Carlyle Group L.P.
Form S-1/A
March 15, 2012

Table of Contents

As filed with the Securities and Exchange Commission on March 14, 2012.
Registration No. 333-176685

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

Amendment No. 4
to
Form S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

The Carlyle Group L.P.
(Exact name of Registrant as specified in its charter)

Delaware	**6282**	**45-2832612**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

1001 Pennsylvania Avenue, NW
Washington, D.C. 20004-2505
Telephone: (202) 729-5626
(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

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The Carlyle Group L.P.
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Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after the Registration Statement is declared effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ	Smaller reporting company o
	(Do not check if a smaller reporting company)		

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting

pursuant to said Section 8(a), may determine.

Table of Contents

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Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 14, 2012

PRELIMINARY PROSPECTUS

Common Units
Representing Limited Partner Interests

This is the initial public offering of common units representing limited partner interests in The Carlyle Group L.P. No public market currently exists for our common units. We are offering all of the common units representing limited partner interests in this offering. We anticipate that the initial public offering price will be between $ and $ per common unit. We have applied to list the common units on the NASDAQ Global Select Market under the symbol CG.

Investing in our common units involves risks. See Risk Factors beginning on page 27. These risks include the following:

We are managed by our general partner, which is owned by our senior Carlyle professionals. Our common unitholders will have only limited voting rights and will have no right to remove our general partner or, except in limited circumstances, elect the directors of our general partner. Moreover, immediately following this offering, our senior Carlyle professionals generally will have sufficient voting power to determine the outcome of those few matters that may be submitted for a vote of our limited partners. In addition, our partnership agreement limits the liability of, and reduces or eliminates the duties (including fiduciary duties) owed by, our general partner to our common unitholders and restricts the remedies available to our common unitholders for actions that might otherwise constitute breaches of our general partner s duties. As a limited partnership, we will qualify for and intend to rely on exceptions from certain corporate governance and other requirements under the rules of the NASDAQ Global Select Market. For example, we will not be required to comply with the requirements that a majority of the board of directors of our general partner consist of independent directors and that we have independent director oversight of executive officer compensation and director nominations.

Our business is subject to many risks, including those associated with:

- adverse economic and market conditions, which can affect our business and liquidity position in many ways, including by reducing the value or performance of the investments made by our investment funds and reducing the ability of our investment funds to raise or deploy capital;

- changes in the debt financing markets, which could negatively impact the ability of our funds and their portfolio companies to obtain attractive financing or refinancing for their investments and operations, and could increase the cost of such financing if it is obtained, leading to lower-yielding investments;

- the potential volatility of our revenue, income and cash flow;

our dependence on our founders and other key personnel and our ability to attract, retain and motivate high quality employees who will bring value to our operations;

business and regulatory impediments to our efforts to expand into new investment strategies, markets and businesses;

the fact that most of our investment funds invest in illiquid, long-term investments that are not marketable securities, and such investments may lose significant value during an economic downturn;

the potential for poor performance of our investment funds; and

the possibility that we will not be able to continue to raise capital from third-party investors on advantageous terms.

As discussed in Material U.S. Federal Tax Considerations, The Carlyle Group L.P. will be treated as a partnership for U.S. federal income tax purposes, and our common unitholders therefore will be required to take into account their allocable share of items of income, gain, loss and deduction of The Carlyle Group L.P. in computing their U.S. federal income tax liability. Although we currently intend to make annual distributions in an amount sufficient to cover the anticipated U.S. federal, state and local income tax liabilities of holders of common units in respect of their allocable share of our net taxable income, it is possible that such tax liabilities will exceed the cash distributions that holders of common units receive from us. Although not enacted, the U.S. Congress has considered legislation that would have precluded us from qualifying as a partnership for U.S. federal income tax purposes or required us to hold carried interest through taxable subsidiary corporations for taxable years after a ten-year transition period and would have taxed individual holders of common units with respect to certain income and gains at increased rates. Similar legislation could be enacted in the future.

	Price to Public	**Underwriting Discount**	**Proceeds, Before Expenses, to The Carlyle Group L.P.**
Per Common Unit	$	$	$
Total	$	$	$

To the extent that the underwriters sell more than common units, the underwriters have the option to purchase up to an additional common units from us at the initial public offering price less the underwriting discount.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common units to purchasers on or about , 2012.

