised by AlpInvest. As of March 31, 2020, these excluded investments represent $0.4 billion of AUM at AlpInvest.

(2) Represents the original cost of investments since inception of the fund.

(3) To exclude the impact of FX, all AlpInvest foreign currency cash flows have been converted to Euro at the reporting period spot rate.

(4) Represents all realized proceeds combined with remaining fair value, before management fees, expenses and carried interest. To exclude the impact of FX, all AlpInvest foreign currency cash flows have been converted to Euro at the reporting period spot rate.

(5) Multiple of invested capital ("MOIC") represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital.

(6) Fully Committed funds are past the expiration date of the commitment period as defined in the respective limited partnership agreement.

(7) 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 investments, before management fees, expenses and carried interest at the AlpInvest/Metropolitan Real Estate level.

(8) 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.

(9) For funds marked "NM," IRR may be positive or negative, but is considered not meaningful because of the limited time since initial investment and early stage of capital deployment. For funds marked "Neg," IRR is negative as of reporting period end.

(10) Aggregate includes Main Fund VII - Fund Investments, Main Fund VIII - Fund Investments, Main Fund IX - Fund Investments, Main Fund X - Fund Investments, Main Fund XI - Fund Investments, Main Fund IV - Mezzanine Investments, Main Fund V - Mezzanine Investments, AlpInvest CleanTech Funds and funds which are not included as part of a main fund.

(11) Represents the U.S. dollar equivalent balance translated at the spot rate as of period end.

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. Historically, approximately 95% of all capital commitments to our funds have been provided by our fund investors, with the remaining amount typically funded by our senior Carlyle professionals, advisors and other professionals.

We expect that the significant disruption in business activity and the financial markets created by the COVID-19 global pandemic will impact several sources of our liquidity, and we are therefore continuously and critically reviewing our liquidity and anticipated capital requirements. For example, limited opportunities to successfully exit investments due to, among other things, lower valuations, a lack of potential buyers with the financial resources to pursue acquisitions, and limited ability to conduct initial public offerings or follow-on offerings in equity capital markets, will impact cash flows from realized performance revenues. Additionally, cash flows from management fees may be impacted by, among other things, a slowdown in fundraising activity which would generate new fee-earning assets under management, the temporary deferral, or permanent loss, of management fees in our CLO business due to defaults or downgrades of underlying collateral, and lower transaction and advisory fees due to a slower pace of investment activity. For more information on the potential impact of the COVID-19 pandemic on our business, see "Item 1A. Risk Factors – *The current outbreak of the novel coronavirus, or COVID-19, has caused severe disruptions in the U.S. and global economies and is adversely impacting, and may continue to adversely impact, our performance and results of operations*." On March 9, 2020, as a proactive and cautionary measure, we borrowed $250.0 million from our senior credit facility, leaving $525.0 million of available capacity as of March 31, 2020. We believe that our current cash on hand, remaining available capacity under the senior credit facility and our other sources of liquidity provide sufficient liquidity to meet our obligations for at least the next twelve months.

Our Sources of Liquidity

We have multiple sources of liquidity to meet our capital needs, including cash on hand, annual cash flows, accumulated earnings and funds from our senior credit facility, which has $525.0 million of available capacity as of March 31, 2020. If we determine that market conditions are favorable after taking into account our liquidity requirements, including the amounts available under our senior credit facility, we may seek to issue and sell common shares in a registered public offering or a privately negotiated transaction, or we may issue additional senior notes, other debt or preferred equity.

Cash and cash equivalents. Cash and cash equivalents were approximately $1.0 billion at March 31, 2020. 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. There were no corporate treasury investments at March 31, 2020.

After deducting cash amounts allocated to the specific requirements mentioned above, the remaining cash and cash equivalents, is approximately $949 million as of March 31, 2020. 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 Credit Facility. On February 11, 2019, the Company entered into an amendment and restatement of its senior credit facility. The capacity under the revolving credit facility is $775.0 million and is scheduled to mature February 11, 2024, of which $525.0 million remains available at March 31, 2020. 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 LIBOR plus an applicable margin not to exceed 1.50% per annum (2.06% at March 31, 2020). As of March 31, 2020, there was $250.0 million outstanding under the revolving credit facility.

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

Global Credit Revolving Credit Facility. In December 2018, certain subsidiaries of the Company established a $250.0 million revolving line of credit, primarily intended to support certain lending activities within the Global Credit segment. The credit facility includes a $125.0 million line of credit with a one-year term, and a $125.0 million line of credit with a three-year term. Principal amounts outstanding under the facility accrue interest, at the option of the borrowers, either (a) at an alternate base rate plus applicable margin not to exceed 1.00%, or (b) at the Eurocurrency rate plus an applicable margin not to exceed 2.00%.

CLO Borrowings. For certain of our CLOs, the Company finances a portion of its investment in the CLOs through the proceeds received from term loans and other financing arrangements with financial institutions or other financing arrangements. The Company's outstanding CLO borrowings were $321.8 million and $324.9 million at March 31, 2020 and December 31, 2019, respectively. The CLO borrowings are secured by the Company's investments in the respective CLO, have a general unsecured interest in the Carlyle entity that manages the CLO, and generally do not have recourse to any other Carlyle entity. As of March 31, 2020, $305.2 million of these borrowings are secured by investments attributable to The Carlyle Group Inc. See Note 5 of the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for more information on our CLO borrowings.

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

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

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

3.875% Senior Notes. In January 2013, Carlyle Holdings Finance L.L.C. issued $500.0 million of 3.875% senior notes due February 1, 2023 at 99.966% of par. In September 2018, we completed a tender offer to purchase $250.0 million in aggregate principal amount of these notes. As of March 31, 2020, $250.0 million of these notes remain outstanding.

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

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

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

Our accrued performance allocations by segment as of March 31, 2020, gross and net of accrued giveback obligations, are set forth below:

Asset Class	**Accrued Performance Allocations**	**Accrued Giveback Obligation**	**Net Accrued Performance Revenues**
		(Dollars in millions)	
Corporate Private Equity	$ 1,424.4	$ (5.4)	$ 1,419.0
Real Assets	535.6	(16.9)	518.7
Global Credit	52.8	(0.1)	52.7
Investment Solutions [(1)]	739.3	—	739.3
Total	$ 2,752.1	$ (22.4)	$ 2,729.7
Less: Accrued performance allocation-related compensation			(1,502.3)
Plus: Receivable for giveback obligations from current and former employees			1.4
Less: Deferred taxes on accrued performance allocations			(40.4)
Less: Net accrued performance allocations attributable to non-controlling interests in consolidated entities			(1.7)
Net accrued performance revenues before timing differences			1,186.7
Less/Plus: Timing differences between the period when accrued performance allocations are realized and the period they are collected/distributed			14.1
Net accrued performance revenues attributable to The Carlyle Group Inc.			$ 1,200.8

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

The net accrued performance revenues attributable to The Carlyle Group Inc., excluding realized amounts, related to our carry funds and our other vehicles as of March 31, 2020, as well as the carry fund appreciation (depreciation), is set forth below by segment (Dollars in millions):

	Carry Fund Appreciation/(Depreciation)[1]					Net Accrued Performance Revenues
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	
Overall Carry Fund Appreciation/(Depreciation)	3%	2 %	2 %	2 %	(7)%	
Corporate Private Equity	3%	1 %	1 %	3 %	(8)%	$ 775.9
Real Assets[2]:	3%	— %	— %	0 %	(12)%	286.2
Real Estate	5%	6 %	3 %	1 %	(1)%	282.7
Natural Resources	3%	(4)%	(3)%	(1)%	(22)%	5.6
Global Credit Carry Funds [3]	5%	1 %	(2)%	(1)%	(21)%	29.1
Investment Solutions Carry Funds [4]	3%	4 %	7 %	1 %	1 %	109.6
Net Accrued Performance Revenues						$ 1,200.8

(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 $2.1 million of net accrued clawback from our Legacy Energy funds.
(3) Global Credit carry funds account for approximately 25% of Global Credit AUM as of March 31, 2020, and include our Energy Mezzanine funds, which experienced depreciation of 30% during the first quarter.
(4) The Company's primary and secondary investments in external funds are generally valued based on its proportionate share of the net assets provided by the third party general partners of the underlying fund partnerships based on the most recent available information which typically has a lag of up to 90 days. As a result, amounts presented may not include the impact of economic activity in the current quarter.

