

Carlyle Group L.P.  
Form S-1/A  
April 03, 2012

**Table of Contents**

**As filed with the Securities and Exchange Commission on April 2, 2012.**

**Registration No. 333-176685**

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

**Amendment No. 5  
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**

*(State or other jurisdiction of  
incorporation or organization)*

**6282**

*(Primary Standard Industrial  
Classification Code Number)*

**45-2832612**

*(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)*

**Jeffrey W. Ferguson  
General Counsel**

**The Carlyle Group L.P.  
1001 Pennsylvania Avenue, NW  
Washington, D.C. 20004-2505  
Telephone: (202) 729-5626**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

***Copies to:***

**Joshua Ford Bonnie**  
**Simpson Thacher & Bartlett LLP**  
**425 Lexington Avenue**  
**New York, NY 10017-3954**  
**Telephone: (212) 455-2000**  
**Facsimile: (212) 455-2502**

**Phyllis G. Korff**  
**David J. Goldschmidt**  
**Skadden, Arps, Slate, Meagher & Flom LLP**  
**Four Times Square**  
**New York, NY 10036-6522**  
**Telephone: (212) 735-3000**  
**Facsimile: (212) 735-2000**

**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.

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.

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.

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.

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       Accelerated filer       Non-accelerated filer       Smaller reporting company   
(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**

**[Page Intentionally Left Blank]**

---

**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 April 2, 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.

	<b>Price to Public</b>	<b>Underwriting Discount</b>	<b>Proceeds, Before Expenses, to The Carlyle Group L.P.</b>
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  
Goldman, Sachs & Co.**

**Barclays  
Morgan Stanley**

**Deutsche Bank Securities  
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****Table of Contents**

	<b>Page</b>
<b><u>Summary</u></b>	1
<u>The Carlyle Group</u>	1
<u>Our Business</u>	2
<u>Competitive Strengths</u>	6
<u>Organizational Structure</u>	13
<u>The Offering</u>	19
<u>Summary Financial and Other Data</u>	24
<b><u>Risk Factors</u></b>	27
<u>Risks Related to Our Company</u>	27
<u>Risks Related to Our Business Operations</u>	43
<u>Risks Related to Our Organizational Structure</u>	63
<u>Risks Related to Our Common Units and this Offering</u>	72
<u>Risks Related to U.S. Taxation</u>	74
<b><u>Forward-Looking Statements</u></b>	81
<b><u>Market and Industry Data</u></b>	81
<b><u>Organizational Structure</u></b>	82
<u>Our Current Organizational Structure</u>	82
<u>Our Organizational Structure Following this Offering</u>	82
<u>Reorganization</u>	86
<u>Exchange Agreement; Tax Receivable Agreement</u>	87
<u>Offering Transactions</u>	87
<u>Holding Partnership Structure</u>	88
<b><u>Use of Proceeds</u></b>	90
<b><u>Cash Distribution Policy</u></b>	91
<b><u>Capitalization</u></b>	94
<b><u>Dilution</u></b>	95
<b><u>Selected Historical Financial Data</u></b>	97
<b><u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	100
<u>Overview</u>	100
<u>Trends Affecting our Business</u>	101
<u>Recent Transactions</u>	103
<u>Reorganization</u>	104
<u>Consolidation of Certain Carlyle Funds</u>	105
<u>Key Financial Measures</u>	105
<u>Assets under Management</u>	113
<u>Combined and Consolidated Results of Operations</u>	115
<u>Non-GAAP Financial Measures</u>	123
<u>Segment Analysis</u>	127
<u>Liquidity and Capital Resources</u>	159
<u>Off-balance Sheet Arrangements</u>	166
<u>Contractual Obligations</u>	167
<u>Critical Accounting Policies</u>	172
<u>Recent and Pending Accounting Pronouncements</u>	178