J.P. Morgan **Citigroup** **Credit Suisse**

BofA Merrill Lynch	**Barclays Capital**	**Deutsche Bank Securities**
Goldman, Sachs & Co.	**Morgan Stanley**	**UBS Investment Bank**

ICBC International **Sandler O Neill + Partners, L.P.**

Keefe Bruyette & Woods	**CIBC**	**Itaú BBA**

Nomura	**Ramirez & Co., Inc.**	**Scotiabank**

Societe Generale **The Williams Capital Group, L.P.**

Mizuho Securities **SMBC Nikko**

, 2012

Table of Contents

Global Presence

As of December 31, 2011.

Assets Under Management (dollars in billions, 2003 2011)

Table of Contents

You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered to you. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. We and the underwriters are offering to sell, and seeking offers to buy, our common units only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common units.

Through and including , 2012 (25 days after the date of this prospectus), all dealers that effect transactions in our common units, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Table of Contents

Our business is currently owned by four holding entities: TC Group, L.L.C., TC Group Cayman, L.P., TC Group Investment Holdings, L.P. and TC Group Cayman Investment Holdings, L.P. We refer to these four holding entities collectively as the Parent Entities. The Parent Entities are under the common ownership and control of our senior Carlyle professionals and two strategic investors that own minority interests in our business entities affiliated with Mubadala Development Company, an Abu-Dhabi based strategic development and investment company (Mubadala), and California Public Employees Retirement System (CalPERS). Unless the context suggests otherwise, references in this prospectus to Carlyle, the Company, we, us and our refer (1) prior to the consummation of our reorganizatio a holding partnership structure as described under Organizational Structure, to **Carlyle Group**, which is comprised of the Parent Entities and their consolidated subsidiaries and (2) after our reorganization into a holding partnership structure, to **The Carlyle Group L.P.** and its consolidated subsidiaries. In addition, certain individuals engaged in our businesses own interests in the general partners of our existing carry funds. Certain of these individuals will contribute a portion of these interests to us as part of the reorganization. We refer to these individuals, together with the owners of the Parent Entities prior to this offering, collectively as our existing owners. Completion of our reorganization will occur prior to this offering. See Organizational Structure.

When we refer to the partners of The Carlyle Group L.P., we are referring specifically to the common unitholders and our general partner and any others who may from time to time be partners of that specific Delaware limited partnership. When we refer to our senior Carlyle professionals, we are referring to the partners of our firm who are, together with CalPERS and Mubadala, the owners of our Parent Entities prior to the reorganization. References in this prospectus to the ownership of the senior Carlyle professionals include the ownership of personal planning vehicles of these individuals.

Carlyle funds, our funds and our investment funds refer to the investment funds and vehicles advised by Carlyle. Our carry funds refers to those investment funds that we advise, including the buyout funds, growth capital funds, real asset funds and distressed debt and mezzanine funds (but excluding our structured credit funds, hedge funds and fund of funds vehicles), where we receive a special residual allocation of income, which we refer to as a carried interest, in the event that specified investment returns are achieved by the fund. Our fund of funds vehicles refer to those funds, accounts and vehicles advised by AlpInvest Partners B.V., formerly known as AlpInvest Partners N.V. (AlpInvest).

Fee-earning assets under management or Fee-earning AUM refers to the assets we manage from which we derive recurring fund management fees. Our fee-earning AUM generally equals the sum of:

(a) for carry funds and certain co-investment vehicles where the investment period has not expired, the amount of limited partner capital commitments and for fund of funds vehicles, the amount of external investor capital commitments during the commitment period;

(b) for substantially all carry funds and certain co-investment vehicles where the investment period has expired, the remaining amount of limited partner invested capital;

(c) the gross amount of aggregate collateral balance at par, adjusted for defaulted or discounted collateral, of our collateralized loan obligations (CLOs) and the reference portfolio notional amount of our synthetic collateralized loan obligations (synthetic CLOs);

(d) the external investor portion of the net asset value (pre-redemptions and subscriptions) of our long/short credit, emerging markets, multi-product macroeconomic and other hedge funds and certain structured credit funds; and

(e) for fund of funds vehicles and certain carry funds where the investment period has expired, the lower of cost or fair value of invested capital.

(iii)

Table of Contents

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

(a) the fair value of the capital invested in our carry funds, co-investment vehicles and fund of funds vehicles plus the capital that we are entitled to call from investors in those funds and vehicles (including our 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 at par of our CLOs and the reference portfolio notional amount of our synthetic CLOs; and

(c) the net asset value (pre-redemptions and subscriptions) of our long/short credit, emerging markets, multi-product macroeconomic and other hedge funds and certain structured credit funds.

