Higgins Michael J
Form 3
February 11, 2013

FORM 3

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

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â Higgins Michael J

(Last) (First) (Middle)

PUTNAM INVESTMENTS,Â ONE POST OFFICE SQUARE

(Street)

BOSTON,Â MAÂ 02109

(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
02/04/2013

3. Issuer Name **and** Ticker or Trading Symbol
PUTNAM MUNICIPAL OPPORTUNITIES TRUST [PMO]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director
_____ 10% Owner
__X__ Officer (give title below)
_____ Other (specify below)
Treasurer of the Putnam Funds

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
		Title			

Date Exercisable	Expiration Date	Amount or Number of Shares	or Indirect (I) (Instr. 5)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Higgins Michael J PUTNAM INVESTMENTS ONE POST OFFICE SQUARE BOSTON,Â MAÂ 02109	Â	Â	Â Treasurer of the Putnam Funds	Â

Signatures

Michael J. Higgins	02/11/2013
**Signature of Reporting Person	Date

Explanation of Responses:

No securities are beneficially owned

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. DIV align="left" style="margin-left: 0%; margin-right: 0%; text-indent: 0%; font-size: 10pt; font-family: 'Times New Roman', Times; color: #000000; background: transparent">

(1) Related to the acquisition of Claren Road (see Note 3).

During 2011, $170.8 million of equity securities and $7.0 million of partnership and LLC interests were transferred from Level II to Level I due to the release of certain restrictions on these securities and interests. Transfers are measured as of the beginning of the quarter in which the transfer occurs.

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Carlyle Group

Notes to the Combined and Consolidated Financial Statements (Continued)

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

Financial Assets Year Ended December 31, 2011

	Investments of Consolidated Funds						
	Equity Securities	Bonds	Loans	Partnership and LLC Interests	Other	Trading Securities and Other	Total
Balance, beginning of period	$ 36.8	$ 460.3	$ 10,433.5	$ 14.8	$ 33.9	$ 21.8	$ 11,001.1
Initial consolidation of the CLOs and AlpInvest	2,347.8	13.6	1,286.9	4,378.4		0.2	8,026.9
Transfers out(1)	(7.1)						(7.1)
Purchases	77.5	431.6	5,292.9	215.5		9.2	6,026.7
Sales	(48.9)	(322.7)	(2,300.9)	(159.5)	(20.6)	(0.2)	(2,852.8)
Settlements	(10.7)	(2.8)	(4,151.1)				(4,164.6)
Realized and unrealized gains (losses), net	(729.1)	(23.0)	(206.1)	(250.6)	7.5	4.0	(1,197.3)
Balance, end of period	$ 1,666.3	$ 557.0	$ 10,355.2	$ 4,198.6	$ 20.8	$ 35.0	$ 16,832.9
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	$ (220.2)	$ (27.1)	$ (264.9)	$ 76.7	$ 5.3	$ 4.0	$ (426.2)

Financial Assets Year Ended December 31, 2010

	Investments of Consolidated Funds						
	Equity Securities	Bonds	Loans	Partnership and LLC Interests	Other	Trading Securities and Other	Total
	$ 98.9	$	$	$ 50.5	$ 14.5	$ 43.9	$ 207.8

Balance, beginning of period							
Initial consolidation of the CLOs(2)	25.5	592.0	12,282.4		113.4	(24.2)	12,989.1
Transfers out(1)	(208.1)			(10.6)	(10.5)		(229.2)
Purchases	4.6	165.7	3,080.0	6.9			3,257.2
Sales	(34.1)	(319.1)	(4,886.7)	(10.5)	(22.3)		(5,272.7)
Realized and unrealized gains (losses), net	150.0	21.7	(42.2)	(21.5)	(61.2)	2.1	48.9
Balance, end of period	$ 36.8	$ 460.3	$ 10,433.5	$ 14.8	$ 33.9	$ 21.8	$ 11,001.1
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	$ 13.5	$ 35.7	$ 230.9	$ (19.1)	$ (14.3)	$ (0.7)	$ 246.0

1) Transfers out of Level III financial assets were due to changes in the observability of market inputs used in the valuation of such assets. Transfers are measured as of the beginning of the quarter in which the transfer occurs.

2) Beginning January 1, 2010, the Company consolidated the CLOs (excluding certain CLOs that were consolidated beginning in August 2010 and December 2010 upon their acquisition). The Company s investment in these CLOs of $24.2 million has been eliminated in the combined and consolidated balance sheets on January 1, 2010.

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Carlyle Group

Notes to the Combined and Consolidated Financial Statements (Continued)

	Financial Liabilities Year Ended December 31, 2011					
	Loans Payable of the CLOs	Derivative Instruments of the CLOs	Subordinated Loan Payable to Affiliate	Contingent Cash Consideration	Contingent Equity	Total
Balance, beginning of period	$ 10,418.5	$ 1.9	$ 494.0	$ 43.7	$ 51.3	$ 11,009.4
Initial consolidation of the CLOs	453.0					453.0
Contingent consideration from acquisitions				75.9		75.9
Issuances					(11.3)	(11.3)
Borrowings	510.4					510.4
Paydowns	(1,699.0)	(0.1)	(260.0)	(6.4)		(1,965.5)
Sales		(3.2)				(3.2)
Realized and unrealized (gains) losses, net	7.0	1.4	28.5	19.1	(3.1)	52.9
Balance, end of period	$ 9,689.9	$	$ 262.5	$ 132.3	$ 36.9	$ 10,121.6
Changes in unrealized (gains) losses included in earnings related to financial liabilities still held at the reporting date	$ (44.9)	$	$ 15.5	$ 3.5	$	$ (25.9)

	Financial Liabilities Year Ended December 31, 2010					
	Loans Payable of the CLOs	Derivative Instruments of the CLOs	Subordinated Loan Payable to Affiliate	Contingent Cash Consideration	Contingent Equity	Total
Balance, beginning of period	$	$	$	$	$	$
Initial consolidation of the CLOs	12,410.5					12,410.5
Borrowings	2.8		494.0			496.8
Paydowns	(2,275.2)	(0.1)				(2,275.3)
Contingent consideration from acquisitions				43.7	51.3	95.0

Realized and unrealized losses, net	280.4	2.0				282.4
Balance, end of period	$ 10,418.5	$ 1.9	$ 494.0	$ 43.7	$ 51.3	$ 11,009.4
Changes in unrealized (gains) losses included in earnings related to financial liabilities still held at the reporting date	$ 579.6	$ (2.5)	$	$	$	$ 577.1

Total realized and unrealized gains and losses included in earnings for Level III investments for trading securities are included in investment income, and such gains and losses for investments of Consolidated Funds and loans payable and derivative instruments of the CLOs are included in net investment losses of Consolidated Funds in the combined and consolidated statements of operations.

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Notes to the Combined and Consolidated Financial Statements (Continued)

5. Investments

Investments and Accrued Performance Fees

Investments and accrued performance fees consist of the following:

	As of December 31, 2011	2010
	(Dollars in millions)	
Accrued performance fees	**$ 2,189.1**	$ 2,216.6
Equity method investments, excluding accrued performance fees	**419.9**	355.9
Trading securities, at fair value	**35.0**	21.8
Total	**$ 2,644.0**	$ 2,594.3

Accrued Performance Fees

The components of accrued performance fees are as follows:

	As of December 31, 2011	2010
	(Dollars in millions)	
Corporate Private Equity	**$ 1,599.2**	$ 1,823.8
Real Assets	**270.9**	208.3
Global Market Strategies	**170.0**	184.5
Fund of Funds Solutions	**149.0**	
Total	**$ 2,189.1**	$ 2,216.6

Accrued performance fees are shown gross of the Company s accrued giveback obligations, which are separately presented in the combined and consolidated balance sheets. The components of the accrued giveback obligations are as follows:

	As of December 31, 2011	2010
	(Dollars in millions)	
Corporate Private Equity	**$ (77.8)**	$ (70.2)

Real Assets	**(57.5)**	(48.2)
Global Market Strategies	**(1.2)**	(1.2)
Total	**$ (136.5)**	$ (119.6)

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Notes to the Combined and Consolidated Financial Statements (Continued)

Performance Fees

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

	Year Ended December 31,		
	2011	**2010**	**2009**
	(Dollars in millions)		
Corporate Private Equity	**$ 845.8**	$ 1,259.0	$ 499.3
Real Assets	**150.4**	78.4	(5.7)
Global Market Strategies	**145.9**	144.6	3.1
Fund of Funds Solutions	**(20.5)**		
Total	**$ 1,121.6**	$ 1,482.0	$ 496.7

Approximately 8% and 31% of accrued performance fees at December 31, 2011 and 2010, respectively, are related to an investment in China Pacific Insurance (Group) Co. Ltd., a publicly-traded foreign company by Carlyle Asia Partners L.P., a corporate private equity fund and related external co-investments. Performance fees from this investment were $(88.5) million, $9.7 million and $525.5 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Approximately 55% and 29% of accrued performance fees at December 31, 2011 and 2010, respectively, are related to Carlyle Partners IV, L.P. and Carlyle Partners V, L.P., two of the Company s corporate private equity funds. Performance fees from these funds were $964.2 million and $678.1 million, respectively, of total performance fees for the years ended December 31, 2011 and 2010, respectively. There were no performance fees from these funds for the year ended December 31, 2009. Total revenues recognized from Carlyle Partners IV, L.P. and Carlyle Partners V, L.P. were $536.0 million and $678.5 million, respectively, for the year ended December 31, 2011.

Equity-Method Investments

The Company holds investments in its unconsolidated funds, typically as general partner interests, which are accounted for under the equity method. Investments are related to the following segments:

	As of December 31,	
	2011	**2010**
	(Dollars in millions)	
Corporate Private Equity	**$ 238.5**	$ 228.9
Real Assets	**169.5**	117.5
Global Market Strategies	**11.9**	9.5
Total	**$ 419.9**	$ 355.9

The Company s equity method investments include its fund investments in Corporate Private Equity, Real Assets, and Global Market Strategies, which are not consolidated but in which Carlyle

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Notes to the Combined and Consolidated Financial Statements (Continued)

exerts significant influence. The summarized financial information of the Company s equity method investees is as follows (Dollars in millions):

Corporate Private Equity For the Years Ended December 31,			Real Assets For the Years Ended December 31,			Global Market Strategies For the Years Ended December 31,			Aggreg For the Years E	
2011	**2010**	**2009**	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**	**2011**	**2**
496.7	$ 733.2	$ 181.5	**$ 436.2**	$ 354.7	$ 341.5	**$ 127.5**	$ 266.3	$ 172.9	**$ 1,060.4**	$
(497.7)	(582.8)	(573.1)	**(402.9)**	(435.2)	(420.9)	**(37.5)**	(42.3)	(42.1)	**(938.1)**	(
(1.0)	150.4	(391.6)	**33.3**	(80.5)	(79.4)	**90.0**	224.0	130.8	**122.3**	
4,320.7	9,911.3	4,185.3	**2,231.7**	2,364.2	2,196.3	**79.3**	529.1	477.8	**6,631.7**	1
4,319.7	$ 10,061.7	$ 3,793.7	**$ 2,265.0**	$ 2,283.7	$ 2,116.9	**$ 169.3**	$ 753.1	$ 608.6	**$ 6,754.0**	$ 1

	Corporate Private Equity As of December 31,		Real Assets As of December 31,		Global Market Strategies As of December 31,		Aggregate Totals As of December 31,	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Balance sheet information								
Investments	**$ 36,517.6**	$ 35,697.6	**$ 20,952.4**	$ 19,665.7	**$ 1,936.2**	$ 2,357.7	**$ 59,406.2**	$ 57,721.0
Total assets	**$ 37,729.7**	$ 41,232.6	**$ 21,860.3**	$ 20,535.5	**$ 2,224.3**	$ 2,554.4	**$ 61,814.3**	$ 64,322.5
Debt	**$ 79.9**	$ 115.1	**$ 1,978.1**	$ 867.9	**$ 64.0**	$	**$ 2,122.0**	$ 983.0
Other liabilities	**$ 278.7**	$ 444.3	**$ 260.9**	$ 504.3	**$ 116.0**	$ 43.9	**$ 655.6**	$ 992.5
Total liabilities	**$ 358.6**	$ 559.4	**$ 2,239.0**	$ 1,372.2	**$ 180.0**	$ 43.9	**$ 2,777.6**	$ 1,975.5
Partners capital	**$ 37,371.1**	$ 40,673.2	**$ 19,621.3**	$ 19,163.3	**$ 2,044.3**	$ 2,510.5	**$ 59,036.7**	$ 62,347.0

Investment Income

The components of investment income are as follows:

Year Ended December 31,

	2011	2010	2009
	(Dollars in millions)		
Income from equity investments	**$ 70.5**	$ 66.3	$ 5.3
Income (loss) from trading securities	**8.4**	2.6	(4.4)
Other investment income (loss)	**(0.5)**	3.7	4.1
Total	**$ 78.4**	$ 72.6	$ 5.0

Carlyle s income from its equity-method investments is included in investment income in the combined and consolidated statements of operations and consists of:

	Year Ended December 31,		
	2011	2010	2009
	(Dollars in millions)		
Corporate Private Equity	**$ 57.3**	$ 49.0	$ 10.4
Real Assets	**12.3**	8.0	(7.4)
Global Market Strategies	**0.9**	9.3	2.3
Total	**$ 70.5**	$ 66.3	$ 5.3

Trading Securities and Other Investments

Trading securities as of December 31, 2011 and 2010 primarily consisted of $35.0 million and $21.8 million, respectively, of investments in corporate mezzanine securities, bonds and warrants.

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Notes to the Combined and Consolidated Financial Statements (Continued)

Investments of Consolidated Funds

The following table presents a summary of the investments held by the Consolidated Funds. Investments held by the Consolidated Funds do not represent the investments of all Carlyle sponsored funds. The table below presents investments as a percentage of investments of Consolidated Funds (Dollars in millions):

Geographic Region/Instrument Type/Industry Description or Investment Strategy	Fair Value December 31, 2011	Fair Value December 31, 2010	Percentage of Investments of Consolidated Funds December 31, 2011	Percentage of Investments of Consolidated Funds December 31, 2010
	(Dollars in millions)			
United States				
Equity securities:				
Accommodation and Food Services	**$ 106.1**	$	**0.54%**	0.00%
Aerospace and defense	**53.2**	166.0	**0.27%**	1.40%
Healthcare		0.1	**0.00%**	0.00%
Manufacturing	**412.7**		**2.12%**	0.00%
Professional, Scientific, Technical Services	**500.0**		**2.56%**	0.00%
Retail trade	**147.1**		**0.75%**	0.00%
Other	**263.2**		**1.35%**	0.00%
Total equity securities (cost of $2,160.6 and $120.3 at December 31, 2011 and 2010, respectively)	**1,482.3**	166.1	**7.59%**	1.40%
Partnership and LLC interests:				
Real estate		20.5	**0.00%**	0.17%
Fund investments	**2,701.0**		**13.85%**	0.00%
Total Partnership and LLC interests (cost of $2,593.5 and $23.1 at December 31, 2011 and 2010, respectively)	**2,701.0**	20.5	**13.85%**	0.17%
Loans:				
Administrative Support, Waste Management, Remediation Services	**60.6**		**0.31%**	0.00%
Manufacturing	**65.0**		**0.33%**	0.00%
Professional, Scientific, Technical Services	**81.1**		**0.42%**	0.00%
Other	**129.9**		**0.67%**	0.00%
Total loans (cost of $361.4 at December 31, 2011)	**336.6**		**1.73%**	0.00%
Other:				
Real estate		5.6	**0.00%**	0.05%
Total other (cost of $3.8 at December 31, 2010)		5.6	**0.00%**	0.05%
Total investment in hedge funds	**1,929.1**	698.5	**9.89%**	5.89%

Assets of the CLOs				
Bonds	**247.7**	242.1	**1.27%**	2.04%
Equity	**25.3**	37.3	**0.13%**	0.31%
Loans	**6,911.6**	7,636.0	**35.43%**	64.36%
Other	**0.1**	0.2	**0.00%**	0.00%
Total assets of the CLOs (cost of $7,446.8 and $8,031.2 at December 31, 2011 and 2010, respectively)	**7,184.7**	7,915.6	**36.83%**	66.71%
Total United States	**$ 13,633.7**	$ 8,806.3	**69.89%**	74.22%

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Notes to the Combined and Consolidated Financial Statements (Continued)

Geographic Region/Instrument Type/Industry Description or Investment Strategy	Fair Value December 31, 2011 (Dollars in millions)	2010	Percentage of Investments of Consolidated Funds December 31, 2011	2010
Canada				
Equity securities:				
Other	**$ 5.8**	$	**0.03%**	0.00%
Total equity securities (cost of $6.1 at December 31, 2011)	**5.8**		**0.03%**	0.00%
Partnership and LLC interests:				
Fund investments	**45.0**		**0.23%**	0.00%
Total Partnership and LLC interests (cost of $112.0 at December 31, 2011)	**45.0**		**0.23%**	0.00%
Loans:				
Transportation and Warehousing	**8.0**		**0.04%**	0.00%
Total loans (cost of $9.5 at December 31, 2011)	**8.0**		**0.04%**	0.00%
Assets of the CLOs				
Bonds	**15.8**	8.0	**0.08%**	0.07%
Loans	**228.5**	51.3	**1.17%**	0.43%
Total assets of the CLOs (cost of $247.2 and $59.3 at December 31, 2011 and 2010, respectively)	**244.3**	59.3	**1.25%**	0.50%
Total Canada	**$ 303.1**	$ 59.3	**1.55%**	0.50%
Europe				
Equity securities:				
Administrative Support, Waste Management, Remediation Services	**$ 104.4**	$	**0.54%**	0.00%
Information	**88.1**		**0.45%**	0.00%
Manufacturing	**389.2**		**1.99%**	0.00%
Retail Trade	**95.4**		**0.49%**	0.00%
Wholesale Trade	**62.8**		**0.32%**	0.00%
Other	**106.9**		**0.55%**	0.00%
Total equity securities (cost of $1,249.3 at December 31, 2011)	**846.8**		**4.34%**	0.00%
Partnership and LLC interests:				
Fund investments	**976.9**		**5.01%**	0.00%

Total Partnership and LLC interests (cost of $1,052.6 at December 31, 2011)	**$ 976.9**	$	**5.01%**	0.00%

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Notes to the Combined and Consolidated Financial Statements (Continued)

Geographic Region/Instrument Type/Industry Description or Investment Strategy	Fair Value December 31, 2011	Fair Value December 31, 2010	Percentage of Investments of Consolidated Funds December 31, 2011	Percentage of Investments of Consolidated Funds December 31, 2010
	(Dollars in millions)			
Europe				
Loans:				
Manufacturing	**$ 158.2**	$	**0.81%**	0.00%
Other	**135.1**		**0.69%**	0.00%
Total loans (cost of $413.3 at December 31, 2011)	**293.3**		**1.50%**	0.00%
Assets of the CLOs				
Bonds	**288.6**	210.1	**1.48%**	1.77%
Equity	**12.5**	9.0	**0.06%**	0.08%
Loans	**2,577.2**	2,746.2	**13.21%**	23.15%
Other	**20.7**	33.7	**0.11%**	0.28%
Total assets of the CLOs (cost of $3,345.2 and $3,347.9 at December 31, 2011 and 2010, respectively)	**2,899.0**	2,999.0	**14.86%**	25.28%
Total Europe	**$ 5,016.0**	$ 2,999.0	**25.71%**	25.28%
Australia				
Assets of the CLOs				
Bonds	**$ 4.9**	$	**0.03%**	0.00%
Total assets of the CLOs (cost of $5.0 at December 31, 2011)	**4.9**		**0.03%**	0.00%
Total Australia	**$ 4.9**	$	**0.03%**	0.00%
Global				
Equity securities:				
Manufacturing	**$ 73.9**	$	**0.38%**	0.00%
Total equity securities (cost of $85.3 at December 31, 2011)	**73.9**		**0.38%**	0.00%
Partnership and LLC interests:				
Fund investments	**475.7**		**2.44%**	0.00%
Total Partnership and LLC interests (cost of $427.2 at December 31, 2011)	**475.7**		**2.44%**	0.00%

Total Global	**$ 549.6**	$	**2.82%**	0.00%
Total investments of Consolidated Funds (cost of $19,514.9 and $11,585.6 at December 31, 2011 and 2010, respectively)	**$ 19,507.3**	$ 11,864.6	**100.00%**	100.00%

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

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Carlyle Group

Notes to the Combined and Consolidated Financial Statements (Continued)

Interest and Other Income of Consolidated Funds

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

	Year Ended December 31,		
	2011	**2010**	**2009**
	(Dollars in millions)		
Interest income from investments	**$ 605.7**	$ 435.5	$ 0.1
Other income	**108.3**	17.1	0.6
Total	**$ 714.0**	$ 452.6	$ 0.7

Net Investment Gains (Losses) of Consolidated Funds

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

	Year Ended December 31,		
	2011	**2010**	**2009**
	(Dollars in millions)		
Gains (losses) from investments of Consolidated Funds	**$ (260.8)**	$ 502.0	$ (33.8)
Losses from liabilities of CLOs	**(64.2)**	(752.4)	
Gains on other assets of CLOs	**1.7**	5.0	
Total	**$ (323.3)**	$ (245.4)	$ (33.8)

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

	Year Ended December 31,		
	2011	**2010**	**2009**
	(Dollars in millions)		
Realized gains (losses)	**$ 658.8**	$ 74.1	$ (6.4)
Net change in unrealized gains (losses)	**(919.6)**	427.9	(27.4)

Total	**$ (260.8)**	$ 502.0	$ (33.8)

6. Non-controlling Interests in Consolidated Entities

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

	As of December 31,	
	2011	**2010**
	(Dollars in millions)	
Non-Carlyle interests in Consolidated Funds	**$ 7,290.6**	$ 218.9
Non-Carlyle interests in majority-owned subsidiaries	**195.6**	137.0
Non-controlling interest in carried interest and cash held for carried interest distributions	**10.0**	9.0
Non-controlling interests in consolidated entities	**$ 7,496.2**	$ 364.9

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

	Year Ended December 31,		
	2011	2010	2009
	(Dollars in millions)		
Non-Carlyle interests in Consolidated Funds	**$ (189.8)**	$ 163.8	$ (25.5)
Non-Carlyle interests in majority-owned subsidiaries	**20.2**	20.0	(4.3)
Non-controlling interest in carried interest and cash held for carried interest distributions	**8.0**	6.6	(0.7)
Net income (loss) attributable to other non-controlling interests in consolidated entities	**(161.6)**	190.4	(30.5)
Net loss attributable to equity appropriated for CLOs	**(126.4)**	(256.6)	
Net income attributable to redeemable non-controlling interests in consolidated entities	**85.4**		
Non-controlling interests in income (loss) of consolidated entities	**$ (202.6)**	$ (66.2)	$ (30.5)

Other than changes resulting from acquisitions, there have been no significant changes in the Company s ownership interests in its consolidated entities for the periods presented.

7. Comprehensive Income (Loss)

The components of comprehensive income for the years ended December 31, 2011, 2010 and 2009 were as follows:

	Year Ended December 31,		
	2011	2010	2009
	(Dollars in millions)		
Net income	**$ 1,154.3**	$ 1,459.4	$ 663.6
Change in fair value of cash flow hedge instruments	**1.3**	(0.8)	3.1
Currency translation adjustments	**(499.2)**	(38.2)	14.5
Other comprehensive income (loss)	**(497.9)**	(39.0)	17.6
Comprehensive income	**656.4**	1,420.4	681.2
Add: Comprehensive loss attributable to equity appropriated for Consolidated Funds	**131.5**	274.8	
Add: Comprehensive (income) loss attributable to non-controlling interests in consolidated entities	**633.1**	(193.1)	25.1
Deduct: Comprehensive income attributable to redeemable non-controlling interests in consolidated entities	**(85.4)**		

Comprehensive income attributable to Carlyle Group	**$ 1,335.6**	$ 1,502.1	$ 706.3

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The components of accumulated other comprehensive loss as of December 31, 2011 and 2010 were as follows:

	As of December 31, 2011	2010
	(Dollars in millions)	
Unrealized losses on cash flow hedge instruments	**$ (7.3)**	$ (8.6)
Currency translation adjustments	**(48.5)**	(25.9)
Total	**$ (55.8)**	$ (34.5)

The balance in accumulated other comprehensive loss related to the cash flow hedges will be reclassified into earnings as interest expense is recognized. The amount of losses reclassified into earnings were $5.6 million, $6.5 million and $7.0 million for the years ended December 31, 2011, 2010 and 2009, respectively. As of December 31, 2011, approximately $5.5 million of the accumulated other comprehensive loss related to these cash flow hedges is expected to be recognized as a decrease to income from continuing operations over the next twelve months.

8. Fixed Assets, Net

The components of the Company s fixed assets are as follows:

	As of December 31, 2011	2010
	(Dollars in millions)	
Furniture, fixtures and equipment	**$ 37.4**	$ 34.4
Computer hardware and software	**94.8**	68.7
Leasehold improvements	**49.1**	44.2
Total fixed assets	**181.3**	147.3
Less: accumulated depreciation	**(128.6)**	(107.7)
Net fixed assets	**$ 52.7**	$ 39.6

Depreciation and amortization expense of $22.2 million, $20.9 million and $28.6 million for the years ended December 31, 2011, 2010 and 2009, respectively, is included in general, administrative and other expenses in the combined and consolidated statements of operations.

9. Loans Payable

Senior Secured Credit Facility

At December 31, 2011, the Company had in place a senior secured credit facility with certain financial institutions under which it may borrow up to $500.0 million in a term loan and $750.0 million in a revolving credit facility. The term loan and revolving credit facility mature on September 30, 2016. Principal amounts outstanding under the amended term loan and revolving credit facility accrue interest, at the option of the borrowers, either (a) at an alternate base rate plus an applicable margin not to exceed 0.75%, or (b) at LIBOR plus an applicable margin not to exceed 1.75% (2.05% at December 31, 2011). As of December 31, 2011 and 2010, $500.0 million was

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outstanding under the term loan. Outstanding principal amounts under the term loan are payable quarterly beginning in September 2014 as follows (Dollars in millions):

2014	$ 75.0
2015	175.0
2016	250.0
	$ 500.0

The senior secured credit facility is secured by management fees and carried interest allocable to the partners of the Company from certain funds and requires the Company to comply with certain financial and other covenants, which include maintaining management fee earning assets of at least $50.1 billion, a senior debt leverage ratio of less than or equal to 2.5 to 1.0, a total debt leverage ratio of less than 5.5 to 1.0, and a minimum interest coverage ratio of not less than 4.0 to 1.0, in each case, tested on a quarterly basis. The senior secured credit facility also contains non-financial covenants that restrict some of the Company s corporate activities, including its ability to incur additional debt, pay certain dividends, create liens, make certain acquisitions or investments and engage in specified transactions with affiliates. Non-compliance with any of the financial or non-financial covenants without cure or waiver would constitute an event of default under the senior secured credit facility. An event of default resulting from a breach of a financial or non-financial covenant may result, at the option of the lenders, in an acceleration of the principal and interest outstanding, and a termination of the revolving credit facility. The senior secured credit facility also contains other customary events of default, including defaults based on events of bankruptcy and insolvency, nonpayment of principal, interest or fees when due, breach of specified covenants, change in control and material inaccuracy of representations and warranties. The Company was in compliance with the financial and non-financial covenants for the senior secured credit facility as of December 31, 2011.