<u>Quantitative and Qualitative Disclosures About Market Risk</u>	178
<b><u>Unaudited Pro Forma Financial Information</u></b>	181
<b><u>Business</u></b>	203
<u>Overview</u>	203
<u>Competitive Strengths</u>	204
<u>Our Strategy for the Future</u>	208
<u>Business Segments</u>	208
<u>Investment Approach</u>	214
<u>Our Family of Funds</u>	219
<u>Capital Raising and Investor Services</u>	219
<u>Structure and Operation of Our Investment Funds</u>	222
<u>Corporate Citizenship</u>	226
<u>Information Technology</u>	226
<u>Competition</u>	226
<u>Employees</u>	227
<u>Regulatory and Compliance Matters</u>	227
<u>Properties</u>	230
<u>Legal Proceedings</u>	230
<b><u>Management</u></b>	233
<u>Directors and Executive Officers</u>	233
<u>Composition of the Board of Directors after this Offering</u>	236
<u>Director Qualifications</u>	237
<u>Committees of the Board of Directors</u>	237
<u>Compensation Committee Interlocks and Insider Participation</u>	238
<u>Director Compensation</u>	238
<u>Executive Compensation</u>	239
<u>Equity Incentive Plan</u>	245
<u>IPO Date Equity Awards</u>	248
<u>Vesting; Minimum Retained Ownership Requirements and Transfer Restrictions</u>	248

**Table of Contents**

	<b>Page</b>
<b><u>Certain Relationships and Related Person Transactions</u></b>	249
<u>Reorganization</u>	249
<u>Tax Receivable Agreement</u>	249
<u>Registration Rights Agreements</u>	252
<u>Carlyle Holdings Partnership Agreements</u>	252
<u>Exchange Agreement</u>	253
<u>Firm Use of Our Founders Private Aircraft</u>	254
<u>Investments In and Alongside Carlyle Funds</u>	254
<u>Statement of Policy Regarding Transactions with Related Persons</u>	255
<u>Indemnification of Directors and Officers</u>	256
<b><u>Principal Unitholders</u></b>	257
<b><u>Pricing Sensitivity Analysis</u></b>	258
<b><u>Conflicts of Interest and Fiduciary Responsibilities</u></b>	260
<b><u>Description of Common Units</u></b>	267
<b><u>Material Provisions of The Carlyle Group L.P. Partnership Agreement</u></b>	268
<u>General Partner</u>	268
<u>Organization</u>	268
<u>Purpose</u>	268
<u>Power of Attorney</u>	268
<u>Capital Contributions</u>	268
<u>Limited Liability</u>	269
<u>Issuance of Additional Securities</u>	270
<u>Distributions</u>	270
<u>Amendment of the Partnership Agreement</u>	270
<u>Merger, Sale or Other Disposition of Assets</u>	272
<u>Election to be Treated as a Corporation</u>	273
<u>Dissolution</u>	273
<u>Liquidation and Distribution of Proceeds</u>	273
<u>Withdrawal or Removal of the General Partner</u>	274
<u>Transfer of General Partner Interests</u>	275
<u>Limited Call Right</u>	275
<u>Meetings; Voting</u>	275
<u>Election of Directors of General Partner</u>	277
<u>Non-Voting Common Unitholders</u>	278
<u>Status as Limited Partner</u>	278
<u>Non-Citizen Assignees; Redemption</u>	278
<u>Indemnification</u>	278
<u>Forum Selection</u>	279
<u>Books and Reports</u>	280
<u>Right to Inspect Our Books and Records</u>	280
<b><u>Common Units Eligible for Future Sale</u></b>	281
<b><u>Material U.S. Federal Tax Considerations</u></b>	287
<b><u>Certain ERISA Considerations</u></b>	305
<b><u>Underwriting</u></b>	307
<b><u>Legal Matters</u></b>	313
<b><u>Experts</u></b>	313

<b><u>Where You Can Find More Information</u></b>	313
<b><u>Index to Financial Statements</u></b>	F-1
<b><u>Appendix A - Form of Amended and Restated Agreement of Limited Partnership of The Carlyle Group L.P.</u></b>	A-1
<u>Exhibit 10.27</u>	
<u>Exhibit 23.1</u>	

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.

(ii)

---

**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 reorganization to 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.

(ii)

---

**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.

(v)

---

**Table of Contents**

**[Page Intentionally Left Blank]**

(vi)

---

**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 approximately \$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.

**Table of Contents**

	<b>For the Year Ended December 31, 2011</b>				
<b>Corporate</b>					
<b>Private</b>		<b>Global</b>	<b>Fund of</b>		
<b>Equity</b>	<b>Real</b>	<b>Market</b>	<b>Funds</b>		
	<b>Assets</b>	<b>Strategies</b>	<b>Solutions(5)</b>		<b>Total</b>
		<b>(In millions)</b>			
<b>Total Revenues (GAAP)</b>					\$ 2,845.3
<b>Income before provision for income taxes (GAAP)</b>					\$ 1,182.8
<b>Net income attributable to Carlyle Group (GAAP)</b>					