We include in our calculation of AUM and fee-earning AUM certain energy and renewable resources funds that we jointly advise with Riverstone Investment Group L.L.C. (Riverstone).

Our calculations of AUM and fee-earning AUM may differ from the calculations of other alternative asset managers. As a result, these measures may not be comparable to similar measures presented by other alternative 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 fees. Our definitions 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 advise. See Business Structure and Operation of Our Investment Funds Incentive Arrangements/Fee Structure.

For our carry funds, co-investment vehicles and fund of funds vehicles, 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 at cost, depending on whether the 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.

Unless indicated otherwise, non-financial operational and statistical data in this prospectus is as of December 31, 2011. Compound annual growth in AUM is presented since December 31, 2003, the first period for which comparable information is available. 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. For our Real Assets segment, our first fund was formed in 1997.

Until an investment fund (i) has distributed substantially all expected investment proceeds to its fund investors, (ii) is not expected to generate further investment proceeds (e.g., earn-outs), (iii) is no longer paying management fees or accruing performance fees, and (iv) in the case of our structured credit funds, has made a final redemption distribution, we consider such investment fund to be active. The fund performance data presented herein includes the performance of all of our carry funds, including those that are no longer active. All other fund data presented in this prospectus, and all other references to our investment funds, are to our active investment funds.

References herein to active investments are to investments that have not yet been fully realized, meaning that the investment fund continues to own an interest in, and has not yet completely exited, the investment.

Table of Contents

In addition, for purposes of the non-financial operating and statistical data included in this prospectus, 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 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.

Unless indicated otherwise, the information included in this prospectus assumes:

- no exercise by the underwriters of the option to purchase up to an additional common units from us; and
- the common units to be sold in this offering are sold at $ per common unit, which is the midpoint of the price range indicated on the front cover of this prospectus.

Table of Contents

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Table of Contents

SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all the information you should consider before investing in our common units. You should read this entire prospectus carefully, including the section entitled Risk Factors and the financial statements and the related notes, before you decide to invest in our common units.

The Carlyle Group

We are one of the world s largest and most diversified multi-product global alternative asset management firms. We advise an array of specialized investment funds and other investment vehicles that invest across a range of industries, geographies, asset classes and investment strategies and seek to deliver attractive returns for our fund investors. Since our firm was founded in Washington, D.C. in 1987, we have grown to become a leading global alternative asset manager with more than $147 billion in AUM across 89 funds and 52 fund of funds vehicles. We have approximately 1,300 employees, including more than 600 investment professionals, in 33 offices across six continents, and we serve over 1,400 active carry fund investors from 72 countries. Across our Corporate Private Equity and Real Assets segments, we have investments in over 200 portfolio companies that employ more than 650,000 people.

The growth and development of our firm has been guided by several fundamental tenets:

Excellence in Investing. Our primary goal is to invest wisely and create value for our fund investors. We strive to generate superior investment returns by combining deep industry expertise, a global network of local investment teams who can leverage extensive firm-wide resources and a consistent and disciplined investment process.

Commitment to our Fund Investors. Our fund investors come first. This commitment is a core component of our firm culture and informs every aspect of our business. We believe this philosophy is in the long-term best interests of Carlyle and its owners, including our prospective common unitholders.

Investment in the Firm. We have invested, and intend to continue to invest, significant resources in hiring and retaining a deep talent pool of investment professionals and in building the infrastructure of the firm, including our expansive local office network and our

Table of Contents

comprehensive investor support team, which provides finance, legal and compliance and tax services in addition to other corporate services.

Expansion of our Platform. We innovate continuously to expand our investment capabilities through the creation or acquisition of new asset-, sector- and regionally-focused strategies in order to provide our fund investors a variety of investment options.

Unified Culture. We seek to leverage the local market insights and operational capabilities that we have developed across our global platform through a unified culture we call One Carlyle. Our culture emphasizes collaboration and sharing of knowledge and expertise across the firm to create value.

We believe that this offering will enable us to continue to develop and grow our firm; strengthen our infrastructure; create attractive investment products, strategies and funds for the benefit of our fund investors; and attract and retain top quality professionals. We manage our business for the long-term, through economic cycles, leveraging investment and exit opportunities in different parts of the world and across asset classes. We believe it is an opportune time to capitalize on the additional resources and growth prospects that we expect a public offering will provide.