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

Investments as of March 31, 2020 consist of the following:

	Investments in Carlyle Funds	Investments in NGP[1]	Investment in Fortitude Re[1]	Total
	(Dollars in millions)			
Investments, excluding performance allocations	$ 1,181.8	$ 379.3	$ 1,077.9	$ 2,639.0
Less: Amounts attributable to non-controlling interests in consolidated entities	(191.8)	—	—	(191.8)
Plus: Investments in Consolidated Funds, eliminated in consolidation	63.1	—	—	63.1
Less: Strategic equity method investments in NGP Management	—	(379.3)	—	(379.3)
Less: Investment in NGP general partners - accrued performance allocations	—	—	—	—
Less: Mark-to-market gains associated with strategic equity method investment in Fortitude Re	—	—	(539.1)	(539.1)
Total investments attributable to The Carlyle Group Inc., exclusive of NGP Management	$ 1,053.1	$ —	$ 538.8	$ 1,591.9

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

Our investments as of March 31, 2020, can be further attributed as follows (Dollars in millions):

Adjusted investment in Fortitude Re	$ 538.8
Investments in Carlyle Funds, excluding CLOs:	
Corporate Private Equity funds	352.5
Real Assets funds[1]	176.8
Global Credit funds	88.2
Investment Solutions funds [2]	39.4
Total investments in Carlyle Funds, excluding CLOs	656.9
Investments in CLOs	372.0
Other investments	24.2
Total investments attributable to The Carlyle Group Inc.	1,591.9
CLO loans and other borrowings attributable to The Carlyle Group Inc. [3]	(305.2)
Total investments attributable to The Carlyle Group Inc., net of CLO loans and other borrowings	$ 1,286.7

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

(2) 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.

(3) Of the $320.6 million in total CLO borrowings as of March 31, 2020 and as disclosed in Note 5 to the consolidated financial statements, $305.2 million are collateralized by investments attributable to The Carlyle Group Inc. Also includes $1.0 million of borrowings under a credit facility to fund Carlyle Capital Solutions investments.

Our adjusted strategic equity method investment in Fortitude Re of $538.8 million includes $129.8 million of adjusted net income for the period from closing through March 31, 2020, and excludes $539.1 million of unrealized mark-to-market gains associated with our pro rata share of the changes in the fair value of embedded derivatives related to certain reinsurance contracts included in Fortitude Re's U.S. GAAP financial statements. Modified coinsurance is subject to the general accounting principles for derivatives and hedging, specifically the guidance originally issued as Derivatives Implementation Group Issue No. B36: *Embedded Derivatives: Modified Coinsurance Agreements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments* ("DIG B36"). This guidance can cause significant volatility in earnings that is not necessarily consistent with the underlying performance of Fortitude Re. We believe it is meaningful to reflect our investment in Fortitude Re excluding the effects of these fair value changes as these fluctuations are not considered by Fortitude Re in assessing its performance, which is consistent with industry practice when evaluating performance. During the three months ended March 31, 2020, our investment in Fortitude Re generated $22.8 million of principal investment loss, excluding the unrealized mark-to-market losses on embedded derivatives.

Our Liquidity Needs

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

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

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

Preferred Unit Distributions and Redemption. With respect to distribution year 2019, the Board of Directors declared a distribution to preferred unitholders totaling approximately $19.1 million. In October 2019, we completed the redemption of our preferred units for $25.339757 per unit, which is equal to $25.25 per Preferred Unit plus declared and unpaid distributions to, but excluding, the redemption date.

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

With respect to distribution year 2020, the Board of Directors has declared a dividend to common stockholders totaling approximately $87.2 million, or $0.25 per share, consisting of the following:

Common Stock Dividends - Dividend Year 2020

Quarter	Dividend per Common Share	Dividend to Common Stockholders	Record Date	Payment Date
	(Dollars in millions, except per share data)			
Q1 2020	$ 0.25	$ 87.2	May 12, 2020	May 19, 2020
Total	$ 0.25	$ 87.2		

With respect to distribution year 2019, the Board of Directors declared cumulative dividends to common stockholders totaling approximately $194.8 million, consisting of the following:

Common Stock Dividends - Dividend Year 2019

Quarter	Dividend per Common Share	Dividend to Common Stockholders(1)	Record Date	Payment Date
	(Dollars in millions, except per share data)			
Q1 2019	$ 0.19	$ 21.0	May 13, 2019	May 20, 2019
Q2 2019	0.43	49.9	August 12, 2019	August 19, 2019
Q3 2019	0.31	36.5	November 12, 2019	November 19, 2019
Q4 2019	0.25	87.4	February 18, 2020	February 25, 2020
Total	$ 1.18	$ 194.8		

(1) The dividend to common stockholders for Q4 2019 reflects the exchange of all Carlyle Holdings partnership units to shares of common stock in The Carlyle Group Inc. in connection with the Conversion on January 1, 2020.

Dividends to common stockholders paid during the three months ended March 31, 2020 totaled $87.4 million, including the amount paid in February 2020 of $0.25 per common share in respect of the fourth quarter of 2019. Distributions to common stockholders paid during the three months ended March 31, 2019 totaled $47.4 million, including the amount paid in February 2019 of $0.43 per common share in respect of the fourth quarter of 2018.

Fund Commitments. Generally, we intend to have Carlyle commit to fund approximately 0.75% to 1% of the capital commitments to our future carry funds, although we may elect to invest additional amounts in funds focused on new investment areas. We may, from time to time, exercise our right to purchase additional interests in our investment funds that become available in the ordinary course of their operations. We expect our senior Carlyle professionals and employees to continue to make significant capital contributions to our funds based on their existing commitments, and to make capital commitments to future funds consistent with the level of their historical commitments. We also intend to make investments in our open-end funds and our CLO vehicles. Our investments in our European CLO vehicles will comply with the risk retention rules as discussed in “Risk Retention Rules” later in this section.

Since our inception through March 31, 2020, we and our senior Carlyle professionals, operating executives and other professionals have invested or committed to invest in or alongside our funds. Approximately 3% to 5% of all capital commitments to our funds are funded collectively by us and our senior Carlyle professionals, operating executives and other professionals. The current unfunded commitment of Carlyle and our senior Carlyle professionals, operating executives and other professionals to our investment funds as of March 31, 2020, consisted of the following (Dollars in millions):

Asset Class	Unfunded Commitment
Corporate Private Equity	$ 2,323.1
Real Assets	953.7
Global Credit	379.2
Investment Solutions	244.3
Total	$ 3,900.3

A substantial majority of the remaining commitments are expected to be funded by senior Carlyle professionals, operating executives and other professionals through our internal co-investment program. Of the $3.9 billion of unfunded commitments, approximately $3.4 billion is subscribed individually by senior Carlyle professionals, operating executives and other professionals, with the balance funded directly by the Company.

Repurchase Program. In December 2018, the Board of Directors authorized the repurchase of up to $200 million of common stock and/or Carlyle Holdings units. In connection with the Conversion, in January 2020 our Board of Directors re-authorized the repurchase program. This program authorizes the repurchase of shares of common stock from time to time in open market transactions, in privately negotiated transactions or otherwise. During the three months ended March 31, 2020, we paid an aggregate of $26.4 million to repurchase and retire approximately 1.1 million shares of common stock with all of the repurchases done via open market and brokered transactions. As of March 31, 2020, $139.1 million of repurchase capacity remains under the program.

