

---

THE CARLYLE GROUP

---

GLOBAL ALTERNATIVE ASSET MANAGEMENT

# Morgan Stanley Financial Services Conference

Glenn Youngkin, Managing Director and Chief Operating Officer  
June 2012

# Important Information

---

This presentation has been prepared by The Carlyle Group L.P. (together with its affiliates, “Carlyle”) and may only be used for informational purposes only. This presentation provides an overview of Carlyle and is not intended to be taken by, and should not be taken by, any individual recipient as investment advice, a recommendation to buy, hold or sell any security, or an offer to sell or a solicitation of offers to purchase any security. An offer or solicitation for an investment in any investment fund managed or sponsored by Carlyle or its affiliates (“Fund”) will occur only through an offering memorandum and related purchase documentation, and subject to the terms and conditions contained in such documents and in such Fund’s operative agreements. The offering memorandum relating to any Fund contains additional information about the investment objective, terms and conditions of such Fund, tax information and risk disclosure that should be reviewed prior to making an investment decision regarding a Fund. This presentation is qualified in its entirety by such offering memorandum, which should be read completely before making any investment. An investment in a Fund would be speculative and would involve significant risks. Nothing in this presentation is intended to be taken by, and should not be taken by, any individual recipient as investment advice, a recommendation to buy, hold or sell any security, or an offer to sell or a solicitation of offers to purchase any security.

Although the information presented in this presentation has been obtained from sources that Carlyle believes to be reliable and Carlyle makes no representations as to its accuracy, validity, timeliness or completeness for any purpose. The information set forth herein does not purport to be complete and Carlyle is not responsible for errors and/or omissions with respect to the information contained herein. Unless otherwise expressly stated herein any analysis or outlook relating to the securities discussed in this presentation express Carlyle’s views only as of June 12, 2012.

Statements contained in this presentation that are not historical facts are based on current expectations, estimates, projections, opinions and/or beliefs of Carlyle. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain information contained in this presentation constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “seek,” “expect,” “anticipate,” “forecast,” “project,” “estimate,” “intend,” “continue,” “target,” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements.

As used throughout this document, and unless otherwise indicated, “Gross IRR” represents the annualized internal rate of return for the period indicated on limited partner invested capital based on contributions, distributions and unrealized value before management fees, expenses and carried interest, which will reduce returns and, in the aggregate are substantial. “Net IRR” represents the annualized internal rate of return for the period indicated on limited partner invested capital based on contributions, distributions and unrealized value after management fees, expenses and carried interest (but not taxes borne by investors). “Gross MOIC” represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital. An investment is considered realized when the investment fund has completely exited, and ceases to own an interest in, the investment. An investment is considered partially realized when the total proceeds received in respect of such investment, including dividends, interest or other distributions and/or return of capital represents at least 85% of invested capital and such investment is not yet fully realized. In considering investment performance information contained in this presentation, prospective investors should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that Carlyle or any Fund will achieve comparable results. Actual realized value of currently unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized valuations are based. Accordingly, the actual realized values of unrealized investments may differ materially from the values indicated herein.

Slides 12, 18 and 21 include comparisons of certain private equity indices to the S&P 500, Dow Jones Industrial Average (the “DJIA”) and the yield on the 10 year United States Treasury note. The private equity indices do not represent the performance of any Fund or family of Funds. Recipients should not infer that any Carlyle Fund is top quartile. There are significant differences between the types of securities and assets typically acquired by U.S. [and global] buyout funds, the investments covered by the S&P 500 and the DJIA and US Treasury securities. Specifically, U.S. [and global] buyout funds typically 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 S&P 500 and the DJIA, as well as US Treasury securities. Moreover, the S&P 500 and the DJIA may or may not reflect the reinvestment of dividends, interest or capital gains, and investors in the S&P 500, the DJIA and US Treasury securities are not subject to certain of the management fees, carried interest or expenses to which investors in U.S. and global buyout funds are typically subject. Comparisons between the U.S. buyout fund indices, the S&P 500 and the DJIA and U.S. Treasury securities are included for informational purposes only.

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

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

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

# Two Focus Areas Today

---

1 Carlyle Overview

2 Three Themes of the Day

## THE CARLYLE GROUP

Ticker	CG
Fully Diluted Units	306.3 mn
Common Units (Float)	43.2 mn
Market Capitalization	\$6.5 bn
Total AUM	\$159.2 bn
Fee-Earning AUM	\$117.0 bn

Four operating segments			
Corporate Private Equity		Global Market Strategies	
\$53 bn AUM	26 Funds	\$28 bn AUM	8 Hedge Funds 37 CLOs 6 Carry Funds
Real Assets		Fund of Funds Solutions	
\$32 bn AUM	17 Funds	\$45 bn AUM	63 FoF Vehicles

Note: market capitalization data as of June 11, 2012. All other data As of 3/31/2012.



# Our Differentiated Strengths Support our Unified Culture



Note: Presented for illustrative purposes only.



# Diversified, Multi-Fund Platform: Strength in Numbers

	2011	1Q12
<b>Aggregate Capital Invested (Carry Funds)</b>	<b>\$11.3 bn</b>	<b>\$1.5</b>
# of Investments Made <sup>1</sup>	191	67
# of Funds that made Investments	31	18
# of Countries in which we Invested	19	15
<b>Aggregate Capital Distributed (Carry Funds)</b>	<b>\$18.8 bn</b>	<b>\$2.5 bn <sup>2</sup></b>
# of Investments Producing Distributions	235	84
# of Funds that made Distributions	45	25
# of Countries from which we made Distributions	22	12
<b>Value Creation</b>		
Carry Fund Appreciation/(Depreciation)	16%	9%
Hedge Fund Net Return	7%	n/a
Pro Forma Distributable Earnings	\$882 mm	\$189 mm

As of 3/31/2012, unless otherwise noted.

Note: Presented for illustrative purposes. For purposes of aggregation, funds that report in foreign currency have been converted to USD quarterly at the average rate for that period. While the appreciation/(depreciation) of the investments of our carry funds is one of the many drivers of performance fees, there are other factors that impact this type of revenue and this information should not be construed as an indication of performance fees, or of any other component of our revenues or expenses, for any period. An investment in The Carlyle Group L.P. is not an investment in any of our funds.

1. RMBS investments and CSP II Publicly Traded Securities are counted as one investment.

2. \$2.5 billion of cash distributed to fund level investors during the quarter, \$3.8 billion in proceeds generated during the 1Q2012, of which \$1.5 bn to be distributed in future periods.