Our Business

We operate our business across four segments: (1) Corporate Private Equity, (2) Real Assets, (3) Global Market Strategies and (4) Fund of Funds Solutions. We established our Fund of Funds Solutions segment on July 1, 2011 at the time we completed our acquisition of a 60% equity interest in, and began to consolidate, AlpInvest.

We earn management fees pursuant to contractual arrangements with the investment funds that we manage and fees for transaction advisory and oversight services provided to portfolio companies of these funds. We also typically receive a performance fee from an investment fund, which may be either an incentive fee or a special residual allocation of income, which we refer to as a carried interest, in the event that specified investment returns are achieved by the fund. Our ability to generate carried interest is an important element of our business and carried interest has historically accounted for a significant portion of our revenue. In order to better align the interests of our senior Carlyle professionals and the other individuals who manage our carry funds with our own interests and with those of the investors in these funds, such individuals are allocated directly a portion of the carried interest in our carry funds. See Organizational Structure Reorganization for additional information regarding the allocation of carried interest between us and our senior Carlyle professionals before and after the consummation of this offering. See Management s Discussion and Analysis of Financial Condition and Results of Operations Key Financial Measures for a discussion of the composition of our revenues and expenses, including additional information regarding how our management fees and performance fees are structured and calculated.

The following tables set forth information regarding our segment revenues, economic net income (ENI) and distributable earnings by segment for the years ended December 31, 2011 and 2010 and regarding our total revenues, income before provision for income taxes and cash distributions in conformity with U.S. generally accepted accounting principles (GAAP) for such periods. Please see Management s Discussion and Analysis of Financial Condition and Results of

Operations Key Financial Measures for a discussion of the composition of our revenues and expenses and Segment Analysis for discussion and analysis of our segment results.

	For the Year Ended December 31, 2011				
	Corporate Private Equity	Real Assets	Global Market Strategies (In millions)	Fund of Funds Solutions(5)	Total
Total Revenues (GAAP)					$ 2,845.3
Income before provision for income taxes (GAAP)					$ 1,182.8
Cash distributions (GAAP)(1)					$ 1,498.4
Segment Revenues(2)	$ 1,483.6	$ 314.7	$ 324.9	$ 26.1	$ 2,149.3
Economic Net Income(2)(3)	$ 514.1	$ 143.9	$ 161.5	$ 13.6	$ 833.1
Distributable Earnings(2)(4)	$ 566.0	$ 84.8	$ 193.4	$ 20.2	$ 864.4

	For the Year Ended December 31, 2010				
	Corporate Private Equity	Real Assets	Global Market Strategies (In millions)	Fund of Funds Solutions	Total
Total Revenues (GAAP)					$ 2,798.9
Income before provision for income taxes (GAAP)					$ 1,479.7
Cash distributions (GAAP)(1)					$ 787.8
Segment Revenues(2)	$ 1,897.2	$ 235.0	$ 253.6	n/a	$ 2,385.8
Economic Net Income(2)(3)	$ 819.3	$ 90.7	$ 104.0	n/a	$ 1,014.0
Distributable Earnings(2)(4)	$ 307.2	$ 12.7	$ 22.6	n/a	$ 342.5

(1) Cash distributions, net of compensatory payments, distributions related to co-investments and distributions related to the Mubadala investment in 2010 were $681.9 million and $105.8 million for the years ended December 31, 2011 and 2010, respectively. See Cash Distribution Policy.

(2) Under GAAP, we are required to consolidate certain of the investment funds that we advise. However, for segment reporting purposes, we present revenues and expenses on a basis that deconsolidates these funds.

(3) ENI, a non-GAAP measure, represents segment net income excluding the impact of income taxes, acquisition-related items including amortization of acquired intangibles and earn-outs, charges associated with equity-based compensation issued in this offering or future acquisitions, corporate actions and infrequently occurring or unusual events (e.g., acquisition related costs, gains and losses on fair value adjustments on contingent consideration, gains and losses from the retirement of our debt, charges associated with lease terminations and employee severance and settlements of legal claims). For a further discussion about ENI and a reconciliation to Income Before Provision for Income Taxes, see Management s Discussion and Analysis of Financial Condition and Results of Operations Key Financial Measures Non-GAAP Financial Measures Economic Net Income and Non-GAAP Financial Measures, and Note 14 to our combined and consolidated financial statements appearing elsewhere in this prospectus.