As of December 31, 2011, $310.9 million was outstanding under the revolving credit facility. No amounts were outstanding under the revolving credit facility at December 31, 2010. The Company s weighted average balance outstanding during 2011 was $203.4 million.

Total interest expense under the Senior Secured Credit Facility was $20.9 million, $17.3 million and $26.4 million for the years ended December 31, 2011, 2010 and 2009, respectively, which includes $1.1 million, $1.6 million and $2.8 million in amortization of deferred financing costs, respectively. The fair value of the outstanding term loan and revolving credit facility in the senior secured credit facility approximates par value at December 31, 2011 and 2010, respectively.

The Company is subject to interest rate risk associated with its variable rate debt financing. To manage this risk, the Company entered into an interest rate swap in March 2008 to fix the interest rate on approximately 33% of the $725.0 million in term loan borrowings at 5.069%. The interest rate swap had an initial notional balance of $239.2 million and amortizes through August 20, 2013 (the swap s maturity date) as the related term loan borrowings are repaid. This instrument was designated as a cash flow hedge and remains in place after the amendment of the senior secured credit facility.

In December 2011, the Company entered into a second interest rate swap to fix the interest rate at 2.832% on the remaining term loan borrowings not hedged by the March 2008 interest rate swap. This interest rate swap matures on September 30, 2016, which coincides with the maturity of the term loan. This instrument has been designated as a cash flow hedge.

The effective portion of losses related to the changes in the fair value of the swaps of $4.3 million, $7.3 million and $3.8 million for the years ended December 31, 2011, 2010 and 2009, respectively, are included in accumulated other comprehensive loss in the combined and

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consolidated balance sheets. The ineffective portion of losses recognized in earnings were not significant for any period presented.

On December 13, 2011, the Company entered into a new senior credit facility. The new senior credit facility, while currently effective, will not become operative unless and until certain conditions are satisfied, including the consummation of a Qualified IPO, the redemption, repurchase or conversion of the notes issued to Mubadala, and the repayment of borrowings under the revolving credit facility of the existing senior secured credit facility used to finance distributions, if any, to its existing owners. If and when the new senior credit facility becomes operative, it will replace the existing senior secured credit facility, amounts borrowed under the existing senior secured credit facility will be deemed to have been repaid by borrowings in like amount under the new senior credit facility, and the Company will no longer be subject to the financial and other covenants of the existing senior secured credit facility.

The new senior credit facility will include $500.0 million in a term loan and $750.0 million in a revolving credit facility. The new term loan and revolving credit facility will mature on September 30, 2016. Principal amounts outstanding under the new term loan and revolving credit facility will accrue interest, at the option of the borrowers, either (a) at an alternate base rate plus an applicable margin not to exceed 0.75%, or (b) at LIBOR plus an applicable margin not to exceed 1.75%. Outstanding principal amounts due under the term loan are payable quarterly beginning in September 2014 as follows: $75.0 million in 2014, $175.0 million in 2015 and $250.0 million in 2016. The new senior credit facility will be unsecured and will not be guaranteed by any subsidiaries of the Company. The Company will be required to maintain management fee earning assets (as defined in the new senior credit facility) of at least $50.1 billion and a total debt leverage ratio of less than 3.0 to 1.0. The Company will be permitted to incur secured indebtedness in an amount not greater than $125.0 million, subject to certain other permitted liens. The Company will not be subject to a senior debt leverage ratio or a minimum interest coverage ratio.

Other Loans

As part of the Claren Road acquisition, the Company entered into a loan agreement for $47.5 million. The loan matures on December 31, 2015 and interest is payable semi-annually, commencing June 30, 2011 at an adjustable annual rate, currently 6.0%. Total interest expense was $2.9 million for the year ended December 31, 2011. Outstanding principal amounts are payable annually as follows (Dollars in millions):

2012	$ 7.5
2013	7.5
2014	7.5
2015	17.5
	$ 40.0

As part of the Claren Road acquisition, Claren Road entered into a loan agreement with a financial institution for $50.0 million. The loan matures on January 3, 2017 and interest is payable quarterly, commencing March 31, 2011 at an annual rate of 8.0%. Total interest expense was $3.1 million for the year ended December 31, 2011. Outstanding principal amounts are payable quarterly beginning April 29, 2011 and vary based on annual gross revenue as defined in the loan agreement. Beginning April 3, 2013 additional quarterly principal payments will commence equal to the

lesser of (a) $2.0 million and (b) the then unpaid principal amount of the loan. As of December 31, 2011, $10.0 million in principal remains outstanding and was subsequently repaid in 2012.

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Debt Covenants

The Company is subject to various financial covenants under its loan agreements including among other items, maintenance of a minimum amount of management fee earning assets. The Company is also subject to various non-financial covenants under its loan agreements. The Company was in compliance with all financial and non-financial covenants under its various loan agreements as of December 31, 2011.

Subordinated Loan Payable to Affiliate

In December 2010, the Company received net cash proceeds of $494.0 million from Mubadala in exchange for $500.0 million in subordinated notes, a 2% equity interest in the Company and additional rights as described below. In the event that a qualified initial public offering (Qualified IPO) does not occur within two years of this transaction, the Company is required to issue an additional equity interest in the Company of 0.25% to Mubadala. If a Qualified IPO does not occur within five years of this transaction, the Company is required to issue an additional equity interest in the Company of 0.25% to Mubadala.

The notes mature on December 31, 2020 and are exchangeable for additional equity interests in the Company at Mubadala s option in the event of a Qualified IPO within five years of this transaction at a 7.5% discount to the IPO price. If a Qualified IPO has not occurred within this period of time, Mubadala has the option to require the Company to redeem the notes for the then outstanding principal amount of the notes being redeemed, together with any applicable accrued and unpaid interest through the redemption date. From and after December 31, 2017, any note may be voluntarily redeemed at the election of the Company for the then outstanding principal amount of the notes being redeemed, together with any applicable accrued and unpaid interest through the redemption date.

Interest on the notes is payable semi-annually, commencing June 30, 2011 at a rate of 7.25% per annum to the extent paid in cash or 7.5% per annum to the extent paid by issuing payment-in-kind notes (PIK Notes). Interest payable on the first interest payment date is payable in cash. For any subsequent interest period, the Company may elect to pay up to 50% of the interest payment due by issuing PIK Notes on the same terms and conditions as the originally issued notes. Further, the Company may pay up to 50% of the interest payment due on any PIK Notes by issuing additional PIK Notes. Total interest expense was $33.6 million for the year ended December 31, 2011.

On October 20, 2011, the Company borrowed $265.5 million under its revolving credit facility to redeem $250.0 million aggregate principal amount of the subordinated notes for a redemption price of $260.0 million, representing a 4% premium, plus accrued interest of approximately $5.5 million. As a result, an aggregate of $250.0 million principal amount of notes remain outstanding at December 31, 2011.

The Company has elected the fair value option to measure the subordinated notes at fair value. At December 31, 2011 and 2010, the fair value of the subordinated notes was $262.5 million and $494.0 million, respectively. The primary reasons for electing the fair value option are to (i) reflect economic events in earnings on a timely basis and (ii) address simplification and cost-benefit considerations. Changes in the fair value of this instrument of $28.5 million for the year ended December 31, 2011 are recognized in earnings and included in other non-operating expenses in the combined and consolidated statements of operations.

The fair value of the subordinated notes is determined based upon modeling their expected cash flows including factoring the value of the embedded put and call features and the probability of conversion upon a Qualified IPO. The

cash flows are then discounted at a market rate which is

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derived by comparison to comparable benchmark securities. The comparable benchmark securities were for companies in the private equity industry similar to the Company and the current yields were adjusted accordingly based on the terms, tenure, seniority, and credit risk for each security. As the probability of a Qualified IPO increases, the value of the notes increases and any value associated with the embedded put and call features decreases. In addition, the period of time over which the expected cash flows are discounted also decreases, which lessens the impact that changes in credit spreads have on the valuation of the notes. The December 31, 2011 valuation at 105% of par primarily reflects the increased probability of a Qualified IPO and to a lesser extent, the change in credit spreads. Refer to Note 4 for additional disclosures related to the fair value of these instruments as of December 31, 2011 and 2010.

The Company accounted for the equity interests issued to Mubadala as an upfront cost related to the issuance of the subordinated notes. Because the Company elected the fair value option to account for the subordinated notes, the Company recognized the fair value of the equity interests in earnings during the year ended December 31, 2010 and presented the $214.0 million expense as equity issued for affiliate debt financing in the combined and consolidated statements of operations. The charge assumed a Company valuation of approximately $10.0 billion and gives consideration to the contingent equity grant of up to an additional 0.5% as described above. In valuing the Company for this purpose, a discounted cash-flow approach was utilized to assess the value of various cashflow streams of the Company. In addition, a market multiple approach was utilized to corroborate on a macro basis the results of the discounted cash flow approach.

Loans Payable of Consolidated Funds

Loans payable of Consolidated Funds represent amounts due to holders of debt securities issued by the CLOs. Several of the CLOs issued preferred shares representing the most subordinated interest, however these tranches are mandatorily redeemable upon the maturity dates of the senior secured loans payable, and as a result have been classified as liabilities, and are included in loans payable of Consolidated Funds in the combined and consolidated balance sheets.

As of December 31, 2011 and 2010 the following borrowings were outstanding, which includes preferred shares classified as liabilities (Dollars in millions):

	As of December 31, 2011			
	Borrowing Outstanding	Fair Value	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Senior secured notes	$ 10,291.2	$ 9,010.7	1.44%	8.85
Subordinated notes, Income notes and Preferred shares	417.3	670.7	n/a(a)	8.54
Combination notes	9.9	8.5	n/a(b)	9.92

Total	$ 10,718.4	$ 9,689.9

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	As of December 31, 2010			
	Borrowing Outstanding	Fair Value	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Senior secured notes	$ 11,037.1	$ 9,772.2	1.20%	9.36
Subordinated notes, Income notes and Preferred shares	440.7	636.4	n/a(a)	9.22
Combination notes	11.7	9.9	n/a(b)	10.72
Total	$ 11,489.5	$ 10,418.5		

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

(b) The combination notes do not have contractual interest rates and have recourse only to U.S. Treasury securities and OATS specifically held to collateralize such combination notes.

Loans payable of the CLOs are collateralized by the assets held by the CLOs and the assets of one CLO may not be used to satisfy the liabilities of another. This collateral consisted of cash and cash equivalents, corporate loans, corporate bonds and other securities. As of December 31, 2011 and 2010, the fair value of the CLO assets was $11.0 billion and $11.9 billion, respectively. Included in loans payable of the CLOs are loan revolvers (the APEX Revolvers), which the CLOs entered into with financial institutions on their respective closing dates. The APEX Revolvers provide credit enhancement to the securities issued by the CLOs by allowing the CLOs to draw down on the revolvers in order to offset a certain level of principal losses upon any default of the investment assets held by that CLO. The APEX Revolvers allow for a maximum borrowing of $38.3 million and $84.8 million as of December 31, 2011 and 2010, respectively, and bear weighted average interest at LIBOR plus 0.37% and 0.41% per annum as of December 31, 2011 and 2010, respectively. Amounts borrowed under the APEX Revolvers are repaid based on cash flows available subject to priority of payments under each CLO s governing documents. Due to their short-term nature, the Company has elected not to apply the fair value option to the APEX revolvers; rather, they are carried at amortized cost at each reporting date which the Company believes approximates fair value. There were no outstanding principal amounts borrowed under the APEX Revolvers as of December 31, 2011. The principal amounts borrowed under the APEX Revolvers as of December 31, 2010 were $15.0 million.

Certain CLOs entered into liquidity facility agreements with various liquidity facility providers on or about the various closing dates in order to fund payments of interest where there are insufficient funds available. The proceeds from such draw-downs are used for payments of interest at each interest payment date and the acquisition or exercise of an option or warrant as part of any collateral enhancement obligation. The liquidity facilities in aggregate allow for

a maximum borrowing of $12.9 million and bear weighted average interest at EURIBOR plus 0.25% per annum. Amounts borrowed under the liquidity facilities are repaid based on cash flows available subject to priority of payments under each CLO s governing documents. There were no borrowings outstanding under the liquidity facility as of December 31, 2011 and 2010.

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10. Commitments and Contingencies

Capital Commitments

The Company and its unconsolidated affiliates have unfunded commitments to entities within the following segments as of December 31, 2011 (Dollars in millions):

	Unfunded Commitments
Corporate Private Equity	$ 977.5
Real Assets	259.0
Global Market Strategies	161.7
	$ 1,398.2

In addition to these unfunded commitments, the Company may from time to time exercise its right to purchase additional interests in its investment funds that become available in the ordinary course of their operations.

Guaranteed Loans

On August 4, 2001, the Company entered into an agreement with a financial institution pursuant to which the Company is the guarantor on a credit facility for eligible employees investing in Carlyle sponsored funds. This credit facility renews on an annual basis, allowing for annual incremental borrowings up to an aggregate of $16.1 million, and accrues interest at the lower of the prime rate, as defined, or three-month LIBOR plus 2% (3.25% at December 31, 2011), reset quarterly. As of December 31, 2011 and 2010, approximately $14.3 million and $19.5 million, respectively, was outstanding under the credit facility and payable by the employees. The amount funded by the Company under this guarantee as of December 31, 2011 was not material. The Company believes the likelihood of any material funding under this guarantee to be remote. The fair value of this guarantee is not significant to the combined and consolidated financial statements.

Other Guarantees

In 2009, the Company decided to shut down one of its real assets funds and guaranteed to reimburse investors of the fund for capital contributions made for investments and fees to the extent investment proceeds did not cover such amounts. In December 2010, the Company entered into an agreement to purchase investors interests in the fund and the related obligation of $5.2 million is included in the accompanying combined and consolidated financial statements at December 31, 2010. This obligation was settled in January 2011 and the Company has no liabilities related to this transaction at December 31, 2011.

The Company has guaranteed payment of giveback obligations, if any, related to one of its corporate private equity funds to the extent the amount of funds reserved for potential giveback obligations is not sufficient to fulfill such obligations. At December 31, 2011 and 2010, $13.6 million and $14.9 million, respectively, was held in an escrow

account and the Company believes the likelihood of any material fundings under this guarantee to be remote.

Contingent Obligations (Giveback)

A liability for potential repayment of previously received performance fees of $136.5 million at December 31, 2011, is shown as accrued giveback obligations in the combined and consolidated balance sheets, representing the giveback obligation that would need to be paid if the funds were

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liquidated at their current fair values at December 31, 2011. However, the ultimate giveback obligation, if any, does not become realized until the end of a fund s life (see Note 2). The Company has recorded $56.5 million and $38.8 million, of unbilled receivables from former and current employees and Carlyle s individual partners as of December 31, 2011 and 2010, respectively, related to giveback obligations, which are included in due from affiliates and other receivables, net in the accompanying combined and consolidated balance sheets. Current and former partners and employees are personally responsible for their giveback obligations. The receivables are collateralized by investments made by individual partners and employees in Carlyle-sponsored funds. In addition, $250.8 million and $193.6 million has been withheld from distributions of carried interest to partners and employees for potential giveback obligations as of December 31, 2011 and 2010, respectively. Such amounts are held by an entity not included in the accompanying combined and consolidated balance sheets.

If, at December 31, 2011, all of the investments held by the Company s Funds were deemed worthless, a possibility that management views as remote, the amount of realized and distributed carried interest subject to potential giveback would be $856.7 million, on an after-tax basis where applicable.

Leases

The Company leases office space in various countries around the world and maintains its headquarters in Washington, D.C., where it leases its primary office space under a non-cancelable lease agreement expiring on July 31, 2026. In the first quarter of 2011, the Company entered into a lease agreement for office space in Arlington, VA, expiring on June 30, 2022. Office leases in other locations expire in various years from 2011 through 2020. These leases are accounted for as operating leases. Rent expense was approximately $43.7 million, $32.6 million and $43.4 million for the years ended December 31, 2011, 2010 and 2009, respectively, and is included in general, administrative and other expenses in the combined and consolidated statements of operations. Included in rent expense are lease termination costs of $1.7 million, $1.7 million and $16.5 million for the years ended December 31, 2011, 2010 and 2009, respectively.

The future minimum commitments for the leases are as follows (Dollars in millions):

2012	$ 43.1
2013	42.5
2014	39.7
2015	35.7
2016	24.1
Thereafter	133.7
	$ 318.8

Total minimum rentals to be received in the future under non-cancelable subleases as of December 31, 2011 were $7.6 million.

The Company records contractual escalating minimum lease payments on a straight-line basis over the term of the lease. Deferred rent payable under the leases was $12.9 million and $7.1 million as of December 31, 2011 and 2010,

respectively, and is included in accounts payable, accrued expenses and other liabilities in the accompanying combined and consolidated balance sheets.

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Legal Matters

In the ordinary course of business, the Company is a party to litigation, investigations, disputes and other potential claims. Certain of these matters are described below. The Company is not currently able to estimate for any such matters the reasonably possible amount of loss or range of loss. The Company does not believe it is probable that the outcome of any existing litigation, investigations, disputes or other potential claims will materially affect the Company or these financial statements.

In May 2009, the Company reached resolution with the Office of the Attorney General of the State of New York (the NYAG) regarding the NYAG s inquiry into the use of placement agents by various investment managers, including Carlyle, to solicit New York public pension funds for private equity and hedge fund investment commitments. The Company agreed to pay $20.0 million to New York State.

Along with many other companies and individuals in the financial sector, the Company and Carlyle Mezzanine Partners are named as defendants in *Foy v. Austin Capital*, a case filed in June 2009, pending in the State of New Mexico s First Judicial District Court, County of Santa Fe, which purports to be a *qui tam* suit on behalf of the State of New Mexico. The suit alleges that investment decisions by New Mexico public investment funds were improperly influenced by campaign contributions and payments to politically connected placement agents. The plaintiffs seek, among other things, actual damages, actual damages for lost income, rescission of the investment transactions described in the complaint and disgorgement of all fees received. In May 2011, the Attorney General of New Mexico moved to dismiss certain defendants including the Company and Carlyle Mezzanine Partners on the ground that separate civil litigation by the Attorney General is a more effective means to seek recovery for the State from these defendants. The Attorney General has brought two civil actions against certain of those defendants, not including the Carlyle defendants. The Attorney General has stated that its investigation is continuing and it may bring additional civil actions. The Company is currently unable to anticipate when the litigation will conclude or what impact the litigation may have on the Company and its interest holders.

In July 2009, a former shareholder of Carlyle Capital Corporation Limited (CCC), claiming to have lost $20.0 million, filed a claim against CCC, the Company and certain affiliates and one officer of the Company (*Huffington v. TC Group L.L.C., et al.*) alleging violations of Massachusetts blue sky law provisions relating to material misrepresentations and omissions allegedly made during and after the marketing of CCC. The plaintiff seeks treble damages, interest, expenses and attorney s fees and to have the subscription agreement deemed null and void and a full refund of the investment. In March 2010, the United States District Court for the District of Massachusetts dismissed the plaintiff s complaint on the grounds that it should have been filed in Delaware instead of Massachusetts, and the plaintiff subsequently filed a notice of appeal to the United States Court of Appeals for the First Circuit. The plaintiff lost his appeal to the First Circuit and has filed a new claim in Delaware State Court. Defendants are awaiting a ruling on a motion for summary judgment. The defendants are vigorously contesting all claims asserted by the plaintiff.

In November 2009, another CCC investor instituted legal proceedings on similar grounds in Kuwait s Court of First Instance (*National Industries Group v. Carlyle Group*) seeking to recover losses incurred in connection with an investment in CCC. In July 2011, the Delaware Court of Chancery issued a decision restraining the plaintiff from proceeding in Kuwait against either Carlyle Investment Management L.L.C. or TC Group, L.L.C., based on the forum selection clause in the plaintiff s subscription agreement, which provided for exclusive jurisdiction in Delaware courts. In September 2011, the plaintiff reissued its complaint in Kuwait naming CCC only, but, in December 2011, expressed an intent to reissue its complaint joining Carlyle Investment Management L.L.C. as a

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defendant. The Company believes these claims are without merit and intends to vigorously contest all such allegations and is currently unable to anticipate what impact they may have on the Company.

The Guernsey liquidators who took control of CCC in March 2008 filed four suits in July 2010 against the Company, certain of its affiliates and the former directors of CCC in the Delaware Chancery Court, the Royal Court of Guernsey, the Superior Court of the District of Columbia and the Supreme Court of New York, New York County, (*Carlyle Capital Corporation Limited v. Conway et al.*) seeking $1.0 billion in damages. They allege that the Company and the CCC board of directors were negligent, grossly negligent or willfully mismanaged the CCC investment program and breached certain fiduciary duties allegedly owed to CCC and its shareholders. The Liquidators further allege (among other things) that the directors and the Company put the interests of the Company ahead of the interests of CCC and its shareholders and gave priority to preserving and enhancing the Company s reputation and its brand over the best interests of CCC. The defendants filed a comprehensive motion to dismiss in Delaware in October 2010. In December 2010, the Liquidators dismissed the complaint in Delaware voluntarily and without prejudice and expressed an intent to proceed against the defendants in Guernsey. The Company filed an action in Delaware seeking an injunction against the Liquidators to preclude them from proceeding in Guernsey in violation of a Delaware exclusive jurisdiction clause contained in the investment management agreement. In July 2011, the Royal Court of Guernsey held that the case should be litigated in Delaware pursuant to the exclusive jurisdiction clause. That ruling was appealed by the Liquidators, and in February 2012 was reversed by the Guernsey Court of Appeal, which held that the case should proceed in Guernsey. The Company intends to seek review of that ruling pursuant to an application for special leave to the Privy Council. Also, in October 2011, the plaintiffs obtained an ex parte anti-anti-suit injunction in Guernsey against the Company s anti-suit claim in Delaware. That ruling also is on appeal in Guernsey. The Liquidators lawsuits in New York and the District of Columbia were dismissed in December 2011 without prejudice. The Company believes that regardless of where the claims are litigated, they are without merit and it will vigorously contest all allegations. The Company recognized a loss of $152.3 million in 2008 in connection with the winding up of CCC.

In June 2011, August 2011, and September 2011, three putative shareholder class actions were filed against the Company, certain of its affiliates and former directors of CCC alleging that the fund offering materials and various public disclosures were materially misleading or omitted material information. Two of the shareholder class actions, (*Phelps v. Stomber, et al.)* and (*Glaubach v. Carlyle Capital Corporation Limited, et al*.), were filed in the United States District Court for the District of Columbia. The most recent shareholder class action (*Phelps v. Stomber, et al.)* was filed in the Supreme Court of New York, New York County and has subsequently been removed to the United States District Court for the Southern District of New York. The two original D.C. cases were consolidated into one case, under the caption of Phelps v. Stomber, and the Phelps named plaintiffs have been designated lead plaintiffs by the court. The New York case has been transferred to the D.C. federal court and the plaintiffs have requested that it be consolidated with the other two D.C. actions. The defendants have opposed and have moved to dismiss the case as duplicative. The plaintiffs seek all compensatory damages sustained as a result of the alleged misrepresentations, costs and expenses, as well as reasonable attorney fees. The defendants have filed a comprehensive motion to dismiss. We believe the claims are without merit and will vigorously contest all claims.

In September 2006 and March 2009, the Company received requests for certain documents and other information from the Antitrust Division of the U.S. Department of Justice (DOJ) in connection with the DOJ s investigation of global alternative asset firms to determine whether they have engaged in conduct prohibited by U.S. antitrust laws. The Company is fully cooperating with

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the DOJ s investigation and is currently unable to anticipate what impact it may have on the Company.

On February 14, 2008, a private class-action lawsuit challenging club bids and other alleged anti-competitive business practices was filed in the U.S. District Court for the District of Massachusetts (*Police and Fire Retirement System of the City of Detroit v. Apollo Global Management, LLC*). The complaint alleges, among other things, that certain global alternative firms, including the Company, violated Section 1 of the Sherman Act by forming multi-sponsor consortiums for the purpose of bidding collectively in company buyout actions in certain going private transactions, which the plaintiffs allege constitutes a conspiracy in restraint of trade. The plaintiffs seek damages as provided for in Section 4 of the Clayton Act and injunction against such conduct in restraint of trade in the future. The Company believes the claims are without merit and will vigorously contest all claims and is currently unable to anticipate what impact it may have on the Company.

Other Contingencies

In October 2009, a Luxembourg portfolio company owned by Carlyle Europe Real Estate Partners, L.P. completed the disposition of real estate located in Paris, France. Carlyle Europe Real Estate Partners, L.P. is a real estate fund not consolidated by the Company. The relevant French tax authorities have asserted that such portfolio company had a permanent establishment in France, and have issued a tax assessment seeking to collect 88.2 million, consisting of taxes, interest and penalties. The portfolio company is contesting the French tax assessment and exploring settlement opportunities. Although neither Carlyle Europe Real Estate Partners, L.P. nor the portfolio company are consolidated by the Company, the Company may determine to advance amounts to such non-consolidated entities or otherwise incur costs to resolve the matter, in which case the Company would seek to recover such advance from proceeds of subsequent portfolio dispositions by Carlyle Europe Real Estate Partners, L.P. The amount of any unrecoverable costs that may be incurred by the Company is not estimable at this time.

Indemnifications

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

Risks and Uncertainties

The funds seek investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the underlying investees conduct their operations, as well as general economic conditions, may have a significant negative impact on the Company s investments and profitability. Such events are beyond the Company s control, and the likelihood that they may occur and the effect on the Company cannot be predicted.

Furthermore, most of the funds investments are made in private companies and there are generally no public markets for the underlying securities at the current time. The funds ability to liquidate their publicly-traded investments are often subject to limitations, including discounts that may be required to be taken on quoted prices due to the number of shares being sold. The funds ability to liquidate their investments and realize value are subject to significant limitations and uncertainties, including among others currency fluctuations and natural disasters.

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The funds make investments outside of the United States. Non-U.S. investments are subject to the same risks associated with the Company s U.S. investments as well as additional risks, such as fluctuations in foreign currency exchange rates, unexpected changes in regulatory requirements, heightened risk of political and economic instability, difficulties in managing non-U.S. investments, potentially adverse tax consequences and the burden of complying with a wide variety of foreign laws.

Furthermore, Carlyle is exposed to economic risk concentrations related to certain large investments as well as concentrations of investments in certain industries and geographies.

Additionally, the Company encounters credit risk. Credit risk is the risk of default by a counterparty in the Company s investments in debt securities, loans, leases and derivatives that result from a borrower s, lessee s or derivative counterparty s inability or unwillingness to make required or expected payments.

The Company considers cash, cash equivalents, securities, receivables, equity-method investments, accounts payable, accrued expenses, other liabilities, loans payable, assets and liabilities of Consolidated Funds and contingent and other consideration for acquistions to be its financial instruments. The carrying amounts reported in the combined and consolidated balance sheets for these financial instruments equal or closely approximate their fair values.