Cash Flows

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

	Three Months Ended March 31,	
	2020	**2019**
	(Dollars in millions)	
Statements of Cash Flows Data		
Net cash provided by (used in) operating activities, including investments in Carlyle funds	$ (245.9)	$ 341.0
Net cash used in investing activities	(13.2)	(7.1)
Net cash provided by (used in) financing activities	456.6	(251.8)
Effect of foreign exchange rate changes	(17.0)	7.7
Net change in cash, cash equivalents and restricted cash	$ 180.5	$ 89.8

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

Cash flows from operating activities during the three months ended March 31, 2020 and 2019, excluding the activities of our Consolidated Funds, was $146.6 million and $191.3 million, respectively. Operating cash inflows primarily include the receipt of management fees, realized performance allocations and incentive fees, while operating cash outflows primarily include payments for operating expenses, including compensation and general, administrative, and other expenses. During both the three months ended March 31, 2020 and 2019, net cash provided by operating activities primarily included the receipt of management fees and realized performance allocations and incentive fees, totaling approximately $0.5 billion and $0.4 billion, respectively. These inflows were offset by payments for compensation and general, administrative and other expenses of approximately $0.3 billion and $0.4 billion for the three months ended March 31, 2020 and 2019, 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 three months ended March 31, 2020, investment proceeds were $99.8 million while investment purchases were $42.7 million. During the three months ended March 31, 2019, investment proceeds were $138.7 million as compared to purchases of $71.3 million.

The net cash provided by operating activities for the three months ended March 31, 2020 and 2019 also reflects the investment activity of our Consolidated Funds. For the three months ended March 31, 2020, purchases of investments by the Consolidated Funds were $807.5 million, while proceeds from the sales and settlements of investments by the Consolidated Funds were $327.2 million. For the three months ended March 31, 2019, purchases of investments by the Consolidated Funds were $310.4 million, while proceeds from the sales and settlements of investments by the Consolidated Funds were $598.8 million.

Net Cash Used In Investing Activities. Our investing activities generally reflect cash used for acquisitions, fixed assets and software for internal use. For the three months ended March 31, 2020, cash used in investing activities principally reflects purchases of fixed assets. Purchases of fixed assets were $13.2 million and $7.1 million for the three months ended March 31, 2020 and 2019, respectively.

Net Cash Provided by (Used in) Financing Activities. Net cash provided by (used in) financing activities during the three months ended March 31, 2020 and 2019, excluding the activities of our Consolidated Funds, was $64.3 million and $(94.7) million. For the three months ended March 31, 2020, the Company received net proceeds of $251.0 million from borrowings under the revolving credit facilities, and repaid $35.8 million. For the three months ended March 31, 2019, the Company received net proceeds of $20.5 million from the issuance of various CLO borrowings, and repaid a $25.0 million term loan under its senior credit facility. See Note 5 to the unaudited condensed consolidated financial statements for more information on these borrowings. The Company also paid $68.8 million in January 2020 representing the first annual installment of the deferred consideration payable to former Carlyle Holdings unitholders in connection with the Conversion.

Distributions to our common stockholders were $87.4 million and $47.4 million for the three months ended March 31, 2020 and 2019, respectively. Distributions to the non-controlling interest holders in Carlyle Holdings were $99.4 million for the three months ended March 31, 2019. Distributions to our preferred unitholders were $5.9 million for the three months ended March 31, 2019.

The net borrowings (payments) on loans payable by our Consolidated Funds during the three months ended March 31, 2020 and 2019 were $393.3 million and $(157.1) million, respectively. Contributions from non-controlling interest holders were $4.2 million and $2.2 million for the three months ended March 31, 2020 and 2019, respectively, which relate primarily to contributions from the non-controlling interest holders in Consolidated Funds. For the three months ended March 31, 2020 and 2019, distributions to non-controlling interest holders were $24.3 million and $9.8 million, respectively, which relate primarily to distributions to the non-Carlyle interests in majority-owned subsidiaries.

Our Balance Sheet

Total assets were $12.1 billion at March 31, 2020, a decrease of $1.7 billion from December 31, 2019. The decrease in total assets was primarily attributable to a decrease in investments, including accrued performance allocations, of $1.4 billion, partially offset by an increase in cash and cash equivalents of $214.5 million (due largely to the $250.0 million draw on our revolving credit facility). Investments of Consolidated Funds decreased $542.0 million due to fair value depreciation in our CLOs during the three months ended March 31, 2020, partially offset by the consolidation of one CLO. Cash and cash equivalents were approximately $1.0 billion and $793.4 million at March 31, 2020 and December 31, 2019, respectively.

Total liabilities were $10.0 billion at March 31, 2020, a decrease of $823.7 million from December 31, 2019. The decrease in liabilities was primarily attributable to a decrease in accrued compensation and benefits of $723.2 million due to the corresponding decrease in accrued performance allocations, partially offset by an increase in debt obligations of $212.0 million (see Note 5). The decrease was attributable to a decrease in loans payable of Consolidated Funds of $510.4 million, offset by an increase in other liabilities of Consolidated Funds of $154.9 million from December 31, 2019 to March 31, 2020, driven by the consolidation of one CLO during the three months ended March 31, 2020.

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

Our balance sheet without the effect of the Consolidated Funds can be seen in Note 16 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. At March 31, 2020, our total assets without the effect of the Consolidated Funds were $7.4 billion, including cash and cash equivalents of $1.0 billion and net accrued performance revenues of $1.2 billion.

Unconsolidated Entities

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

Off-balance Sheet Arrangements

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

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

Contractual Obligations

The following table sets forth information relating to our contractual obligations as of March 31, 2020 on a consolidated basis and on a basis excluding the obligations of the Consolidated Funds:

	Apr. 1, 2020 to Dec. 31, 2020	2021-2022	2023-2024	Thereafter	Total
	(Dollars in millions)				
Debt obligations (including senior notes) (1)	$ 1.0	$ 19.1	$ 585.3	$ 1,592.3	$ 2,197.7
Interest payable (2)	69.4	181.4	153.9	1,151.5	1,556.2
Other consideration (3)	83.3	219.8	298.7	—	601.8
Operating lease obligations (4)	41.0	102.2	101.4	434.3	678.9
Capital commitments to Carlyle funds (5)	3,933.2	—	—	—	3,933.2
Tax receivable agreement payments (6)	—	—	41.4	66.0	107.4
Loans payable of Consolidated Funds (7)	69.4	184.1	184.4	5,364.6	5,802.5
Unfunded commitments of the CLOs (8)	3.9	—	—	—	3.9
Consolidated contractual obligations	4,201.2	706.6	1,365.1	8,608.7	14,881.6
Loans payable of Consolidated Funds (7)	(69.4)	(184.1)	(184.4)	(5,364.6)	(5,802.5)
Capital commitments to Carlyle funds (5)	(3,368.7)	—	—	—	(3,368.7)
Unfunded commitments of the CLOs (8)	(3.9)	—	—	—	(3.9)
Carlyle Operating Entities contractual obligations	$ 759.2	$ 522.5	$ 1,180.7	$ 3,244.1	$ 5,706.5

(1) The table above assumes that no prepayments are made on the senior notes and that any outstanding balance on the senior credit facility is repaid on the maturity date of the senior credit facility, which is February 11, 2024. The CLO term loans are included in the table above based on the earlier of the stated maturity date or the date the CLO is expected to be dissolved. See Note 5 to the unaudited condensed consolidated financial statements for the various maturity dates of the CLO term loans and senior notes.

(2) The interest rates on the debt obligations as of March 31, 2020 consist of: 3.500% on $425.0 million of senior notes, 5.650% on $350.0 million of senior notes, 3.875% on $250.0 million of senior notes, 5.625% on $600.0 million of senior notes, 2.06% on $250.0 million under the revolving credit facility, and a range of approximately 1.75% to 3.75% 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 and other obligations associated with our acquisition of Carlyle Aviation Partners and our investment in Fortitude Re (see Note 4), 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 first of which occurred during the first quarter of 2020. The payment obligations are unsecured obligations of the Company or a subsidiary thereof, subordinated in right of payment to indebtedness of the Company and its subsidiaries, and do not bear interest.

(4) We lease office space in various countries around the world and maintain our headquarters in Washington, D.C., where in June 2018, we entered into an amended non-cancelable lease agreement expiring on March 31, 2030. In July 2018, we entered into a new non-cancelable lease agreement expiring in 2036 for new office space in New York City. Our office leases in other locations expire in various years through 2032. The amounts in this table represent the minimum lease payments required over the term of the lease.