(4) Distributable Earnings, a non-GAAP measure, is a component of ENI representing total ENI less unrealized performance fees and unrealized investment income plus unrealized performance fee compensation expense. For a further discussion about Distributable Earnings and a reconciliation to Income Before Provision for Income Taxes, see Management s Discussion and Analysis of Financial Condition and Results of Operations Key Financial Measures Non-GAAP Financial Measures Distributable Earnings, Non-GAAP Financial Measures and Note 14 to our combined and consolidated financial statements appearing elsewhere in this prospectus. For a discussion of cash distributions and the difference between Distributable Earnings and such cash distribution during the historical periods presented, see Cash Distribution Policy.

(5) We established our Fund of Funds Solutions segment on July 1, 2011. These results are for the period from July 1, 2011 to December 31, 2011.

Corporate Private Equity. Our Corporate Private Equity segment, established in 1990 with our first U.S. buyout fund, advises our buyout and growth capital funds, which pursue a wide variety of corporate investments of different sizes and growth potentials. Our 26 active Corporate Private Equity funds are each carry funds. They are organized and operated by geography or industry and

Table of Contents

are advised by separate teams of local professionals who live and work in the markets where they invest. We believe this diversity of funds allows us to deploy more targeted and specialized investment expertise and strategies and offers our fund investors the ability to tailor their investment choices.

Our Corporate Private Equity teams have two primary areas of focus:

Buyout Funds. Our buyout teams advise a diverse group of 17 active funds that invest in transactions that focus either on a particular geography (United States, Europe, Asia, Japan, South America or the Middle East and North Africa (MENA)) or a particular industry (e.g., financial services). As of December 31, 2011, our buyout funds had, in the aggregate, approximately $47 billion in AUM.

Growth Capital Funds. Our nine active growth capital funds are advised by three regionally-focused teams in the United States, Europe and Asia, with each team generally focused on middle-market and growth companies consistent with specific regional investment considerations. As of December 31, 2011, our growth capital funds had, in the aggregate, approximately $4 billion in AUM.

The following table presents certain data about our Corporate Private Equity segment as of December 31, 2011 (dollar amounts in billions; compound annual growth is presented since December 31, 2003; amounts invested include co-investments).

AUM	% of Total AUM	AUM CAGR	Fee-Earning AUM	Active Investments	Active Funds	Available Capital	Investment Professionals	Amount Invested Since Inception	Investments Since Inception
$ 51	35%	22%	$ 38	167	26	$ 13	254	$ 49	422

Real Assets. Our Real Assets segment, established in 1997 with our first U.S. real estate fund, advises our 17 active carry funds focused on real estate, infrastructure and energy and renewable resources.

Our Real Assets teams have three primary areas of focus:

Real Estate. Our 10 active real estate funds pursue real estate investment opportunities in Asia, Europe and the United States and generally focus on acquiring single-property opportunities rather than large-cap companies with real estate portfolios. As of December 31, 2011, our real estate funds had, in the aggregate, approximately $12 billion in AUM.

Infrastructure. Our infrastructure investment team focuses on investments in infrastructure companies and assets. As of December 31, 2011, we advised one infrastructure fund with approximately $1 billion in AUM.

Energy & Renewable Resources. Our energy and renewable resources activities focus on buyouts, growth capital investments and strategic joint ventures in the midstream, upstream, power and oilfield services sectors, as well as the renewable and alternative sectors of the energy industry. We currently conduct these activities with Riverstone, jointly advising six funds with approximately $17 billion in AUM as of December 31, 2011. We and Riverstone have mutually decided not to pursue additional jointly managed funds (although we will continue to advise jointly with Riverstone the six existing energy and renewable resources funds). We are actively exploring new approaches through which to expand our energy capabilities and intend to augment our significant in-house expertise in this sector.

4

Table of Contents

The following table presents certain data about our Real Assets segment as of December 31, 2011 (dollar amounts in billions; compound annual growth is presented since December 31, 2003; amounts invested include co-investments; investment professionals excludes Riverstone employees).

AUM	% of Total AUM	AUM CAGR	Fee-Earning AUM	Active Investments	Active Funds	Available Capital	Investment Professionals	Amount Invested Since Inception	Investments Since Inception
$ 31	21%	37%	$ 22	330	17	$ 8	136	$ 26	552

Global Market Strategies. Our Global Market Strategies segment, established in 1999 with our first high yield fund, advises a group of 46 active funds that pursue investment opportunities across various types of credit, equities and alternative instruments, and (with regards to certain macroeconomic strategies) currencies, commodities and interest rate products and their derivatives. These funds include:

Carry Funds. We advise six carry funds, with an aggregate of $3 billion in AUM, in three different strategies: distressed and corporate opportunities (including liquid trading portfolios and control investments); corporate mezzanine (targeting middle market companies); and energy mezzanine opportunities (targeting debt investments in energy and power projects and companies).