# Our Platform Supports More “Carry Fund” Investment Activity and a Larger Portfolio



## 2009 - 2011 Aggregate Amounts

---

Aggregate Distributions (\$ billion)	\$29.1
Aggregated Invested Capital (\$ billion)	\$26.4

## Portfolio Metrics

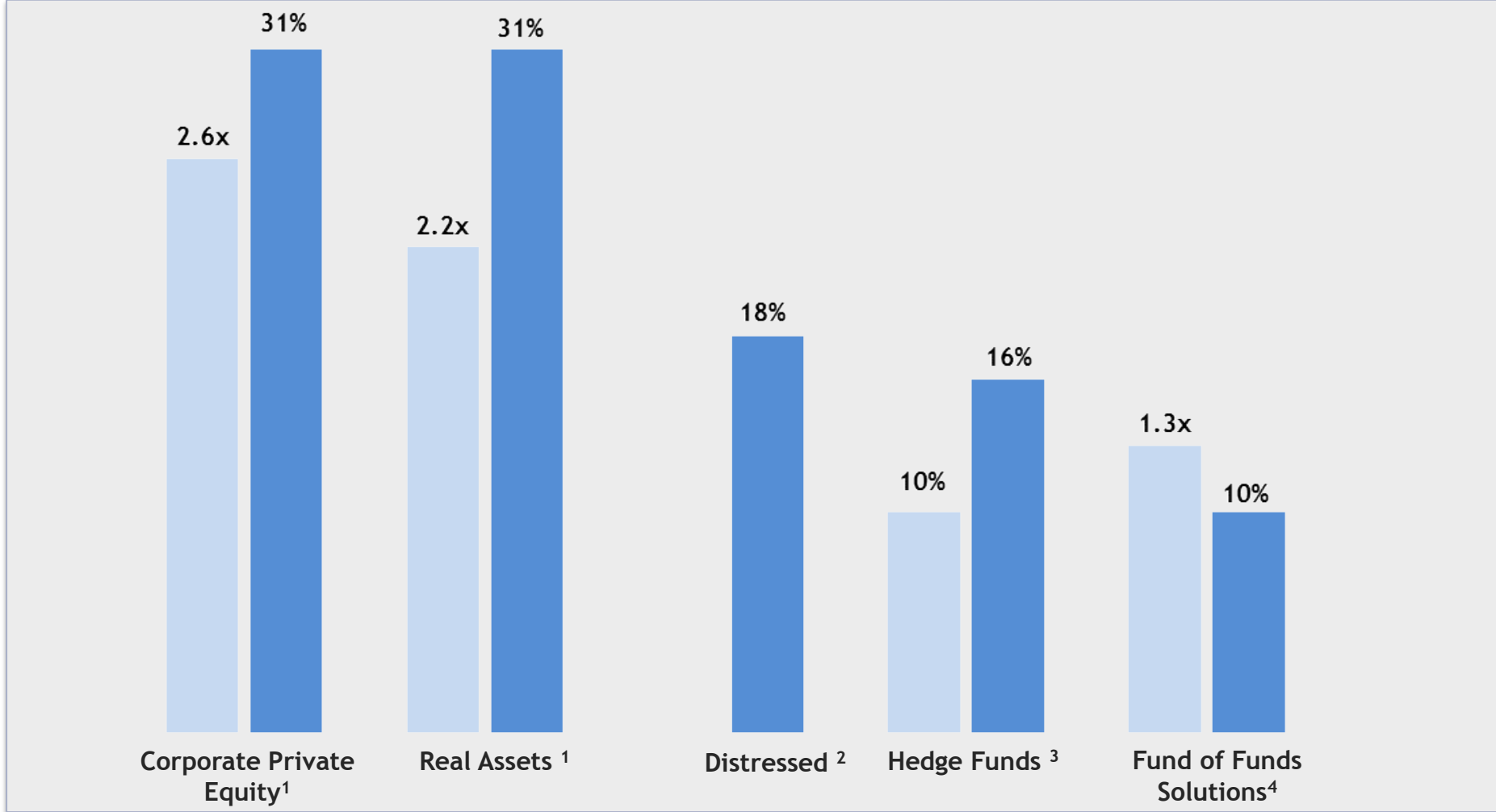
---

Total AUM (\$ billion)	\$159
Total Dry Powder (\$ billion)	\$40
Number of Total Funds in Carry	24
Number of \$1 bn+ funds in Carry	16
Number of Portfolio Companies	200+
Number of Real Estate Investments	250+
Number of Global Offices	32

As of 3/31/2012.



# Consistent Results Across Asset Classes



As of March 31, 2012. Note: Please see the “Important Information” slide for more information on the calculation of Gross IRRs and Gross MOICs

1. Inception to date aggregate Realized and Partially Realized Gross IRR, Realized and Partially Realized MOIC.

2. Inception to date Gross IRR for Carlyle Strategic Partners II, L.P., the largest GMS carry fund.

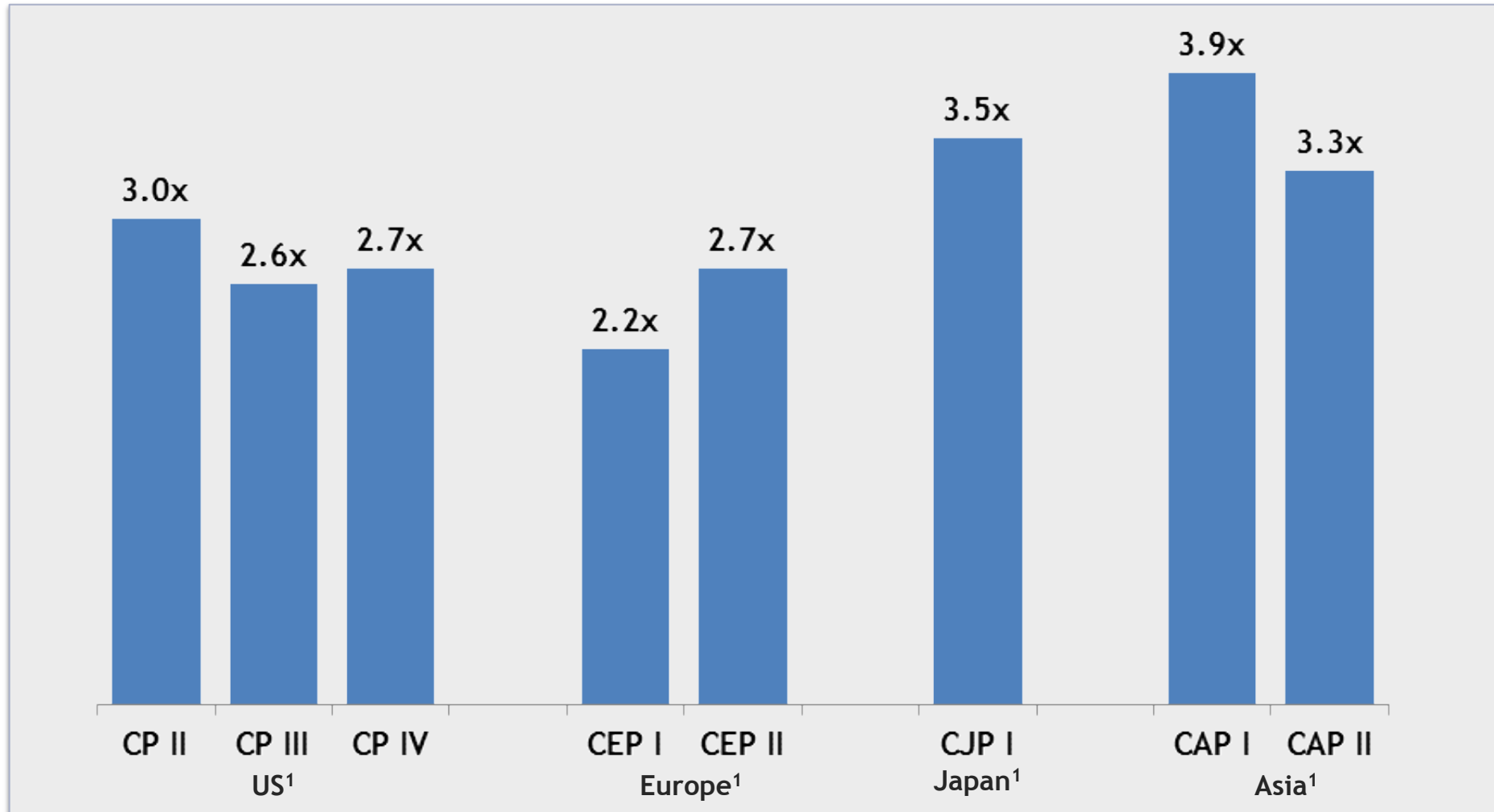
3. Inception to date net annualized return on the Claren Road Master Fund and Opportunities Fund, respectively, our two largest hedge funds.