Termination Costs

Employee and office lease termination costs are included in accrued compensation and benefits and accrued expenses in the combined and consolidated balance sheets as well as general, administrative and other expenses in the combined and consolidated statements of operations. As of December 31, 2011 and 2010, the accrual for termination costs primarily represents lease obligations associated with the closed offices, which represents management s estimate of the total amount expected to be incurred. The changes in the accrual for termination costs for the years ended December 31, 2011, 2010 and 2009 are as follows:

	Year Ended December 31,		
	2011	**2010**	**2009**
	(Dollars in millions)		
Balance, beginning of period	**$ 23.1**	$ 29.6	$ 40.9
Compensation expense	**2.8**	6.8	12.5
Contract termination costs	**1.7**	1.7	16.5
Costs paid or settled	**(12.4)**	(15.0)	(40.3)
Balance, end of period	**$ 15.2**	$ 23.1	$ 29.6

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11. Related Party Transactions

Due from Affiliates and Other Receivables, Net

The Company had the following due from affiliates and other receivables at December 31, 2011 and 2010:

	As of December 31, 2011	2010
	(Dollars in millions)	
Unbilled receivable for giveback obligations from current and former employees	**$ 14.9**	$ 12.7
Unbilled receivable for giveback obligations from Carlyle s individual partners	**41.6**	26.1
Notes receivable and accrued interest from affiliates	**56.8**	106.7
Other receivables from unconsolidated funds and affiliates, net	**173.7**	180.3
Total	**$ 287.0**	$ 325.8

Other receivables from certain of the unconsolidated funds and portfolio companies relate to management fees receivable from limited partners, advisory fees receivable and expenses paid on behalf of these entities. These costs represent costs related to the pursuit of actual or proposed investments, professional fees and expenses associated with the acquisition, holding and disposition of the investments. The affiliates are obligated at the discretion of the Company to reimburse the expenses. Based on management s determination, the Company accrues and charges interest on amounts due from affiliate accounts at interest rates ranging from 0% to 8%. The accrued and charged interest to the affiliates was not significant during the years ended December 31, 2011, 2010 and 2009, respectively.

The Company has provided loans to certain unconsolidated funds to meet short-term obligations to purchase investments. These notes accrue interest at rates specified in each agreement, ranging from one-month LIBOR plus 2.15% (2.45% at December 31, 2011) to 18%.

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

Due to Affiliates

The Company had the following due to affiliates balances at December 31, 2011 and 2010:

	As of December 31, 2011	2010
	(Dollars in millions)	

Due to affiliates of Consolidated Funds	**$ 37.3**	$ 1.2
Due to non-consolidated affiliates	**44.4**	13.1
Other	**26.8**	9.3
Total	**$ 108.5**	$ 23.6

The Company has recorded obligations for amounts due to certain of its affiliates. These outstanding obligations are payable on demand. The Company periodically offsets expenses it has paid on behalf of its affiliates against these obligations. Based on management s determination, the

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Company accrues and pays interest on the amounts due to affiliates at interest rates ranging from 0% to the prime rate, as defined, plus 2% (5.25% at December 31, 2011). The interest incurred to the affiliates was not significant during the years ended December 31, 2011, 2010 and 2009, respectively.

Sale of Investments

In September 2010, the Company sold an investment in a real estate venture (accounted for as an equity method investment) to one of its partners for $16.2 million. The difference between the purchase price and the carrying value of the investment was treated as an equity contribution.

Other Related Party Transactions

In May 2011, the Company and its affiliates invested 41.0 million ($53.1 million as of December 31, 2011) and 52.2 million ($67.6 million as of December 31, 2011), respectively, into one of its European real estate funds. The proceeds were used to refinance the fund s existing loans. The Company s investment is recorded as an equity-method investment.

In the normal course of business, the Company has made use of aircraft owned by entities controlled by senior managing directors. The senior managing directors paid for their purchases of the aircraft and bear all operating, personnel and maintenance costs associated with their operation for personal use. Payment by the Company for the business use of these aircraft by senior managing directors and other employees is made at market rates, which totaled $5.7 million, $5.9 million and $5.8 million for the years ended December 31, 2011, 2010 and 2009, respectively. These fees are included in general, administrative, and other expenses in the combined and consolidated statements of operations.

Carlyle partners and employees are permitted to participate in co-investment entities that invest in Carlyle funds or alongside Carlyle funds. In many cases, participation is limited by law to individuals who qualify under applicable legal requirements. Although these co-investment entities require Carlyle partners and employees to pay their allocated partnership expenses, they generally do not require Carlyle partners and employees to pay management or performance fees.

Carried interest income from the funds can be distributed to Carlyle partners and employees on a current basis, but is subject to repayment by the subsidiary of Carlyle Group that acts as general partner of the fund in the event that certain specified return thresholds are not ultimately achieved. The Carlyle partners and certain other investment professionals have personally guaranteed, subject to certain limitations, the obligation of these subsidiaries in respect of this general partner obligation. Such guarantees are several and not joint and are limited to a particular individual s distributions received.

Substantially all revenue is earned from affiliates of Carlyle.

12. Derivative Instruments in the CLOs

In the ordinary course of business, the CLOs enter into various types of derivative instruments. Derivative instruments serve as components of the CLOs investment strategies and are utilized primarily to structure and manage the risks related to currency, credit and interest exposure. The derivative instruments that the CLOs hold or issue do not qualify

for hedge accounting under the accounting standards for derivatives and hedging. The CLOs derivative instruments include currency swap contracts, currency options, credit risk swap contracts, and interest rate cap contracts, and are carried at fair value in the Company s combined and consolidated balance sheets.

Certain CLOs purchase put and call options to manage risk from changes in the value of foreign currencies. Certain CLOs entered into currency swap transactions, which represent agreements that

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obligate two parties to exchange a series of cash flows in different currencies at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise determined notional amount. The currency swap transactions are stated at fair value and the difference between cash to be paid and received on swaps is recognized as net investment gains (losses) of Consolidated Funds in the combined and consolidated statements of operations. The fair value of derivative instruments held by the CLOs are recorded in investments of Consolidated Funds in combined and consolidated balance sheets.

The following table identifies the gross fair value amounts of derivative instruments, which may be offset and presented net in the combined and consolidated balance sheets to the extent that there is a legal right of offset, categorized by the volume of the total notional amounts or number of contracts and by primary underlying risk as of December 31, 2011 and 2010 (Dollars in millions):

	December 31, 2011		
	Notional Amount	**Fair Value Assets**	**Fair Value Liabilities**
Currency-related			
Cross-currency swap contract(s)	**$ 272.7**	**$ 16.6**	**$ (5.9)**
Currency option(s)	**181.3**	**10.0**	
Interest-related			
Interest rate cap contract(s)	**32.0**	**0.1**	
		$ 26.7	**$ (5.9)**

	December 31, 2010		
	Notional Amount	**Fair Value Assets**	**Fair Value Liabilities**
Currency-related			
Cross-currency swap contract(s)	$ 354.4	$ 25.9	$ (5.6)
Currency option(s)	102.0	11.4	
Credit-related			
Credit risk swap contract(s)	9.3	0.1	
Interest-related			
Interest rate cap contract(s)	28.0	0.2	
		$ 37.6	$ (5.6)

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The following tables present a summary of net realized and unrealized appreciation (depreciation) on derivative instruments which is included in net investment gains (losses) of Consolidated Funds in the combined and consolidated statements of operations (Dollars in millions):

	Year Ended December 31, 2011		
	Realized Appreciation (Depreciation)	**Change in Unrealized Depreciation**	**Total**
Currency-related			
Cross-currency swap contract(s)	**$ 17.5**	**$ (9.4)**	**$ 8.1**
Currency option(s)	**(0.1)**	**(1.2)**	**(1.3)**
Credit-related			
Credit risk swap contract(s)		**(0.1)**	**(0.1)**
Interest-related			
Interest rate cap contract(s)		**(0.1)**	**(0.1)**
	$ 17.4	**$ (10.8)**	**$ 6.6**

	Year Ended December 31, 2010		
	Realized Appreciation (Depreciation)	**Change in Unrealized Appreciation (Depreciation)**	**Total**
Currency-related			
Cross-currency swap contract(s)	$ 22.3	$ (75.5)	$ (53.2)
Currency option(s)	(0.1)	4.4	4.3
Credit-related			
Credit risk swap contract(s)		(1.2)	(1.2)
Interest-related			
Interest rate cap contract(s)		0.1	0.1
	$ 22.2	$ (72.2)	$ (50.0)

Certain derivative instruments contain provisions which require the CLOs or the counterparty to post collateral if certain conditions are met. Cash received to satisfy these collateral requirements is included in restricted cash and securities of Consolidated Funds (see Note 2) and in other liabilities of Consolidated Funds in the combined and consolidated balance sheets. The Company has elected not to offset derivative positions against the fair value of amounts (or amounts that approximate fair value) recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) under master netting arrangements.

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13. Income Taxes

The provision for income taxes consists of the following:

	Year Ended December 31,		
	2011	**2010**	**2009**
	(Dollars in millions)		
Current			
Foreign income tax	**$ 27.8**	$ 15.4	$ 17.2
State and local income tax	**7.2**	6.0	3.0
Subtotal	**35.0**	21.4	20.2
Deferred			
Foreign income tax	**(4.0)**	(1.1)	(5.5)
State and local income tax	**(2.5)**		0.1
Subtotal	**(6.5)**	(1.1)	(5.4)
Total provision for income taxes	**$ 28.5**	$ 20.3	$ 14.8

Deferred income taxes reflect the net tax effects of temporary differences that may exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes using enacted tax rates in effect for the year in which the differences are expected to reverse.

A summary of the tax effects of the temporary differences is as follows:

	As of December 31,	
	2011	**2010**
	(Dollars in millions)	
Deferred tax assets		
Net operating loss carry forward	**$ 0.4**	$ 0.4
Depreciation and amortization	**3.0**	1.2
Accrued bonuses	**10.3**	6.7
Other	**4.3**	2.5
Total deferred tax assets	**$ 18.0**	$ 10.8
Deferred tax liabilities		
Intangible assets recorded in purchase accounting	**$ 15.1**	$
Unrealized appreciation on investments	**33.0**	

Other	**0.2**	0.2
Total deferred tax liabilities	**$ 48.3**	$ 0.2
Net deferred tax assets (liabilities)	**$ (30.3)**	$ 10.6

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The following table reconciles the provision for income taxes to the U.S. Federal statutory tax rate:

	Year Ended December 31,		
	2011	**2010**	**2009**
Statutory U.S. federal income tax rate	**35.00%**	35.00%	35.00%
Income passed through to Partners	**(32.72)%**	(33.89)%	(33.00)%
Foreign income taxes	**(0.27)%**	(0.15)%	(0.27)%
State and local income taxes	**0.40%**	0.41%	0.46%
Effective income tax rate	**2.41%**	1.37%	2.19%

Under U.S. GAAP for income taxes, the amount of tax benefit to be recognized is the amount of benefit that is more likely than not to be sustained upon examination. The Company has recorded a liability for uncertain tax positions of $17.5 million and $17.2 million as of December 31, 2011 and 2010, respectively, which is reflected in accounts payable, accrued expenses and other liabilities in the accompanying combined and consolidated balance sheets. These balances include $3.9 million as of December 31, 2011 and 2010, related to interest and penalties associated with uncertain tax positions. If recognized, the entire amount of uncertain tax positions would be recorded as a reduction in the provision for income taxes. The total expense for interest and penalties related to unrecognized tax benefits for the years ended December 31, 2011, 2010 and 2009 amounted to $1.3 million, $1.5 million and $0.5 million, respectively.

In the normal course of business, the Company is subject to examination by federal and certain state, local and foreign tax regulators. As of December 31, 2011, the Company s U.S. federal income tax returns for the years 2008 through 2010 are open under the normal three-year statute of limitations and therefore subject to examination. State and local tax returns are generally subject to audit from 2007 to 2010. Foreign tax returns are generally subject to audit from 2005 to 2010. Certain of the Company s foreign subsidiaries are currently under audit by foreign tax authorities.

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

14. Segment Reporting

Through December 31, 2011, Carlyle conducts its operations through four reportable segments:

Corporate Private Equity The Corporate Private Equity segment is comprised of the Company s operations that advise a diverse group of funds that invest in buyout and growth capital transactions that focus on either a particular geography or a particular industry.

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

Global Market Strategies The Global Market Strategies segment advises a group of funds that pursue investment opportunities across various types of credit, equities and alternative instruments, and (as regards certain macroeconomic strategies) currencies, commodities, sovereign debt, and interest rate products and their derivatives.

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Fund of Funds Solutions The Fund of Funds Solutions segment was launched upon the Company s acquisition of a 60% equity interest in AlpInvest on July 1, 2011 and advises a global private equity fund of funds program and related co-investment and secondary activities.

The Company s reportable business segments are differentiated by their various investment focuses and strategies. Overhead costs were allocated based on direct base compensation expense for the funds comprising each segment. With the acquisitions of Claren Road, AlpInvest and ESG, the Company revised how it evaluates certain financial information to include adjustments to reflect the Company s economic interests in those entities. The Company s segment presentation has been updated to reflect this change. As the results of operations of Claren Road, AlpInvest, and ESG are only included in the Company s 2011 segment results, this change did not have an impact on the presentation of segment results for prior periods.

Economic Net Income (ENI) and its components are key performance measures used by management to make operating decisions and assess the performance of the Company s reportable segments. ENI differs from income (loss) before provision for income taxes computed in accordance with U.S. GAAP in that it reflects a charge for compensation, bonuses and performance fees attributable to Carlyle partners but does not include net income (loss) attributable to non-Carlyle interests in Consolidated Funds or charges (credits) related to Carlyle corporate actions and non-recurring items. Charges (credits) related to Carlyle corporate actions and non-recurring items include amortization associated with acquired intangible assets, transaction costs associated with acquisitions, gains and losses associated with the mark to market on contingent consideration issued in conjunction with acquisitions, gains and losses from the retirement of debt, charges associated with lease terminations and employee severance and settlements of legal claims.

Fee related earnings (FRE) is a component of ENI and is used to assess the ability of the business to cover direct base compensation and operating expenses from total fee revenues. FRE differs from income (loss) before provision for income taxes computed in accordance with U.S. GAAP in that it adjusts for the items included in the calculation of ENI and also adjusts ENI to exclude performance fees, investment income from investments in Carlyle funds, and performance fee related compensation.

Distributable earnings is a component of ENI and is used to assess performance and amounts potentially available for distribution. Distributable earnings differs from income (loss) before provision for income taxes computed in accordance with U.S. GAAP in that it adjusts for the items included in the calculation of ENI and also adjusts ENI for unrealized performance fees, unrealized investment income and the corresponding unrealized performance fee compensation expense.

ENI and its components are used by management primarily in making resource deployment and compensation decisions across the Company s four reportable segments. Management makes operating decisions and assesses the performance of each of the Company s business segments based on financial and operating metrics and data that is presented without the consolidation of any of the Consolidated Funds. Consequently, ENI and all segment data exclude the assets, liabilities and operating results related to the Consolidated Funds.

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The following table presents the financial data for the Company s four reportable segments as of and for the year ended December 31, 2011:

	December 31, 2011 and the Year Then Ended				
	Corporate Private Equity	Real Assets	Global Market Strategies	Fund of Funds Solutions	Total
	(Dollars in millions)				
Segment Revenues					
Fund level fee revenues					
Fund management fees	$ 511.3	$ 150.7	$ 173.5	$ 35.0	$ 870.5
Portfolio advisory fees, net	31.3	3.2	3.0		37.5
Transaction fees, net	34.7	3.5			38.2
Total fee revenues	577.3	157.4	176.5	35.0	946.2
Performance fees					
Realized	952.9	98.0	204.2	46.2	1,301.3
Unrealized	(99.3)	52.5	(92.9)	(55.4)	(195.1)
Total performance fees	853.6	150.5	111.3	(9.2)	1,106.2
Investment income					
Realized	43.2	2.1	20.3		65.6
Unrealized	0.3	2.7	12.8		15.8
Total investment income	43.5	4.8	33.1		81.4
Interest and other income	9.2	2.0	4.0	0.3	15.5
Total revenues	1,483.6	314.7	324.9	26.1	2,149.3
Segment Expenses					
Direct compensation and benefits					
Direct base compensation	253.1	75.3	61.7	14.3	404.4
Performance fee related					
Realized	487.5	8.4	88.4	39.5	623.8
Unrealized	(47.1)	(3.9)	(48.2)	(48.8)	(148.0)
Direct compensation and benefits	693.5	79.8	101.9	5.0	880.2
General, administrative, and other indirect compensation	238.5	79.8	51.0	7.5	376.8
Interest expense	37.5	11.2	10.5		59.2
Total expenses	969.5	170.8	163.4	12.5	1,316.2

Economic Net Income	$ 514.1	$ 143.9	$ 161.5	$ 13.6	$ 833.1
Fee Related Earnings	$ 57.4	$ (6.9)	$ 57.3	$ 13.5	$ 121.3
Net Performance Fees	$ 413.2	$ 146.0	$ 71.1	$ 0.1	$ 630.4
Investment Income	$ 43.5	$ 4.8	$ 33.1	$	$ 81.4
Distributable Earnings	$ 566.0	$ 84.8	$ 193.4	$ 20.2	$ 864.4
Segment assets as of December 31, 2011	$ 2,315.2	$ 566.4	$ 1,060.2	$ 353.1	$ 4,294.9

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The following table presents the financial data for the Company s three reportable segments for the year ended December 31, 2010:

	December 31, 2010 and the Year Then Ended			
	Corporate Private Equity	Real Assets	Global Market Strategies	Total
	(Dollars in millions)			
Segment Revenues				
Fund level fee revenues				
Fund management fees	$ 537.6	$ 144.0	$ 81.9	$ 763.5
Portfolio advisory fees, net	14.9	2.6	2.3	19.8
Transaction fees, net	21.5	8.6	0.1	30.2
Total fee revenues	574.0	155.2	84.3	813.5
Performance fees				
Realized	267.3	(2.9)	9.8	274.2
Unrealized	996.3	72.7	135.1	1,204.1
Total performance fees	1,263.6	69.8	144.9	1,478.3
Investment income				
Realized	4.2	1.4	4.8	10.4
Unrealized	40.6	3.7	16.9	61.2
Total investment income	44.8	5.1	21.7	71.6
Interest and other income	14.8	4.9	2.7	22.4
Total revenues	1,897.2	235.0	253.6	2,385.8
Segment Expenses				
Direct compensation and benefits				
Direct base compensation	237.6	72.4	40.1	350.1
Performance fee related				
Realized	136.0	0.5	4.2	140.7
Unrealized	524.8	(1.6)	70.6	593.8
Direct compensation and benefits	898.4	71.3	114.9	1,084.6
General, administrative, and other indirect compensation	168.1	69.2	32.1	269.4
Interest expense	11.4	3.8	2.6	17.8
Total expenses	1,077.9	144.3	149.6	1,371.8
Economic Net Income	$ 819.3	$ 90.7	$ 104.0	$ 1,014.0

Fee Related Earnings	$ 171.7	$ 14.7	$ 12.2	$ 198.6
Net Performance Fees	$ 602.8	$ 70.9	$ 70.1	$ 743.8
Investment Income	$ 44.8	$ 5.1	$ 21.7	$ 71.6
Distributable Earnings	$ 307.2	$ 12.7	$ 22.6	$ 342.5
Segment assets as of December 31, 2010	$ 2,483.8	$ 738.3	$ 943.8	$ 4,165.9

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Notes to the Combined and Consolidated Financial Statements (Continued)

The following table presents the financial data for the Company s three reportable segments for the year ended December 31, 2009:

	Year Ended December 31, 2009			
	Corporate Private Equity	Real Assets	Global Market Strategies	Total
	(Dollars in millions)			
Segment Revenues				
Fund level fee revenues				
Fund management fees	$ 536.0	$ 150.4	$ 68.8	$ 755.2
Portfolio advisory fees, net	15.9	1.6	0.7	18.2
Transaction fees, net	12.0	1.8	0.9	14.7
Total fee revenues	563.9	153.8	70.4	788.1
Performance fees				
Realized	3.5	5.9	1.6	11.0
Unrealized	491.8	(13.6)	1.5	479.7
Total performance fees	495.3	(7.7)	3.1	490.7
Investment income (loss)				
Realized	(2.7)	0.8	0.2	(1.7)
Unrealized	9.5	0.1	(0.2)	9.4
Total investment income (loss)	6.8	0.9		7.7
Interest and other income	10.8	14.3	2.2	27.3
Total revenues	1,076.8	161.3	75.7	1,313.8
Segment Expenses				
Direct compensation and benefits				
Direct base compensation	227.4	74.2	38.8	340.4
Performance fee related				
Realized	0.6	2.8	0.2	3.6
Unrealized	260.6	(23.5)	1.0	238.1
Direct compensation and benefits	488.6	53.5	40.0	582.1
General, administrative, and other indirect compensation	168.0	84.2	32.6	284.8
Interest expense	19.8	6.7	4.1	30.6
Total expenses	676.4	144.4	76.7	897.5
Economic Net Income (Loss)	$ 400.4	$ 16.9	$ (1.0)	$ 416.3

Fee Related Earnings	$ 159.5	$ 3.0	$ (2.9)	$ 159.6
Net Performance Fees	$ 234.1	$ 13.0	$ 1.9	$ 249.0
Investment Income	$ 6.8	$ 0.9	$	$ 7.7
Distributable Earnings	$ 159.7	$ 6.9	$ (1.3)	$ 165.3

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Notes to the Combined and Consolidated Financial Statements (Continued)

The following tables reconcile the Total Segments to Carlyle s Income Before Provision for Taxes and Total Assets as of and for the years ended December 31, 2011 and 2010:

	Year Ended December 31, 2011			
	Total Reportable Segments	Consolidated Funds	Reconciling Items	Carlyle Consolidated
		(Dollars in millions)		
Revenues	$ 2,149.3	$ 714.0	$ (18.0)(a)	$ 2,845.3
Expenses	$ 1,316.2	$ 592.2	$ (561.3)(b)	$ 1,347.1
Other income (loss)	$	$ (330.6)	$ 15.2 (c)	$ (315.4)
Economic net income (loss)	$ 833.1	$ (208.8)	$ 558.5 (d)	$ 1,182.8
Total assets	$ 4,294.9	$ 20,460.3	$ (103.5)	$ 24,651.7

	Year Ended December 31, 2010			
	Total Reportable Segments	Consolidated Funds	Reconciling Items	Carlyle Consolidated
		(Dollars in millions)		
Revenues	$ 2,385.8	$ 452.6	$ (39.5)(a)	$ 2,798.9
Expenses	$ 1,371.8	$ 278.0	$ (576.0)(b)	$ 1,073.8
Other income (loss)	$	$ (251.5)	$ 6.1 (c)	$ (245.4)
Economic net income (loss)	$ 1,014.0	$ (76.9)	$ 542.6 (d)	$ 1,479.7
Total assets	$ 4,165.9	$ 12,982.0	$ (85.1)	$ 17,062.8

The following table reconciles the Total Segments to Carlyle s Income Before Provision for Taxes for the year ended December 31, 2009:

	Year Ended December 31, 2009			
	Total Reportable Segments	Consolidated Funds	Reconciling Items	Carlyle Consolidated
		(Dollars in millions)		
Revenues	$ 1,313.8	$ 0.7	$ 3.3 (a)	$ 1,317.8
Expenses	$ 897.5	$ 0.7	$ (292.6)(b)	$ 605.6
Other loss	$	$ (33.8)	$ (c)	$ (33.8)

Economic net income (loss)	$ 416.3	$ (33.8)	$ 295.9 (d)	$ 678.4

(a) The Revenues adjustment principally represents fund management and performance fees earned from the Consolidated Funds which were eliminated in consolidation to arrive at the Company s total revenues, adjustments for amounts attributable to non-controlling interests in consolidated entities and, for 2011, adjustments to reflect the Company s ownership interests in Claren Road, ESG and AlpInvest which were included in Revenues in the Company s segment reporting.

(b) The Expenses adjustment represents the elimination of intercompany expenses of the Consolidated Funds payable to the Company, adjustments for partner compensation, charges and credits associated with Carlyle corporate actions and non-recurring items, and, for 2011,

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Carlyle Group

Notes to the Combined and Consolidated Financial Statements (Continued)

adjustments to reflect the Company s economic interests in Claren Road, ESG and AlpInvest as detailed below (Dollars in millions):

	Year Ended December 31,		
	2011	**2010**	**2009**
Partner compensation	**$ (671.5)**	$ (768.2)	$ (339.7)
Acquisition related charges and amortization of intangibles	**91.5**	11.0	
Equity issued for affiliate debt financing		214.0	
Loss on NYAG settlement			20.0
Losses/(gains) associated with early extinguishment of debt		2.5	(10.7)
Other non-operating expenses	**32.0**		
Severance and lease terminations	**4.5**	8.5	29.0
Non-Carlyle economic interests in acquired businesses	**121.9**		
Other adjustments	**(0.9)**	0.3	8.8
Elimination of expenses of Consolidated Funds	**(138.8)**	(44.1)	
	$ (561.3)	$ (576.0)	$ (292.6)

(c) The Other Income (Loss) adjustment results from the Consolidated Funds which were eliminated in consolidation to arrive at the Company s total Other Income (Loss). For the year ended December 31, 2011, this adjustment also includes the gain on business acquisition.

(d) The following table is a reconciliation of Income Before Provision for Income Taxes to Economic Net Income, to Fee Related Earnings, and to Distributable Earnings:

	Year Ended December 31,		
	2011	**2010**	**2009**
	(Dollars in millions)		
Income before provision for income taxes	**$ 1,182.8**	$ 1,479.7	$ 678.4
Adjustments:			
Partner compensation(1)	**(671.5)**	(768.2)	(339.7)
Acquisition related charges and amortization of intangibles	**91.5**	11.0	
Gain on business acquisition	**(7.9)**		
Equity issued for affiliate debt financing		214.0	
Other non-operating expenses	**32.0**		
Loss on NYAG settlement			20.0
Losses/(gains) associated with early extinguishment of debt		2.5	(10.7)
Non-controlling interests in consolidated entities	**202.6**	66.2	30.5
Severance and lease terminations	**4.5**	8.5	29.0
Other adjustments	**(0.9)**	0.3	8.8

Economic Net Income	**$ 833.1**	$ 1,014.0	$ 416.3
Net performance fees(2)	**630.4**	743.8	249.0
Investment income(2)	**81.4**	71.6	7.7
Fee Related Earnings	**$ 121.3**	$ 198.6	$ 159.6
Realized performance fees, net of related compensation(2)	**677.5**	133.5	7.4
Investment income (loss) realized(2)	**65.6**	10.4	(1.7)
Distributable Earnings	**$ 864.4**	$ 342.5	$ 165.3

(1) Adjustments for partner compensation reflect amounts due to Carlyle partners for compensation and carried interest allocated to them, which amounts were classified as partnership distributions in the combined and consolidated financial statements.

