
THE CARLYLE GROUP

CONVERSION TO A C-CORPORATION

July 31, 2019

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Detailed information about Carlyle's management fees and performance revenues is available in Carlyle's public filings. Certain metrics and projections contained in this presentation include the Legacy Energy Funds (as defined in Carlyle's public filings) and funds advised by NGP Energy Capital Management. The Legacy Energy Funds are managed with Riverstone Holdings LLC and its affiliates. Affiliates of both Carlyle and Riverstone act as investment advisers to each of the Legacy Energy Funds. Currently, Carlyle is only entitled to carried interest and management fees in certain funds advised by NGP Energy Capital Management. The NGP Energy Capital Management funds which solely earn management fees are referred to herein as "NGP predecessor funds."

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

This presentation includes certain Non-GAAP financial measures, such as Fee-Related Earnings ("FRE") and FRE Margin. These Non-GAAP financial measures should be considered in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP. For a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with GAAP, please refer to our second quarter earnings press release, our most recent annual report on Form 10-K filed with the SEC as updated by our subsequent periodic filings with the SEC and the separate reconciliation posted to the investor relations section of our website at ir.carlyle.com. Because GAAP financial measures on a forward-looking basis are not accessible, and reconciling information is not available without unreasonable effort, we have not provided reconciliations for forward-looking non-GAAP measures. For the same reasons we are unable to address the probable significance of the unavailable information, which could be material to future results. Please see Carlyle's public filings for the definition of "carry funds," "Fee-earning assets under management" or "Fee-earning AUM," ("FEAUM"), and "Assets under management" or "AUM."

CARLYLE ANNOUNCES CONVERSION TO A FULL C-CORPORATION

- The Carlyle Group is a global investment firm with \$223 billion of Assets Under Management
- We continue to build momentum across the business, establish a great foundation for future earnings growth, and create a more shareholder-friendly investment proposition
- Today, we are announcing a change in corporate structure to a “Full C-Corporation” with the following benefits for shareholders:
 - Introduces a simple, transparent corporate structure
 - Implements a valuable and recurring fixed dividend
 - Delivers industry leading governance rights to shareholders
 - Fully aligns all shareholder economic rights
 - Maximizes potential index inclusion and trading liquidity

DETAILS OF OUR CONVERSION

STRUCTURE

- Convert to a “Full C-Corporation”
- All unitholders (private and public) convert to one class of common shares

TIMING

- Expected to be effective January 1, 2020
- Unitholders through 12/31/2019 will receive a final K-1 in March 2020 related to the 2019 tax year; shareholders beginning 1/1/2020 will receive 1099-DIVs

UPDATED DIVIDEND POLICY

- Fixed annual dividend initially set at \$1.00 (paid quarterly) for all shares
- Dividends expected to be qualified for U.S. tax purposes
- Dividend largely supported by after-tax Fee Related Earnings and represents a current approximate 4% yield⁽¹⁾

GOVERNANCE CHANGES ⁽²⁾

- Current common unitholders will have a vote pro rata to their economic ownership (approximately 30% currently)
- Will host an annual meeting with a shareholder vote
- Senior employees’ shares will be voted as a block by current General Partner entity, in-line with employees’ proportionate ownership (estimated to be approximately 60% at conversion date)
- Carlyle is purchasing employees’ Tax Receivable Agreement (TRA) right on unexchanged private units for \$1.50 / unit to be paid in equal installments over the next five years⁽³⁾
- Founders will have specific nomination rights for a subset of our Board Members and the right to designate the Board Chair
- Both the employee voting proxy and founder rights terminate at specific future dates or as shareholding levels are reduced

FINANCIAL IMPACT

- Effective cash tax rate on full level of DE expected to be in the single-digit range in 2020, and then increasing to the mid-to-high teens before reaching the low 20s in five years⁽⁴⁾

(1) Based on the 7/29/19 CG closing price of \$24.65.

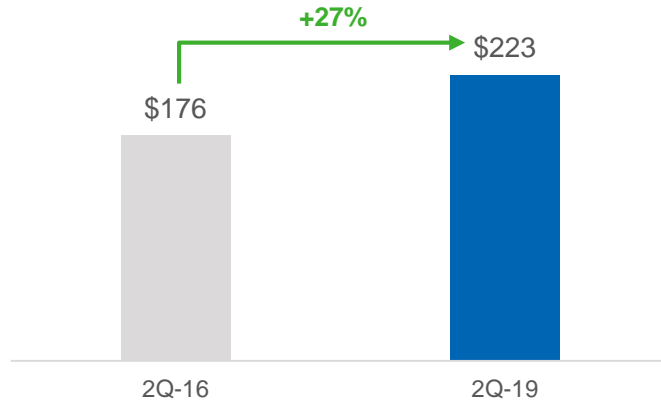
(2) See additional information on page 10.