Hedge Funds. Through our 55% stake in Claren Road Asset Management, LLC (Claren Road) we advise two long/short credit hedge funds focusing on the global high grade and high yield markets totaling, in the aggregate, approximately $6 billion in AUM. Additionally, through our 55% stake in Emerging Sovereign Group LLC (ESG), we advise six emerging markets equities and macroeconomic hedge funds with an aggregate AUM of $2 billion.

Structured Credit Funds. Our 32 structured credit funds, with an aggregate AUM of $13 billion, invest primarily in performing senior secured bank loans through structured vehicles and other investment products.

The following table presents certain data about our Global Market Strategies segment as of December 31, 2011 (dollar amounts in billions; compound annual growth is presented since December 31, 2003).

AUM	% of Total AUM	AUM CAGR	Fee-Earning AUM	Active Funds	Investment Professionals(1)
$ 24	16%	33%	$ 23	46	145

(1) Includes 31 middle office and back office professionals.

Fund of Funds Solutions. Our Fund of Funds Solutions segment was established on July 1, 2011 when we completed our acquisition of a 60% equity interest in AlpInvest. AlpInvest is one of the world s largest investors in private equity and advises a global private equity fund of funds program and related co-investment and secondary activities. Its anchor clients are two large Dutch pension funds, which were the founders and previous shareholders of the company. Although we maintain ultimate control over AlpInvest, AlpInvest s historical management team (who are our employees) will continue to exercise independent investment authority without involvement by other Carlyle personnel.

AlpInvest has three primary areas of focus:

Fund Investments. AlpInvest fund of funds vehicles make investment commitments directly to buyout, growth capital, venture and other alternative asset funds advised by other general partners (portfolio funds). As of December 31, 2011, AlpInvest advised 25 fund of funds vehicles totaling, in the aggregate, approximately $30 billion in AUM.

Co-investments. AlpInvest invests alongside other private equity and mezzanine funds in which it has a fund investment throughout Europe, North America and Asia. As of

December 31, 2011, AlpInvest co-investments programs were conducted through 15 fund of funds vehicles totaling, in the aggregate, approximately $5 billion in AUM.

Secondary Investments. AlpInvest also advises funds that acquire interests in portfolio funds in secondary market transactions. As of December 31, 2011, AlpInvest s secondary investments program was conducted through 12 fund of funds vehicles totaling, in the aggregate, approximately $6 billion in AUM.

In addition, although customized separate accounts and co-mingled vehicles for clients other than AlpInvest s anchor clients do not currently represent a significant portion of our AUM, we expect to grow our Fund of Funds Solutions segment with these two products. See Business Structure and Operation of Our Investment Funds Incentive Arrangements/Fee Structure for a discussion of the arrangements with the historical owners and management of AlpInvest regarding the allocation of carried interest in respect of the historical investments of and the historical and certain future commitments to our fund of funds vehicles.

The following table presents certain data about our Fund of Funds Solutions segment as of December 31, 2011 (dollar amounts in billions).

AUM(1)	% of Total AUM	Fee-Earning AUM	Fund of Funds Vehicles	Available Capital	Amount Invested Since Inception	Investment Professionals(2)
$ 41	28%	$ 28	52	$ 15	$ 38	60

(1) Under our arrangements with the historical owners and management team of AlpInvest, such persons are allocated all carried interest in respect of the historical investments and commitments to our fund of funds vehicles that existed as of December 31, 2010, 85% of the carried interest in respect of commitments from the historical owners of AlpInvest for the period between 2011 and 2020 and 60% of the carried interest in respect of all other commitments (including all future commitments from third parties).

(2) Includes 24 middle office and back office professionals.

Competitive Strengths

Since our founding in 1987, Carlyle has grown to become one of the world s largest and most diversified multi-product global alternative asset management firms. We believe the following competitive strengths position us well for future growth:

Global Presence. We believe we have a greater presence around the globe and in emerging markets than any other alternative asset manager. We currently operate on six continents and sponsor funds investing in the United States, Asia, Europe, Japan, MENA and South America, with 12 carry funds and their related co-investment vehicles representing approximately $11 billion in AUM actively investing in emerging markets. Our extensive network of investment professionals is composed primarily of local individuals with the knowledge, experience and relationships that allow them to identify and take advantage of opportunities unavailable to firms with less extensive footprints.