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Notes to the Combined and Consolidated Financial Statements (Continued)

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

	Year Ended December 31, 2011		
	Carlyle Consolidated	**Adjustments(3)**	**Total Reportable Segments**
		(Dollars in millions)	
Performance fees			
Realized	**$ 1,307.4**	**$ (6.1)**	**$ 1,301.3**
Unrealized	**(185.8)**	**(9.3)**	**(195.1)**
Total performance fees	**1,121.6**	**(15.4)**	**1,106.2**
Performance fee related compensation expense			
Realized	**225.7**	**398.1**	**623.8**
Unrealized	**(122.3)**	**(25.7)**	**(148.0)**
Total performance fee related compensation expense	**103.4**	**372.4**	**475.8**
Net performance fees			
Realized	**1,081.7**	**(404.2)**	**677.5**
Unrealized	**(63.5)**	**16.4**	**(47.1)**
Total net performance fees	**$ 1,018.2**	**$ (387.8)**	**$ 630.4**
Investment income			
Realized	**$ 65.1**	**$ 0.5**	**$ 65.6**
Unrealized	**13.3**	**2.5**	**15.8**
Total investment income	**$ 78.4**	**$ 3.0**	**$ 81.4**

	Year Ended December 31, 2010		
	Carlyle Consolidated	**Adjustments(3)**	**Total Reportable Segments**
		(Dollars in millions)	
Performance fees			
Realized	$ 266.4	$ 7.8	$ 274.2
Unrealized	1,215.6	(11.5)	1,204.1
Total performance fees	1,482.0	(3.7)	1,478.3

Performance fee related compensation expense			
Realized	46.6	94.1	140.7
Unrealized	117.2	476.6	593.8
Total performance fee related compensation expense	163.8	570.7	734.5
Net performance fees			
Realized	219.8	(86.3)	133.5
Unrealized	1,098.4	(488.1)	610.3
Total net performance fees	$ 1,318.2	$ (574.4)	$ 743.8
Investment income (loss)			
Realized	$ 11.9	$ (1.5)	$ 10.4
Unrealized	60.7	0.5	61.2
Total investment income	$ 72.6	$ (1.0)	$ 71.6

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Notes to the Combined and Consolidated Financial Statements (Continued)

	Year Ended December 31, 2009		
	Carlyle Consolidated	Adjustments(3)	Total Reportable Segments
	(Dollars in millions)		
Performance fees			
Realized	$ 11.1	$ (0.1)	$ 11.0
Unrealized	485.6	(5.9)	479.7
Total performance fees	496.7	(6.0)	490.7
Performance fee related compensation expense			
Realized	1.1	2.5	3.6
Unrealized	83.1	155.0	238.1
Total performance fee related compensation expense	84.2	157.5	241.7
Net performance fees			
Realized	10.0	(2.6)	7.4
Unrealized	402.5	(160.9)	241.6
Total net performance fees	$ 412.5	$ (163.5)	$ 249.0
Investment income (loss)			
Realized	$ (5.2)	$ 3.5	$ (1.7)
Unrealized	10.2	(0.8)	9.4
Total investment income	$ 5.0	$ 2.7	$ 7.7

(3) Adjustments to performance fees and investment income (loss) relate to amounts earned from the Consolidated Funds, which were eliminated in the U.S. GAAP consolidation but were included in the segment results, and amounts attributable to non-controlling interests in consolidated entities, which were excluded from the segment results. Adjustments to performance fee related compensation expense relate to the inclusion of partner compensation in the segment results. Adjustments are also included in these financial statement captions for the year ended December 31, 2011 to reflect the Company s 55% economic interest in Claren Road and ESG and the Company s 60% interest in AlpInvest in the segment results.

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

Information by Geographic Location

Carlyle primarily transacts business in the United States and substantially all of its revenues are generated domestically. The Company has established investment vehicles whose primary focus is making investments in specified geographical locations. The tables below present consolidated revenues and assets based on the geographical focus of the associated investment vehicle.

	Total Revenues		Total Assets	
	Share	%	Share	%
	(Dollars in millions)			
Year ended December 31, 2011				
Americas(1)	$ 2,416.6	85%	$ 12,784.4	52%
EMEA(2)	503.0	18%	11,342.9	46%
Asia-Pacific(3)	(74.3)	(3)%	524.4	2%
Total	$ 2,845.3	100%	$ 24,651.7	100%

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Notes to the Combined and Consolidated Financial Statements (Continued)

	Total Revenues		Total Assets	
	Share	%	Share	%
	(Dollars in millions)			
Year ended December 31, 2010				
Americas(1)	$ 1,724.2	62%	$ 11,551.6	68%
EMEA(2)	586.1	21%	4,264.5	25%
Asia-Pacific(3)	488.6	17%	1,246.7	7%
Total	$ 2,798.9	100%	$ 17,062.8	100%

	Total Revenues		Total Assets	
	Share	%	Share	%
	(Dollars in millions)			
Year ended December 31, 2009				
Americas(1)	$ 377.7	29%	$ 1,027.1	41%
EMEA(2)	208.3	16%	357.4	14%
Asia-Pacific(3)	731.8	55%	1,125.1	45%
Total	$ 1,317.8	100%	$ 2,509.6	100%

(1) Relates to investment vehicles whose primary focus is the United States, Mexico or South America.

(2) Relates to investment vehicles whose primary focus is Europe, the Middle East, and Africa.

(3) Relates to investment vehicles whose primary focus is Asia, including China, Japan, India and Australia.

15. Subsequent Events

On February 28, 2012, the Company acquired four European CLO management contracts from Highland Capital Management L.P. for approximately 32.4 million. Gross assets of these CLOs are estimated to be approximately 2.1 billion at December 31, 2011. This transaction will be accounted for as an asset acquisition. The acquired contractual rights are finite-lived intangible assets. Pursuant to the accounting guidance for consolidation, these CLOs will be consolidated and the financial position and results of operations of the acquired CLOs will be included in the Company s combined and consolidated financial statements as of the date of acquisition.

On March 1, 2012, the Company borrowed $263.1 million under its revolving credit facility to redeem all of the remaining $250.0 million aggregate principal amount of the subordinated notes held by Mubadala for a redemption price of $260.0 million, representing a 4% premium, plus accrued interest of approximately $3.1 million.

The Company has evaluated subsequent events through March 14, 2012, which is the date the financial statements were issued.

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Notes to the Combined and Consolidated Financial Statements (Continued)

16. Supplemental Financial Information

The following supplemental financial information illustrates the consolidating effects of the Consolidated Funds on the Company s financial position as of December 31, 2011 and 2010 and results of operations for the years ended December 31, 2011, 2010 and 2009. The supplemental statement of cash flows is presented without effects of the Consolidated Funds.

	As of December 31, 2011			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Assets				
Cash and cash equivalents	$ 509.6	$	$	$ 509.6
Cash and cash equivalents held at Consolidated Funds		566.6		566.6
Restricted cash	24.6			24.6
Restricted cash and securities of Consolidated Funds		89.2		89.2
Investments and accrued performance fees	2,737.2		(93.2)	2,644.0
Investments of Consolidated Funds		19,507.3		19,507.3
Due from affiliates and other receivables, net	297.2		(10.2)	287.0
Due from affiliates and other receivables of Consolidated Funds, net		287.7	(0.1)	287.6
Fixed assets, net	52.7			52.7
Deposits and other	60.7	9.5		70.2
Intangible assets, net	594.9			594.9
Deferred tax assets	18.0			18.0
Total assets	$ 4,294.9	$ 20,460.3	$ (103.5)	$ 24,651.7
Liabilities and equity				
Loans payable	$ 860.9	$	$	$ 860.9
Subordinated loan payable to affiliate	262.5			262.5
Loans payable of Consolidated Funds		9,738.9	(49.0)	9,689.9
Accounts payable, accrued expenses and other liabilities	203.4			203.4
Accrued compensation and benefits	577.9			577.9
Due to Carlyle partners	1,015.9			1,015.9
Due to affiliates	71.3	37.3	(0.1)	108.5
Deferred revenue	87.3	1.9		89.2
Deferred tax liabilities	48.3			48.3
Other liabilities of Consolidated Funds		589.7	(21.6)	568.1
Accrued giveback obligations	136.5			136.5

Total liabilities	3,264.0	10,367.8	(70.7)	13,561.1
Redeemable non-controlling interests in consolidated entities	8.0	1,915.4		1,923.4
Members equity	879.1	22.9	(28.9)	873.1
Accumulated other comprehensive income	(61.8)		6.0	(55.8)
Total members equity	817.3	22.9	(22.9)	817.3
Equity appropriated for Consolidated Funds		863.6	(9.9)	853.7
Non-controlling interests in consolidated entities	205.6	7,290.6		7,496.2
Total equity	1,022.9	8,177.1	(32.8)	9,167.2
Total liabilities and equity	$ 4,294.9	$ 20,460.3	$ (103.5)	$ 24,651.7

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Notes to the Combined and Consolidated Financial Statements (Continued)

	As of December 31, 2010			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Assets				
Cash and cash equivalents	$ 616.9	$	$	$ 616.9
Cash and cash equivalents held at Consolidated Funds		729.5		729.5
Restricted cash	16.5			16.5
Restricted cash and securities of Consolidated Funds		135.5		135.5
Investments and accrued performance fees	2,669.9		(75.6)	2,594.3
Investments of Consolidated Funds		11,864.6		11,864.6
Due from affiliates and other receivables, net	329.7		(3.9)	325.8
Due from affiliates and other receivables of Consolidated Funds, net		245.2	(5.6)	239.6
Fixed assets, net	39.6			39.6
Deposits and other	34.1	7.2		41.3
Intangible assets, net	448.4			448.4
Deferred tax assets	10.8			10.8
Total assets	$ 4,165.9	$ 12,982.0	$ (85.1)	$ 17,062.8
Liabilities and equity				
Loans payable	$ 597.5	$	$	$ 597.5
Subordinated loan payable to affiliate	494.0			494.0
Loans payable of Consolidated Funds		10,475.9	(42.4)	10,433.5
Accounts payable, accrued expenses and other liabilities	211.6			211.6
Accrued compensation and benefits	520.9			520.9
Due to Carlyle partners	953.1		(4.5)	948.6
Due to affiliates	27.7	1.5	(5.6)	23.6
Deferred revenue	200.1	2.1		202.2
Deferred tax liabilities	0.2			0.2
Other liabilities of Consolidated Funds		622.4	(3.9)	618.5
Accrued giveback obligations	119.6			119.6
Total liabilities	3,124.7	11,101.9	(56.4)	14,170.2
Redeemable non-controlling interests in consolidated entities		694.0		694.0
Members equity	929.7			929.7

Accumulated other comprehensive loss	(34.5)			(34.5)
Total members equity	895.2			895.2
Equity appropriated for Consolidated Funds		946.5	(8.0)	938.5
Non-controlling interests in consolidated entities	146.0	239.6	(20.7)	364.9
Total equity	1,041.2	1,186.1	(28.7)	2,198.6
Total liabilities and equity	$ 4,165.9	$ 12,982.0	$ (85.1)	$ 17,062.8

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Notes to the Combined and Consolidated Financial Statements (Continued)

	Year Ended December 31, 2011			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Revenues				
Fund management fees	$ 1,020.4	$	$ (104.9)	$ 915.5
Performance fees				
Realized	1,399.0		(91.6)	1,307.4
Unrealized	(237.6)		51.8	(185.8)
Total performance fees	1,161.4		(39.8)	1,121.6
Investment income				
Realized	82.7		(17.6)	65.1
Unrealized	20.4		(7.1)	13.3
Total investment income	103.1		(24.7)	78.4
Interest and other income	15.6		0.2	15.8
Interest and other income of Consolidated Funds		714.0		714.0
Total revenues	2,300.5	714.0	(169.2)	2,845.3
Expenses				
Compensation and benefits				
Base compensation	374.5			374.5
Performance fee related				
Realized	225.7			225.7
Unrealized	(122.3)			(122.3)
Total compensation and benefits	477.9			477.9
General, administrative and other expenses	323.2		0.3	323.5
Interest	60.6			60.6
Interest and other expenses of Consolidated Funds		592.2	(139.1)	453.1
Other non-operating expenses	32.0			32.0
Total expenses	893.7	592.2	(138.8)	1,347.1
Other income (loss)				
Net investment losses of Consolidated Funds		(330.6)	7.3	(323.3)
Gain on acquisition of business	7.9			7.9
Income (loss) before provision for income taxes	1,414.7	(208.8)	(23.1)	1,182.8
Provision for income taxes	28.5			28.5
Net income (loss)	1,386.2	(208.8)	(23.1)	1,154.3

Net income (loss) attributable to non-controlling interests in consolidated entities	29.3		(231.9)	(202.6)
Net income (loss) attributable to Carlyle Group	$ 1,356.9	$ (208.8)	$ 208.8	$ 1,356.9

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Notes to the Combined and Consolidated Financial Statements (Continued)

	Year Ended December 31, 2010			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Revenues				
Fund management fees	$ 813.6	$	$ (43.3)	$ 770.3
Performance fees				
Realized	275.1		(8.7)	266.4
Unrealized	1,209.7		5.9	1,215.6
Total performance fees	1,484.8		(2.8)	1,482.0
Investment income				
Realized	13.6		(1.7)	11.9
Unrealized	78.0		(17.3)	60.7
Total investment income	91.6		(19.0)	72.6
Interest and other income	22.4		(1.0)	21.4
Interest and other income of Consolidated Funds		452.6		452.6
Total revenues	2,412.4	452.6	(66.1)	2,798.9
Expenses				
Compensation and benefits				
Base compensation	265.2			265.2
Performance fee related				
Realized	46.6			46.6
Unrealized	117.2			117.2
Total compensation and benefits	429.0			429.0
General, administrative and other expenses	176.6		0.6	177.2
Interest	17.8			17.8
Interest and other expenses of Consolidated Funds		278.0	(44.7)	233.3
Loss from early extinguishment of debt, net of related expenses	2.5			2.5
Equity issued for affiliate debt financing	214.0			214.0
Total expenses	839.9	278.0	(44.1)	1,073.8
Other loss				
Net investment losses of Consolidated Funds		(251.5)	6.1	(245.4)
Income (loss) before provision for income taxes	1,572.5	(76.9)	(15.9)	1,479.7
Provision for income taxes	20.3			20.3

Net income (loss)	1,552.2	(76.9)	(15.9)	1,459.4
Net income (loss) attributable to non-controlling interests in consolidated entities	26.6		(92.8)	(66.2)
Net income (loss) attributable to Carlyle Group	$ 1,525.6	$ (76.9)	$ 76.9	$ 1,525.6

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Notes to the Combined and Consolidated Financial Statements (Continued)

	Year Ended December 31, 2009			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Revenues				
Fund management fees	$ 788.1	$	$	$ 788.1
Performance fees				
Realized	11.1			11.1
Unrealized	478.9		6.7	485.6
Total performance fees	490.0		6.7	496.7
Investment income (loss)				
Realized	(6.7)		1.5	(5.2)
Unrealized	10.1		0.1	10.2
Total investment income (loss)	3.4		1.6	5.0
Interest and other income	27.3			27.3
Interest and other income of Consolidated Funds		0.7		0.7
Total revenues	1,308.8	0.7	8.3	1,317.8
Expenses				
Compensation and benefits				
Base compensation	264.2			264.2
Performance fee related				
Realized	1.1			1.1
Unrealized	83.1			83.1
Total compensation and benefits	348.4			348.4
General, administrative and other expenses	236.6			236.6
Interest	30.6			30.6
Interest and other expenses of Consolidated Funds		0.7		0.7
Gain from early extinguishment of debt, net of related expenses	(10.7)			(10.7)
Total expenses	604.9	0.7		605.6
Other Loss				
Net investment losses of Consolidated Funds		(33.8)		(33.8)
Income (loss) before provision for income taxes	703.9	(33.8)	8.3	678.4
Provision for income taxes	14.8			14.8
Net income (loss)	689.1	(33.8)	8.3	663.6

Net income (loss) attributable to non-controlling interests in consolidated entities	(5.0)		(25.5)	(30.5)
Net income (loss) attributable to Carlyle Group	$ 694.1	$ (33.8)	$ 33.8	$ 694.1

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Carlyle Group

Notes to the Combined and Consolidated Financial Statements (Continued)

	Year Ended December 31,		
	2011	**2010**	**2009**
	(Dollars in millions)		
Cash flows from operating activities			
Net income	**$ 1,386.2**	$ 1,552.2	$ 689.1
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	**83.1**	24.5	28.6
Amortization of deferred financing fees	**1.1**	1.6	2.8
Non-cash equity issued for affiliate debt financing		214.0	
Non-cash performance fees	**114.4**	(1,338.5)	(478.9)
(Gain) loss on early extinguishment of debt		2.5	(10.7)
Other non-cash amounts	**32.0**	(25.9)	17.6
Investment income	**(84.2)**	(87.9)	0.8
Purchases of investments	**(135.1)**	(114.8)	(24.3)
Proceeds from the sale of investments	**300.9**	46.9	27.0
Proceeds from the sale of trading securities	**0.2**	7.9	
Change in deferred taxes	**(19.8)**	2.0	
Change in due from affiliates and other receivables	**26.1**	14.5	(11.7)
Change in deposits and other	**(21.9)**	(16.2)	(3.2)
Change in accounts payable, accrued expenses and other liabilities	**(51.6)**	41.9	12.4
Change in accrued compensation and benefits	**(91.7)**	121.8	91.7
Change in due to affiliates	**31.3**	(5.9)	17.8
Change in deferred revenue	**(110.7)**	(7.3)	43.8
Net cash provided by operating activities	**1,460.3**	433.3	402.8
Cash flows from investing activities			
Change in restricted cash	**(8.6)**	(0.3)	
Purchases of fixed assets, net	**(34.2)**	(21.2)	(27.5)
Purchases of intangible assets	**(8.1)**	(58.5)	
Acquisitions, net of cash acquired	**(53.9)**	(105.6)	
Net cash used in investing activities	**(104.8)**	(185.6)	(27.5)
Cash flows from financing activities			
Borrowings under credit facility	**520.5**		
Repayments under credit facility	**(209.7)**		
Proceeds from loans payable		994.0	6.7
Payments on loans payable	**(307.5)**	(411.9)	(303.6)
Contributions from members	**15.1**	46.1	43.5
Distributions to members	**(1,498.4)**	(787.8)	(215.6)
Contributions from non-controlling interest holders	**30.7**	48.1	13.9
Distributions to non-controlling interest holders	**(38.8)**	(25.2)	(10.3)
Change in due to/from affiliates financing activities	**32.9**	19.0	(105.3)

Net cash used in financing activities	**(1,455.2)**	(117.7)	(570.7)
Effect of foreign exchange rate changes	**(7.6)**	(1.2)	2.7
Increase (decrease) in cash and cash equivalents	**(107.3)**	128.8	(192.7)
Cash and cash equivalents, beginning of period	**616.9**	488.1	680.8
Cash and cash equivalents, end of period	**$ 509.6**	$ 616.9	$ 488.1

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Appendix A

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
THE CARLYLE GROUP L.P.

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AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
THE CARLYLE GROUP L.P.

This AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF THE CARLYLE GROUP L.P. dated as of , is entered into by and among Carlyle Group Management L.L.C., a Delaware limited liability company, as the General Partner, together with any other Persons who become Partners in the Partnership or parties hereto as provided herein. In consideration of the covenants, conditions and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. *Definitions.*

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

Acquisition means any transaction in which any Group Member acquires (through an asset acquisition, merger, stock (or other equity) acquisition or other form of investment) control over all or a portion of the assets, properties or business of another Person.

Affiliate means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term control means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

Agreement means this Amended and Restated Agreement of Limited Partnership of The Carlyle Group L.P., as it may be amended, supplemented or restated from time to time.

Associate means, when used to indicate a relationship with any Person, (a) any corporation or organization of which such Person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock or other voting interest; (b) any trust or other estate in which such Person has at least a 20% beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same principal residence as such Person.

Beneficial Owner has the meaning assigned to such term in Rules 13d-3 and 13d-5 under the Securities Exchange Act (and *Beneficially Own* shall have a correlative meaning).

Board of Directors means the Board of Directors of the General Partner.

Business Day means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York are authorized or required by law to close.

Capital Account has the meaning assigned to such term in Section 6.1.

Capital Contribution means any cash or cash equivalents or other property valued at its fair market value that a Partner contributes to the Partnership pursuant to this Agreement.

Carlyle Holdings I means Carlyle Holdings I L.P., a Delaware limited partnership, and any successors thereto.

Carlyle Holdings I General Partner means Carlyle Holdings I GP Inc., a Delaware corporation and the direct or indirect general partner of Carlyle Holdings I, and any successors thereto.

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Carlyle Holdings II means Carlyle Holdings II L.P., a Québec *société en commandite*, and any successors thereto.

Carlyle Holdings II General Partner means Carlyle Holdings II GP L.P., a Delaware limited partnership and the general partner of Carlyle Holdings II, and any successors thereto.

Carlyle Holdings III means Carlyle Holdings III L.P., a Québec *société en commandite*, and any successors thereto.

Carlyle Holdings III General Partner means Carlyle Holdings III GP L.P., a Québec *société en commandite* and the direct or indirect general partner of Carlyle Holdings III, and any successors thereto.

Carlyle Holdings General Partners means, collectively, Carlyle Holdings I General Partner, Carlyle Holdings II General Partner and Carlyle Holdings III General Partner (and the general partner of any future partnership designated as a Carlyle Holdings Partnership hereunder).

Carlyle Holdings Group means, collectively, the Carlyle Holdings Partnerships and their respective Subsidiaries.

Carlyle Holdings Limited Partner means each Person that becomes a limited partner of a Carlyle Holdings Partnership pursuant to the terms of the relevant Carlyle Holdings Partnership Agreement.

Carlyle Holdings Partnership Agreements means, collectively, the Amended and Restated Limited Partnership Agreement of Carlyle Holdings I, the Amended and Restated Limited Partnership Agreement of Carlyle Holdings II and the Amended and Restated Limited Partnership Agreement of Carlyle Holdings III (and the partnership agreement then in effect of any future partnership designated as a Carlyle Holdings Partnership hereunder), as they may each be amended, supplemented or restated from time to time.

Carlyle Holdings Partnership Unit means, collectively, one partnership unit in each of Carlyle Holdings I, Carlyle Holdings II and Carlyle Holdings III (and any future partnership designated as a Carlyle Holdings Partnership hereunder) issued under its respective Carlyle Holdings Partnership Agreement.

Carlyle Holdings Partnerships means, collectively, Carlyle Holdings I, Carlyle Holdings II and Carlyle Holdings III and any future partnership designated by the General Partner in its sole discretion as a Carlyle Holdings Partnership for purposes of this Agreement.

Carlyle Partners Ownership Condition has the meaning assigned to such term in Section 7.13.

Carrying Value means, with respect to any Partnership asset, the asset s adjusted basis for U.S. federal income tax purposes, except that the initial carrying value of assets contributed to the Partnership shall be their respective gross fair market values on the date of contribution as determined by the General Partner, and the Carrying Values of all Partnership assets shall be adjusted to equal their respective fair market values, in accordance with the rules set forth in United States Treasury Regulation Section 1.704-1(b)(2)(iv)(f), except as otherwise provided herein, as of: (a) the date of the acquisition of any additional Partnership Interest by any new or existing Partner in exchange for more than a *de minimis* Capital Contribution; (b) the date of the distribution of more than a *de minimis* amount of Partnership assets to a Partner in exchange for a Partnership Interest; (c) the date a Partnership Interest is relinquished to the Partnership; (d) the date that the Partnership issues more than a *de minimis* Partnership Interest to a new Partner in exchange for services; or (e) any other date specified in the United States Treasury Regulations; provided however that adjustments pursuant to clauses (a), (b) (c), (d) and (e) above shall be made only if such adjustments are deemed necessary or appropriate by the General Partner to reflect the relative economic interests of the Partners. In the case of any asset that has a Carrying Value that differs from its adjusted tax basis, Carrying Value shall be adjusted by the amount of depreciation calculated for purposes of the definition of Net Income (Loss) rather than the amount of

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depreciation determined for U.S. federal income tax purposes, and depreciation shall be calculated by reference to Carrying Value rather than tax basis once Carrying Value differs from tax basis.

Certificate means a certificate issued in global form in accordance with the rules and regulations of the Depositary or in such other form as may be adopted by the General Partner, issued by the Partnership evidencing ownership of one or more Common Units or a certificate, in such form as may be adopted by the General Partner, issued by the Partnership evidencing ownership of one or more other Partnership Securities.

Certificate of Limited Partnership means the Certificate of Limited Partnership of the Partnership filed with the Secretary of State of the State of Delaware as referenced in Section 2.1, as such Certificate of Limited Partnership may be amended, supplemented or restated from time to time.

Citizenship Certification means a properly completed certificate in such form as may be specified by the General Partner by which a Limited Partner certifies that he (and if he is a nominee holding for the account of another Person, that to the best of his knowledge such other Person) is an Eligible Citizen.

Closing Date means the first date on which Common Units are sold by the Partnership to the Underwriters pursuant to the provisions of the Underwriting Agreement.

Closing Price has the meaning assigned to such term in Section 15.1(a).

Code means the U.S. Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of any successor law.

Commission means the U.S. Securities and Exchange Commission.

Common Unit means a Limited Partner Interest representing a fractional part of the Limited Partner Interests of all Limited Partners and having the rights and obligations specified with respect to Common Units in this Agreement.

Conflicts Committee means (A) prior to the Closing Date, all of the holders of Special Voting Units (who the Partners acknowledge and agree may be Affiliates of the General Partner and not independent) and (B) from and after the Closing Date, a committee of the Board of Directors composed entirely of one or more directors or managers who have been determined by the Board of Directors in its sole discretion to meet the independence standards (but not, for the avoidance of doubt, the financial literacy or financial expert qualifications) required to serve on an audit committee of a board of directors established by the Securities Exchange Act and the rules and regulations of the Commission thereunder and by the National Securities Exchange on which the Common Units are listed for trading.

Consenting Parties has the meaning assigned to such term in Section 16.9.

Current Market Price has the meaning assigned to such term in Section 15.1(a).

Delaware Limited Partnership Act means the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. § 17-101, et seq., as amended, supplemented or restated from time to time, and any successor to such statute.

Departing General Partner means a former General Partner from and after the effective date of any withdrawal of such former General Partner pursuant to Section 11.1.

Depositary means, with respect to any Units issued in global form, The Depository Trust Company and its successors and permitted assigns.

Determination Date has the meaning assigned to such term in Section 7.13.

Directors means the members of the Board of Directors.

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Dispute has the meaning assigned to such term in Section 16.9.

Eligible Citizen means a Person qualified to own interests in real property in jurisdictions in which any Group Member does business or proposes to do business from time to time, and whose status as a Limited Partner the General Partner determines in its sole discretion does not or would not subject such Group Member to a significant risk of cancellation or forfeiture of any of its properties or any interest therein.

Event of Withdrawal has the meaning assigned to such term in Section 11.1(a).

Exchange Agreement means one or more exchange agreements providing for the exchange of Carlyle Holdings Partnership Units or other securities issued by members of the Carlyle Holdings Group for Common Units, as contemplated by the Registration Statement.

Fiscal Year has the meaning assigned to such term in Section 8.2.

General Partner means Carlyle Group Management L.L.C., a Delaware limited liability company and its successors and permitted assigns that are admitted to the Partnership as general partner of the Partnership, each in its capacity as a general partner of the Partnership (except as the context otherwise requires).

General Partner Agreement means the amended and restated limited liability company agreement of the General Partner, as the same may be amended or amended and restated from time to time.

General Partner Interest means the management and ownership interest of the General Partner in the Partnership (in its capacity as a general partner without reference to any Limited Partner Interest held by it), which takes the form of General Partner Units, and includes any and all benefits to which a General Partner is entitled as provided in this Agreement, together with all obligations of a General Partner to comply with the terms and provisions of this Agreement.

General Partner Unit means a fractional part of the General Partner Interest having the rights and obligations specified with respect to the General Partner Interest.

Group means a Person that with or through any of its Affiliates or Associates has any contract, arrangement, understanding or relationship for the purpose of acquiring, holding, voting, exercising investment power or disposing of any Partnership Securities with any other Person that Beneficially Owns, or whose Affiliates or Associates Beneficially Own, directly or indirectly, Partnership Interests.

Group Member means a member of the Partnership Group.