4. Inception to date aggregate Gross IRR and MOIC.





# Consistent Results Around the Globe

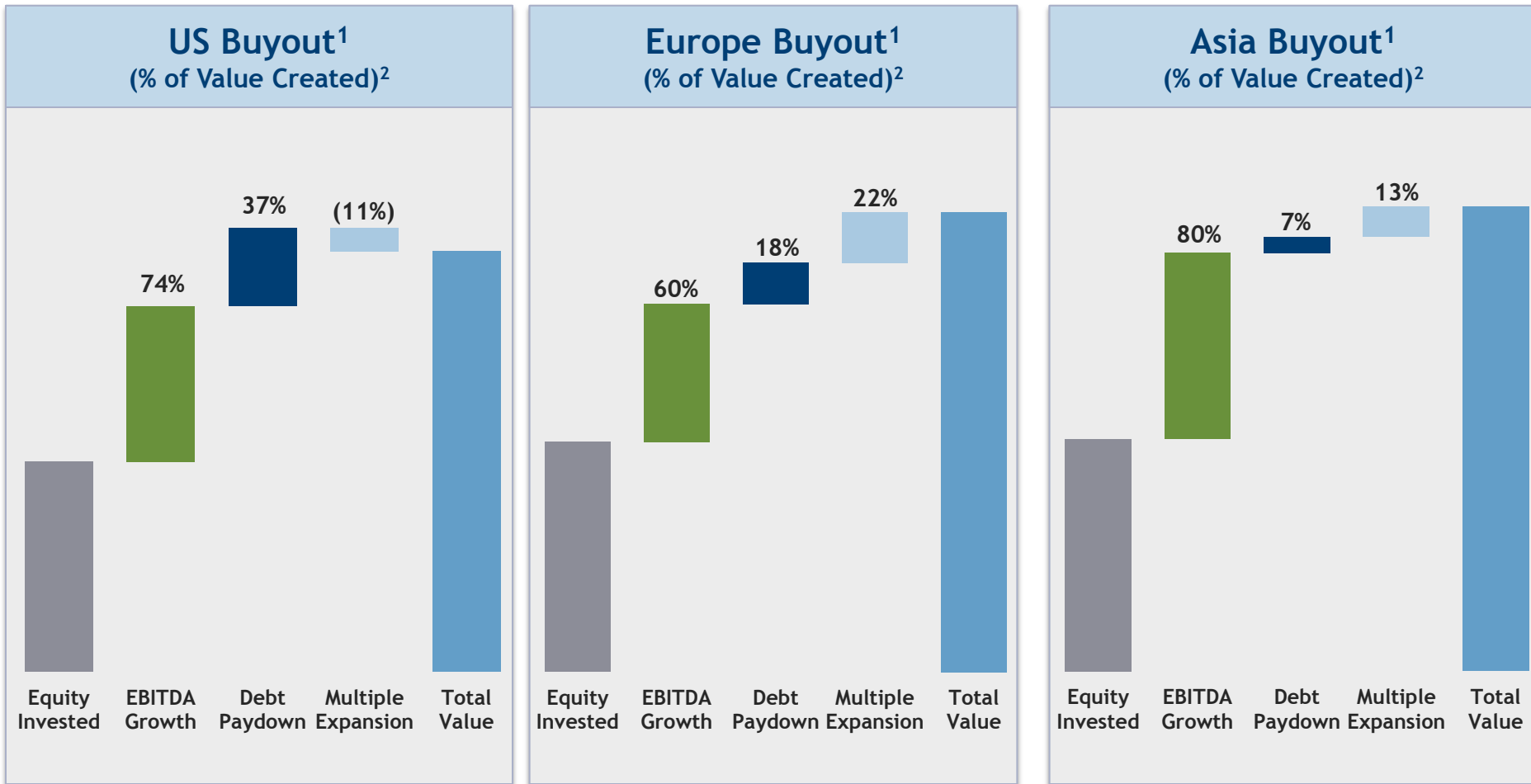


As of 3/31/2012. Note: Please see the “Important Information” slide for more information on the calculation of Gross IRRs and Gross MOICs.

1. Realized and Partially Realized Gross MOIC of CPE fully invested funds as of March 31, 2012. CP V, CEP III, CJP II and CAP III are not included in the comparisons above as they were 64%, 74%, 66% and 58% invested, respectively, as of March 31, 2012. Carlyle does not believe it is appropriate to compare fully invested funds with non-fully invested funds.



# We Create Value by Growing Earnings



As of 12/31/2011.

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

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

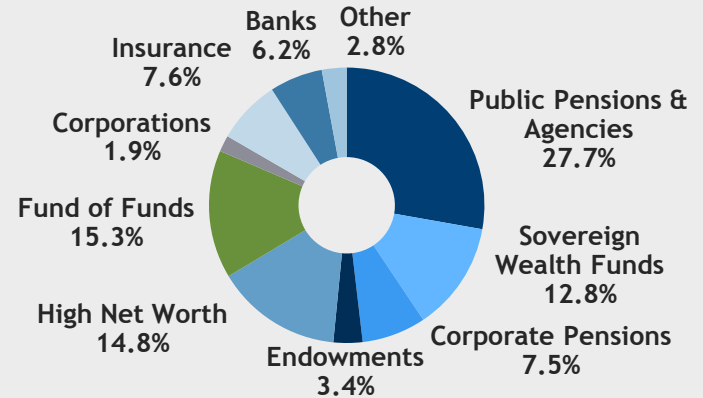


# We Have Built Exceptional Fundraising Capabilities

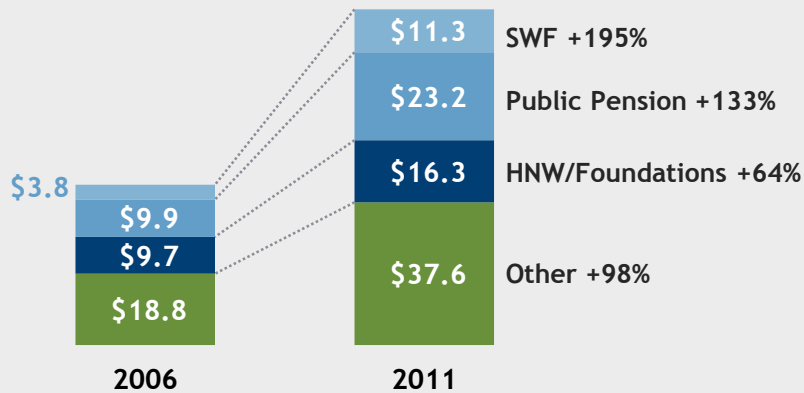
## Fundraising Facts & Figures

Number of Carry Fund Investors	1,400+
# of Countries	73
Cumulative Capital Raised (excluding acquisitions)	\$119 bn
Capital Raised, 2008-11	\$34 bn
# of Investor Relations Professionals and Specialists	62