(5) These obligations generally represent commitments by us to fund a portion of the purchase price paid for each investment made by our funds. These amounts are generally due on demand and are therefore presented in the less than one year category. A substantial majority of these investments is expected to be funded by senior Carlyle professionals and other professionals through our internal co-investment program. Of the $3.9 billion of unfunded commitments, approximately $3.4 billion is subscribed individually by senior Carlyle professionals, advisors and other professionals, with the balance funded directly by the Company.

(6) In connection with our initial public offering, we entered into a tax receivable agreement with the limited partners of the Carlyle Holdings partnerships whereby we agreed to pay such limited partners 85% of the amount of cash tax savings, if any, in U.S. federal, state and local income tax realized as a result of increases in tax basis resulting from exchanges of Carlyle Holdings partnership units for common units of The Carlyle Group L.P. From and after the consummation of the Conversion, former holders of Carlyle Holdings partnership units do not have any rights to payments under the tax receivable agreement except for payment obligations pre-existing at the time of the Conversion with respect to exchanges that occurred prior to the Conversion. These obligations are more than offset by the future cash tax savings that we are expected to realize.

(7) These obligations represent amounts due to holders of debt securities issued by the consolidated CLO vehicles. These obligations include interest to be paid on debt securities issued by the consolidated CLO vehicles. Interest payments assume that no prepayments are made and loans are held until maturity. For debt securities with rights only to the residual value of the CLO and no stated interest, no interest payments were included in this calculation. Interest payments on variable-rate debt securities are based on interest rates in effect as of March 31, 2020, at spreads to market rates pursuant to the debt agreements, and range from 0.40% to 9.53%.

(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 $16.1 million at March 31, 2020 as we are unable to estimate when such amounts may be paid.

Contingent Cash Payments For Business Acquisitions and Strategic Investments

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

For our strategic investment in Fortitude Re, the contingent cash payments relate to a purchase price adjustment of $100 million (of which we expect to pay $80 million in May 2020 and the remaining $20 million would be payable following December 31, 2023) and performance-based contingent cash consideration payable to AIG following December 31, 2023.

Based on the terms of the underlying contracts, the maximum amount that could be paid from contingent cash obligations associated with the acquisition of Carlyle Aviation Partners and the strategic investment in Fortitude Re as of March 31, 2020 is $345.0 million versus the liabilities recognized on the balance sheet of $29.7 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

In December 2019, we entered into an agreement with a financial institution pursuant to which we provided a $130.0 million guarantee on a revolving credit facility for a fund in the Real Assets segment. The outstanding balance is secured by uncalled capital commitments of the fund’s limited partners. We have not funded any amounts under the guarantee to date, and the fair value of the guarantee is not significant to the consolidated financial statements.

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

Indemnifications

In many of our service contracts, we agree to indemnify the third-party service provider under certain circumstances. The terms of the indemnities vary from contract to contract, and the amount of indemnification liability, if any, cannot be determined and has not been included in the table above or recorded in our unaudited condensed consolidated financial statements as of March 31, 2020.

Other Contingencies

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

Carlyle Common Stock and Carlyle Holdings Partnership Units

A rollforward of our common stock outstanding and Carlyle Holdings partnership units from December 31, 2019 through March 31, 2020 is as follows:

	Shares as of December 31, 2019	Shares Issued	Shares Forfeited	Shares Exchanged	Shares Repurchased / Retired	Shares as of March 31, 2020
The Carlyle Group Inc. common shares	117,840,651	2,290,161	—	229,318,248	(1,090,437)	348,358,623
Carlyle Holdings partnership units	229,318,248	—	—	(229,318,248)	—	—
Total	347,158,899	2,290,161	—	—	(1,090,437)	348,358,623

Shares of The Carlyle Group Inc. common stock issued during the period from December 31, 2019 through March 31, 2020 relate to the vesting of the Company’s restricted stock units during the three months ended March 31, 2020. The Carlyle Holdings partnership units exchanged relate to the exchange of Carlyle Holdings partnership units for an equivalent number of shares of common stock of the Company on January 1, 2020 pursuant to the Conversion.

The total shares as of March 31, 2020 as shown above exclude approximately 0.3 million common shares in connection with the vesting of restricted stock units subsequent to March 31, 2020 that will participate in the common shareholder dividend that will be paid May 19, 2020.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our primary exposure to market risk is related to our role as general partner or investment advisor to our investment funds and the sensitivities to movements in the fair value of their investments, including the effect on management fees, incentive fees and investment income, including performance allocations. Although our investment funds share many common themes, each of our asset management asset classes runs its own investment and risk management processes, subject to our overall risk tolerance and philosophy. The investment process of our investment funds involves a comprehensive due diligence approach, including review of reputation of shareholders and management, company size and sensitivity of cash flow generation, business sector and competitive risks, portfolio fit, exit risks and other key factors highlighted by the deal team. Key investment decisions are subject to approval by both the fund-level managing directors, as well as the investment committee, which is generally comprised of one or more of the three founding partners, one “sector” head, one or more operating executives and senior investment professionals associated with that particular fund. Once an investment in a portfolio company has been made, our fund teams closely monitor the performance of the portfolio company, generally through frequent contact with management and the receipt of financial and management reports.

There was no material change in our market risks during the three months ended March 31, 2020. For additional information, refer to our Annual Report on Form 10-K for the year ended December 31, 2019.

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 co-principal executive officers 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 co-principal executive officers 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 co-principal executive officers and principal financial officer concluded that, as of the end of the period covered by this report, the design and operation of our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended March 31, 2020 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

The global outbreak of the novel coronavirus, or COVID-19, has caused severe disruptions in the U.S. and global economies and is adversely impacting, and may continue to adversely impact, our performance and results of operations.

The global outbreak of COVID-19 has spread almost every country and every state in the United States. The World Health Organization has designated COVID-19 as a pandemic, and numerous countries, including the United States, have declared national emergencies with respect to COVID-19. The global impact of the outbreak continues to rapidly evolve, and many countries have reacted by instituting quarantines, restrictions on travel, closing financial markets and/or restricting trading, and closing or limiting hours of operations of non-essential businesses. Such actions are creating severe economic contraction and adversely impacting many industries. The International Monetary Fund stated that it is very likely that this year the global economy will experience its worst recession since the Great Depression. While a number of countries, as well as certain states in the United States, have begun to lift the public health restrictions with a view to reopening their economies, recurring COVID-19 outbreaks could lead to the re-introduction of such restrictions. Moreover, even where restrictions have been lifted, self-imposed social distancing and isolation measures may continue for a more prolonged period due to public fears in the absence of effective treatments or a vaccine. Accordingly, it remains to be seen how quickly economic activity will resume even in economies where public health restrictions are lifted.

The COVID-19 pandemic has already impacted, and will continue to impact, our business, financial condition, results of operations, liquidity and prospects materially.

- *Performance Revenues*. During the quarter ended March 31, 2020, our investment valuations declined from their valuations at December 31, 2019. These valuation declines resulted in a significant decline in our net accrued performance revenues as of March 31, 2020 and, if such declines are sustained, would adversely impact our realized performance revenues in future periods. In addition, our ability to realize performance revenues from our investments may be adversely impacted by decreased portfolio company revenues and earnings, lack of potential buyers with financial resources to pursue an acquisition, or limited or no ability to conduct initial public offerings or follow-on offerings in equity capital markets. The deferral of realizations may also put pressure on accrued performance revenues as preferred return hurdles rise. If the current economic environment persists, it may also cause a slowdown in our investment pace, which may also adversely affect our ability to generate performance revenues.
- *Management Fees*. The pandemic is impeding our ability to market new or successor funds as anticipated, which may result in less or delayed or decreased management fees. In addition, in light of the recent decline in public equity markets and other components of their investment portfolios, fund investors may become restricted by their asset allocation policies to invest in new or successor funds that we provide, or may be prohibited by new laws or regulations from funding existing commitments. As described above, we may also experience a slowdown in the deployment of our capital, which could also adversely affect our ability to raise capital for new or successor funds and could also impact the management fees we earn on those carry funds and managed accounts that generate fees based on invested (and not committed) capital. Certain management fees may also be adversely impacted by decreased valuations in the underlying investments. For example, in our CLO business, defaults or downgrades of certain of the CLO's underlying collateral obligations below specified thresholds has resulted in funds not being available to pay the management fees we earn on certain investment vehicles, which may result in a temporary deferral or permanent loss of such management fees. Additionally, transaction and advisory fees may be impacted by a slower pace of closed investments. Delays or decreases in management fees and transaction and advisory fees will negatively impact our fee related earnings.
- *Liquidity*. The pandemic may strain our liquidity. Declines or delays in realized performance revenues and management fees would adversely impact our cash flows and liquidity. While as of March 31, 2020, we have $1.5 billion of immediate liquidity, made up of $1.0 billion of cash on hand, inclusive of $250 million of cash drawn on our revolving credit facility in March 2020, and $525 million of additional available capacity under our revolving credit facility, to the extent we incur additional debt relative to our current level of earnings or experience a decrease in our level of earnings as a result of COVID-19 or otherwise, our credit rating could be adversely impacted. Any downgrade in our credit rating would increase our interest expense under our existing credit facility and could limit the availability of future financing. Furthermore, there is an increased risk that third-party investors in our investment

funds may fail to satisfy capital calls, which would materially and adversely affect the operation and performance of those funds.