Indemnitee means (a) the General Partner, (b) any Departing General Partner, (c) any Person who is or was a Tax Matters Partner (as defined in the Code), officer or director of the General Partner or any Departing General Partner, (d) any officer or director of the General Partner or any Departing General Partner who is or was serving at the request of the General Partner or any Departing General Partner as an officer, director, employee, member, partner, Tax Matters Partner (as defined in the Code), agent, fiduciary or trustee of another Person; provided that a Person shall not be an Indemnitee by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services, (e) any Person who controls a General Partner or Departing General Partner, (f) any Person who is named in the Registration Statement as being or about to become a director of the General Partner and (g) any Person the General Partner in its sole discretion designates as an Indemnitee for purposes of this Agreement.

Initial Annual Meeting means the first annual meeting of Limited Partners held following each Determination Date on which the Board of Directors has been classified in accordance with Section 13.4(b)(v).

Initial Common Units means the Common Units sold in the Initial Offering.

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Initial Limited Partner means each of the Organizational Limited Partner, TCG Partners and the Underwriters or their designee(s), in each case upon being admitted to the Partnership in accordance with Section 10.1.

Initial Offering means the initial offering and sale of Common Units to the public, as described in the Registration Statement.

Issue Price means the price at which a Unit is purchased from the Partnership, net of any sales commissions or underwriting discounts charged to the Partnership.

Limited Partner means, unless the context otherwise requires, each Initial Limited Partner, each additional Person that acquires or holds a Limited Partner Interest and is admitted to the Partnership as a limited partner of the Partnership pursuant to the terms of this Agreement and any Departing General Partner upon the change of its status from General Partner to Limited Partner pursuant to Section 11.3, in each case, in such Person s capacity as a limited partner of the Partnership as long as such Person holds a Limited Partner Interest. For the avoidance of doubt, each holder of a Special Voting Unit shall be a Limited Partner. For purposes of the Delaware Limited Partnership Act, the Limited Partners shall constitute a single class or group of limited partners.

Limited Partner Interest means the ownership interest of a Limited Partner in the Partnership, which may be evidenced by Common Units, Special Voting Units or other Partnership Securities or a combination thereof or interest therein, and includes any and all benefits to which such Limited Partner is entitled as provided in this Agreement, including voting rights, together with all obligations of such Limited Partner to comply with the terms and provisions of this Agreement. Except to the extent otherwise expressly designated herein by the General Partner in its sole discretion, for purposes of this Agreement and the Delaware Limited Partnership Act, the Limited Partner Interests shall constitute a single class or group of limited partner interests.

Listing Date means the first date on which the Common Units are listed and traded on a National Securities Exchange.

Liquidation Date means (a) in the case of an event giving rise to the dissolution of the Partnership of the type described in clause (a) or (b) of the first sentence of Section 12.2, the date on which the applicable time period during which the holders of Outstanding Units have the right to elect to continue the business of the Partnership has expired without such an election being made, and (b) in the case of any other event giving rise to the dissolution of the Partnership, the date on which such event occurs.

Liquidator means the General Partner or one or more Persons as may be selected by the General Partner to perform the functions described in Section 12.3 as liquidating trustee of the Partnership within the meaning of the Delaware Limited Partnership Act.

Merger Agreement has the meaning assigned to such term in Section 14.1.

National Securities Exchange means an exchange registered with the Commission under Section 6(a) of the Securities Exchange Act or any successor thereto and any other securities exchange (whether or not registered with the Commission under Section 6(a) of the Securities Exchange Act) that the General Partner in its sole discretion shall designate as a National Securities Exchange for purposes of this Agreement.

Net Income (Loss) for any Fiscal Year (or other fiscal period) means the taxable income or loss of the Partnership for such period as determined in accordance with the accounting method used by the Partnership for U.S. federal income tax purposes with the following adjustments; (i) any income of the Partnership that is exempt from U.S. federal income taxation and not otherwise taken into account in computing Net Income (Loss) shall be added to such taxable income or loss; (ii) if the Carrying Value of any asset differs from its adjusted tax basis for U.S. federal income tax

purposes, any depreciation, amortization or gain or loss resulting from a disposition of such asset shall be

calculated with reference to such Carrying Value; (iii) upon an adjustment to the Carrying Value of any asset, pursuant to the definition of Carrying Value, the amount of the adjustment shall be included as gain or loss in computing such taxable income or loss; and (iv) any expenditures of the Partnership not deductible in computing taxable income or loss, not properly capitalizable and not otherwise taken into account in computing Net Income (Loss) pursuant to this definition shall be treated as deductible items.

Non-citizen Assignee means a Person who the General Partner has determined in its sole discretion does not constitute an Eligible Citizen and as to whose Limited Partner Interests the General Partner has become the Limited Partner, pursuant to Section 4.8.

Non-Voting Common Unitholder means any Person who the General Partner may from time to time with such Person s consent designate as a Non-Voting Common Unitholder.

Notice of Election to Purchase has the meaning assigned to such term in Section 15.1(b).

Opinion of Counsel means a written opinion of counsel or, in the case of tax matters, a qualified tax advisor (who may be regular counsel or tax adviser, as the case may be, to the Partnership or the General Partner or any of its Affiliates) acceptable to the General Partner in its discretion.

Option Closing Date means the date or dates on which any Common Units are sold by the Partnership to the Underwriters upon exercise of the Over-Allotment Option.

Organizational Limited Partner means Carlyle Group Limited Partner L.L.C., a Delaware limited liability company and any successors thereto.

Outstanding means, with respect to Partnership Securities, all Partnership Securities that are issued by the Partnership and reflected as outstanding on the Partnership s books and records as of the date of determination; provided however that if at any time any Person or Group (other than the General Partner or its Affiliates) Beneficially Owns 20% or more of any class of Outstanding Common Units, all Common Units owned by such Person or Group shall not be entitled to be voted on any matter and shall not be considered to be Outstanding when sending notices of a meeting of Limited Partners to vote on any matter (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under this Agreement or the Delaware Limited Partnership Act, except that Common Units so owned shall be considered to be Outstanding for purposes of Section 11.1(b)(iv) (such Common Units shall not, however, be treated as a separate class of Partnership Securities for purposes of this Agreement or the Delaware Limited Partnership Act); provided further that the foregoing limitation shall not apply (i) to any Person or Group who acquired 20% or more of any Outstanding Common Units of any class then Outstanding directly from the General Partner or its Affiliates, (ii) to any Person or Group who acquired 20% or more of any Outstanding Common Units of any class then Outstanding directly or indirectly from a Person or Group described in clause (i) provided that the General Partner shall have notified such Person or Group in writing that such limitation shall not apply or (iii) to any Person or Group who acquired 20% or more of any Common Units issued by the Partnership with the prior approval of the Board of Directors; provided further that if at any time a Non-Voting Common Unitholder Beneficially Owns any Common Units, no Common Units Beneficially Owned by the Non-Voting Common Unitholder shall be entitled to be voted on any matter and shall not be considered to be Outstanding when sending notices of a meeting of Limited Partners to vote on any matter (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under this Agreement. The determinations of the matters described in clauses (i), (ii) and (iii) of the foregoing sentence shall be conclusively determined by the General Partner in its sole discretion, which determination shall be final and binding on all Partners. For the avoidance of doubt, the provisions of this definition applicable to Common Units shall not apply to the Special Voting Units.

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Over-Allotment Option means the over-allotment option granted to the Underwriters by the Partnership pursuant to the Underwriting Agreement.

Partners means the General Partner and the Limited Partners.

Partnership means The Carlyle Group L.P., a Delaware limited partnership.

Partnership Group means the Partnership and its Subsidiaries treated as a single consolidated entity.

Partnership Interest means an interest in the Partnership, which shall include the General Partner Interests and Limited Partner Interests.

Partnership Security means any equity interest in the Partnership (but excluding any options, rights, warrants and appreciation rights relating to an equity interest in the Partnership), including without limitation, Common Units, Special Voting Units and General Partner Units.

Percentage Interest means, as of any date of determination, (i) as to any holder of Common Units in its capacity as such, the product obtained by multiplying (a) 100% less the percentage applicable to the Units referred to in clause (v) by (b) the quotient obtained by dividing (x) the number of Common Units held by such holder by (y) the total number of all Outstanding Common Units, (ii) as to any holder of General Partner Units in its capacity as such with respect to such General Partner Units, 0%, (iii) as to any holder of Special Voting Units in its capacity as such with respect to such Special Voting Units, 0%, (iv) as to the Partnership holding Partnership Securities in treasury in its capacity as such with respect to such Partnership Securities held in treasury, 0% and (v) as to any holder of other Units in its capacity as such with respect to such Units, the percentage established for such Units by the General Partner as a part of the issuance of such Units.

Person means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association (including any group, organization, co-tenancy, plan, board, council or committee), government (including a country, state, county, or any other governmental or political subdivision, agency or instrumentality thereof) or other entity (or series thereof).

Pro Rata means (a) in respect of Units or any class thereof, apportioned equally among all designated Units, and (b) in respect of Partners or Record Holders, apportioned among all Partners or Record Holders, as the case may be, in accordance with their relative Percentage Interests.

Purchase Date means the date determined by the General Partner as the date for purchase of all Outstanding Units of a certain class (other than Units owned by the General Partner and its Affiliates) pursuant to Article XV.

Quarter means, unless the context requires otherwise, a fiscal quarter of the Partnership, or with respect to the first fiscal quarter of the Partnership after the Closing Date the portion of such fiscal quarter after the Closing Date or, with respect to the final fiscal quarter of the Partnership, the relevant portion of such fiscal quarter.

Record Date means the date and time established by the General Partner pursuant to Section 13.6 or, if applicable, the Liquidator pursuant to Section 12.3, in each case, in its sole discretion for determining (a) the identity of the Record Holders entitled to notice of, or to vote at, any meeting of Limited Partners or entitled to vote by ballot or give approval of Partnership action in writing without a meeting or entitled to exercise rights in respect of any lawful action of Limited Partners or (b) the identity of Record Holders entitled to receive any report or distribution or to participate in any offer or other business of the Partnership.

Record Holder means the Person in whose name a Partnership Interest is registered on the books of the Partnership or, if such books are maintained by the Transfer Agent, on the books of the Transfer Agent, in each case, as of the Record Date.

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Redeemable Interests means any Partnership Interests for which a redemption notice has been given, and has not been withdrawn, pursuant to Section 4.9.

Registration Rights Agreement means one or more registration rights agreements each among the Partnership and one or more limited partners of the Carlyle Holdings Partnerships providing for the registration of Common Units, as contemplated by the Registration Statement as it may be amended, supplemented or restated from time to time.

Registration Statement means the Registration Statement on Form S-1 (Registration No. 333-) as it has been or as it may be amended or supplemented from time to time, filed by the Partnership with the Commission under the Securities Act to register the offering and sale of the Common Units in the Initial Offering.

Securities Act means the U.S. Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

Securities Exchange Act means the U.S. Securities Exchange Act of 1934, as amended, supplemented or restated from time to time and any successor to such statute.

Special Approval means either (a) approval by a majority of the members of the Conflicts Committee or, if there is only one member of the Conflicts Committee, approval by the sole member of the Conflicts Committee, or (b) approval by the vote of the Record Holders representing a majority of the voting power of the Voting Units (excluding Voting Units owned by the General Partner and its Affiliates).

Special Voting Unit means a Partnership Interest having the rights and obligations specified with respect to Special Voting Units in this Agreement. For the avoidance of doubt, holders of Special Voting Units, in their capacity as such, shall not be entitled to receive distributions by the Partnership and shall not be allocated income, gain, loss, deduction or credit of the Partnership.

Subsidiary means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person or (d) any other Person the financial information of which is consolidated by such Person for financial reporting purposes under U.S. GAAP. For the avoidance of doubt, the Carlyle Holdings Partnerships are Subsidiaries of the Partnership.

Surviving Business Entity has the meaning assigned to such term in Section 14.2(b).

Tax Receivable Agreement means the Tax Receivable Agreement to be entered into substantially concurrently with the Initial Offering among the Partnership, Carlyle Holdings I, Carlyle Holdings I General Partner, Carlyle Holdings II, Carlyle Holdings II General Partner, Carlyle Holdings III, Carlyle Holdings III General Partner and the limited partners of the Carlyle Holdings Partnerships, as contemplated by the Registration Statement as it may be amended, supplemented or restated from time to time.

TCG Partners means TCG Carlyle Global Partners L.L.C., a Delaware limited liability company, and any successors thereto.

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Trading Day has the meaning assigned to such term in Section 15.1(a).

Transfer has the meaning assigned to such term in Section 4.4(a).

Transfer Agent means such bank, trust company or other Person (including the General Partner or one of its Affiliates) as shall be appointed from time to time by the General Partner to act as registrar and transfer agent for the Common Units; provided that if no Transfer Agent is specifically designated for any other Partnership Securities, the General Partner shall act in such capacity.

Underwriter means each Person named as an underwriter in the Underwriting Agreement who purchases Common Units pursuant thereto.

Underwriting Agreement means the Underwriting Agreement to be entered into in connection with the Initial Offering among the Partnership and the Underwriters, providing for the purchase of Common Units by such Underwriters as it may be amended, supplemented or restated from time to time.

Unit means a Partnership Interest that is designated as a Unit and shall include Common Units, Special Voting Units and General Partner Units.

Unitholders means the holders of Units.

U.S. GAAP means U.S. generally accepted accounting principles consistently applied.

Voting Unit means a Common Unit (other than any Common Unit Beneficially Owned by a Non-Voting Common Unitholder), a Special Voting Unit and any other Partnership Interest that is designated as a Voting Unit from time to time.

Withdrawal Opinion of Counsel has the meaning assigned to such term in Section 11.1(b).

Section 1.2. *Construction.*

Unless the context requires otherwise: (a) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (b) references to Articles and Sections refer to Articles and Sections of this Agreement; and (c) the terms include, includes, including or words of like import shall be deemed to be followed by the words without limitation; and the terms hereof, herein or hereunder refer to this Agreement as a whole and not to any particular provision of this Agreement. The table of contents and headings contained in this Agreement are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement.

ARTICLE II

ORGANIZATION

Section 2.1. *Formation.*

The Partnership has been previously formed as a limited partnership pursuant to the filing of the Certificate of Limited Partnership with the Secretary of State of the State of Delaware on July 18, 2011, pursuant to the provisions of the Delaware Limited Partnership Act, and the execution of the Agreement of Limited Partnership of the Partnership, dated as of July 18, 2011, between the General Partner, as general partner, and the Organizational Limited Partner, as

Limited Partner. Except as expressly provided to the contrary in this Agreement, the rights, duties (including fiduciary duties), liabilities and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Limited Partnership Act. All Partnership Interests shall constitute personal property of the owner thereof for all purposes and a Partner has no interest in specific Partnership property.

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Section 2.2. *Name.*

The name of the Partnership shall be The Carlyle Group L.P. The Partnership s business may be conducted under any other name or names as determined by the General Partner in its sole discretion, including the name of the General Partner. The words Limited Partnership, LP, L.P., Ltd. or similar words or letters shall be included in the Partnersh name where necessary for the purpose of complying with the laws of any jurisdiction that so requires. The General Partner may change the name of the Partnership at any time and from time to time by filing an amendment to the Certificate of Limited Partnership (and upon any such filing this Agreement shall be deemed automatically amended to change the name of the Partnership) and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

Section 2.3. *Registered Office; Registered Agent; Principal Office; Other Offices.*

Unless and until changed by the General Partner by filing an amendment to the Certificate of Limited Partnership (and upon any such filing this Agreement shall be deemed automatically amended to change the registered office and the registered agent of the Partnership) the registered office of the Partnership in the State of Delaware is located at 1209 Orange Street, Wilmington, DE 19801, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office is The Corporation Trust Company. The principal office of the Partnership is located at 1001 Pennsylvania Avenue, NW, Washington, DC 20004 or such other place as the General Partner in its sole discretion may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems necessary or appropriate. The address of the General Partner is 1001 Pennsylvania Avenue, NW, Washington, DC 20004 or such other place as the General Partner may from time to time designate by notice to the Limited Partners.

Section 2.4. *Purpose and Business.*

The purpose and nature of the business to be conducted by the Partnership shall be to (a) engage directly in, or enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that is approved by the General Partner in its sole discretion and that lawfully may be conducted by a limited partnership organized pursuant to the Delaware Limited Partnership Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity; and (b) do anything necessary or appropriate to the foregoing, including the making of capital contributions or loans to a Group Member. To the fullest extent permitted by law, the General Partner shall have no duty (including any fiduciary duty) or obligation whatsoever to the Partnership or any other Person bound by this Agreement to propose or approve the conduct by the Partnership of any business and may, free of any duty (including any fiduciary duty) or obligation whatsoever to the Partnership or any other Person bound by this Agreement, decline to propose or approve the conduct by the Partnership of any business and, in so declining to propose or approve, shall not be deemed to have breached this Agreement, any other agreement contemplated hereby, the Delaware Limited Partnership Act or any other provision of law, rule or regulation or equity.

Section 2.5. *Powers.*

The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 2.4 and for the protection and benefit of the Partnership.

Section 2.6. *Power of Attorney.*

(a) Each Limited Partner and Record Holder hereby constitutes and appoints the General Partner and, if a Liquidator (other than the General Partner) shall have been selected pursuant to Section 12.3, the Liquidator, severally (and any successor to the Liquidator by merger, transfer, assignment, election or otherwise) and each of their authorized managers and officers and attorneys-

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in-fact, as the case may be, with full power of substitution, as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) all certificates, documents and other instruments (including this Agreement and the Certificate of Limited Partnership and all amendments or restatements hereof or thereof) that the General Partner or the Liquidator determines to be necessary or appropriate to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (B) all amendments to this Agreement adopted in accordance with the terms hereof and all certificates, documents and other instruments that the General Partner or the Liquidator determines to be necessary or appropriate to reflect, in accordance with its terms, any amendment, change, modification or restatement of this Agreement; (C) all certificates, documents and other instruments (including conveyances and a certificate of cancellation) that the General Partner or the Liquidator determines to be necessary or appropriate to reflect the dissolution and termination of the Partnership pursuant to the terms of this Agreement; (D) all certificates, documents and other instruments (including this Agreement and the Certificate of Limited Partnership and all amendments or restatements hereof or thereof) relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, this Agreement (including, without limitation, issuance and cancellations of Special Voting Units pursuant to Section 5.3); (E) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of any class or series of Partnership Securities issued pursuant to Section 5.6; and (F) all certificates, documents and other instruments (including agreements and a certificate of merger or consolidation or similar certificate) relating to a merger, consolidation, combination or conversion of the Partnership pursuant to Article XIV or otherwise in connection with a change of jurisdiction of the Partnership; and

(ii) execute, swear to, acknowledge, deliver, file and record all ballots, consents, approvals, waivers, certificates, documents and other instruments that the General Partner or the Liquidator determines to be necessary or appropriate to (A) make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or (B) to effectuate the terms or intent of this Agreement; provided that when required by Section 13.3 or any other provision of this Agreement that establishes a certain percentage of the Limited Partners or of the Limited Partners of any class or series required to take any action, the General Partner and the Liquidator may exercise the power of attorney made in this Section 2.6(a)(ii) only after the necessary vote, consent or approval of such percentage of the Limited Partners or of the Limited Partners of such class or series, as applicable.

Nothing contained in this Section 2.6(a) shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XIII or as may be otherwise expressly provided for in this Agreement.

(b) The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and, to the maximum extent permitted by law, shall not be affected by the subsequent death, incompetency, disability, incapacity, dissolution, bankruptcy or termination of any Limited Partner or Record Holder and the transfer of all or any portion of such Limited Partner s or Record Holder s Partnership Interest and shall extend to such Limited Partner s or Record Holder s heirs, successors, assigns and personal representatives. Each such Limited Partner or Record Holder hereby agrees to be bound by any representation made by the General Partner or the Liquidator acting in good faith pursuant to such power of attorney; and each such Limited Partner or Record Holder, to the maximum extent permitted by law, hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or

the Liquidator taken in good faith under such power of attorney. Each Limited Partner and Record Holder shall execute and deliver to the General Partner or the Liquidator, within 15 days after receipt of the request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator may request in order to effectuate this Agreement and the purposes of the Partnership.

Section 2.7. *Term.*

The term of the Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Limited Partnership Act and shall continue until the dissolution of the Partnership in accordance with the provisions of Article XII. The existence of the Partnership as a separate legal entity shall continue until the cancellation of the Certificate of Limited Partnership as provided in the Delaware Limited Partnership Act.

Section 2.8. *Title to Partnership Assets*.

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, one or more of its Affiliates or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership assets for which record title is held in the name of the General Partner or one or more of its Affiliates or one or more nominees shall be held by the General Partner or such Affiliate or nominee for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided however, that the General Partner shall use reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner in its sole discretion determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable; provided further that prior to the withdrawal of the General Partner or as soon thereafter as practicable, the General Partner shall use reasonable efforts to effect the transfer of record title to the Partnership and, prior to any such transfer, will provide for the use of such assets in a manner satisfactory to the General Partner. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership assets is held.

Section 2.9. *Certain Undertakings Relating to the Separateness of the Partnership*.

(a) *Separateness Generally.* The Partnership shall conduct its business and operations separate and apart from those of any other Person (other than the General Partner) in accordance with this Section 2.9.

(b) *Separate Records.* The Partnership shall maintain (i) its books and records, (ii) its accounts, and (iii) its financial statements separate from those of any other Person except for a Person whose financial results are required to be consolidated with the financial results of the Partnership.

(c) *No Effect.* Failure by the General Partner or the Partnership to comply with any of the obligations set forth above shall not affect the status of the Partnership as a separate legal entity, with its separate assets and separate liabilities.

ARTICLE III

RIGHTS OF LIMITED PARTNERS

Section 3.1. *Limitation of Liability.*

The Limited Partners shall have no liability under this Agreement except as expressly provided in this Agreement or as required by Section 17-607 or Section 17-804 of the Delaware Limited Partnership Act.

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Section 3.2. *Management of Business*.

No Limited Partner, in its capacity as such, shall participate in the operation, management or control (within the meaning of the Delaware Limited Partnership Act) of the Partnership s business, transact any business in the Partnership s name or have the power to sign documents for or otherwise bind the Partnership. Any action taken by any Affiliate of the General Partner or any officer, director, employee, manager, member, general partner, agent or trustee of the General Partner or any of its Affiliates, or any officer, director, employee, manager, member, general partner, agent or trustee of a Group Member, in its capacity as such, shall not be deemed to be participation in the control of the business of the Partnership by a limited partner of the Partnership (within the meaning of Section 17-303(a) of the Delaware Limited Partnership Act) and shall not affect, impair or eliminate the limitations on the liability of the Limited Partners under this Agreement or the Delaware Limited Partnership Act.

Section 3.3. *Outside Activities of the Limited Partners*.

Any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership Group or an Affiliate of a Group Member. Neither the Partnership nor any of the other Partners shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner.

Section 3.4. *Rights of Limited Partners*.

(a) In addition to other rights provided by this Agreement or by applicable law (other than Section 17-305(a) of the Delaware Limited Partnership Act, the provisions of which are to the fullest extent permitted by law expressly replaced in their entirety by the provisions below), and except as limited by Sections 3.4(b) and 3.4(c), each Limited Partner shall have the right, for a purpose that is reasonably related to such Limited Partner s interest as a Limited Partner in the Partnership, upon reasonable written demand stating the purpose of such demand and at such Limited Partner s own expense, to obtain:

(i) promptly after its becoming available, a copy of the Partnership s U.S. federal income tax returns for each year (excluding for the avoidance of doubt, information specific to any other Partner);

(ii) a current list of the name and last known business, residence or mailing address of each Record Holder; and

(iii) a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto, together with a copy of the executed copies of all powers of attorney pursuant to which this Agreement, the Certificate of Limited Partnership and all amendments thereto have been executed.

(b) The General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its sole discretion, (i) any information that the General Partner believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner believes (A) is not in the best interests of the Partnership Group, (B) could damage the Partnership Group or its business or (C) that any Group Member is required by law or by agreement with any third party to keep confidential (other than agreements with Affiliates of the Partnership the primary purpose of which is to circumvent the obligations set forth in this Section 3.4).

(c) Notwithstanding any other provision of this Agreement or Section 17-305 of the Delaware Limited Partnership Act, each of the Partners and each other Person who acquires an interest in a Partnership Security hereby agrees to the fullest extent permitted by law that they do not have rights to receive information from the Partnership or any Indemnitee for the purpose of determining whether to pursue litigation or assist in pending litigation against the

Partnership or any Indemnitee

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relating to the affairs of the Partnership except pursuant to the applicable rules of discovery relating to litigation commenced by such Person.

ARTICLE IV

CERTIFICATES; RECORD HOLDERS; TRANSFER OF PARTNERSHIP INTERESTS;
REDEMPTION OF PARTNERSHIP INTERESTS

Section 4.1. *Certificates*.

Notwithstanding anything otherwise to the contrary herein, unless the General Partner shall determine otherwise in respect of some or all of any or all classes of Partnership Interests, Partnership Interests shall not be evidenced by certificates. Certificates that may be issued shall be executed on behalf of the Partnership by the General Partner (and by any appropriate officer of the General Partner on behalf of the General Partner).

No Certificate evidencing Common Units shall be valid for any purpose until it has been countersigned by the Transfer Agent; provided however that if the General Partner elects to issue Certificates evidencing Common Units in global form, the Certificates evidencing Common Units shall be valid upon receipt of a certificate from the Transfer Agent certifying that the Certificates evidencing Common Units have been duly registered in accordance with the directions of the Partnership.

Section 4.2. *Mutilated, Destroyed, Lost or Stolen Certificates.*

(a) If any mutilated Certificate evidencing Common Units is surrendered to the Transfer Agent or any mutilated Certificate evidencing other Partnership Securities is surrendered to the General Partner, the appropriate officers of the General Partner on behalf of the General Partner on behalf of the Partnership shall execute, and, if applicable, the Transfer Agent shall countersign and deliver in exchange therefor, a new Certificate evidencing the same number and type of Partnership Securities as the Certificate so surrendered.

(b) The appropriate officers of the General Partner on behalf of the General Partner on behalf of the Partnership shall execute and deliver, and, if applicable, the Transfer Agent shall countersign a new Certificate in place of any Certificate previously issued if the Record Holder of the Certificate:

(i) makes proof by affidavit, in form and substance satisfactory to the General Partner, that a previously issued Certificate has been lost, destroyed or stolen;

(ii) requests the issuance of a new Certificate before the General Partner has notice that the Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(iii) if requested by the General Partner, delivers to the General Partner a bond, in form and substance satisfactory to the General Partner, with surety or sureties and with fixed or open penalty as the General Partner, in its sole discretion, may direct to indemnify the Partnership, the Partners, the General Partner and, if applicable, the Transfer Agent against any claim that may be made on account of the alleged loss, destruction or theft of the Certificate; and

(iv) satisfies any other requirements imposed by the General Partner.

If a Record Holder fails to notify the General Partner within a reasonable period of time after he has notice of the loss, destruction or theft of a Certificate, and a transfer of the Limited Partner Interests represented by the Certificate is registered before the Partnership, the General Partner or the Transfer Agent receives such notification, the Record

Holder shall be precluded from making any claim against the Partnership, the General Partner or the Transfer Agent for such transfer or for a new Certificate.

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(c) As a condition to the issuance of any new Certificate under this Section 4.2, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Transfer Agent, if applicable) reasonably connected therewith.