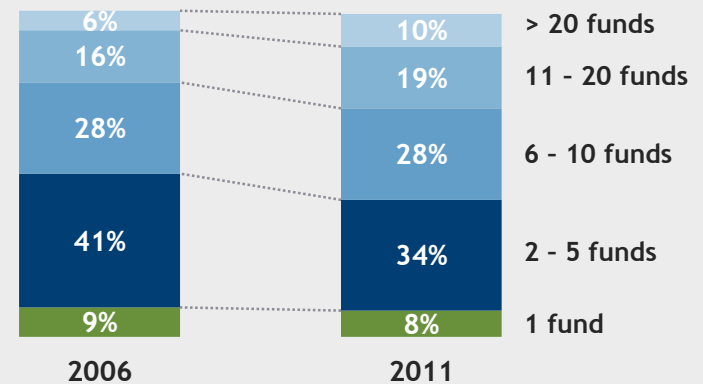
## Diverse Source of Capital Commitments



## Growing LP Commitments Across Types (\$ bn)



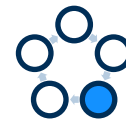
## LPs Commit Across Multiple Funds<sup>1</sup> (% Capital)



Note: As of 3/31/2012, does not include investors for structured credit funds, hedge funds or fund of funds.

1. Percentage of capital committed by investors to active carry funds, segmented by the number of active carry funds in which the investors were committed as of 12/31/2006 and 3/31/2012.

# 25 Years of Innovating and Fundraising in Alternative Investments



**Expanding Globally**  
Europe, Asia,  
Middle East, South America,  
Africa

**New Solutions**  
Private Equity Fund of Funds  
Hedge Funds



**Establishing the Groundwork**  
First Buyout Funds  
First Investor Relations Professionals

**Product Diversification**  
Real Estate, Growth Capital,  
Structured Credit,  
Energy, Distressed,  
Infrastructure,  
Financial Services

**THE CARLYLE GROUP**  
**A Global Leader in  
Alternative Investments**

## Innovate

- South America Buyout (2009)
- RMB (2010)
- Energy Mezzanine (2010)
- Distressed R/E Credit (2011)
- Middle Market Finance (2011)
- Sub-Saharan Africa Buyout (2011)
- Dedicated Peru Fund (2012)

## Fundraise

- Over the next two years, we have our three largest funds in the market which will add to Fee-Earning AUM - US Buyout, Europe Buyout, Asia Buyout
- We are consistently raising 10+ or more funds

## Acquire

- \$10.7 bn in CLO purchases in 2010/2011
- Claren Road - \$4.7 bn long/short Credit Hedge Fund (2010)
- ESG - \$1.5 bn Emerging Market Hedge Fund (2011)
- AlpInvest - \$43 bn Fund of PE Funds



# Fully Scaled Global Platform Positions us for Growth

## U.S. Fund Families:

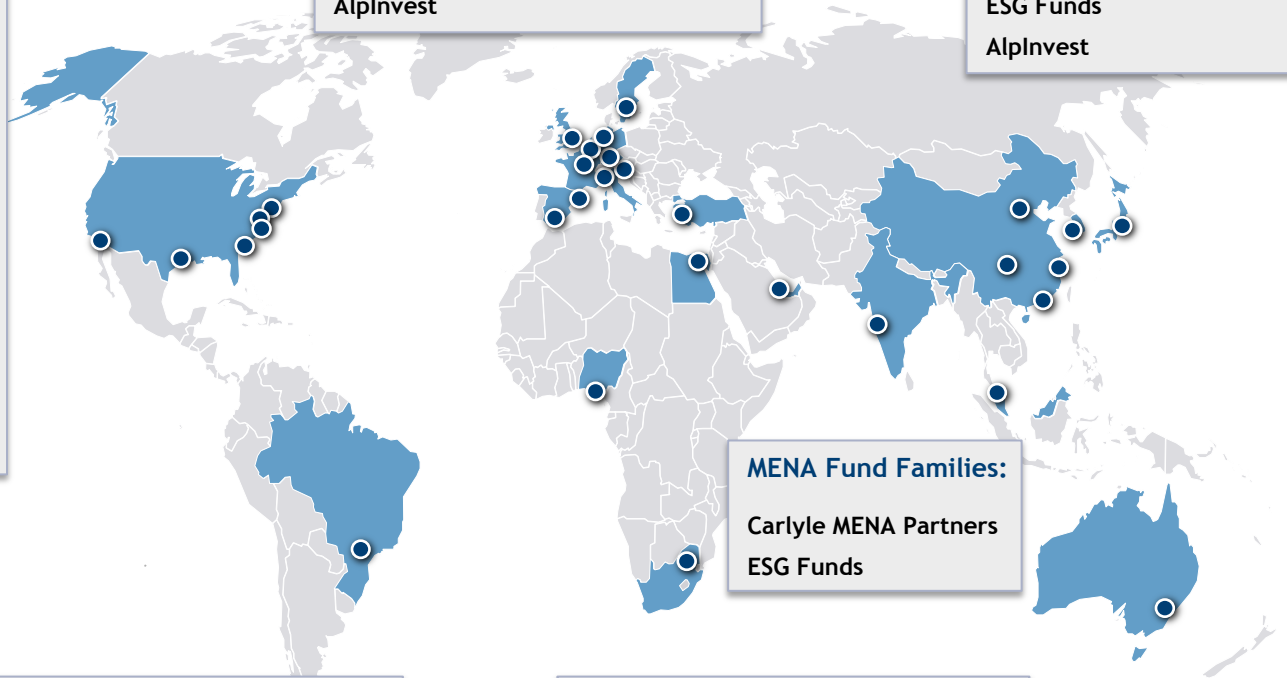
- Carlyle Partners
- Carlyle Global Financial Services Partners
- Carlyle U.S. Small Buyout/Growth
- Carlyle Realty Partners
- Carlyle Infrastructure Partners
- Carlyle/Riverstone Global Energy
- Carlyle/Riverstone Renewable Energy
- Cash CLO Funds
- Synthetic Fund
- Carlyle Credit Partners
- Carlyle Mezzanine Partners
- Carlyle Strategic Partners
- Carlyle Energy Mezzanine Opportunities Fund
- Long/Short Credit Hedge Fund
- AlpInvest

## Europe Fund Families:

- Carlyle Europe Partners
- Carlyle Europe Venture Partners
- Carlyle Europe Technology Partners
- Carlyle Europe Real Estate Partners
- Cash CLO Funds
- AlpInvest

## Asia Fund Families:

- Carlyle Asia Partners
- Carlyle Japan Partners
- Carlyle Beijing Partners Fund
- Carlyle Asia Venture/Growth Partners
- Carlyle Asia Real Estate Partners
- ESG Funds
- AlpInvest



## MENA Fund Families:

- Carlyle MENA Partners
- ESG Funds

## Latin America Fund Families:

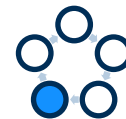
- Carlyle South America Buyout Fund
- ESG Funds

## Sub-Saharan Africa Fund Families:

- Carlyle Sub-Saharan Africa Fund
- ESG Funds

Carlyle office

As of 3/31/2012.