- *Portfolio Company Performance*. Some of our investments are in industries that are materially impacted by COVID-19. In particular, many portfolio companies in the energy, infrastructure, healthcare, travel, entertainment, hospitality, and retail industries are facing operational and financial hardships resulting from the spread of COVID-19 and related governmental measures, such as the closure of stores, restrictions on travel, quarantines or stay-at-home orders. If the disruptions caused by COVID-19 continue and the restrictions put in place are not lifted in the near term, the businesses of these portfolio companies could suffer materially or become insolvent, which would decrease the value of our funds' investments and potentially harm our reputation.
- *Portfolio Company Liquidity*. Our portfolio companies are also facing or may face in the future increased credit and liquidity risk due to volatility in financial markets, reduced revenue streams, and limited or higher cost of access to preferred sources of funding, which may result in potential impairment of our or our funds' equity investments. Changes in the debt financing markets are impacting, or, if the volatility in financial market continues, may in the future impact, the ability of our portfolio companies to meet their respective financial obligations. In addition, borrowers of loans, notes and other credit instruments in our credit funds' portfolios may be unable to meet their principal or interest payment obligations or satisfy financial covenants, and tenants leasing real estate properties owned by our funds may not be able to pay rents in a timely manner or at all, resulting in a decrease in value of our funds' credit and real estate investments and lower than expected return. In addition, for variable interest instruments, lower reference rates resulting from government stimulus programs in response to COVID-19 could lead to lower interest income for our credit funds.
- *Operational Risks*. Travel restrictions, the closure of non-essential businesses and shelter-in-place orders may make it more difficult and costly for our investment teams to conduct due diligence and consummate the acquisition and disposition of investments for our funds. An extended period of remote working by our employees could also introduce operational risks, including technology availability and heightened cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that seek to exploit the COVID-19 pandemic. In addition, our data security, data privacy, investor reporting and business continuity processes could be impacted by a third party's inability to perform due to COVID-19 or by failures of, or attacks on, their information systems and technology. Also, our accounting and financial reporting systems, processes, and controls could be impacted as a result of these risks.
- *Employee-Related Risks*. COVID-19 presents a significant threat to our employees' well-being and morale. Our key employees or executive officers may become sick or otherwise unable to perform their duties for an extended period of time and we may experience a potential loss of productivity.
- *Regulatory and Litigation Risks*. Costly litigation could increase in connection with merger and acquisition transactions, as parties to such transactions explore ways to avoid transactions by the assertion of claims of force majeure, material adverse change in the condition of target investments, and/or fraudulent misrepresentation. We also anticipate that regulatory oversight and enforcement will become more rigorous for the financial services industry and other regulated industries as a result of the recent shock to financial markets, especially in the wake of the array of governmental financial assistance programs provided by state and national governments around the world, such as grants and loan programs provided under the US CARES Act. In addition, any new laws or regulations that are passed in response to COVID-19 could adversely impact the fund industry generally and/or us specifically. For example, members of Congress have recently proposed a moratorium on mergers and acquisitions.

In addition to the foregoing, the pandemic is exacerbating many of the other risks described in our Annual Report on Form 10-K for the year ended December 31, 2019.

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

Issuer Purchases of Equity Securities

The following table sets forth repurchases of our common stock during the three months ended March 31, 2020 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 share and per share data)			
January 1, 2020 to January 31, 2020 (1)	—	$ —	—	$ 165.5
February 1, 2020 to February 29, 2020 (1)(2)	252,946	$ 30.59	252,946	$ 157.8
March 1, 2020 to March 31, 2020 (1) (2)	837,491	$ 22.33	837,491	$ 139.1
Total	1,090,437		1,090,437	

(1) In December 2018, our Board of Directors authorized the repurchase of up to $200 million of common stock and/or Carlyle Holdings units. As part of the Conversion, in January 2020 our Board of Directors re-authorized the December 2018 repurchase program with regard to our common stock. The timing and actual number of shares of common stock repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This share repurchase program may be suspended or discontinued at any time and does not have a specified expiration date.

(2) All of the shares of common stock purchased during this period were purchased in open market and brokered transactions and were subsequently retired.

Sales of Unregistered Securities

In March of 2017, we amended our agreement with NGP Management. Pursuant to the amended agreement, we agreed, among other things, to issue additional shares of common stock on each of February 1, 2018, 2019 and 2020, with a value of $10.0 million per year to an affiliate of NGP Management. As contemplated by the amended NGP agreement, on February 1, 2018, we entered into an agreement with an affiliate of NGP Management that provides for issuance to such affiliate of an aggregate of 400,528 shares of common stock, of which 160,211 were delivered in August 2019, 120,158 are deliverable in August 2020 and 120,159 are deliverable in August 2021. On February 1, 2019, we entered into an agreement with an affiliate of NGP Management that provides for issuance to such affiliate of an aggregate of 547,973 shares of common stock, of which 219,189 are deliverable in August 2020, 164,391 are deliverable in August 2021 and 164,393 are deliverable in August 2022. On February 1, 2020, we entered into an agreement with an affiliate of NGP Management that provides for issuance to such affiliate of an aggregate of 299,401 shares of common stock, of which 119,760 are deliverable in August 2021, 89,821 are deliverable in August 2022 and 89,820 are deliverable in August 2023. Such securities have been offered and sold in reliance on the exemption contained in Section 4(a)(2) of the Securities Act as a transaction by the issuer not involving a public offering. No general solicitation or underwriters were involved in such offer and sale.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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	Stockholder Agreement by and between The Carlyle Group Inc. and William E. Conway, Jr., dated as of January 1, 2020 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 2, 2020).
10.2	Stockholder Agreement by and between The Carlyle Group Inc. and Daniel A. D'Aniello, dated as of January 1, 2020 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on January 2, 2020).
10.3	Stockholder Agreement by and between The Carlyle Group Inc. and David M. Rubenstein, dated as of January 1, 2020 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on January 2, 2020).
10.4	Amendment to Tax Receivable Agreement, dated as of January 1, 2020, by and among The Carlyle Group Inc., Carlyle Holdings I GP Inc., Carlyle Holdings I L.P. and each of the limited partners of the Carlyle Holdings Partnerships party thereto (incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K filed with the SEC on January 2, 2020).
10.5	Amended and Restated Registration Rights Agreement with Senior Carlyle Professionals, dated as of January 1, 2020, by and among The Carlyle Group Inc., TCG Carlyle Global Partners L.L.C. and the Covered Persons (defined therein) party thereto (incorporated by reference to Exhibit 99.3 to the Registrant's Current Report on Form 8-K filed with the SEC on January 2, 2020).
10.6+	The Carlyle Group Inc. Amended and Restated 2012 Equity Incentive Plan (incorporated by reference to Exhibit 4.4 of The Carlyle Group Inc. Post-Effective Amendment No. 1 to Form S-8 filed on January 2, 2020).
10.7+	Amendment to Employment Agreement of Kewsong Lee, dated as of January 1, 2020 (incorporated by reference to Exhibit 99.6 to the Registrant's Current Report on Form 8-K filed with the SEC on January 2, 2020).
10.8+	Amendment to Employment Agreement of Glenn A. Youngkin, dated as of January 1, 2020 (incorporated by reference to Exhibit 99.7 to the Registrant's Current Report on Form 8-K filed with the SEC on January 2, 2020).
10.9*+	Form of Global Restricted Stock Unit Agreement for Performance RSUs for Other Executive Officers.
10.10+	Form of Global Restricted Stock Unit Agreement for Performance RSUs for Co-Chief Executive Officers Granted in February 2018 (note that references in award agreement to Deferred Restricted Common Units refer to Restricted Stock Units post-Conversion) (incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 1, 2019).
10.11+	Form of Global Restricted Stock Unit Agreement for Outperformance RSUs for Co-Chief Executive Officers Granted in February 2019 (note that references in award agreement to Deferred Restricted Common Units refer to Restricted Stock Units post-Conversion) (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 1, 2019).
10.12*+	Form of Global Restricted Stock Unit Agreement for Outperformance RSUs for Co-Chief Executive Officers Granted in February 2020.
31.1 *	Certification of the co-principal executive officer pursuant to Rule 13a – 14(a).
31.2 *	Certification of the co-principal executive officer pursuant to Rule 13a – 14(a).
31.3 *	Certification of the principal financial officer pursuant to Rule 13a – 14(a).
32.1 *	Certification of the co-principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit No.	Description
32.2 *	Certification of the co-principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3 *	Certification of the principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from The Carlyle Group Inc.’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, formatted in Inline XBRL (included within the Exhibit 101 attachments).