Diversified and Scalable Multi-Product Platform. We have created separate geographic, sector and asset specific fund groups, investing significant resources to develop this extensive network of investment professionals and offices.

As a result, we benefit from having 89 different funds (including 49 carry funds) and 52 fund of funds vehicles around the world. We believe this broad fund platform and our investor services infrastructure provide us with a scalable foundation to pursue future investment opportunities in high-growth markets and to expand into new products. Our diverse platform also enhances our resilience to credit market turmoil by enabling us to invest during such times in assets and geographies that are less dependent on leverage than traditional U.S. buyout activity. We believe the breadth of our product offerings also enhances our fundraising by allowing us to offer investors greater flexibility to allocate capital across different geographies, industries and components of a company s capital structure.

Focus on Innovation. We have been at the forefront of many recognized trends within our industry, including the diversification of investment products and asset classes, geographic

Table of Contents

expansion and raising strategic capital from institutional investors. Within 10 years of the launch of our first fund in 1990 to pursue buyout opportunities in the United States, we had expanded our buyout operations to Asia and Europe and added funds focused on U.S. real estate, global energy and power, structured credit and venture and growth capital opportunities in Asia, Europe and the United States. Over the next 10 years, we developed an increasing number of new, diverse products, including funds focused on distressed opportunities, infrastructure, global financial services, mezzanine investments and real estate across Asia and Europe. We continued to innovate in 2010 and 2011 with the significant expansion of our Global Markets Strategies business, which has more than doubled its AUM since the beginning of 2008, the formation of our Fund of Funds Solutions segment and numerous new fund initiatives. We believe our focus on innovation will enable us to continue to identify and capitalize on new opportunities in high-growth geographies and sectors.

Proven Ability to Consistently Attract Capital from a High-Quality, Loyal Investor Base. Since inception, we have raised more than $117 billion in capital (excluding acquisitions). We have successfully and repeatedly raised long-term, non-redeemable capital commitments to new and successor funds, with a broad and diverse base of over 1,400 active carry fund investors from 72 countries. Despite the recent challenges in the fundraising markets, from December 31, 2007 through December 31, 2011, we had closings for commitments totaling approximately $32 billion across 30 funds and related co-investment vehicles, as well as net inflows to our hedge funds. We have a demonstrated history of attracting investors to multiple funds, with approximately 91% of commitments to our active carry funds (by dollar amount) coming from investors who are committed to more than one active carry fund, and approximately 58% of commitments to our active carry funds (by dollar amount) coming from investors who are committed to more than five active carry funds (each as of December 31, 2011). We have a dedicated in-house fund investor relations function, which we refer to as our LP relations group, which includes 23 geographically focused investor relations professionals and 31 product and client segment specialists and support staff operating on a global basis. We believe that our constant dialogue with our fund investors and our commitment to providing them with the highest quality service inspires loyalty and aids our efforts to continue to attract investors across our investment platform.

Table of Contents

Demonstrated Record of Investment Performance. We have demonstrated a strong and consistent investment track record, producing attractive returns for our fund investors across segments, sectors and geographies, and across economic cycles. The following table summarizes the aggregate investment performance of our Corporate Private Equity, Real Assets, and Fund of Funds Solutions segments. Due to the diversified nature of the strategies in our Global Market Strategies segment, we have included summarized investment performance for the largest carry fund and two of our largest hedge funds in this segment. For additional information, including performance information of other Global Market Strategies funds, see Management s Discussion and Analysis of Financial Condition and Results of Operations Segment Analysis Corporate Private Equity Fund Performance Metrics, Real Assets Fund Performance Metrics Fund of Funds Solutions Fund Performance Metrics , and Global Market Strategies Fund Performance Metrics.

	As of December 31, 2011			Inception to December 31, 2011		
	Cumulative Invested Capital(2)	MOIC(3)	Realized/ Partially Realized MOIC(3)(4)	Gross IRR(5)	Net IRR(6)	Realized/ Partially Realized Gross IRR(4)(5)
	(Dollars in billions)					
Corporate Private Equity(1)	$ 48.7	1.8x	2.6x	27%	18%	31%
Real Assets(1)	$ 26.4	1.5x	2.0x	17%	10%	29%
Fund of Funds Solutions(1)	$ 38.3	1.3x	n/a	10%	9%	n/a

	As of December 31, 2011	Inception to December 31, 2011		
	Total AUM	Gross IRR(5)	Net IRR(6)	Net Annualized Return(7)
	(Dollars in billions)			
Global Market Strategies(8)				
CSP II (carry fund)	$ 1.6	15%	10%	n/a
Claren Road Master Fund (hedge fund)	$ 4.7	n/a	n/a	11%
Claren Road Opportunities Fund (hedge fund)	$ 1.4	n/a	n/a	18%

The returns presented herein represent those of the applicable Carlyle funds and not those of The Carlyle Group L.P. See Risk Factors Risks Related to Our Business Operations The historical returns attributable to our funds, including those presented in this prospectus, should not be considered as indicative of the future results of our funds or of our future results or of any returns expected on an investment in our common units.