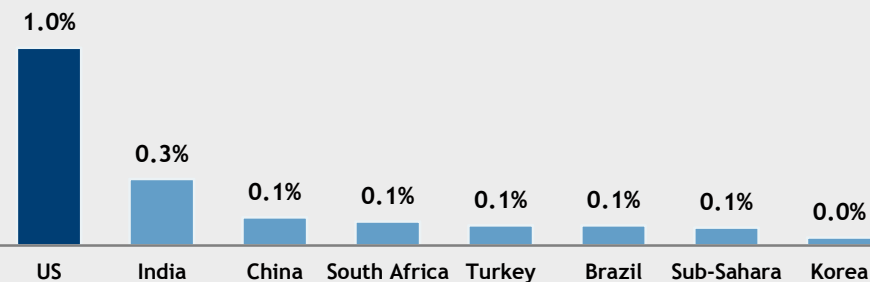


# Carlyle is Positioned to Capture Emerging Markets Growth

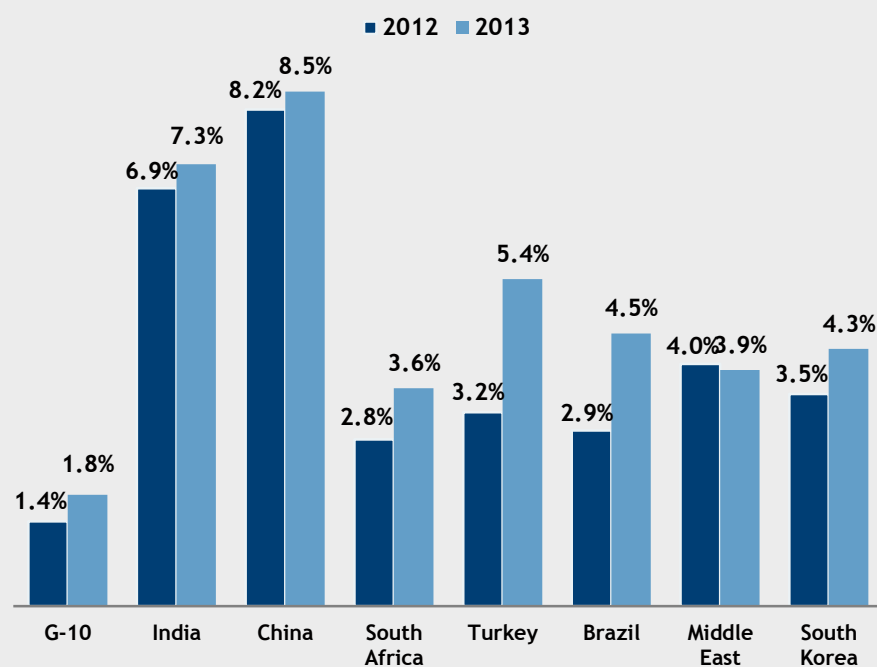
## Carlyle is Established in Emerging Markets

AUM <sup>1</sup>	\$12bn Carry Funds \$2bn ESG
# of Funds	12 Carry Funds / ESG Hedge Funds
# of Investment Professionals	146
# of Offices	13

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



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



### 10-year Financial Assets CAGR<sup>4</sup>:

5.0% <sup>5</sup>	15.0%	10.0%	11.0%	12.0%	13.0%	NA	9.0%
-------------------	-------	-------	-------	-------	-------	----	------

As of 3/31/2012, unless otherwise noted.

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

1. Carry fund AUM includes coinvestment vehicles.

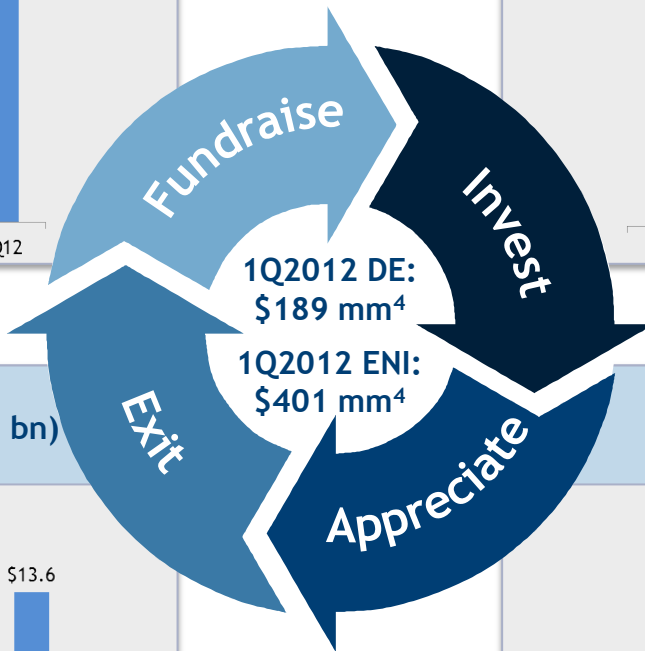
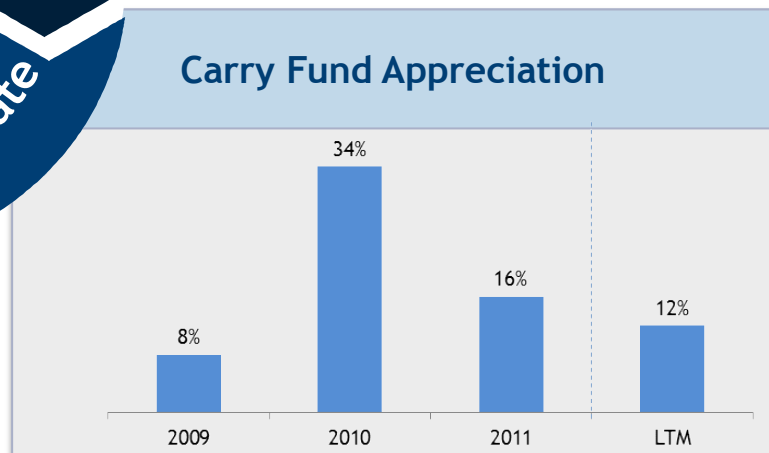
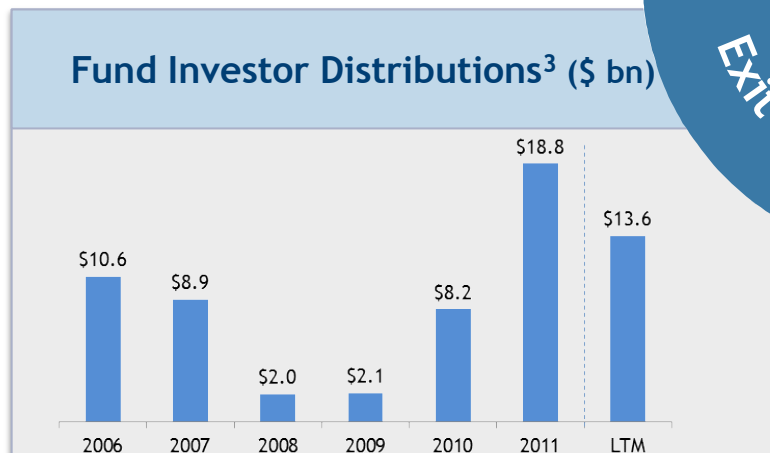
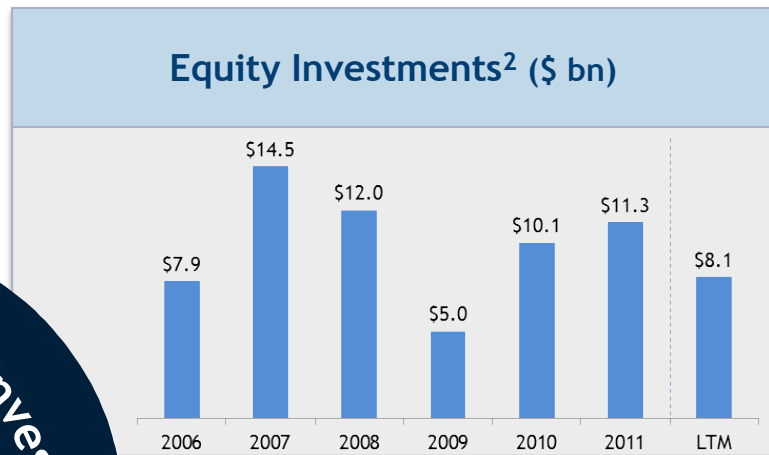
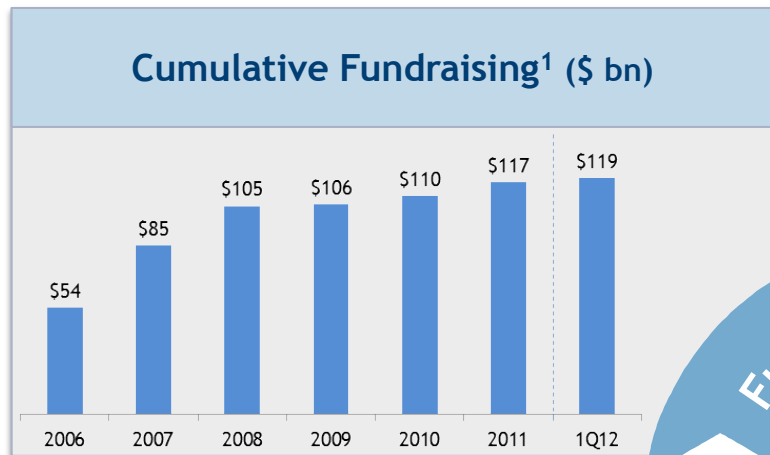
2. Emerging Markets Private Equity Association, as of 3/31/2011.