* Filed herewith.

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

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

SIGNATURE

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

	The Carlyle Group Inc.	
Date: April 30, 2020	By:	/s/ Curtis L. Buser
	Name:	Curtis L. Buser
	Title:	Chief Financial Officer
		(Principal Financial Officer and Authorized Officer)

Exhibit 10.9

THE CARLYLE GROUP INC.
AMENDED AND RESTATED 2012 EQUITY INCENTIVE PLAN
FORM OF GLOBAL RESTRICTED STOCK UNIT AGREEMENT
FOR OTHER EXECUTIVE OFFICERS
(Performance-Vesting)

Participant: *Date of Grant:*

Number of RSUs:

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

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

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

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

(c) "Performance Period" shall mean [_____] through [_____].

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

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

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

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

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

3. Vesting.

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

(b) *Vesting – Qualifying Event.* Upon the occurrence of a Qualifying Event prior to the completion of the Performance Period, the Target RSU Award granted hereunder shall vest (to the extent not previously vested) in an amount equal to the product of (x) the Target RSU Award multiplied by (y) a Performance Multiplier equal to 100% upon the date of such Qualifying Event. Upon the occurrence of a Qualifying Event following the completion of the Performance Period, the Participant shall be entitled to receive the number of Vested RSUs, if any, determined based on the actual Performance Multiplier for the Performance Period, in accordance with Section 3(a) hereof.

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

4. Vesting and Delivery Dates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) International Data Transfers: The Company and its service providers are based in the United States. If the Participant is outside the United States, the Participant should note that his or her country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction and which the Company does not participate in. The Company's legal basis for the transfer of the Participant's personal data is his or her consent.

(d) Data Retention: The Company will use the Participant's personal data only as long as is necessary to implement, administer and manage the Participant's

participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and security laws.

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

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

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

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

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

13. <u>Transferability</u>. Unless otherwise determined or approved by the Administrator, no RSUs may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and

any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 13 shall be void and unenforceable against the Company or any Affiliate.

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

(a) If to the Company, to:

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

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

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

Vesting Date. Additionally, the Participant authorizes the Company and/or the Employer to satisfy the obligations with regard to all Tax-Related Items by withholding from proceeds of the sale of Shares acquired upon settlement of the Vested RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization). Depending on the withholding method, the Company and/or the Employer may withhold or account for the Tax-Related Items by considering minimum statutory withholding amounts or other applicable withholding rates in the Participant's jurisdiction(s), including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash through the Employer's normal payroll process and will have no entitlement to the Share equivalent. The Participant acknowledges that, regardless of any action taken by the Company, the Employer, or any Affiliate the ultimate liability for all Tax-Related Items, is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Company may refuse to issue or deliver the Shares or the proceeds from the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement[1]

THE CARLYLE GROUP INC.

By: ___________________________________
Name:
Title:

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

EXHIBIT A

VESTING TERMS

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

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

a. [Performance Metrics]

b. "Performance Period" means [___] through [___].

c. "Weighting Multiplier" means the relative performance weighting associated with each performance metric listed below, as a percentage of the total Target RSU Award.

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

[Performance Metric]

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

[<u>Performance Metric</u>]

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

[<u>Performance Metric</u>]

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

Performance Multipliers shall be determined by linear interpolation for achievement falling between the above percentages; <u>provided</u>, that there shall be no interpolation for achievement that is less than Threshold Level Performance (and zero RSUs in respect of such performance metric will vest in such case) and the maximum number of RSUs that may vest in respect of any performance metric is the Target RSU Award multiplied by 200%, multiplied by the applicable Weighting Multiplier for such performance metric.

[Notwithstanding the foregoing, in the event that the volume weighted average price of the Shares over the [___] consecutive trading-day period ending [___], as reflected on the NASDAQ Stock Market (the "[__] <u>RSU VWAP</u>"), is less than or equal to $[____], the total number of RSUs that vest shall not exceed 150% of the Target RSU Award (the "<u>VWAP Cap</u>"). In the event that the [___] RSU VWAP is greater than $[___], then the VWAP Cap shall not apply and the foregoing sentence shall have no effect.]

APPENDIX A
TO
THE CARLYLE GROUP INC.
GLOBAL RESTRICTED STOCK UNIT AGREEMENT

Terms and Conditions

This Appendix A includes additional terms and conditions that govern the Award of restricted stock units ("RSUs") granted to the Participant under The Carlyle Group Inc. Amended and Restated 2012 Equity Incentive Plan (the "Plan") if the Participant works and resides in one of the countries listed below. Capitalized terms used but not defined in this Appendix A are defined in the Plan and/or Award Agreement and have the meanings set forth therein.

Notifications

This Appendix A also includes information regarding securities laws, exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information noted in this Appendix A as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date by the time the Participant vests in the RSUs or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's situation.

Finally, the Participant understands that if he or she is a citizen or resident of a country other than the one in which the Participant is currently working, transfers employment after the Date of Grant, or is considered a resident of another country for local law purposes, the information contained herein may not apply to the Participant, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to the Participant.

UNITED STATES

Non-Solicitation Covenant. This provision supplements Section 4(d) "Forfeiture – Cause Termination or Breach of Restrictive Covenants" of the Award Agreement:

Notwithstanding the Participant's termination of Services and any other provision of this Award Agreement, for a period of twelve (12) months after the date of the Participant's termination of Services, the Participant will not, directly or indirectly, without the prior written consent of the Company: (i) participate in any capacity, including as an investor or an advisor, in any transaction that the Company or any of its Affiliates was actively considering investing in or offering to invest in prior to the Participant's date of termination of Services; (ii) solicit, contact or identify investors in any investment company, fund or managed account controlled or advised by the Company or its Affiliates (to the extent the Participant knows that such person or entity is an investor, directly or indirectly, in such Company, fund or managed account) on behalf of any person or entity; or (iii) recruit, solicit, induce or seek to induce any current employee of the Company or its Affiliates to become employed by the Participant or any other person or entity. The Participant agrees that this non-solicitation covenant may limit the Participant's ability to earn a livelihood in a business similar to the business conducted by the Company, but the Participant nevertheless hereby agrees and hereby acknowledges that the consideration provided to the Participant in this Award Agreement is adequate to support the restrictions contained herein. The Participant further agrees that the restrictions set forth in this non-solicitation covenant are reasonable and necessary to protect the Company's trade secrets and other legitimate business needs. In the event that any court or tribunal of competent jurisdiction shall determine this non-solicitation covenant to be unenforceable or invalid for any reason, the Participant and the Company agree that this non-solicitation covenant shall be interpreted to extend only over the maximum period of time for which it may be enforceable, and/or the maximum geographical area as to which it may be enforceable, and/or to the maximum extent in any and all respects as to which it may be enforceable, all as determined by such court or tribunal. The Participant agrees and acknowledges that the foregoing non-solicitation covenant is a material inducement to the Company to enter into this Award Agreement and, as such, it is agreed by the parties that any violation of this non-solicitation covenant by the Participant will constitute a material breach of this Award Agreement and, in addition to any other remedies the Company may have, will result in the consequences set forth below in this Appendix A under "Breach of Non-Solicitation Covenant." The Participant further agrees that the remedy at law for any breach of this non-solicitation covenant may be inadequate, and that the Company shall, in addition to whatever other remedies it may have at law or in equity, be entitled (without posting bond or other security) to injunctive or other equitable relief, as deemed appropriate by any court or tribunal of competent jurisdiction, to prevent a breach of the Participant's obligations as set forth in this non-solicitation covenant. Notwithstanding the foregoing, clauses (i) and (ii) shall not apply if the Participant's principal place of Services is in California. Additionally, if the Participant's principal place of Services is in any other jurisdiction where any provisions contained under clauses (i) or (ii) of this non-solicitation covenant are prohibited by applicable law, then such provisions shall not apply to the Participant to the extent prohibited by applicable law. Nothing in this Appendix A is intended to limit or supersede any other Restrictive Covenant Agreement to which the Participant is subject.