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

(2) Represents the original cost of all capital called for investments since inception.

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

(4) 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. 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.

(5) Gross Internal Rate of Return (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.

(6) 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.

(7) Net Annualized Return is presented for fee-paying investors on a total return basis, net of all fees and expenses.

(8) Due to the disparate nature of the underlying asset classes in which our Global Market Strategies funds participate (e.g., syndicated loans, bonds, distressed securities, mezzanine loans, emerging markets equities, macroeconomic products) and the inherent difficulties in aggregating the performance of closed-end and open-end funds, the presentation of aggregate investment performance across this segment would not be meaningful.

Financial Strength. The investment performance across our broad fund base has enabled us to generate Economic Net Income of $833.1 million in 2011 and $1.014 billion in 2010 and Distributable Earnings of $864.4 million and $342.5 million for the same periods. Our income before provision for income taxes, a GAAP measure, was approximately $1.2 billion in 2011 and $1.5 billion in 2010. This performance is also reflected in the rate of appreciation of the investments in our carry funds in recent periods, with a 34% increase in our carry fund value in 2010 and a 16% increase in 2011. Additionally, distributions to our fund investors have been robust, with more than $8 billion distributed to fund investors in 2010 and approximately $19 billion in 2011. We believe the investment pace and available capital of our carry funds position us well for the future. Our carry funds invested approximately $10 billion in 2010 and more than $11 billion in 2011, and as of December 31, 2011, these funds had approximately $22 billion in capital commitments that had not yet been invested.

Stable and Diverse Team of Talented Investment Professionals With a Strong Alignment of Interests. We have a talented team of more than 600 investment professionals and we are assisted by our Executive Operations Group of 27 operating executives, with an average of over 40 years of relevant operating, financial and regulatory experience, who are a valuable resource to our portfolio companies and our firm. Our investment professionals are supported by a centralized investor services and support group, which includes more than 400 professionals. The interests of our professionals are aligned with the interests of the investors in our funds and in our firm. Since our inception through December 31, 2011, we and our senior Carlyle professionals, operating executives and other professionals have invested or committed to invest in excess of $4 billion in or alongside our funds. We have also sought to align the long-term incentives of our senior Carlyle professionals with our common unitholders, including through equity compensation arrangements that include certain vesting, minimum retained ownership and transfer restrictions. See Management Vesting; Minimum Retained Ownership Requirements and Transfer Restrictions.

Commitment to Responsible Global Citizenship. We believe that being a good corporate citizen is part of good business practice and creates long-term value for our fund investors. We have worked to apply the Private Equity Growth Capital Council s Guidelines for Responsible Investment, which we helped to develop in 2008, demonstrating our commitment to environmental, social and governance standards in our investment activities. In addition, we were the first global alternative asset management firm to release a corporate citizenship report, which catalogues and describes our corporate citizenship efforts, including our responsible investment policy and practices and those of our portfolio companies.

Our Strategy for the Future

We intend to create value for our common unitholders by seeking to:

- continue to generate attractive investment returns for our fund investors across our multi-fund, multi-product global investment platform, including by increasing the value of our current portfolio and leveraging the strong capital position of our investment funds to pursue new investment opportunities;

Table of Contents

continue to inspire the confidence and loyalty of our more than 1,400 active carry fund investors, and further expand our investor base, with a focus on client service and strong investment performance;

continue to grow our AUM by raising follow-on investment funds across our four segments and by broadening our platform, through both organic growth and selective acquisitions, where we believe we can provide investors with differentiated products to meet their needs;

further advance our leadership position in core non-U.S. geographic markets, including high-growth emerging markets such as China, Latin America, India, MENA and Sub-Saharan Africa; and

continue to demonstrate principled industry leadership and to be a responsible and respected member of the global community by demonstrating our commitment to environmental, social and governance standards in our investment activities.

Table of Contents