3. Data from Bloomberg, as of June 8, 2012.

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

5. Represents US data.

# “The Carlyle Engine” has Historically Delivered a Cash Rich Earnings Stream



As of 3/31/2012.

1. Data excludes acquisitions.
2. Investments by carry funds only.
3. Distributions from carry funds only.
4. “Unaudited Pro Forma Financial Information” in Carlyle’s Form 10-Q filed with the U.S. Securities and Exchange Commission on May 22, 2012.

## 2011 and 1Q 2012 Financial Results

---

<b>Non-GAAP (pre-tax) Segment Measures (\$ mn)</b>	<b>FY 2011</b>	<b>1Q 2012</b>
<b>Total Pro Forma Segment Revenue</b>	<b>\$2,156.1</b>	<b>\$1,098.9</b>
<b>Pro Forma Net Realized Performance Fees <sup>1</sup></b>	<b>677.8</b>	<b>149.4</b>
<b>Pro Forma Fee Related Earnings</b>	<b>183.5</b>	<b>38.9</b>
<b>Pro Forma Economic Net Income</b>	<b>914.4</b>	<b>400.8</b>
<b>Pro Forma Distributable Earnings</b>	<b>881.6</b>	<b>189.1</b>

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

1. Performance fee revenue net of related compensation expense.



# Strong and Stable Balance Sheet

---

Key Balance Sheet Items	Actual 3/31/2012	Pro Forma 3/31/2012
Cash & Equivalents	\$523.2	\$507.0
Accrued Performance Fees (net of Giveback)	\$2,417.2	\$2,400.4
Term Loan <sup>1</sup>	\$500.0	\$500.0
Revolver Drawn	\$568.1	\$0.0
Subordinated Notes	\$0.0	\$0.0
Other Debt	\$40.0	\$0.0

*We used the IPO proceeds to pay down debt*

1. Term loan has a 5-year term, with specific terms and conditions as described in Carlyle's registration statement filed with the U.S. Securities and Exchange Commission. There are two existing interest rate swaps, an incumbent swap expiring in 2013 and an amortizing swap executed in October 2011 struck at 108bp.