(3) TRA buyout applies only to unexchanged private units as of the date of conversion.

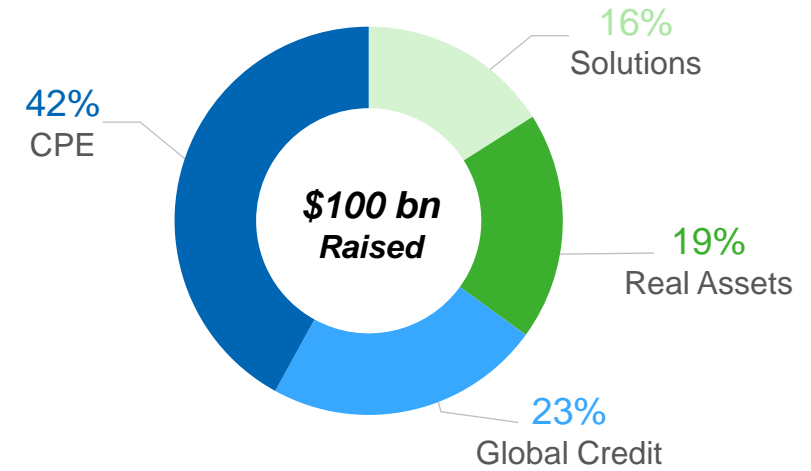
(4) There are or will be important factors that could cause the actual effective tax rate to differ materially from the estimates presented above. These factors include but are not limited to assumptions concerning the size and recovery period of the tax basis increase resulting from the conversion and related transactions, changes in tax rates and/or the impact of other changes in tax legislation. See “Forward-Looking Statements.”

CARLYLE HAS ESTABLISHED STRONG MOMENTUM

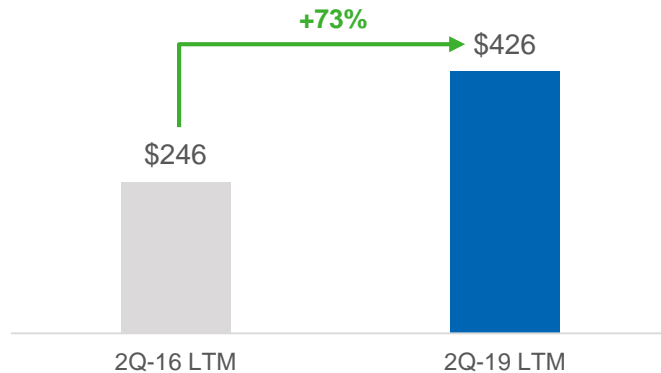
ASSETS UNDER MANAGEMENT (\$ BN)



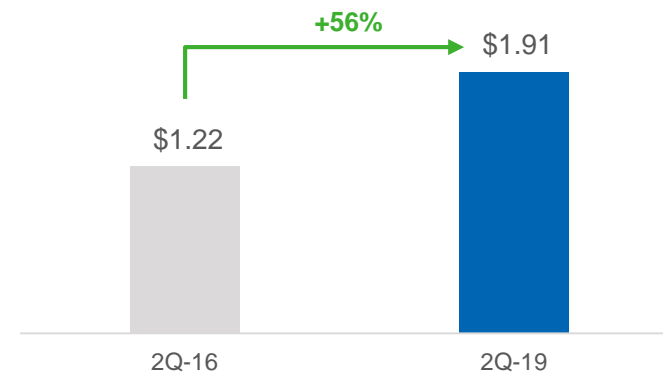
FUNDS RAISED (SINCE 2016)



FEE-RELATED EARNINGS (\$ MM)



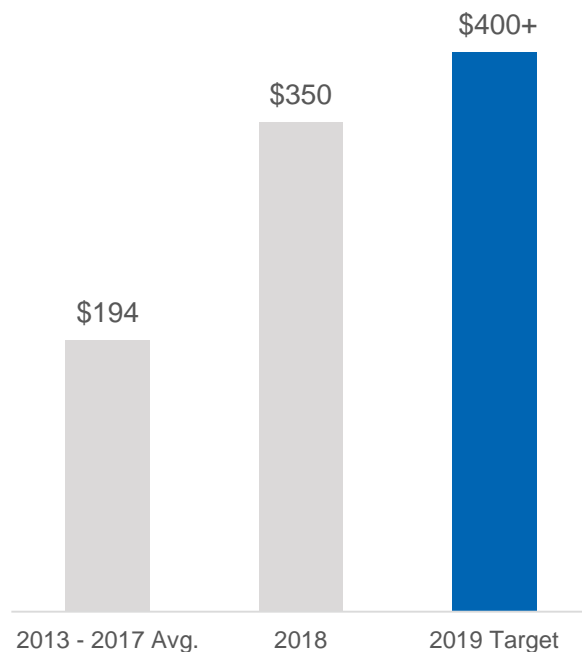
NET ACCRUED CARRY (\$ BN)