Section 4.3. *Record Holders*.

The Partnership shall be entitled to recognize the Record Holder as the owner with respect to any Partnership Interest and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Partnership Interest on the part of any other Person, regardless of whether the Partnership shall have actual or other notice thereof, except as otherwise required by law or any applicable rule, regulation, guideline or requirement of any National Securities Exchange on which such Partnership Interests are listed for trading. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring and/or holding Partnership Interests, as between the Partnership on the one hand, and such other Persons on the other, such representative Person shall be the Record Holder of such Partnership Interest.

Section 4.4. *Transfer Generally*.

(a) The term transfer, when used in this Agreement with respect to a Partnership Interest, shall be deemed to refer to a transaction (i) by which the General Partner assigns its General Partner Units to another Person who becomes the General Partner, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange, or any other disposition by law or otherwise or (ii) by which the holder of a Limited Partner Interest assigns such Limited Partner Interest to another Person, and includes a sale, assignment, gift, exchange or any other disposition by law or otherwise, including any transfer upon foreclosure of any pledge, encumbrance, hypothecation or mortgage.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article IV. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article IV shall be null and void.

(c) Nothing contained in this Agreement shall be construed to prevent a disposition by any member of the General Partner of any or all of the issued and outstanding limited liability company or other interests in the General Partner.

Section 4.5. *Registration and Transfer of Limited Partner Interests*.

(a) The General Partner shall keep or cause to be kept on behalf of the Partnership a register in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 4.5(b), the Partnership will provide for the registration and transfer of Limited Partner Interests. The Transfer Agent is hereby appointed registrar and transfer agent for the purpose of registering Common Units and transfers of such Common Units as herein provided. The Partnership shall not recognize transfers of Certificates evidencing Limited Partner Interests unless such transfers are effected in the manner described in this Section 4.5. Upon surrender of a Certificate for registration of transfer of any Limited Partner Interests evidenced by a Certificate, and subject to the provisions of Section 4.5(b), the appropriate officers of the General Partner on behalf of the General Partner on behalf of the Partnership shall execute and deliver, and in the case of Common Units, the Transfer Agent shall countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder s instructions, one or more new Certificates evidencing the same aggregate number and type of Limited Partner Interests as was evidenced by the Certificate so surrendered.

(b) Except as otherwise provided in Section 4.8, the Partnership shall not recognize any transfer of Limited Partner Interests evidenced by Certificates until the Certificates evidencing such Limited

Partner Interests are surrendered for registration of transfer. No charge shall be imposed by the General Partner for such transfer; provided that as a condition to the issuance of any new Certificate under this Section 4.5, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed with respect thereto.

(c) Subject to (i) the foregoing provisions of this Section 4.5, (ii) Section 4.3, (iii) Section 4.4, (iv) Section 4.7, (v) with respect to any series of Limited Partner Interests, the provisions of any statement of designations or amendment to this Agreement establishing such series, (vi) any contractual provisions binding on any Limited Partner and (vii) provisions of applicable law including the Securities Act, Limited Partner Interests shall be freely transferable. Partnership Interests may also be subject to any transfer restrictions contained in any employee related policies or equity benefit plans, programs or practices adopted on behalf of the Partnership.

Section 4.6. *Transfer of the General Partner s General Partner Interest.*

(a) Subject to Section 4.6(c) below, prior to December 31, 2021, the General Partner shall not transfer all or any part of its General Partner Interest (represented by General Partner Units) to a Person unless such transfer (i) has been approved by the prior written consent or vote of Limited Partners holding of at least a majority of the voting power of the Outstanding Voting Units (excluding Voting Units held by the General Partner or its Affiliates) or (ii) is of all, but not less than all, of its General Partner Interest to (A) an Affiliate of the General Partner (other than an individual) or (B) another Person (other than an individual) in connection with the merger or consolidation of the General Partner with or into another Person (other than an individual) or the transfer by the General Partner of all, but not less than all, of its General Partner Interest to another Person (other than an individual).

(b) Subject to Section 4.6(c) below, on or after December 31, 2021, the General Partner may transfer all or any part of its General Partner Interest without Unitholder approval.

(c) Notwithstanding anything herein to the contrary, no transfer by the General Partner of all or any part of its General Partner Interest to another Person shall be permitted unless (i) the transferee agrees to assume the rights and duties of the General Partner under this Agreement and to be bound by the provisions of this Agreement and (ii) the Partnership receives an Opinion of Counsel that such transfer would not result in the loss of limited liability of any Limited Partner. In the case of a transfer pursuant to and in compliance with this Section 4.6, the transferee or successor (as the case may be) shall, subject to compliance with the terms of Section 10.3, be admitted to the Partnership as the General Partner effective immediately prior to the transfer of such General Partner Interest, and the business of the Partnership shall continue without dissolution.

Section 4.7. *Restrictions on Transfers*.

(a) Except as provided in Section 4.7(c) below, but notwithstanding the other provisions of this Article IV, no transfer of any Partnership Interests shall be made if such transfer would (i) violate the then applicable U.S. federal or state securities laws or rules and regulations of the Commission, any state securities commission or any other governmental authority with jurisdiction over such transfer, (ii) terminate the existence or qualification of the Partnership under the laws of the jurisdiction of its formation, or (iii) cause the Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not already so treated or taxed).

(b) The General Partner may impose restrictions on the transfer of Partnership Interests if it receives an Opinion of Counsel that such restrictions are necessary or advisable to avoid a significant risk of the Partnership becoming taxable as a corporation or otherwise becoming taxable as an entity for U.S. federal income tax purposes. The General Partner may impose such restrictions by amending this Agreement; provided however, that any amendment that would

result in the delisting or suspension of trading of any class of Limited Partner Interests (unless the successor interests contemplated by Section 14.3(c) are traded on a National Securities Exchange) on the

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principal National Securities Exchange on which such class of Limited Partner Interests is then traded must be approved, prior to such amendment being effected, by the holders of at least a majority of the Outstanding Limited Partner Interests of such class.

(c) Nothing contained in this Article IV, or elsewhere in this Agreement, shall preclude the settlement of any transactions involving Partnership Interests entered into through the facilities of any National Securities Exchange on which such Partnership Interests are listed for trading.

Section 4.8. *Citizenship Certificates; Non-citizen Assignees.*

(a) If any Group Member is or becomes subject to any law or regulation that, in the determination of the General Partner in its sole discretion, creates a substantial risk of cancellation or forfeiture of any property in which the Group Member has an interest based on the nationality, citizenship or other related status of a Limited Partner, the General Partner may request any Limited Partner to furnish to the General Partner, within 30 days after receipt of such request, an executed Citizenship Certification or such other information concerning his nationality, citizenship or other related status (or, if the Limited Partner is a nominee holding for the account of another Person, the nationality, citizenship or other related status of such Person) as the General Partner may request. If a Limited Partner fails to furnish to the General Partner within the aforementioned 30-day period such Citizenship Certification or other requested information or if upon receipt of such Citizenship Certification or other requested information the General Partner determines, with the advice of counsel, that a Limited Partner is not an Eligible Citizen, the Partnership Interests owned by such Limited Partner shall be subject to redemption in accordance with the provisions of Section 4.9. The General Partner also may require in its sole discretion that the status of any such Limited Partner be changed to that of a Non-citizen Assignee and, thereupon, the General Partner shall be substituted for such Non-citizen Assignee as the Limited Partner in respect of his Limited Partner Interests.

(b) The General Partner shall, in exercising voting rights in respect of Limited Partner Interests held by it on behalf of Non-citizen Assignees, distribute the votes in the same ratios as the votes of Partners (including the General Partner) in respect of Limited Partner Interests other than those of Non-citizen Assignees are cast, either for, against or abstaining as to the matter.

(c) Upon dissolution of the Partnership, a Non-citizen Assignee shall have no right to receive a distribution in kind pursuant to Section 12.4 but shall be entitled to the cash equivalent thereof, and the Partnership shall provide cash in exchange for an assignment of the Non-citizen Assignee s share of the distribution in kind. Such payment and assignment shall be treated for Partnership purposes as a purchase by the Partnership from the Non-citizen Assignee of his Limited Partner Interest (representing his right to receive his share of such distribution in kind).

(d) At any time after he can and does certify that he has become an Eligible Citizen, a Non-citizen Assignee may, upon application to the General Partner, request that with respect to any Limited Partner Interests of such Non-citizen Assignee not redeemed pursuant to Section 4.9, such Non-citizen Assignee be admitted as a Limited Partner, and upon approval of the General Partner in its sole discretion, such Non-citizen Assignee shall be admitted as a Limited Partner and shall no longer constitute a Non-citizen Assignee and the General Partner shall cease to be deemed to be the Limited Partner in respect of the Non-citizen Assignee s Limited Partner Interests.

Section 4.9. *Redemption of Partnership Interests of Non-citizen Assignees.*

(a) If at any time a Limited Partner fails to furnish a Citizenship Certification or other information requested within the 30-day period specified in Section 4.8(a), or if upon receipt of such Citizenship Certification or other information the General Partner determines, with the advice of counsel, that a Limited Partner is not an Eligible Citizen, the General Partner, in its sole discretion, may cause the Partnership to, unless the Limited Partner establishes to the

satisfaction of the General Partner that such Limited Partner is an Eligible Citizen or has transferred his Partnership Interests to a Person who is an Eligible Citizen and who furnishes a Citizenship Certification to the

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General Partner prior to the date fixed for redemption as provided below, redeem the Limited Partner Interest of such Limited Partner as follows:

(i) The General Partner shall, not later than the 30th day before the date fixed for redemption, give notice of redemption to the Limited Partner, at his last address designated on the records of the Partnership or the Transfer Agent, by registered or certified mail, postage prepaid. The notice shall be deemed to have been given when so mailed. The notice shall specify the Redeemable Interests, the date fixed for redemption, the place of payment, that payment of the redemption price will be made upon the redemption of the Redeemable Interests (or, if later in the case of Redeemable Interests evidenced by Certificates, upon surrender of the Certificates evidencing such Redeemable Interests) and that on and after the date fixed for redemption no further allocations or distributions to which the Limited Partner would otherwise be entitled in respect of the Redeemable Interests will accrue or be made.

(ii) The aggregate redemption price for Redeemable Interests shall be an amount equal to the Current Market Price (the date of determination of which shall be the date fixed for redemption) of Limited Partner Interests of the class to be so redeemed multiplied by the number of Limited Partner Interests of each such class included among the Redeemable Interests. The redemption price shall be paid as determined by the General Partner in its sole discretion, in cash or by delivery of a promissory note of the Partnership in the principal amount of the redemption price, bearing interest at the prime lending rate prevailing on the date fixed for redemption as published by *The Wall Street Journal*, payable in three equal annual installments of principal together with accrued interest, commencing one year after the redemption date.

(iii) The Limited Partner or his duly authorized representative shall be entitled to receive the payment for Redeemable Interests at the place of payment specified in the notice of redemption on the redemption date (or, if later in the case of Redeemable Interests evidenced by Certificates, upon surrender by or on behalf of the Limited Partner, at the place specified in the notice of redemption, of the Certificates, evidencing the Redeemable Interests, duly endorsed in blank or accompanied by an assignment duly executed in blank).

(iv) After the redemption date, Redeemable Interests shall no longer constitute issued and Outstanding Limited Partner Interests; provided however, that pursuant to Section 7.11, in the sole discretion of the General Partner, the Redeemable Interests may be held in treasury .

(b) The provisions of this Section 4.9 shall also be applicable to Limited Partner Interests held by a Limited Partner as nominee of a Person determined to be other than an Eligible Citizen.

(c) Nothing in this Section 4.9 shall prevent the recipient of a notice of redemption from transferring his Limited Partner Interest before the redemption date if such transfer is otherwise permitted under this Agreement. Upon receipt of notice of such a transfer, the General Partner shall withdraw the notice of redemption, provided the transferee of such Limited Partner Interest certifies to the satisfaction of the General Partner in a Citizenship Certification that he is an Eligible Citizen. If the transferee fails to make such certification, such redemption shall be effected from the transferee on the original redemption date.

(d) Notwithstanding anything in Section 4.8 or Section 4.9 to the contrary, no proceeds shall be delivered to a Person to whom the delivery of such proceeds would violate applicable law, and in such case and in lieu thereof, the proceeds shall be delivered to a charity selected by the General Partner in its sole discretion and any redemption shall be effective upon delivery of such payments to such charity.

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ARTICLE V

CAPITAL CONTRIBUTIONS AND ISSUANCE OF PARTNERSHIP INTERESTS

Section 5.1. *Organizational Issuances*.

Upon issuance by the Partnership of Common Units on or about the Listing Date and the admission of such Unitholders as Limited Partners, the Organizational Limited Partner of the Partnership shall automatically withdraw as a limited partner of the Partnership and as a result shall have no further right, interest or obligation of any kind whatsoever as a limited partner of the Partnership and any capital contribution of the Organizational Limited Partner will be returned to it on the date of such withdrawal.

Section 5.2. *Contributions by the General Partner and its Affiliates*.

The General Partner shall not be obligated to make any Capital Contributions to the Partnership.

Section 5.3. *Issuances and Cancellations of Special Voting Units*.

(a) On the date of this Agreement the Partnership shall issue one (1) Special Voting Unit to TCG Partners.

(b) The General Partner shall be entitled to issue additional Special Voting Units in its sole discretion.

(c) (i) TCG Partners, as holder of a Special Voting Unit, shall be entitled to a number of votes that is equal to the product of (x) the total number of Carlyle Holdings Partnership Units held of record by each Carlyle Holdings Limited Partner that does not hold a Special Voting Unit multiplied by (y) the Exchange Rate (as defined in the Exchange Agreement). (ii) Each other holder of Special Voting Units, as such, shall be entitled, without regard to the number of Special Voting Units (or fraction thereof) held by such holder, to a number of votes that is equal to the product of (x) the total number of Carlyle Holdings Partnership Units held of record by such holder multiplied by (y) the Exchange Rate (as defined in the Exchange Agreement).

(d) In the event that a holder of a Special Voting Unit, other than TCG Partners, shall cease to be the record holder of a Carlyle Holdings Partnership Unit, the Special Voting Unit held by such holder shall be automatically cancelled without any further action of any Person and such holder shall cease to be a Limited Partner with respect to the Special Voting Unit so cancelled. The determination of the General Partner as to whether a holder of a Special Voting Unit is the record holder of a Carlyle Holdings Partnership Unit (other than the Partnership and its Subsidiaries) or remains the record holder of such Special Voting Unit shall be made in its sole discretion, which determination shall be conclusive and binding on all Partners.

(e) Upon the issuance to it of a Special Voting Unit by the General Partner, each holder thereof shall automatically and without further action be admitted to the Partnership as a Limited Partner in respect of the Special Voting Unit so issued.

Section 5.4. *Contributions by the Underwriters*.

(a) On the Closing Date and pursuant to the Underwriting Agreement, the Underwriters shall contribute to the Partnership cash in an amount equal to the Issue Price per Initial Common Unit multiplied by the number of Common Units specified in the Underwriting Agreement to be purchased by the Underwriters on the Closing Date. In exchange for such Capital Contributions by the Underwriters, the Partnership shall issue the number of Common Units specified in the Underwriting Agreement to be purchased by the Underwriters to the Underwriters or their designee(s) in

accordance with the Underwriting Agreement, and such Underwriters or their designee(s) shall be admitted to the Partnership as Limited Partners.

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(b) Upon the exercise, if any, of the Over-Allotment Option, on the Option Closing Date and pursuant to the Underwriting Agreement, the Underwriters shall contribute to the Partnership cash in an amount equal to the Issue Price per Initial Common Unit multiplied by the number of Common Units to be purchased by the Underwriters on the Option Closing Date. In exchange for such Capital Contributions by the Underwriters, the Partnership shall issue to the Underwriters or their designee(s) the number of Common Units subject to the Over-Allotment Option that are to be purchased by them in accordance with the Underwriting Agreement.

Section 5.5. *Interest and Withdrawal.*

No interest on Capital Contributions shall be paid by the Partnership. No Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent, if any, that distributions are made pursuant to this Agreement or upon dissolution of the Partnership and then in each case only to the extent provided for in this Agreement. Except to the extent expressly provided in this Agreement (including with respect to Partnership Securities subsequently issued by the Partnership pursuant to the Underwriting Agreement or otherwise), no Partner shall have priority over any other Partner either as to the return of Capital Contributions or as to profits, losses or distributions. Any such return shall be a compromise to which all Partners agree within the meaning of Section 17-502(b) of the Delaware Limited Partnership Act.

Section 5.6. *Issuances of Additional Partnership Securities.*

(a) The Partnership may issue additional Partnership Securities and options, rights, warrants and appreciation rights relating to Partnership Securities for any Partnership purpose at any time and from time to time to such Persons for such consideration and on such terms and conditions as the General Partner shall determine in its sole discretion, all without the approval of any Limited Partners, including pursuant to Section 7.4(c) and pursuant to the Underwriting Agreement as part of the Initial Offering. The Partnership may reissue any Partnership Securities and options, rights, warrants and appreciation rights relating to Partnership Securities held by the Partnership in treasury for any Partnership purpose at any time and from time to time to such Persons for such consideration and on such terms and conditions as the General Partner shall determine in its sole discretion, all without the approval of any Limited Partners, including pursuant to Section 7.4(c).

(b) Each additional Partnership Interest authorized to be issued by the Partnership pursuant to Section 5.6(a) or Section 7.4(c) may be issued in one or more classes, or one or more series of any such classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of Partnership Interests), as shall be fixed by the General Partner in its sole discretion, including (i) the right to share in Partnership profits and losses or items thereof; (ii) the right to share in Partnership distributions; (iii) the rights upon dissolution and liquidation of the Partnership; (iv) whether, and the terms and conditions upon which, the Partnership may or shall be required to redeem the Partnership Interest (including sinking fund provisions); (v) whether such Partnership Interest is issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which each Partnership Interest will be issued, evidenced by certificates and assigned or transferred; (vii) the method for determining the Percentage Interest as to such Partnership Interest; and (viii) the right, if any, of the holder of each such Partnership Interest to vote on Partnership matters, including matters relating to the relative designations, preferences, rights, powers and duties of such Partnership Interest.

(c) The General Partner is hereby authorized to take all actions that it determines to be necessary or appropriate in connection with (i) each issuance of Partnership Securities and options, rights, warrants and appreciation rights relating to Partnership Securities pursuant to this Section 5.6 or Section 7.4(c), including the admission of additional Limited Partners in connection therewith and any related amendment of this Agreement, and (ii) all additional issuances of Partnership Securities and options, rights, warrants and appreciation rights relating to Partnership Securities. The General Partner shall determine in its sole discretion the relative rights, powers and duties of the

holders of

the Units or other Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities being so issued. The General Partner is authorized to do all things that it determines to be necessary or appropriate in connection with any future issuance of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities, including compliance with any statute, rule, regulation or guideline of any governmental agency or any National Securities Exchange on which the Units or other Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities are listed for trading.

Section 5.7. *Preemptive Rights*.

Unless otherwise determined by the General Partner, in its sole discretion, no Person shall have any preemptive, preferential or other similar right with respect to the issuance of any Partnership Interest, whether unissued, held in the treasury or hereafter created.

Section 5.8. *Splits and Combinations*.

(a) Subject to Section 5.8(d), the Partnership may make a Pro Rata distribution of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities to all Record Holders or may effect a subdivision or combination of Partnership Securities so long as, after any such event, each Partner shall have the same Percentage Interest in the Partnership as before such event, and any amounts calculated on a per Unit basis or stated as a number of Units are proportionately adjusted retroactive to the beginning of the Partnership.

(b) Whenever such a distribution, subdivision or combination of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities is declared, the General Partner shall select a Record Date as of which the distribution, subdivision or combination shall be effective and shall provide notice thereof at least 20 days prior to such Record Date to each Record Holder as of a date not less than 10 days prior to the date of such notice. The General Partner also may cause a firm of independent public accountants selected by it to calculate the number of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities to be held by each Record Holder after giving effect to such distribution, subdivision or combination. The General Partner shall be entitled to rely on any certificate provided by such firm as conclusive evidence of the accuracy of such calculation.

(c) Promptly following any such distribution, subdivision or combination, the Partnership may issue Certificates to the Record Holders of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities as of the applicable Record Date representing the new number of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities held by such Record Holders, or the General Partner may adopt such other procedures that it determines to be necessary or appropriate to reflect such changes. If any such combination results in a smaller total number of Partnership Securities Outstanding or outstanding options, rights, warrants or appreciation rights relating to Partnership Securities, the Partnership shall require, as a condition to the delivery to a Record Holder of any such new Certificate, the surrender of any Certificate held by such Record Holder immediately prior to such Record Date.

(d) The Partnership shall not be required to issue fractional Units upon any distribution, subdivision or combination of Units. If a distribution, subdivision or combination of Units would result in the issuance of fractional Units but for the provisions of this Section 5.8(d), the General Partner in its sole discretion may determine that each fractional Unit shall be rounded to the nearest whole Unit (and a 0.5 Unit shall be rounded to the next higher Unit).

Section 5.9. *Fully Paid and Non-Assessable Nature of Limited Partner Interests*.

All Limited Partner Interests issued pursuant to, and in accordance with the requirements of, this Article V shall be fully paid and non-assessable Limited Partner Interests in the Partnership, except as such non-assessability may be

affected by Sections 17-607 or 17-804 of the Delaware Limited Partnership Act or this Agreement.

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ARTICLE VI

ALLOCATIONS AND DISTRIBUTIONS

Section 6.1. *Establishment and Maintenance of Capital Accounts*.

There shall be established for each Partner on the books of the Partnership as of the date such Partner becomes a Partner a capital account (each being a *Capital Account*). Each Capital Contribution by any Partner, if any, shall be credited to the Capital Account of such Partner on the date such Capital Contribution is made to the Partnership. In addition, each Partner s Capital Account shall be (a) credited with (i) such Partner s allocable share of any Net Income (or items thereof) of the Partnership, and (ii) the amount of any Partnership liabilities that are assumed by the Partner or secured by any Partnership property distributed to the Partner and (b) debited with (i) the amount of distributions (and deemed distributions) to such Partner of cash or the fair market value of other property so distributed, (ii) such Partner s allocable share of Net Loss (or items thereof) of the Partnership, and (iii) the amount of any liabilities of the Partner assumed by the Partnership or which are secured by any property contributed by the Partner to the Partnership. Any other item which is required to be reflected in a Partner s Capital Account under Section 704(b) of the Code and the United States Treasury Regulations promulgated thereunder or otherwise under this Agreement shall be so reflected. The General Partner shall make such adjustments to Capital Accounts as it determines in its sole discretion to be appropriate to ensure allocations are made in accordance with a Partner s interest in the Partnership. Interest shall not be payable on Capital Account balances. The Partnership Capital Accounts shall be maintained in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and, to the extent not inconsistent with such regulation, the provisions of this Agreement. The Capital Account of each holder of General Partner Units or Special Voting Units shall at all times be zero, except to the extent such holder also holds Partnership Interests other than General Partner Units or Special Voting Units.

Section 6.2. *Allocations.*

(a) Net Income (Loss) (including items thereof) of the Partnership for each Fiscal Year shall be allocated to each Partner in accordance with such Partner s Percentage Interest, except as otherwise determined by the General Partner in its sole discretion in order to comply with the Code or applicable regulations thereunder.

(b) The General Partner shall determine all matters concerning allocations for tax purposes not expressly provided for herein in its sole discretion. For the proper administration of the Partnership and for the preservation of uniformity of Partnership Interests (or any portion or class or classes thereof), the General Partner may (i) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of United States Treasury Regulations under Section 704(b) or Section 704(c) of the Code or (y) otherwise to preserve or achieve uniformity of Partnership Interests (or any portion or class or classes thereof), and (ii) adopt and employ or modify such conventions and methods as the General Partner determines in its sole discretion to be appropriate for (A) the determination for tax purposes of items of income, gain, loss, deduction and credit and the allocation of such items among Partners and between transferors and transferees under this Agreement and pursuant to the Code and the United States Treasury Regulations promulgated thereunder, (B) the determination of the identities and tax classification of Partners, (C) the valuation of Partnership assets and the determination of tax basis, (D) the allocation of asset values and tax basis, (E) the adoption and maintenance of accounting methods and (F) taking into account differences between the Carrying Values of Partnership assets and such asset adjusted tax basis pursuant to Section 704(c) of the Code and the United States Treasury Regulations promulgated thereunder.

(c) Allocations that would otherwise be made to a Partner under the provisions of this Article VI shall instead be made to the beneficial owner of Partnership Interests held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in

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accordance with Section 6031(c) of the Code or any other method determined by the General Partner in its sole discretion.

Section 6.3. *Requirement and Characterization of Distributions; Distributions to Record Holders*.

(a) The General Partner, in its sole discretion, may authorize distributions by the Partnership to the Partners, which distributions shall be made Pro Rata in accordance with the Partners respective Percentage Interests.

(b) The General Partner may treat taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners, as a distribution of cash to such Partners.

(c) Notwithstanding Section 6.3(a), in the event of the dissolution of the Partnership, all receipts received during or after the Quarter in which the Liquidation Date occurs shall be applied and distributed solely in accordance with, and subject to the terms and conditions of, Section 12.4.

(d) Each distribution in respect of a Partnership Interest shall be paid by the Partnership, directly or through the Transfer Agent or through any other Person or agent, only to the Record Holder of such Partnership Interest as of the Record Date set for such distribution. Such payment shall constitute full payment and satisfaction of the Partnership s liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

(e) Notwithstanding any provision to the contrary contained in this Agreement, the Partnership, and the General Partner on behalf of the Partnership, shall not be required to make a distribution to a Partner or a Record Holder if such distribution would violate the Delaware Limited Partnership Act or other applicable law.

ARTICLE VII

MANAGEMENT AND OPERATION OF BUSINESS

Section 7.1. *Management*.

(a) The General Partner shall conduct, direct and manage all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and no Limited Partner shall have any management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or that are granted to the General Partner under any other provision of this Agreement, the General Partner shall have full power and authority to do all things and on such terms as it determines, in its sole discretion, to be necessary or appropriate to conduct the business of the Partnership, to exercise all powers set forth in Section 2.5 and to effectuate the purposes set forth in Section 2.4, including without limitation the following:

(i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness, including indebtedness that is convertible or exchangeable into Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities, and the incurring of any other obligations;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(iii) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the

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Partnership with or into another Person (the matters described in this clause (iii) being subject, however, to any prior approval that may be required by Article XIV);

(iv) the use of the assets of the Partnership (including cash on hand) for any purpose consistent with the terms of this Agreement, including the financing of the conduct of the operations of the Partnership Group, the lending of funds to other Persons; the repayment or guarantee of obligations of any Group Member or other Person and the making of capital contributions to any Group Member or other Person;

(v) the negotiation, execution and performance of any contracts, conveyances or other instruments (including instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than their interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case);

(vi) the distribution of Partnership cash;

(vii) the selection and dismissal of employees (including employees having such titles as the General Partner may determine in its sole discretion) and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring;

(viii) the maintenance of insurance for the benefit of the Partnership Group, the Partners and Indemnitees;

(ix) the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any further limited or general partnerships, joint ventures, limited liability companies, corporations or other entities or relationships (including the acquisition of interests in, and the contributions of property to, the Partnership s Subsidiaries from time to time), subject to the restrictions set forth in Section 2.4;

(x) the control of any matters affecting the rights and obligations of the Partnership, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation, arbitration or mediation and the incurring of legal expense and the settlement of claims and litigation;

(xi) the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(xii) the entering into of listing agreements with any National Securities Exchange and the delisting of some or all of the Limited Partner Interests from, or requesting that trading be suspended on, any such exchange (subject to any prior approval that may be required under Section 4.7);

(xiii) the purchase, sale or other acquisition or disposition of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities;

(xiv) the undertaking of any action in connection with the Partnership s participation in the management of the Partnership Group through its directors, officers or employees or the Partnership s direct or indirect ownership of the Group Members, including, without limitation, all things described in or contemplated by the Registration Statement and the agreements described in or filed as exhibits to the Registration Statement; and

(xv) cause to be registered for resale under the Securities Act and applicable state or non-U.S. securities laws, any securities of, or any securities convertible or exchangeable into securities of, the Partnership held by any Person, including the General Partner or any Affiliate of the General Partner.