# Two Focus Areas Today

---

## 1 Carlyle Overview

## 2 Three Themes of the Day

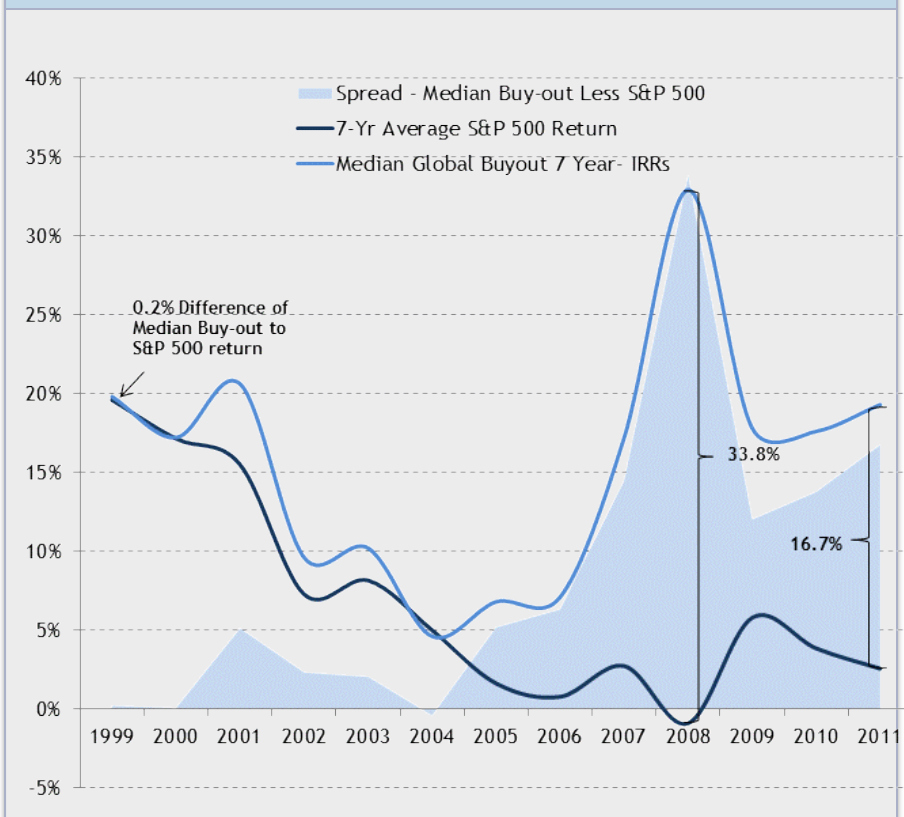
A. The Fundraising Environment

B. Realization and Investment Opportunities

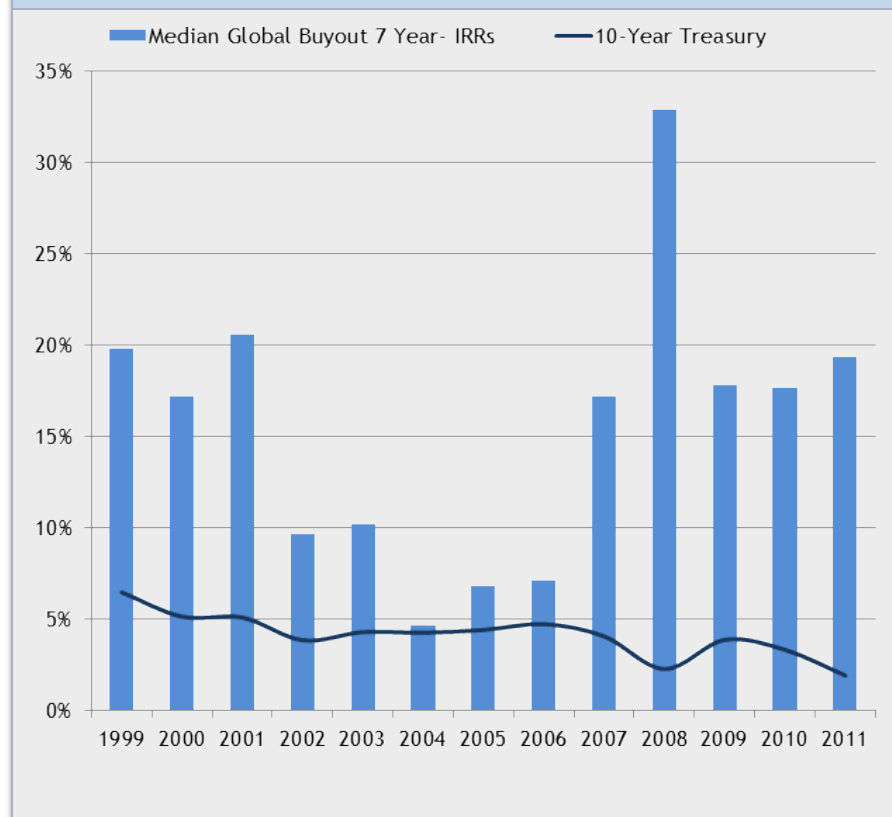
C. The Eurozone

# A1. Investors Need Private Equity Products More Than Ever

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



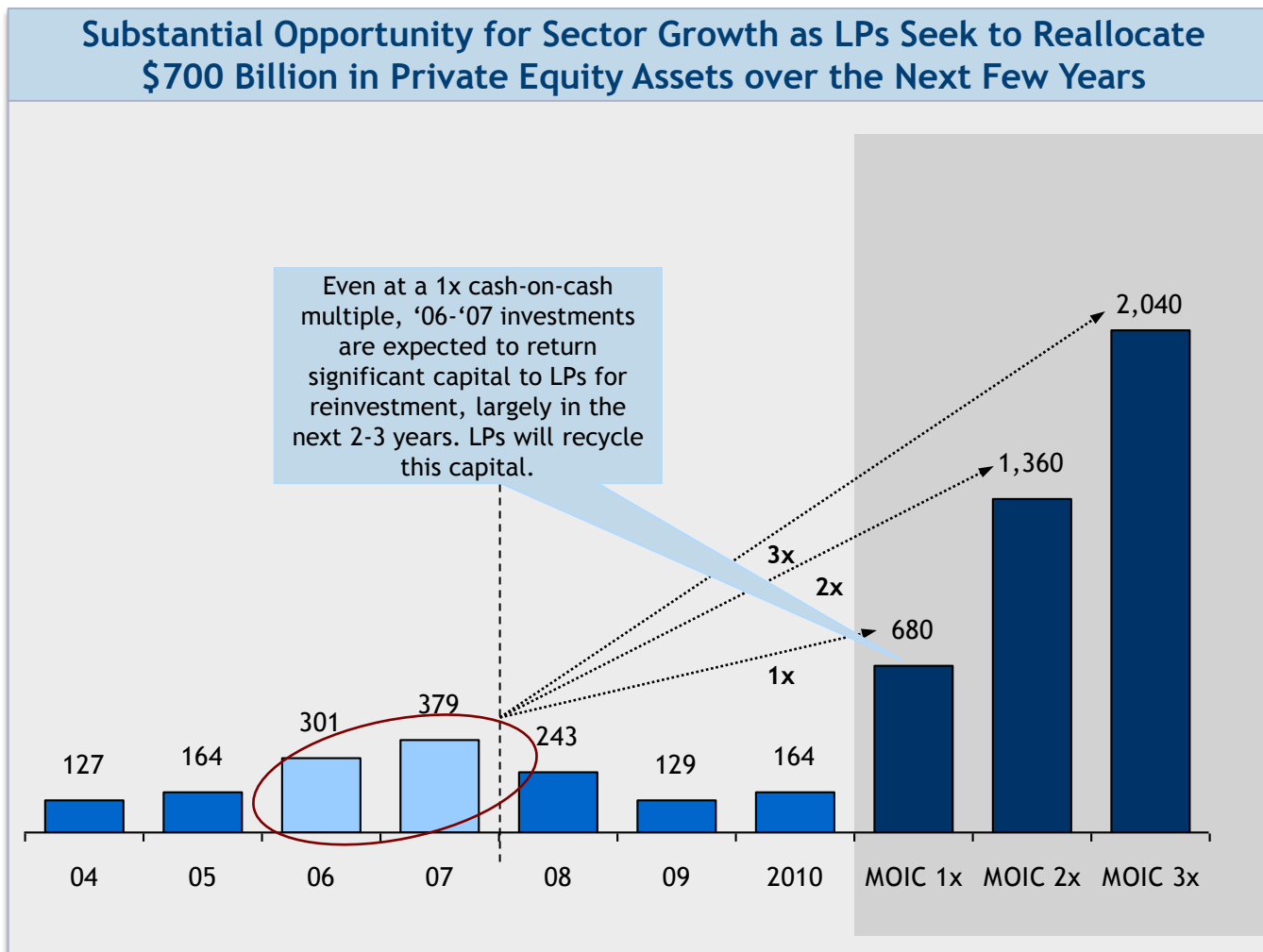
## Buyout Returns Have Remained Stable While 10-year Treasury Yields Have Plummeted<sup>2</sup>



Source: Prequin, Factset.

1. Top quartile buyout funds based on Prequin data. The Net IRR of the Top Quartile Global buyout funds is based on beginning net asset values, cash flows and quarter end valuations (in the case of unliquidated holdings) for the applicable buyout funds on a 7-year cumulative basis from; for example, the 2011 data point refers to a 2004 vintage fund with 7-years of maturity. Please see the slide entitled "Important Information" for information regarding Net IRRs and comparisons with indices generally, the S&P 500 and the 10-year Treasury note..
2. 10-year yield of on the run U.S. Treasury compared to the 7-year IRR of top-quartile global Buyout funds.