Breach of Non-Solicitation Covenant. If, following his or her termination of Services, the Participant breaches this non-solicitation covenant or other applicable provisions of the Award Agreement or the Plan:

(a) all outstanding RSUs (whether or not vested, as allowable under applicable law) shall immediately terminate and be forfeited without consideration and no further Shares with respect of the Award shall be delivered to the Participant or to the Participant's legal representative, beneficiaries or heirs; and

(b) any Shares that have previously been delivered to the Participant or the Participant's legal representative, beneficiaries or heirs pursuant to the Award, which are still held by the Participant or the Participant's legal representative, or beneficiaries or heirs as of the date of such breach, shall also immediately terminate and be forfeited without consideration.

Exhibit 10.12

**THE CARLYLE GROUP INC. AMENDED AND RESTATED
2012 EQUITY INCENTIVE PLAN**

**FORM OF GLOBAL RESTRICTED STOCK UNIT AGREEMENT
FOR CO-CHIEF EXECUTIVE OFFICERS
(Outperformance-Vesting)**

Participant: *Date of Grant:*

Number of RSUs:

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

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

a. "Cause" shall have the meaning set forth in the Employment Agreement.

b. "Change of Control" shall have the meaning set forth in the Employment Agreement.

c. "Disability" shall mean the Participant's incapacitation as described in Section 5.b.i. of the Employment Agreement.

d. "Employment Agreement" shall mean the Employment Agreement by and between the Participant and the Employer (as defined in Section 15 of the Award Agreement) dated October 23, 2017, as amended and/or restated from time to time.

e. "Good Reason" shall have the meaning set forth in the Employment Agreement.

f. "Performance Multiplier" shall mean the relevant multiplier, between [__]% and [__]%, applied to the Target RSU Award based on actual performance of the relevant performance metrics during the Performance Period, as set forth on Exhibit A.

g. "Performance Period" shall mean [____] through [____].

h. "Qualifying Event" shall mean, during the Participant's Services with the Company and its Affiliates, the Participant's death or Disability.

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

j. "Special Vesting Event" shall mean, during Participant's Services with the Company and its Affiliates, (i) the termination of the Participant's Services without Cause or by the Participant for Good Reason or (ii) if the term of the Employment Agreement ends on December 31, 2022 and the Participant's Services have not previously terminated for any reason, the termination of the Participant's Services for any reason other than due to Cause following such term expiration (provided, in each case, that at the time of the relevant termination the Employer did not have grounds to terminate the Participant's employment for Cause).

k. "Target RSU Award" shall mean the target number of RSUs that are eligible to vest pursuant to Exhibit A.

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

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

3. Vesting.

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

(b) *Vesting – Qualifying Event*. Upon the occurrence of a Qualifying Event prior to completion of the Performance Period, the Target RSU Award shall vest in an amount equal to the product of (x) the Target RSU Award multiplied by (y) a Performance Multiplier equal to 100%. Upon the occurrence of a Qualifying Event following the completion of the Performance Period, the Participant shall be entitled to receive the number of Vested RSUs, if any, determined based on the actual Performance Multiplier for the Performance Period, in accordance with Section 3(a) hereof.

(c) *Vesting – Special Vesting Event*. Upon the occurrence of a Special Vesting Event occurring prior to the completion of the Performance Period, then a portion of the RSUs (not to exceed 100% of the Target RSU Award) will vest on the Vesting Date in an amount equal to the sum of (i) the Pro-Rata Portion plus (ii) the Additional Amount. As used herein, the term "<u>Pro-Rata Portion</u>" means a number of RSUs equal to the product of (i) the Target RSU Award multiplied by (ii) a percentage equal to the completed portion of the Performance Period as of the date of the Special Vesting Event. As used herein, the term "<u>Additional Amount</u>" means a number of RSUs equal to (i) if the Special Vesting Event as described above occurs prior to a Change of Control, (A) the Target RSU Award multiplied by (B) [___] or (ii) if the Special Vesting Event as described above occurs on or after a Change of Control, (A) the Target RSU Award multiplied by (B) [___]%. Notwithstanding the foregoing, in no event shall the number of RSUs that vest pursuant to the foregoing provisions of this Section 3(c) exceed the Target RSU Award. Upon the occurrence of a Special Vesting Event following the completion of the Performance Period, the Participant shall be entitled to receive the number of Vested RSUs, if any, determined based on the actual Performance Multiplier for the Performance Period, in accordance with Section 3(a) hereof.

(d) *Vesting – Other Terminations*. Except as otherwise set forth in Section 3(b) and 3(c), in the event the Participant's Services with the Company and its Affiliates are terminated for any reason (including but not limited to, the termination of the Participant's Services by the Participant without Good Reason), the portion of the Award that has not yet vested pursuant to Section 3(a), 3(b) or 3(c) hereof (or otherwise pursuant to the Plan) shall be canceled immediately and the Participant shall automatically forfeit all rights with respect to such portion of the Award as of the date of such termination. For purposes of this provision, the effective date of termination of the Participant's Services will be determined in accordance with Section 8(k) hereof.

4. <u>Vesting and Delivery Dates</u>.

(a) *Delivery – General*. The Company shall, as soon as practicable following the Vesting Date, but in any case, prior to the first Share distribution record date following the Vesting Date, deliver (or cause delivery to be made) to the Participant the Shares underlying the RSUs that vest and become Vested RSUs on the Vesting Date. The general terms with respect to the RSUs are set forth in the table below.

Performance Period	**Target RSU Award**	**Performance Measurement Exhibit**

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

(c) *Delivery – Special Vesting Event*. Following the occurrence of a Special Vesting Event, the Participant shall remain entitled to receive delivery of the Shares at the normal delivery time set forth under Section 4(a) above (i.e., prior to the first Share distribution record date following the Vesting Date).

(d) *Delivery – Resignation without Good Reason*. In the event the Participant's Services with the Company and its Affiliates are terminated by the Participant without Good Reason, the Company shall within thirty (30) days following the date of such termination, deliver (or cause delivery of) Shares to the Participant in respect of any then outstanding Vested RSUs.

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

5. <u>Limitation on Transfer</u>. During the two (2)-year period following the date of delivery to the Participant of any Shares underlying the RSUs, the Participant may not sell or otherwise transfer (other than by will or by the laws of decent and distribution) more than 50% of the aggregate number of such Shares delivered to the Participant (the "<u>Restricted Shares</u>"). Any purported assignment, alienation, pledge, attachment, sale or other transfer or encumbrance by the Participant of the Restricted Shares (other than by will or by the laws of descent and distribution) shall be deemed null and void.

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

7. Adjustments Upon Certain Events; Change of Control.

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

(b) *Change of Control*. Promptly following the consummation of a Change of Control, the Participant and the Company shall negotiate in good faith and agree on a framework or methodology for determining the future performance metrics applicable to the RSUs for the remainder of the Performance Period following such Change of Control (or an alternative structure of such Awards) to preserve the Change of Control performance metrics that provide for a reasonable opportunity to achieve threshold, target and maximum level performance that is substantially similar to the opportunity to achieve threshold, target and maximum level of performance in place immediately prior to the Change of Control.