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(b) In exercising its authority under this Agreement, the General Partner may, but shall be under no obligation or duty to, take into account the tax consequences to any Partner (including the General Partner) of any action taken (or not taken) by it. The General Partner and the Partnership shall not have any liability to a Limited Partner for monetary damages, equitable relief or otherwise for losses sustained, liabilities incurred or benefits not derived by such Limited Partner in connection with such decisions.

(c) Notwithstanding any other provision of this Agreement, the Delaware Limited Partnership Act or any applicable law, rule or regulation, each of the Partners and each other Person who may acquire an interest in Partnership Securities hereby (i) approves, ratifies and confirms the execution, delivery and performance by the parties thereto of the Underwriting Agreement, the Exchange Agreement, the Tax Receivable Agreement, the Registration Rights Agreement, the Carlyle Holdings Partnership Agreements and the other agreements described in or filed as exhibits to the Registration Statement that are related to the transactions contemplated by the Registration Statement; (ii) agrees that the General Partner (on its own or through its delegation of such authority to any officer of the Partnership) is authorized to execute, deliver and perform the agreements referred to in clause (i) of this sentence and the other agreements, acts, transactions and matters described in or contemplated by the Registration Statement on behalf of the Partnership, in each case in such form and with such terms as it in its sole discretion shall determine, without any further act, approval or vote of the Partners or the other Persons who may acquire an interest in Partnership Securities; and (iii) agrees that the execution, delivery or performance by the General Partner, any Group Member or any Affiliate of any of them, of this Agreement or any agreement authorized or permitted under this Agreement (including the exercise by the General Partner or any Affiliate of the General Partner of the rights accorded pursuant to Article XV), shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement (or any other agreements) or of any duty existing at law, in equity or otherwise.

Section 7.2. *Certificate of Limited Partnership*.

(a) The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Limited Partnership Act and is authorized to cause to be filed such other certificates or documents that the General Partner determines to be necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware or any other state in which the Partnership may elect to do business or own property. To the extent the General Partner determines such action to be necessary or appropriate, the General Partner is authorized to file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership or other entity in which the limited partners have limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 3.4(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to any Limited Partner.

(b) In the event that the General Partner determines the Partnership should seek relief pursuant to Section 7704(e) of the Code to preserve the status of the Partnership as a partnership for U.S. federal (and applicable U.S. state) income tax purposes, the Partnership and each Partner shall agree to adjustments required by the U.S. tax authorities, and the Partnership shall pay such amounts as required by the U.S. tax authorities, to preserve the status of the Partnership as a partnership for U.S. federal (and applicable U.S. state) income tax purposes.

Section 7.3. *Partnership Group Assets; General Partner s Authority*.

Except as provided in Articles XII and XIV, the General Partner may not sell or exchange all or substantially all of the assets of the Partnership Group, taken as a whole, in a single transaction or a

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series of related transactions without the approval of holders of a majority of the voting power of Outstanding Voting Units; provided however that this provision shall not preclude or limit the General Partner s ability, in its sole discretion, to mortgage, pledge, hypothecate or grant a security interest in any or all of the assets of the Partnership Group (including for the benefit of Persons other than members of the Partnership Group, including Affiliates of the General Partner), including, in each case, pursuant to any forced sale of any or all of the assets of the Partnership Group pursuant to the foreclosure of, or other realization upon, any such encumbrance. Without the approval of holders of a majority of the voting power of Outstanding Voting Units, the General Partner shall not, on behalf of the Partnership, except as permitted under Sections 4.6 and 11.1, elect or cause the Partnership to elect a successor general partner of the Partnership.

Section 7.4. *Reimbursement of the General Partner*.

(a) Except as provided in this Section 7.4 and elsewhere in this Agreement, the General Partner shall not be compensated for its services as general partner or managing member of any Group Member.

(b) The Partnership shall pay, or cause to be paid, all costs, fees, operating expenses and other expenses of the Partnership (including the costs, fees and expenses of attorneys, accountants or other professionals and the compensation of all personnel providing services to the Partnership) incurred in pursuing and conducting, or otherwise related to, the activities of the Partnership. The Partnership shall also, in the sole discretion of the General Partner, bear and/or reimburse the General Partner for (i) any costs, fees or expenses incurred by the General Partner in connection with serving as the General Partner and (ii) all other expenses allocable to the Partnership Group or otherwise incurred by the General Partner in connection with operating the Partnership Group s business (including expenses allocated to the General Partner by its Affiliates). To the extent that the General Partner determines in its sole discretion that such expenses are related to the business and affairs of the General Partner that are conducted through the Partnership Group (including expenses that relate to the business and affairs of the Partnership Group and that also relate to other activities of the General Partner), the General Partner may cause the Partnership to pay or bear all expenses of the General Partner, including without limitation, costs of securities offerings not borne directly by Partners, board of directors compensation and meeting costs, salary, bonus, incentive compensation and other amounts paid to any Person, including Affiliates of the General Partner, to perform services for the Partnership Group or for the General Partner, cost of periodic reports to Unitholders, litigation costs and damages arising from litigation, accounting and legal costs and franchise taxes, provided that the Partnership shall not pay or bear any income tax obligations of the General Partner. Reimbursements pursuant to this Section 7.4 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 7.7.

(c) The General Partner may, in its sole discretion, without the approval of the Limited Partners (who shall have no right to vote in respect thereof), propose and adopt on behalf of the Partnership Group equity benefit plans, programs and practices (including plans, programs and practices involving the issuance of or reservation of issuance of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities), or cause the Partnership to issue or to reserve for issuance Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities in connection with, or pursuant to, any such equity benefit plan, program or practice or any equity benefit plan, program or practice maintained or sponsored by the General Partner or any of its Affiliates in respect of services performed directly or indirectly for the benefit of the Partnership Group. The Partnership agrees to issue and sell to the General Partner or any of its Affiliates any Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities that the General Partner or such Affiliates are obligated to provide pursuant to any equity benefit plans, programs or practices maintained or sponsored by them. Expenses incurred by the General Partner in connection with any such plans, programs and practices (including the net cost to the General Partner or such Affiliates of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities purchased by the

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General Partner or such Affiliates from the Partnership to fulfill options or awards under such plans, programs and practices) shall be reimbursed in accordance with Section 7.4(b). Any and all obligations of the General Partner under any equity benefit plans, programs or practices adopted by the General Partner as permitted by this Section 7.4(c) shall constitute obligations of the General Partner hereunder and shall be assumed by any successor General Partner approved pursuant to Section 11.1 or the transferee of or successor to all of the General Partner s General Partner Interest.

Section 7.5. *Outside Activities*.

(a) On and after the Listing Date, the General Partner, for so long as it is a General Partner of the Partnership (i) agrees that its sole business will be to act as a general partner or managing member of the Partnership and any other partnership or limited liability company of which the Partnership is, directly or indirectly, a partner, managing member, trustee or stockholder and to undertake activities that are ancillary or related thereto (including being a limited partner in the Partnership) and (ii) shall not engage in any business or activity or incur any debts or liabilities except in connection with or incidental to (A) its performance as general partner, managing member, trustee or stockholder of one or more Group Members or as described in or contemplated by the Registration Statement or (B) the acquiring, owning or disposing of debt or equity securities in any Group Member.

(b) Except insofar as the General Partner is specifically restricted by Section 7.5(a), each Indemnitee shall have the right to engage in businesses of every type and description and other activities for profit and to engage in and possess an interest in other business ventures of any and every type or description, whether in businesses engaged in or anticipated to be engaged in by any Group Member, independently or with others, including business interests and activities in direct competition with the business and activities of any Group Member, and none of the same shall constitute a breach of this Agreement or any duty otherwise existing at law, in equity or otherwise to any Group Member or any Partner, Record Holder or Person who acquires an interest in a Partnership Security. None of any Group Member, any Limited Partner or any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any Indemnitee.

(c) Subject to the terms of Section 7.5(a) and Section 7.5(b), but otherwise notwithstanding anything to the contrary in this Agreement, (i) the engagement in competitive activities by any Indemnitees (other than the General Partner) in accordance with the provisions of this Section 7.5 is hereby approved by the Partnership, all Partners and all Persons acquiring an interest in a Partnership Security, (ii) it shall not be a breach of the General Partner s or any other Indemnitee s duties or any other obligation of any type whatsoever of the General Partner or any other Indemnitee if the Indemnitee (other than the General Partner) engages in any such business interests or activities in preference to or to the exclusion of any Group Member, (iii) the General Partner and the Indemnities shall have no obligation hereunder or as a result of any duty otherwise existing at law, in equity or otherwise to present business opportunities to any Group Member, (iv) the doctrine of corporate opportunity or other analogous doctrine shall not apply to any such Indemnitee and (v) the Indemnitees (including the General Partner) shall not be liable to the Partnership, any Limited Partner, Record Holder or any other Person who acquires an interest in a Partnership Security by reason that such Indemnitee or Indemnitees (including the General Partner) pursues or acquires a business opportunity for itself, directs such opportunity to another Person, does not communicate such opportunity or information to any Group Member or uses information in the possession of a Group Member to acquire or operate a business opportunity.

(d) The General Partner and any of its Affiliates may acquire Units or other Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities and, except as otherwise expressly provided in this Agreement, shall be entitled to exercise all rights of a General Partner or Limited Partner, as applicable, relating to such Units or Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities.

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Section 7.6. *Loans from the General Partner; Loans or Contributions from the Partnership; Contracts with the General Partner and its Affiliates; Certain Restrictions on the General Partner*.

(a) The General Partner or any of its Affiliates may, but shall be under no obligation to, lend to any Group Member, and any Group Member may borrow from the General Partner or any of its Affiliates, funds needed or desired by the Group Member on terms to which the General Partner agrees in good faith.

(b) Any Group Member (including the Partnership) may lend or contribute to any other Group Member, and any Group Member may borrow from any other Group Member (including the Partnership), funds on terms and conditions determined by the General Partner in its sole discretion. The foregoing authority may be exercised by the General Partner in its sole discretion and shall not create any right or benefit in favor of any Group Member or any other Person.

(c) The General Partner may itself, or may enter into an agreement with any of its Affiliates to, render services to a Group Member or to the General Partner in the discharge of its duties as general partner of the Partnership on terms to which the General Partner agrees to in good faith.

(d) The Partnership may transfer assets to joint ventures, other partnerships, corporations, limited liability companies or other business entities in which it is or thereby becomes a participant on terms to which the General Partner agrees in good faith.

(e) The General Partner or any of its Affiliates may sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, on terms to which the General Partner agrees in good faith.

(f) The General Partner and its Affiliates will have no obligation to permit any Group Member to use any facilities or assets of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use, nor shall there be any obligation on the part of the General Partner or its Affiliates to enter into such contracts.

Section 7.7. *Indemnification*.

(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Section 7.7, all Indemnitees shall be indemnified and held harmless by the Partnership on an after tax basis from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all threatened, pending or completed claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, and whether formal or informal and including appeals, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as an Indemnitee whether arising from acts or omissions to act occurring on, before or after the date of this Agreement; provided that the Indemnitee shall not be indemnified and held harmless if there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnitee is seeking indemnification pursuant to this Section 7.7, the Indemnitee acted in bad faith or engaged in fraud or willful misconduct. Notwithstanding the preceding sentence, except as otherwise provided in Section 7.7(j), the Partnership shall be required to indemnify a Person described in such sentence in connection with any claim, demand, action, suit or proceeding (or part thereof) commenced by such Person only if (x) the commencement of such claim, demand, action, suit or proceeding (or part thereof) by such Person was authorized by the General Partner in its sole discretion or (y) there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such Person was entitled to indemnification by the Partnership pursuant to Section 7.7(j). The indemnification of an Indemnitee of the type identified in clause (d) of the definition of Indemnitee shall be secondary to any and all indemnification to which such person is entitled from,

firstly, the relevant other Person, and from, secondly, the relevant Fund (if applicable), and will only be paid to the extent the primary indemnification is not paid and the proviso set forth in the first sentence of this Section 7.7(a) does not apply; provided that such other

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Person and such Fund shall not be entitled to contribution or indemnification from or subrogation against the Partnership, unless otherwise mandated by applicable law. If, notwithstanding the foregoing sentence, the Partnership makes an indemnification payment or advances expenses to such an Indemnitee entitled to primary indemnification, the Partnership shall be subrogated to the rights of such Indemnitee against the Person or Persons responsible for the primary indemnification. Fund means any fund, investment vehicle or account whose investments are managed or advised by the Partnership (if any) or an affiliate thereof.

(b) To the fullest extent permitted by law, expenses (including legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 7.7(a) in appearing at, participating in or defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to a final and non-appealable determination that the Indemnitee is not entitled to be indemnified upon receipt by the Partnership of an undertaking by or on behalf of the Indemnitee to repay such amount if it ultimately shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 7.7. Notwithstanding the preceding sentence, except as otherwise provided in Section 7.7(j), the Partnership shall be required to indemnify a Person described in such sentence in connection with any claim, demand, action, suit or proceeding (or part thereof) commenced by such Person only if (x) the commencement of such claim, demand, action, suit or proceeding (or part thereof) by such Person was authorized by the General Partner in its sole discretion or (y) there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such Person was entitled to indemnification by the Partnership pursuant to Section 7.7(j).

(c) The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, insurance, pursuant to any vote of the holders of Outstanding Voting Units entitled to vote on such matter, as a matter of law, in equity or otherwise, both as to actions in the Indemnitee s capacity as an Indemnitee and as to actions in any other capacity (including any capacity under the Underwriting Agreement), and shall continue as to an Indemnitee who has ceased to serve in such capacity.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner, its Affiliates, the other Indemnitees and such other Persons as the General Partner shall determine in its sole discretion, against any liability that may be asserted against, or expense that may be incurred by, such Person in connection with the Partnership Group s activities or such Person s activities on behalf of the Partnership Group regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 7.7, (i) the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; (ii) excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of Section 7.7(a); and (iii) any action taken or omitted by an Indemnitee with respect to any employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the best interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose that is in the best interests of the Partnership.

(f) Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership. The General Partner shall not be personally liable for such indemnification and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate such indemnification. Except as required by Section 17-607 and Section 17-804 of the Delaware Limited Partnership Act, in no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

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(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 7.7 are for the benefit of the Indemnitees and their heirs, successors, assigns, executors and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 7.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligations of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or-in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

(j) If a claim for indemnification (following the final disposition of the action, suit or proceeding for which indemnification is being sought) or advancement of expenses under this Section 7.7 is not paid in full within thirty (30) days after a written claim therefor by any Indemnitee has been received by the Partnership, such Indemnitee may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expenses of prosecuting such claim, including reasonable attorneys fees. In any such action the Partnership shall have the burden of proving that such Indemnitee is not entitled to the requested indemnification or advancement of expenses under applicable law.

(k) This Section 7.7 shall not limit the right of the Partnership, to the extent and in the manner permitted by law, to indemnify and to advance expenses to, and purchase and maintain insurance on behalf of, Persons other than Indemnitees.

Section 7.8. *Liability of Indemnitees*.

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable to the Partnership, the Limited Partners or any other Persons who have acquired interests in the Partnership Securities or are bound by this Agreement, for any losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising as a result of any act or omission of an Indemnitee, or for any breach of contract (including breach of this Agreement) or any breach of duties (including breach of fiduciary duties) whether arising hereunder, at law, in equity or otherwise, unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter in question, the Indemnitee acted in bad faith or engaged in fraud or willful misconduct. The Partnership, the Limited Partners, the Record Holders and any other Person who acquires an interest in a Partnership Security, each on their own behalf and on behalf of the Partnership, waives, to the fullest extent permitted by law, any and all rights to seek punitive damages or damages based upon any Federal, State or other income (or similar) taxes paid or payable by any such Limited Partner, Record Holder or other Person.

(b) The General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct, negligence or wrongdoing on the part of any such agent appointed by the General Partner in good faith.

(c) To the extent that, at law or in equity, an Indemnitee has duties (including fiduciary duties) and liabilities relating thereto to the Partnership, the Partners, the Record Holders or any Person who acquires an interest in a Partnership Security, any Indemnitee acting in connection with the Partnership s business or affairs shall not be liable, to the fullest

extent permitted by law, to the Partnership, to any Partner, to any Record Holder or to any other Person who acquires an interest in a Partnership Security for such Indemnitee s reliance on the provisions of this Agreement.

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(d) Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability of the Indemnitees under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted, and provided such Person became an Indemnitee hereunder prior to such amendment, modification or repeal.

Section 7.9. *Modification of Duties; Standards of Conduct; Resolution of Conflicts of Interest*

(a) Notwithstanding anything to the contrary set forth in this Agreement or otherwise applicable provision of law or in equity, neither the General Partner nor any other Indemnitee shall have any fiduciary duties, or, to the fullest extent permitted by law, except to the extent expressly provided in this Agreement, other duties, obligations or liabilities, to the Partnership, any Limited Partner, any other Person who has acquired an interest in a Partnership Security, any other Person who is bound by this Agreement or any creditor of the Partnership, and, to the fullest extent permitted by law, the General Partner and the other Indemnitees shall only be subject to any contractual standards imposed and existing under this Agreement. Notwithstanding any other provision of this Agreement or otherwise applicable provision of law or in equity, whenever in this Agreement or any other agreement contemplated hereby the General Partner, the Board of Directors or any committee of the Board of Directors is permitted to or required to make a decision (i) in its discretion or sole discretion or (ii) pursuant to any provision not subject to an express standard of good faith (regardless of whether there is a reference to discretion , sole discretion or any other standard), then the General Partner (or any of its Affiliates or Associates causing it to do so), the Board of Directors, or any committee of the Board of Directors, as applicable, in making such decision, shall not be subject to any fiduciary duty and shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting the Partnership, the Partners, or any other Person (including any creditor of the Partnership), and shall not be subject to any other or different standards imposed by this Agreement or otherwise existing at law, in equity or otherwise. Notwithstanding the immediately preceding sentence, if a decision or action under this Agreement is to be made or taken by the General Partner in good faith , the General Partner shall act under that express standard and shall not be subject to any other or different standard under this Agreement or otherwise existing at law, in equity or otherwise. For all purposes of this Agreement and notwithstanding any applicable provision of law or in equity, a determination or other action or failure to act by the General Partner, the Board of Directors or any committee thereof conclusively will be deemed to be made, taken or omitted to be made or taken in good faith , and shall not be a breach of this Agreement, (i) if such determination, action or failure to act was approved by Special Approval or (ii) unless the General Partner, the Board of Directors or committee thereof, as applicable, subjectively believed such determination, action or failure to act was opposed to the best interests of the Partnership. The belief of a majority of the Board of Directors or committee thereof shall be deemed to be the belief of the Board of Directors or such committee. In any proceeding brought by the Partnership, any Limited Partner, any Record Holder, any other Person who acquires an interest in a Partnership Security or any other Person who is bound by this Agreement challenging such action, determination or failure to act, notwithstanding any provision of law or equity to the contrary, the Person bringing or prosecuting such proceeding shall have the burden of proving that such determination, action or failure to act was not in good faith. Any action or determination taken or made by the General Partner, its Board of Directors, any committee of the Board of Directors (including the Conflicts Committee) or any other Indemnitee which is not in breach of this Agreement shall be deemed taken or determined in compliance with this Agreement, the Delaware Limited Partnership Act and any other applicable fiduciary requirements.

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(b) Whenever the General Partner makes a determination or takes or fails to take any other action, or any of its Affiliates causes it to do so, in its individual capacity as opposed to in its capacity as a general partner of the Partnership, whether under this Agreement or any other agreement or circumstance contemplated hereby or otherwise, then the General Partner, or such Affiliates or Associates causing it to do so, are entitled, to the fullest extent permitted by law, to make such determination or to take or not to take such other action free of any duty (including any fiduciary duty) existing at law, in equity or otherwise or obligation whatsoever to the Partnership, any Limited Partner, any Record Holder, any Person who acquires an interest in a Partnership Security, any other Person bound by this Agreement or any creditor of the Partnership, and the General Partner, or such Affiliates causing it to do so, shall not, to the fullest extent permitted by law, be required to act pursuant to any other standard imposed by this Agreement, any other agreement contemplated hereby or under the Delaware Limited Partnership Act or any other law, rule or regulation or at equity.

(c) Whenever a potential conflict of interest exists or arises between the General Partner (in its capacity as the general partner of the Partnership, as limited partner of the Partnership, or in its individual capacity) or any of its Affiliates or Associates, on the one hand, and the Partnership, any Group Member, any Partner, any other Person who acquires an interest in a Partnership Security or any other Person who is bound by this Agreement, on the other, any resolution or course of action by the General Partner or its Affiliates in respect of such conflict of interest shall conclusively be deemed approved by the Partnership, all of the Partners, each Person who acquires an interest in a Partnership Security and any other Person bound hereby and shall not constitute a breach of this Agreement or any agreement contemplated herein, or of duty (including any fiduciary duty) existing at law, in equity or otherwise or obligation whatsoever if the resolution or course of action in respect of such conflict of interest is (i) approved by Special Approval or (ii) approved by the General Partner in good faith. The General Partner and the Conflicts Committee (in connection with any Special Approval by the Conflicts Committee) each shall be authorized in connection with its resolution of any conflict of interest to consider such factors as it determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. The General Partner shall be authorized but not required in connection with its resolution of any conflict of interest to seek Special Approval of such resolution, and the General Partner may also adopt a resolution or course of action that has not received Special Approval. Failure to seek Special Approval shall not be deemed to indicate that a conflict of interest exists or that Special Approval could not have been obtained. Notwithstanding anything to the contrary in this Agreement or any duty otherwise existing at law or equity, and without limitation of Section 7.6, to the fullest extent permitted by the Delaware Limited Partnership Act, the existence of the conflicts of interest described in or contemplated by the Registration Statement are hereby approved, and all such conflicts of interest are waived, by the Partnership and each Partner and any other Person who acquires an interest in a Partnership Security and shall not constitute a breach of this Agreement or any duty existing at law, in equity or otherwise.

(d) Notwithstanding anything to the contrary in this Agreement, the General Partner and its Affiliates shall have no duty or obligation, express or implied, to (i) sell or otherwise dispose of any asset of the Partnership Group other than in the ordinary course of business or (ii) permit any Group Member to use any facilities or assets of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use. Any determination by the General Partner or any of its Affiliates to enter into such contracts shall be in its sole discretion.

(e) The Limited Partners, hereby authorize the General Partner, on behalf of the Partnership as a partner or member of a Group Member, to approve of actions by the general partner or managing member of such Group Member similar to those actions permitted to be taken by the General Partner pursuant to this Section 7.9.

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(f) The Limited Partners expressly acknowledge that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including, without limitation, the tax consequences to Limited Partners) in deciding whether to cause the Partnership to take (or decline to take) any actions, and that the General Partner shall not be liable to the Limited Partners for monetary damages or equitable relief for losses sustained, liabilities incurred or benefits not derived by Limited Partners in connection with such decisions.

(g) Notwithstanding any other provision of this Agreement, to the extent that any provision of this Agreement, including the provisions of this Section 7.9, purports (i) to restrict or otherwise modify or eliminate the duties (including fiduciary duties), obligations and liabilities of the General Partner, the Board of Directors, any committee of the Board of Directors (including the Conflicts Committee) or any other Indemnitee otherwise existing at law or in equity or (ii) to constitute a waiver or consent by the Partnership, the Limited Partners or any other Person who acquires an interest in a Partnership Security to any such restriction, modification or elimination, such provision shall be deemed to have been approved by the Partnership, all of the Partners, and each other Person who has acquired an interest in a Partnership Security.

Section 7.10. *Other Matters Concerning the General Partner.*

(a) The General Partner and any other Indemnitee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner and any Indemnitee may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the advice or opinion (including an Opinion of Counsel) of such Persons as to matters that the General Partner or such Indemnitee believes to be within such Person s professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such advice or opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers or any duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform each and every act and duty that is permitted or required to be done by the General Partner hereunder.

Section 7.11. *Purchase or Sale of Partnership Securities.*

The General Partner may cause the Partnership or any other Group Member to purchase or otherwise acquire Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities. Notwithstanding any other provision of this Agreement or otherwise applicable provision of law or equity, any Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities that are purchased or otherwise acquired by the Partnership may, in the sole discretion of the General Partner, be held by the Partnership in treasury and, if so held in treasury, shall no longer be deemed to be Outstanding for any purpose. For the avoidance of doubt, (i) Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities that are held by the Partnership in treasury (a) shall not be allocated Net Income (Loss) pursuant to Article VI and (b) shall not be entitled to distributions pursuant to Article VI, and (ii) shall neither be entitled to vote nor be counted for quorum purposes. The General Partner or any other Indemnitee or any Affiliate of the General Partner may also purchase or otherwise acquire and sell or otherwise dispose of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities for their own account, subject to the provisions of Articles IV and X.

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Section 7.12. *Reliance by Third Parties.*

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner and any officer of the General Partner purporting to act on behalf of and in the name of the Partnership has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any authorized contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner or any such officer as if it were the Partnership s sole party in interest, both legally and beneficially. The Partnership, each Limited Partner and each other Person who has acquired an interest in a Partnership Security hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner or any such officer in connection with any such dealing. In no event shall any Person dealing with the General Partner or any such officer or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or any such officer. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or any such officer shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the General Partner or any such officer executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

Section 7.13. *Board of Directors*

(a) On January 31 of each year (each a Determination Date), the General Partner will determine whether the voting power collectively held by (i) the holders of Special Voting Units (including Voting Units held by the General Partner and its Affiliates) in their capacity as such, (ii) persons that were formerly employed by or had provided services to (including as a director), or are then employed by or providing services to (including as a director), the General Partner and/or its Affiliates, and (iii) any estate, trust, partnership or limited liability company or other similar entity of which any such person is a trustee, partner, member or similar party, respectively, is at least 10% of the voting power of the Outstanding Voting Units (treating as Outstanding and held by any such persons, Voting Units deliverable pursuant to any equity awards granted to such persons) (the Carlyle Partners Ownership Condition).

(b) The method of nomination, election and removal of Directors shall be determined as follows: (i) in any year in which the General Partner has determined on the applicable Determination Date that the Carlyle Partners Ownership Condition has not been satisfied, the Board of Directors shall be elected at an annual meeting of the Limited Partners holding Outstanding Units in accordance with Section 13.4(b); and (ii) in any year in which the General Partner has determined on the applicable Determination Date that the Carlyle Partners Ownership Condition has been satisfied, the provisions of Section 13.4(b) shall not apply and the method for nominating, electing and removing Directors shall be as otherwise provided in the General Partner Agreement.