FOUNDATION FOR STRONG EARNINGS GROWTH IN PLACE

Fee Related Earnings
and Margin Improving

FEE RELATED EARNINGS (\$ MM)

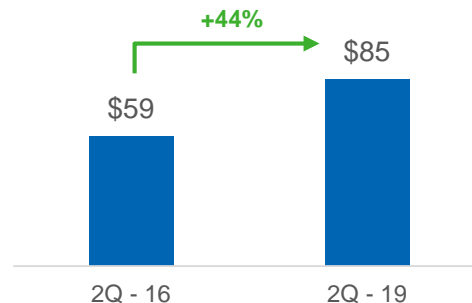


FRE Margin (%)

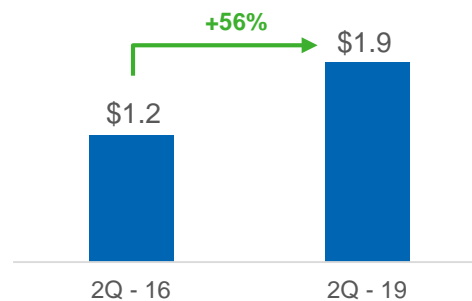
2013 - 2017 Avg.	2018	2019 Target
16%	22%	25% ⁽¹⁾

Net Realized Performance Revenue Growth
Underpinned by Strong Metrics

REMAINING FAIR VALUE (\$ BN)



NET ACCRUED PERFORMANCE REVENUE BALANCE (\$ BN)

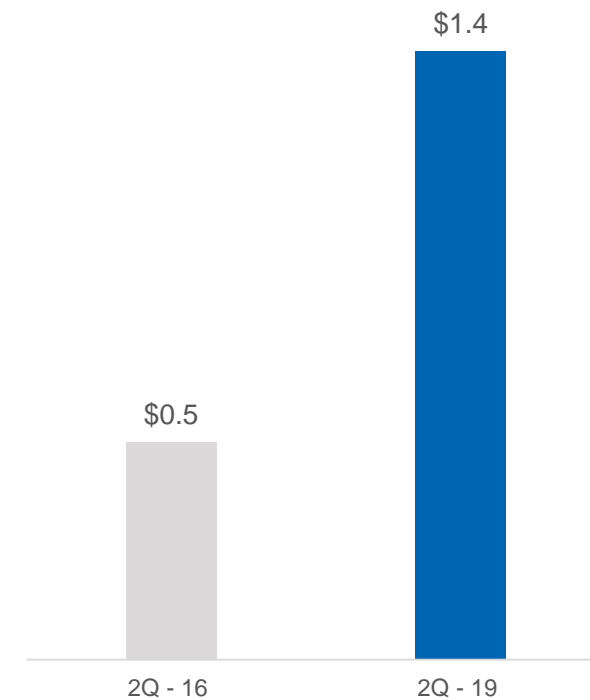


Net Accrued Performance Revenue Balance / Share

2Q - 16	2Q - 19
\$3.70	\$5.60

Realized Investment Income
Poised to Increase with B/S Growth

BALANCE SHEET INVESTMENTS (\$ BN)



Balance Sheet Investments / Share

2Q - 16	2Q - 19
\$1.60	\$3.90

CONVERSION TO FULL C-CORP WILL SIMPLIFY CARLYLE'S STRUCTURE AND MAKE CARLYLE'S SHARES MUCH EASIER TO OWN

		PTP	"FULL C-CORP"
Structure-Related	CORPORATE STRUCTURE	Complex / Least Transparent	Simple / Transparent
	TAX TREATMENT	Pass-through taxation w/ all unitholders receiving K-1s	Corporate Taxation w/ 1099-DIV
	SHAREHOLDER ECONOMIC ALIGNMENT	Possible Differences in Unitholder Distributions	Fully Aligned - All shareholders receive same fixed dividend
Governance-Related	VOTING RIGHTS FOR COMMON	Typically none	One Class of Common Shares = One Share / One Vote
	POTENTIAL FOR INDEX INCLUSION	None	Greatest