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

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

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

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

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

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

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

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

(h) the RSUs should in no event be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Affiliate or predecessor;

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

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

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

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

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

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

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

9. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The

Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

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

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

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

(c) International Data Transfers: The Company and its service providers are based in the United States. If the Participant is outside the United States, the Participant should note that his or her country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction and which the Company does not participate in. The Company's legal basis for the transfer of the Participant's personal data is his or her consent.

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

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

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

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

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

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

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

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

(a) If to the Company, to:

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

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

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

through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization). Depending on the withholding method, the Company and/or the Employer may withhold or account for the Tax-Related Items by considering minimum statutory withholding amounts or other applicable withholding rates in the Participant's jurisdiction(s), including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash through the Employer's normal payroll process and will have no entitlement to the Share equivalent. The Participant acknowledges that, regardless of any action taken by the Company, the Employer, or any Affiliate the ultimate liability for all Tax-Related Items, is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Company may refuse to issue or deliver the Shares or the proceeds from the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

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

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

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

19. Entire Agreement. This Award Agreement contains the entire understanding between the parties with respect to the RSUs granted hereunder (including, without limitation,

the vesting and delivery schedules described herein and in Appendix A), and hereby replaces and supersedes any prior communication and arrangements between the Participant and the Company or any of its Affiliates with respect to the matters set forth herein and any other pre-existing economic or other arrangements between the Participant and the Company or any of its Affiliates, unless otherwise explicitly provided for in any other agreement that the Participant has entered into with the Company or any of its Affiliates and that is set forth on Schedule A hereto. Unless set forth on Schedule A hereto, no such other agreement entered into prior to the Date of Grant shall have any effect on the terms of this Award Agreement.

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

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

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

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

24. Language. The Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Participant to understand the terms and conditions of this Award Agreement.

Furthermore, if the Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

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

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

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

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

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

30. Foreign Asset/Account Reporting. The Participant's country of residence may have certain foreign asset and/or account reporting requirements which may affect his or her

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

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement.[1]

THE CARLYLE GROUP INC.

By: ____
Name:
Title:

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

EXHIBIT A

VESTING TERMS

The RSUs granted pursuant to this Agreement shall be eligible to vest pursuant to the terms described in this Exhibit A, based on the Company's Total Shareholder Return, as set forth below, subject to adjustment to exclude the effects of extraordinary, unusual or infrequently occurring events.

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

a. "Beginning Stock Price" means for any company the volume weighted average trading price of the company's common equity interests over the [___] consecutive trading-day period ending [____]. In the case of the Company, such beginning stock price is $[___].

b. "Ending Stock Price" means for any company the volume weighted average trading price of the company's common equity interests over the [___] consecutive trading-day period ending [___].

c. "Comparison Group" means the companies in the S&P 500 Financials Index as of the first day of the Performance Period. Any company in the Comparison Group that ceases to be publicly held during the Performance Period (i) due to bankruptcy, liquidation or reorganization, shall remain in the Comparison Group for purposes of the calculation of Relative TSR (with such company deemed to have a Total Shareholder Return of -100% and ranked at the bottom of the Comparison Group) or (ii) due to a merger, sale, acquisition, business combination or other similar event, shall be excluded from the Comparison Group for purposes of calculation of Relative TSR.

d. "Performance Period" means [___] through [___].

e. "Relative TSR" means the Company's Total Shareholder Return percentile ranking within the Comparison Group. The Total Shareholder Return percentile ranking within the Comparison Group shall be calculated as follows. Following the end of the Performance Period, the Board of Directors or its designee shall calculate (a) the Company's Total Shareholder Return for the Performance Period and (b) the Total Shareholder Return for the companies that are within the Comparison Group for the Performance Period. The Company's Total Shareholder Return percentile rank will be determined by ranking the companies in the Comparison Group from highest to lowest according to their respective Total Shareholder Return, then calculating the percentile ranking of the Company relative to the other companies in the Comparison Group.

f. "Total Shareholder Return" or "TSR" means: (i) the sum of (x) the Ending Stock Price minus the Beginning Stock Price, plus (y) the amount of any dividends and distributions paid on a per share basis (calculated as if such dividends had been reinvested in the applicable company's common stock or other common equity securities on the applicable dividend date) cumulatively over the Performance Period, divided by (ii) the Beginning Stock Price. For purposes of this Agreement, TSR calculated in accordance with the preceding sentence shall be expressed as a compounded annualized growth rate over the Performance Period.

II. Vesting. Subject to the Participant's continued Services with the Company and its Affiliates through the Vesting Date (other than as may be set forth in the Agreement), a number of RSUs shall vest in an amount equal to the product of (1) the Target RSU Award (i.e., [___] Shares) and (2) the applicable Performance Multiplier; provided, that the Performance Multiplier shall be deemed to be 0% in the event that the Total Shareholder Return of the Company does not achieve a [__]% compounded annualized rate of return over the Performance Period (and zero RSUs will vest in such case). Any RSUs that do not become vested in accordance with this Exhibit A shall, effective as of the Vesting Date, be forfeited by the Participant without consideration.

Relative Total Shareholder Return

Performance Level	Relative TSR Percentile Rank	Performance Multiplier
Below Threshold Level Performance	Less than [__]th Percentile	[__]%
Threshold Level Performance	[__]th Percentile	[__]%
Target Level Performance	[__]th Percentile	[__]%
Maximum Level Performance	[__]th Percentile or above	[__]%

Performance Multipliers shall be determined by linear interpolation for achievement falling between the above percentile ranks; provided, that there shall be no interpolation for achievement that is less than Threshold Level Performance (and zero RSUs in respect of such performance metric will vest in such case) and the maximum number of RSUs that may vest in respect of any performance metric is the Target RSU Award multiplied by [___]%.

APPENDIX A
TO
THE CARLYLE GROUP INC.
GLOBAL RESTRICTED STOCK UNIT AGREEMENT

Terms and Conditions

This Appendix A includes additional terms and conditions that govern the Award of restricted stock units ("RSUs") granted to the Participant under The Carlyle Group Inc. Amended and Restated 2012 Equity Incentive Plan (the "Plan") if the Participant works and resides in one of the countries listed below. Capitalized terms used but not defined in this Appendix A are defined in the Plan and/or Award Agreement and have the meanings set forth therein.

Notifications

This Appendix A also includes information regarding securities laws, exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information noted in this Appendix A as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date by the time the Participant vests in the RSUs or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's situation.

Finally, the Participant understands that if he or she is a citizen or resident of a country other than the one in which the Participant is currently working, transfers employment after the Date of Grant, or is considered a resident of another country for local law purposes, the information contained herein may not apply to the Participant, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to the Participant.

UNITED STATES

There are no country-specific provisions.

Exhibit 31.1

I, Kewsong Lee, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 of The Carlyle Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2020

/s/ Kewsong Lee

Kewsong Lee
Co-Chief Executive Officer
The Carlyle Group Inc.
(*Co-Principal Executive Officer*)

Exhibit 31.2

I, Glenn A. Youngkin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 of The Carlyle Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2020

/s/ Glenn A. Youngkin

Glenn A. Youngkin
Co-Chief Executive Officer
The Carlyle Group Inc.
(*Co-Principal Executive Officer*)

Exhibit 31.3

I, Curtis L. Buser, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 of The Carlyle Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2020

/s/ Curtis L. Buser

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

Exhibit 32.1

Certification of the Co-Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of The Carlyle Group Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2020 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kewsong Lee, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kewsong Lee

Kewsong Lee
Co-Chief Executive Officer
The Carlyle Group Inc.

Date: April 30, 2020

* 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 Co-Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of The Carlyle Group Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2020 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Glenn A. Youngkin, Co-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/ Glenn A. Youngkin

Glenn A. Youngkin
Co-Chief Executive Officer
The Carlyle Group Inc.

Date: April 30, 2020

* 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 32.3

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of The Carlyle Group Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2020 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Curtis L. Buser, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Curtis L. Buser

Curtis L. Buser
Chief Financial Officer
The Carlyle Group Inc.

Date: April 30, 2020

* 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.