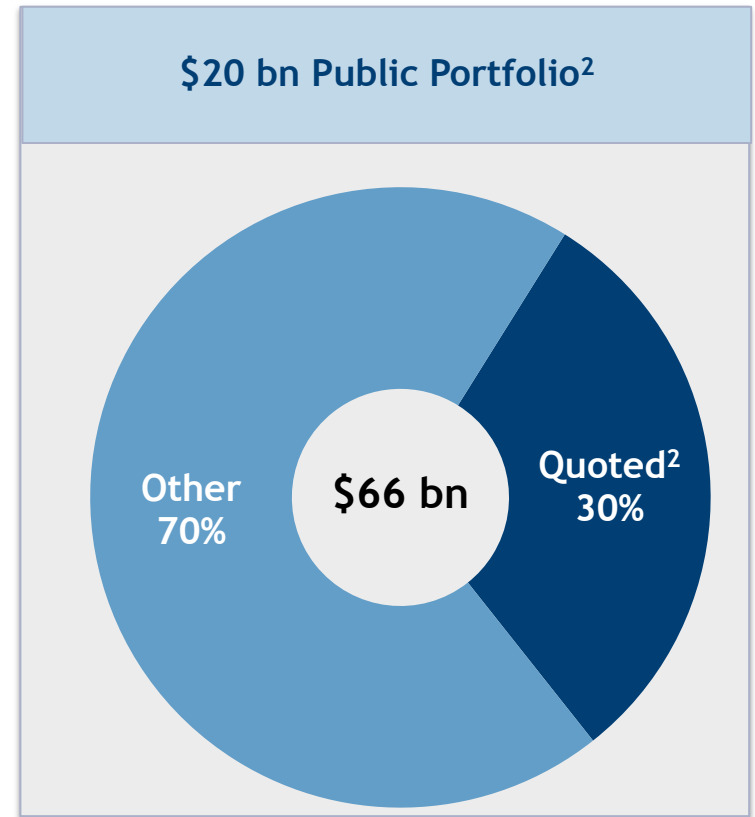
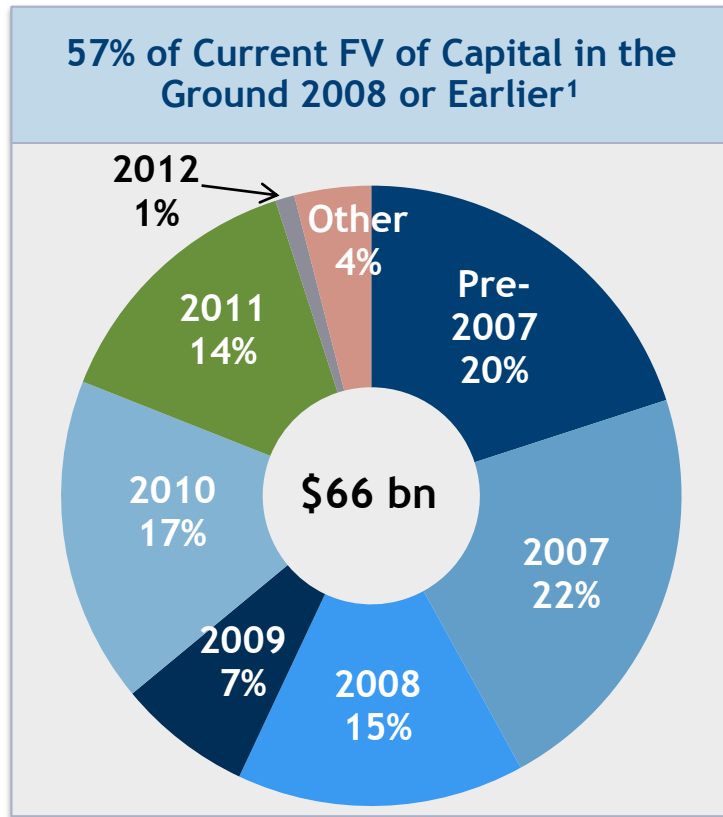
## A2. Alternative Assets Invested 5-6 Years Ago Will Need Reinvestment



Note: Includes PE deals of a non-real estate nature; only deals with disclosed transaction values are included; estimates of equity value calculated using averaged leverage ratios from deals in the specified year; private placement volume counted as equity only.

Source: Capital IQ, Standard & Poor's, McKinsey analysis.

## B. Distribution: Portfolio Poised for Near Term Realizations



21 IPOs between 2010 and 2012



Booz | Allen | Hamilton



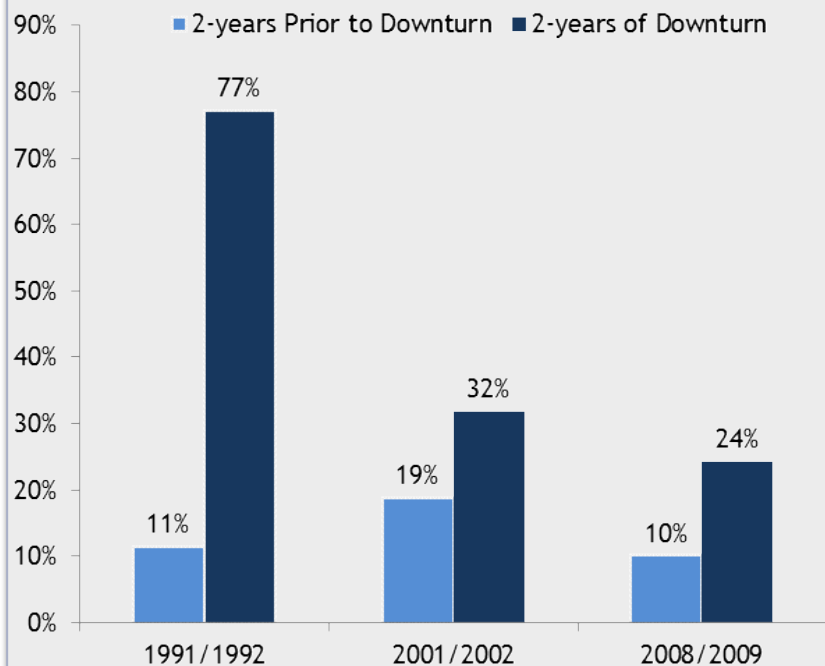
As of 3/31/2012.

1. Fair value of remaining carry fund capital in the ground, by vintage.

2. Investments using a "Level I" fair value measurement. See "Fair Value Measurement" in Carlyle's quarterly 10-Q filing with the U.S. Securities and Exchange Commission.

## C. Eurozone an Overhang, but Volatile Markets Present an Opportunity

### Returns on Investments Made in Downturns Have Generally Proven to be Solid Decisions<sup>1</sup>



Last 12-Month Fund Raises (\$ mn)			
Fund Type	Europe	US	ROW
Buyout	\$ 45,991	\$ 59,345	\$ 22,771
Real Estate	14,049	53,310	9,355
Infrastructure	11,564	14,752	6,287
Distressed Debt	3,047	16,230	1,067
Growth	2,164	4,252	13,535
Mezzanine	2,528	10,751	1,201
Natural Resources	-	10,066	2,031
Other	20,969	52,584	28,510

Source: Prequin, Carlyle Data.

1. Net IRRs of realized and unrealized investments made by Carlyle corporate private equity funds in the two years immediately preceding, and during, each of 1991/1992, 2001/2002, and 2008/2009.

# A Positive Outlook for the Future



As of 3/31/2012, unless otherwise noted.

1. Includes \$17.6 bn of dry powder for AlInvest.

2. Includes \$66 bn of Carry Funds and \$9 bn of hedge funds. Does not include Structured Credit or Fund of Funds Solutions.



*One Carlyle*