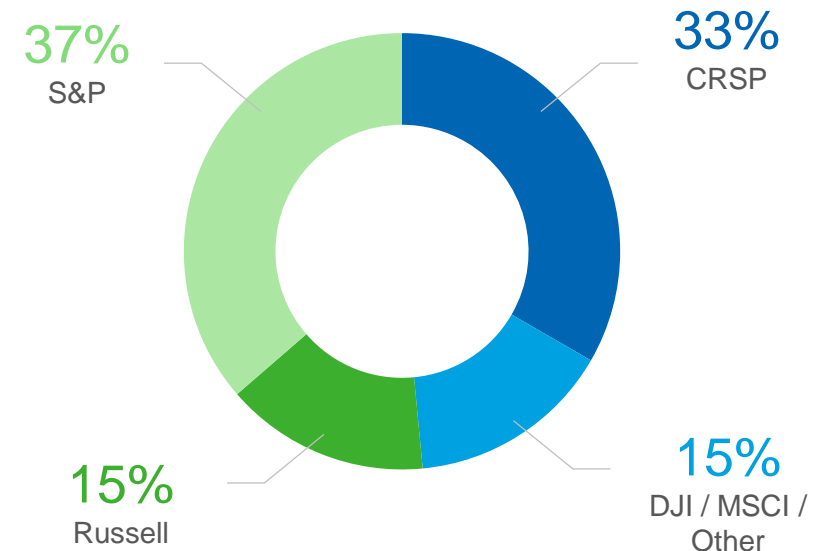
CONVERSION TO FULL C-CORP PRODUCES THE GREATEST POTENTIAL INVESTOR DEMAND

Conversion Is Expected to Increase the Eligible Investor Universe...

- With the conversion to a “Full C-Corporation,” we expect to be added to most potential indices and benchmarks based on our tradeable market capitalization
- There is a more than \$3 trillion addressable passive index universe and over \$4 trillion of active AUM benchmarked to potential indices into which CG shares may be added
- We estimate more than \$700 million in potential passive investment demand for CG shares; mutual funds benchmarked to Russell and S&P indices could add significantly more demand

...Resulting in Meaningful Incremental Active and Passive Buying Demand

Passive investment demand could exceed \$700 million over time



CONVERSION OF PEERS TO A CORPORATE STRUCTURE HAS LED TO IMPROVED TRADING LIQUIDITY AND SHAREHOLDER OWNERSHIP

Passive Buying Demand and Named Owners has Significantly Improved

TRADING VOLUME UPLIFT

+102%



Peer Average Conversion Impact ⁽¹⁾

13-FILERS OWNERSHIP UPLIFT

+39%



Peer Average Conversion Impact ⁽¹⁾

- Inclusion in various indices and benchmarks has helped drive volume and institutional ownership higher for peers
- A security that is easier to own and trade is attractive for active owners, passive investors and traders
- Historically, Carlyle has lagged peers in terms of liquidity and institutional ownership
- A simpler corporate structure with index and benchmark inclusion expected to positively impact CG liquidity and long-term investor ownership

WE ARE SETTING A FIXED DIVIDEND, WHICH WILL ALSO PROVIDE CAPITAL FOR CARLYLE TO INVEST IN GROWTH

NEW DIVIDEND POLICY	<ul style="list-style-type: none">Establishing a fixed annual dividend initially set at \$1.00 for 2020 (paid quarterly)
RATIONALE	<ul style="list-style-type: none">Continue to provide investors an attractive yield (today equal to approximately 4%⁽¹⁾ vs. 1.9% average among S&P 500 companies)Dividend level largely supported by expected cash flow available from after-tax FRERetain capital to drive growth and fund potential share repurchases

GROWTH DRIVERS

Expand and Broaden Current Fund Footprint

Develop and Expand Growth Areas, including Global Credit

Selectively Pursue Accretive and Scalable Acquisitions

Continue to Methodically Build Balance Sheet

GOVERNANCE CHANGE DETAIL

COMMON UNITHOLDERS

- Common unitholders to have pro rata voting rights upon conversion. As of 2Q 2019, there are approximately 111 million common units outstanding, or 32% of total units outstanding.

CARLYLE AFFILIATED UNITHOLDERS AND STRATEGIC INVESTOR

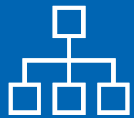
- Carlyle affiliated unitholders today own approximately 226 million units, or 66% of total units:
 - Carlyle founders – approximately 136 million units, or 40% of total outstanding units
 - Carlyle non-founder partners, employees and former partners / employees – approximately 90 million units, or 26% of total outstanding units
- Senior employees, representing approximately 60% of current total outstanding units, will generally assign their voting rights for up to five years to our existing General Partner and that entity will exercise those votes as a block.
- Mubadala – 23 million units, or 7% of total outstanding units

FOUNDERS

- Carlyle's founders will each have right to nominate a subset of Directors, with such nominations subject to approval by a full shareholder vote and subject to certain sunset provisions.

Please see conversion-related filings for more detailed information.

CONVERSION TO FULL C-CORP: BEST WAY TO UNLOCK SHAREHOLDER VALUE



SIMPLE
and
transparent
structure



**INDUSTRY
LEADING**
governance
rights



VALUABLE
recurring
fixed dividend



**FULLY
ALIGNED**
shareholder
economic rights



MAXIMIZES
index and benchmark
inclusion opportunity
with improved trading
liquidity

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