ARTICLE VIII

BOOKS, RECORDS AND ACCOUNTING

Section 8.1. *Records and Accounting.*

The General Partner shall keep or cause to be kept at the principal office of the Partnership or any other place designated by the General Partner in its sole discretion appropriate books and records with respect to the Partnership s

business, including all books and records necessary to provide to the Limited Partners any information required to be provided pursuant to Section 3.4(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its

business, including the record of the Record Holders of Units or other Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities, books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard drives, magnetic tape, photographs, micrographics or any other information storage device; provided that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with U.S. GAAP.

Section 8.2. *Fiscal Year.*

The fiscal year of the Partnership (each, a *Fiscal Year*) shall be a year ending December 31. The General Partner in its sole discretion may change the Fiscal Year of the Partnership at any time and from time to time in each case as may be required or permitted under the Code or applicable United States Treasury Regulations and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

ARTICLE IX

TAX MATTERS

Section 9.1. *Tax Returns and Information.*

As soon as reasonably practicable after the end of each Fiscal Year (which each of the Partners and each other Person who acquires an interest in a Partnership Security hereby acknowledges and agrees may be later than the otherwise applicable due date of the tax return of such Partner or other Person), the Partnership shall send to each Partner a copy of U.S. Internal Revenue Service Schedule K-1 with respect to such Fiscal Year. The Partnership also shall provide the Partners with such other information as may be reasonably required in the discretion of the General Partner for purposes of allowing the Partners to prepare and file their own U.S. federal, state and local tax returns. Each Partner shall be required to report for all tax purposes consistently with such information provided by the Partnership. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for U.S. federal income tax purposes.

Section 9.2. *Tax Elections.*

The General Partner shall determine whether to make, refrain from making or revoke any and all elections permitted by the tax laws of the United States, the several states and other relevant jurisdictions, in its sole discretion.

Section 9.3. *Tax Controversies.*

Subject to the provisions hereof, the General Partner is designated as the Tax Matters Partner (as defined in the Code) and is authorized to represent the Partnership (at the Partnership s expense) in connection with all examinations of the Partnership s affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner agrees to cooperate with the General Partner and to do or refrain from doing any or all things required by the General Partner to conduct such proceedings.

Section 9.4. *Withholding.*

Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that may be required or be necessary or appropriate to cause the Partnership or any other Group Member to comply with any withholding requirements established under the Code or any other U.S. federal, state, local or non-U.S. law including

pursuant to Sections 1441, 1442, 1445, 1446 and 3406 of the Code. To the extent that the Partnership is required or elects to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner (including by reason of Section 1446 of the Code), the General Partner shall treat the

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amount withheld as a distribution of cash pursuant to Section 6.3 in the amount of such withholding from such Partner.

Section 9.5. *Election to be Treated as a Corporation.*
If the General Partner determines in its sole discretion that it is no longer in the interests of the Partnership to continue as a partnership for U.S. federal income tax purposes, the General Partner may elect to treat the Partnership as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes or may effect such change by merger or conversion or otherwise under applicable law.

ARTICLE X

ADMISSION OF PARTNERS

Section 10.1. *Admission of Initial Limited Partners*.

(a) Upon the issuance by the Partnership of a Special Voting Unit to TCG Partners, the General Partner shall admit TCG Partners to the Partnership as an Initial Limited Partner in respect of the Special Voting Unit issued to it.

(b) Upon the issuance by the Partnership of Common Units to the Underwriters or their designee(s) as described in Section 5.4 in connection with the Initial Offering, the General Partner shall admit such parties to the Partnership as Initial Limited Partners in respect of the Common Units issued to them.

Section 10.2. *Admission of Additional Limited Partners*.

(a) By acceptance of the transfer of any Limited Partner Interests in accordance with this Section 10.2 or the issuance of any Limited Partner Interests in accordance herewith (including in a merger, consolidation or other business combination pursuant to Article XIV), and except as provided in Section 4.8, each transferee or other recipient of a Limited Partner Interest (including any nominee holder or an agent or representative acquiring such Limited Partner Interests for the account of another Person) (i) shall be admitted to the Partnership as a Limited Partner with respect to the Limited Partner Interests so transferred or issued to such Person when any such transfer or issuance is reflected in the books and records of the Partnership, with or without execution of this Agreement, (ii) shall become bound by the terms of, and shall be deemed to have agreed to be bound by, this Agreement, (iii) shall become the Record Holder of the Limited Partner Interests so transferred or issued, (iv) represents that the transferee or other recipient has the capacity, power and authority to enter into this Agreement, (v) grants the powers of attorney set forth in this Agreement and (vi) makes the consents, acknowledgments and waivers contained in this Agreement. The transfer of any Limited Partner Interests and/or the admission of any new Limited Partner shall not constitute an amendment to this Agreement. A Person may become a Record Holder without the consent or approval of any of the Partners. A Person may not become a Limited Partner without acquiring a Limited Partner Interest. The rights and obligations of a Person who is a Non-citizen Assignee shall be determined in accordance with Section 4.8.

(b) The name and mailing address of each Record Holder shall be listed on the books and records of the Partnership maintained for such purpose by the Partnership or the Transfer Agent. The General Partner shall update the books and records of the Partnership from time to time as necessary to reflect accurately the information therein (or shall cause the Transfer Agent to do so, as applicable). A Limited Partner Interest may be represented by a Certificate, as provided in Section 4.1.

(c) Any transfer of a Limited Partner Interest shall not entitle the transferee to share in the profits and losses, to receive distributions, to receive allocations of income, gain, loss, deduction or credit or any similar item or to any other rights to which the transferor was entitled until the transferee becomes a Limited Partner pursuant to Section 10.2(a).

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Section 10.3. *Admission of Successor General Partner.*

A successor General Partner approved pursuant to Section 11.1 or the transferee of or successor to all of the General Partner Interest (represented by General Partner Units) pursuant to Section 4.6 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner effective immediately prior to the withdrawal of the predecessor or transferring General Partner pursuant to Section 11.1 or the transfer of such General Partner s General Partner Interest (represented by General Partner Units) pursuant to Section 4.6; provided however, that no such successor shall be admitted to the Partnership until compliance with the terms of Section 4.6 has occurred and such successor has executed and delivered such other documents or instruments as may be required to effect such admission. Any such successor is hereby authorized to and shall, subject to the terms hereof, carry on the business of the Partnership without dissolution.

Section 10.4. *Amendment of Agreement and Certificate of Limited Partnership to Reflect the Admission of Partners.*

To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary under the Delaware Limited Partnership Act to amend the records of the Partnership to reflect such admission and, if necessary, to prepare as soon as practicable an amendment to this Agreement and, if required by law, the General Partner shall prepare and file an amendment to the Certificate of Limited Partnership, and the General Partner may for this purpose, among others, exercise the power of attorney granted pursuant to Section 2.6.

ARTICLE XI

WITHDRAWAL OR REMOVAL OF PARTNERS

Section 11.1. *Withdrawal of the General Partner.*

(a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an *Event of Withdrawal*):

(i) The General Partner voluntarily withdraws from the Partnership by giving written notice to the other Partners;

(ii) The General Partner transfers all of its General Partner Interest pursuant to Section 4.6;

(iii) The General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition for relief under Chapter 7 of the United States Bankruptcy Code; (C) files a petition or answer seeking for itself a liquidation, dissolution or similar relief (but not a reorganization) under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this Section 11.1(a)(iii); or (E) seeks, consents to or acquiesces in the appointment of a trustee (but not a debtor-in-possession), receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(iv) A final and non-appealable order of relief under Chapter 7 of the United States Bankruptcy Code is entered by a court with appropriate jurisdiction pursuant to a voluntary or involuntary petition by or against the General Partner; or

(v) (A) in the event the General Partner is a corporation, a certificate of dissolution or its equivalent is filed for the General Partner, or 90 days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation; (B) in the event the General Partner is a partnership or a limited liability company, the dissolution and commencement of winding up of the General Partner;

(C) in the event the General Partner is acting in such capacity by virtue of being a trustee of a

trust, the termination of the trust; (D) in the event the General Partner is a natural person, his death or adjudication of incompetency; and (E) otherwise in the event of the termination of the General Partner.

If an Event of Withdrawal specified in Section 11.1(a)(iii), (iv) or (v)(A), (B), (C) or (E) occurs, the withdrawing General Partner shall give notice to the Limited Partners within 30 days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 11.1 shall result in the withdrawal of the General Partner from the Partnership.

(b) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall not constitute a breach of this Agreement under the following circumstances: (i) at any time during the period beginning on the Listing Date and ending at 12:00 midnight, New York City time, on December 31, 2021, the General Partner voluntarily withdraws by giving at least 90 days advance notice of its intention to withdraw to the Limited Partners; provided that prior to the effective date of such withdrawal, the withdrawal is approved by Limited Partners holding at least a majority of the voting power of the Outstanding Voting Units (excluding Voting Units held by the General Partner and its Affiliates) and the General Partner delivers to the Partnership an Opinion of Counsel (*Withdrawal Opinion of Counsel*) that such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability of any Limited Partner or cause the Partnership or any Group Member to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not previously treated as such); (ii) at any time after 12:00 midnight, New York City time, on December 31, 2021, the General Partner voluntarily withdraws by giving at least 90 days advance notice to the Unitholders, such withdrawal to take effect on the date specified in such notice; (iii) at any time that the General Partner ceases to be the General Partner pursuant to Section 11.1(a)(ii); or (iv) notwithstanding clause (i) of this sentence, at any time that the General Partner voluntarily withdraws by giving at least 90 days advance notice of its intention to withdraw to the Limited Partners, such withdrawal to take effect on the date specified in the notice, if at the time such notice is given one Person and its Affiliates (other than the General Partner and its Affiliates) Beneficially Own or own of record or control at least 50% of the Outstanding Common Units. The withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall also constitute the withdrawal of the General Partner as general partner or managing member, to the extent applicable, of the other Group Members. If the General Partner gives a notice of withdrawal pursuant to Section 11.1(a)(i), the Limited Partners holding of a majority of the voting power of Outstanding Voting Units, may, prior to the effective date of such withdrawal, elect a successor General Partner. The Person so elected as successor General Partner shall automatically become the successor general partner or managing member, to the extent applicable, of the other Group Members of which the General Partner is a general partner or a managing member, and is hereby authorized to, and shall, continue the business of the Partnership and, to the extent applicable, the other Group Members without dissolution. If, prior to the effective date of the General Partner s withdrawal pursuant to Section 11.1(a)(i), a successor is not selected by the Unitholders as provided herein or the Partnership does not receive a Withdrawal Opinion of Counsel, the Partnership shall be dissolved in accordance with and subject to Section 12.1. Any successor General Partner elected in accordance with the terms of this Section 11.1 shall be subject to the provisions of Section 10.3.

Section 11.2. *No Removal of the General Partner.*

The Limited Partners shall have no right to remove or expel, with or without cause, the General Partner.

Section 11.3. *Interest of Departing General Partner and Successor General Partner.*

(a) In the event of the withdrawal of a General Partner, if a successor General Partner is elected in accordance with the terms of Section 11.1, the Departing General Partner, in its sole discretion and acting in its individual capacity, shall have the option exercisable prior to the effective date of the withdrawal of such Departing General Partner to require its successor to purchase its General

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Partner Interest (represented by General Partner Units) in exchange for an amount in cash equal to the fair market value of such General Partner Interest, such amount to be determined and payable as of the effective date of its withdrawal. The Departing General Partner shall be entitled to receive all reimbursements due such Departing General Partner pursuant to Section 7.4, including any employee-related liabilities (including severance liabilities), incurred in connection with the termination of any employees employed by the Departing General Partner or its Affiliates (excluding any Group Member) for the benefit of the Partnership or the other Group Members.

For purposes of this Section 11.3(a), the fair market value of a Departing General Partner s General Partner Interest shall be determined by agreement between the Departing General Partner and its successor or, failing agreement within 30 days after the effective date of such Departing General Partner s departure, by an independent investment banking firm or other independent expert selected by the Departing General Partner and its successor, which, in turn, may rely on other experts, and the determination of which shall be conclusive as to such matter. If such parties cannot agree upon one independent investment banking firm or other independent expert within 45 days after the effective date of such departure, then the Departing General Partner shall designate an independent investment banking firm or other independent expert, the Departing General Partner s successor shall designate an independent investment banking firm or other independent expert, and such firms or experts shall mutually select a third independent investment banking firm or independent expert, which third independent investment banking firm or other independent expert shall determine the fair market value of the General Partner Interest of the Departing General Partner. In making its determination, such third independent investment banking firm or other independent expert may consider the then current trading price of Units on any National Securities Exchange on which Common Units are then listed, the value of the Partnership s assets, the rights and obligations of the Departing General Partner and other factors it may deem relevant.

(b) If the Departing General Partner does not exercise its option to require the successor General Partner to purchase its General Partner Interest in the manner set forth in Section 11.3(a), the Departing General Partner (or its transferee) shall automatically become a Limited Partner and its General Partner Interest automatically shall be converted into Common Units pursuant to a valuation made by an investment banking firm or other independent expert selected pursuant to Section 11.3(a). Any successor General Partner shall indemnify the Departing General Partner (or its transferee) as to all debts and liabilities of the Partnership arising on or after the date on which the Departing General Partner (or its transferee) becomes a Limited Partner. For purposes of this Agreement, conversion of the General Partner Interest of the Departing General Partner to Common Units will be characterized as if the Departing General Partner (or its transferee) contributed its General Partner Interest to the Partnership in exchange for the newly-issued Common Units and the Partnership reissued a new General Partner Interest in the Partnership to the successor General Partner.

Section 11.4. *Withdrawal of Limited Partners.*

No Limited Partner shall have any right to withdraw from the Partnership; provided however that when a transferee of a Limited Partner s Limited Partner Interest becomes a Record Holder of the Limited Partner Interest so transferred, such transferring Limited Partner shall cease to be a Limited Partner with respect to the Limited Partner Interest so transferred.

ARTICLE XII

DISSOLUTION AND LIQUIDATION

Section 12.1. *Dissolution.*

The Partnership shall not be dissolved by the admission of additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, if a successor General Partner is admitted to the Partnership

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pursuant to Sections 10.3, 11.1 or 12.2, the Partnership shall not be dissolved and such successor General Partner is hereby authorized to, and shall, continue the business of the Partnership. Subject to Section 12.2, the Partnership shall dissolve, and its affairs shall be wound up, upon:

(a) an Event of Withdrawal of the General Partner as provided in Section 11.1(a) (other than Section 11.1(a)(ii)), unless a successor is elected and such successor is admitted to the Partnership pursuant to this Agreement;

(b) an election to dissolve the Partnership by the General Partner that is approved by the Unitholders holding a majority of the voting power of Outstanding Voting Units;

(c) the entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Limited Partnership Act; or

(d) at any time there are no Limited Partners, unless the Partnership is continued without dissolution in accordance with the Delaware Limited Partnership Act.

Section 12.2. *Continuation of the Business of the Partnership After Event of Withdrawal.*

Upon an Event of Withdrawal caused by (a) the withdrawal of the General Partner as provided in Sections 11.1(a)(i) and the failure of the Partners to select a successor to such Departing General Partner pursuant to Section 11.1, then within 90 days thereafter, or (b) an event constituting an Event of Withdrawal as defined in Sections 11.1(a)(iii), (iv) or (v), then, to the maximum extent permitted by law, within 180 days thereafter, the Unitholders holding a majority of the voting power of Outstanding Voting Units may elect to continue the business of the Partnership on the same terms and conditions set forth in this Agreement by appointing as the successor General Partner a Person approved by the Unitholders holding a majority of the voting power of Outstanding Voting Units. Unless such an election is made within the applicable time period as set forth above, the Partnership shall dissolve and conduct only activities necessary to wind up its affairs. If such an election is so made, then:

(i) the Partnership shall continue without dissolution unless earlier dissolved in accordance with this Article XII;

(ii) if the successor General Partner is not the former General Partner, then the interest of the former General Partner shall be treated in the manner provided in Section 11.3; and

(iii) the successor General Partner shall be admitted to the Partnership as General Partner, effective as of the Event of Withdrawal, by agreeing in writing to be bound by this Agreement;

provided that the right of the Unitholders holding a majority of the voting power of Outstanding Voting Units to approve a successor General Partner and to continue the business of the Partnership shall not exist and may not be exercised unless the Partnership has received an Opinion of Counsel (x) that the exercise of the right would not result in the loss of limited liability of any Limited Partner and (y) neither the Partnership nor any Group Member (other than the Carlyle Holdings I General Partner, Carlyle Holdings III General Partner or other Group Member that is formed or existing as a corporation) would be treated as an association taxable as a corporation or otherwise be taxable as an entity for U.S. federal income tax purposes upon the exercise of such right to continue (to the extent not so treated or taxed).

Section 12.3. *Liquidator.*

Upon dissolution of the Partnership, unless the Partnership is continued pursuant to Section 12.2, the General Partner shall act, or select in its sole discretion one or more Persons to act as Liquidator. If the General Partner is acting as the

Liquidator, it shall not be entitled to receive any additional compensation for acting in such capacity. If a Person other than the General Partner acts as Liquidator, such Liquidator (1) shall be entitled to receive such compensation for its services as may be approved by either the Board of Directors of the withdrawing General Partner (or similar governing body) or Unitholders holding at least a majority of the voting power of the Outstanding

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Voting Units voting as a single class, (2) shall agree not to resign at any time without 15 days prior notice and (3) may be removed at any time, with or without cause, by notice of removal approved by Unitholders holding at least a majority of the voting power of the Outstanding Voting Units voting as a single class. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within 30 days thereafter be approved by holders of at least a majority of the voting power of the Outstanding Voting Units voting as a single class. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XII, the Liquidator approved in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 7.3) necessary or appropriate to carry out the duties and functions of the Liquidator hereunder for and during the period of time required to complete the winding up and liquidation of the Partnership as provided for herein.

Section 12.4. *Liquidation.*

The Liquidator shall proceed to dispose of the assets of the Partnership, discharge its liabilities, and otherwise wind up its affairs in such manner and over such period as the Liquidator determines to be in the best interest of the Partners, subject to Section 17-804 of the Delaware Limited Partnership Act and the following:

(a) *Disposition of Assets.* The assets may be disposed of by public or private sale or by distribution in kind to one or more Partners on such terms as the Liquidator and such Partner or Partners may agree. If any property is distributed in kind, the Partner receiving the property shall be deemed for purposes of Section 12.4(c) to have received cash equal to its fair market value; and contemporaneously therewith, appropriate distributions of cash (to the extent any cash is available) must be made to the other Partners. The Liquidator may defer liquidation or distribution of the Partnership s assets for a reasonable time if it determines that an immediate sale or distribution of all or some of the Partnership s assets would be impractical or would cause undue loss to the Partners. The Liquidator may distribute the Partnership s assets, in whole or in part, in kind if it determines that a sale would be impractical or would cause undue loss to the Partners.

(b) *Discharge of Liabilities.* Liabilities of the Partnership include amounts owed to the Liquidator as compensation for serving in such capacity (subject to the terms of Section 12.3) and amounts to Partners otherwise than in respect of their distribution rights under Article VI. With respect to any liability that is contingent, conditional or unmatured or is otherwise not yet due and payable, the Liquidator shall either settle such claim for such amount as it thinks appropriate or establish a reserve of cash or other assets to provide for its payment.

(c) *Liquidation Distributions.* All cash and other property in excess of that required to discharge liabilities (whether by payment or the making of reasonable provision for payment thereof) as provided in Section 12.4(b) shall be distributed to the Partners in accordance with their respective Percentage Interests as of a Record Date selected by the Liquidator.

Section 12.5. *Cancellation of Certificate of Limited Partnership.*

Upon the completion of the distribution of Partnership cash and other property as provided in Section 12.4 in connection with the liquidation of the Partnership, the Certificate of Limited Partnership shall be cancelled in accordance with the Delaware Limited Partnership Act and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

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Section 12.6. *Return of Contributions.*

The General Partner shall not be personally liable for, and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate, the return of the Capital Contributions of the Limited Partners or Unitholders, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

Section 12.7. *Waiver of Partition.*

To the maximum extent permitted by law, each Partner hereby waives any right to partition of the Partnership property.

Section 12.8. *Capital Account Restoration.*

No Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership or otherwise.

ARTICLE XIII

AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS; RECORD DATE

Section 13.1. *Amendments to be Adopted Solely by the General Partner.*

Each Partner agrees that the General Partner, without the approval of any Partner, any Unitholder or any other Person, may amend any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) the admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that the General Partner determines in its sole discretion is necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or other jurisdiction or to ensure that the Group Members (other than the Carlyle Holdings I General Partner or the Carlyle Holdings III General Partner or other Group Member that is formed or existing as a corporation) will not be treated as associations taxable as corporations or otherwise taxed as entities for U.S. federal income tax purposes (to the extent not so treated);

(d) a change that the General Partner determines in its sole discretion to be necessary or appropriate to address changes in U.S. federal, state or local income tax regulations, legislation or interpretation;

(e) a change that the General Partner determines (i) does not adversely affect the Limited Partners considered as a whole (or adversely affect any particular class of Partnership Interests as compared to another class of Partnership Interests, except under clause (h) below) in any material respect; provided, however, for purposes of determining whether an amendment satisfies the requirements of this Section 13.1(e)(i), the General Partner may in its sole discretion disregard any adverse effect on any class or classes of Partnership Interests the holders of which have approved such amendment pursuant to Section 13.3(c)(ii) to be necessary or appropriate to (A) satisfy any

requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any U.S. federal, state or local or non-U.S. agency or judicial authority or contained in any U.S. federal, state or local or non-U.S. statute (including the Delaware Limited Partnership Act) or (B) facilitate the trading of the Limited Partner Interests (including the division of any class or classes of Outstanding Limited Partner Interests into different classes to

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facilitate uniformity of tax consequences within such classes of Limited Partner Interests) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Limited Partner Interests are or will be listed, (iii) to be necessary or appropriate in connection with action taken by the General Partner pursuant to Section 5.8 or (iv) is required to effect the intent expressed in the Registration Statement or the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement;

(f) a change in the Fiscal Year or taxable year of the Partnership and any other changes that the General Partner determines to be necessary or appropriate as a result of a change in the Fiscal Year or taxable year of the Partnership including, if the General Partner shall so determine in its sole discretion, a change in the definition of *Quarter* and the dates on which distributions are to be made by the Partnership;

(g) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership, or the General Partner or its Indemnitees, from having a material risk of being in any manner subjected to registration under the provisions of the U.S. Investment Company Act of 1940, as amended, the U.S. Investment Advisers Act of 1940, as amended, or plan asset regulations adopted under the U.S. Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(h) an amendment that the General Partner determines in its sole discretion to be necessary or appropriate in connection with the creation, authorization or issuance of any class or series of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities pursuant to Section 5.6;

(i) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(j) an amendment effected, necessitated or contemplated by a Merger Agreement permitted by Article XIV;

(k) an amendment that the General Partner determines in its sole discretion to be necessary or appropriate to reflect and account for the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other entity;

(l) an amendment effected, necessitated or contemplated by an amendment to any Carlyle Holdings Partnership Agreement that requires unitholders of any Carlyle Holdings Partnership to provide a statement, certification or other proof of evidence to the Carlyle Holdings Partnerships regarding whether such unitholder is subject to U.S. federal income taxation on the income generated by the Carlyle Holdings Partnerships;

(m) a merger, conversion or conveyance pursuant to Section 14.3(c), including any amendment permitted pursuant to Section 14.5;

(n) any amendment to Section 16.9 that the General Partner determines in good faith;

(o) any amendment that the General Partner determines to be necessary or appropriate to cure any ambiguity, omission, mistake, defect or inconsistency; or

(p) any other amendments substantially similar to the foregoing.

Section 13.2. *Amendment Procedures.*

Except as provided in Sections 5.5, 13.1, 13.3 and 14.5, all amendments to this Agreement shall be made in accordance with the requirements of this Section 13.2. Amendments to this Agreement may be proposed only by the

General Partner; provided however that, to the fullest extent permitted by law, the General Partner shall have no duty or obligation to propose any amendment to this

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Agreement and may decline to do so free of any duty (including any fiduciary duty) or obligation whatsoever to the Partnership, any Limited Partner, any other Person bound by this Agreement or any creditor of the Partnership. A proposed amendment pursuant to this Section 13.2 shall be effective upon its approval by the General Partner and Unitholders holding a majority of the voting power of the Outstanding Voting Units, unless a greater or lesser percentage is required under this Agreement. If such an amendment is proposed, the General Partner shall seek the written approval of the requisite percentage of the voting power of Outstanding Voting Units or call a meeting of the Unitholders to consider and vote on such proposed amendment, in each case in accordance with the other provisions of this Article XIII. The General Partner shall notify all Record Holders upon final adoption of any such proposed amendments.

Section 13.3. *Amendment Requirements.*

(a) Notwithstanding the provisions of Sections 13.1 and 13.2, no provision of this Agreement that requires the vote or consent of Unitholders holding, or holders of, a percentage of the voting power of Outstanding Voting Units (including Voting Units deemed owned by the General Partner and its Affiliates) required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of reducing such voting percentage unless such amendment is approved by the written consent or the affirmative vote of Unitholders or holders of Outstanding Voting Units whose aggregate Outstanding Voting Units constitute not less than the voting or consent requirement sought to be reduced.

(b) Notwithstanding the provisions of Sections 13.1 and 13.2, no amendment to this Agreement may (i) enlarge the obligations of any Limited Partner without its consent, unless such enlargement may be deemed to have occurred as a result of an amendment approved pursuant to Section 13.3(c), or (ii) enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable to the General Partner or any of its Affiliates without the General Partner s consent, which consent may be given or withheld in its sole discretion.

(c) Except as provided in Sections 13.1 and 14.3, any amendment that would have a material adverse effect on the rights or preferences of any class of Partnership Interests in relation to other classes of Partnership Interests (treating the Voting Units as a separate class for this purpose) must be approved by the holders of not less than a majority of the Outstanding Partnership Interests of the class affected.

(d) Notwithstanding the provisions of Sections 13.1 and 13.2, in addition to any other approvals or consents that may be required under this Agreement, neither Section 7.13 nor Section 13.4(b) shall be amended, altered, changed, repealed or rescinded in any respect without the written consent of TCG Partners.

(e) Notwithstanding any other provision of this Agreement, except for amendments pursuant to Section 13.1 and except as otherwise provided by Article XIV, no amendments shall become effective without the approval of Unitholders holding at least 90% of the voting power of the Outstanding Voting Units unless the Partnership obtains an Opinion of Counsel to the effect that such amendment will not affect the limited liability of any Limited Partner under the Delaware Limited Partnership Act.

Section 13.4. *Meetings.*

(a) All acts of Limited Partners to be taken pursuant to this Agreement shall be taken in the manner provided in this Article XIII. Special meetings of the Limited Partners may be called by the General Partner or by Limited Partners representing 50% or more of the voting power of the Outstanding Limited Partner Interests of the class or classes for which a meeting is proposed. (For the avoidance of doubt, the Common Units and the Special Voting Units shall not constitute separate classes for this purpose.) Limited Partners shall call a special meeting by delivering to the General

Partner one or more requests in writing stating that the signing Limited Partners wish to call a special

meeting and indicating the general or specific purposes for which the special meeting is to be called. Within 60 days after receipt of such a call from Limited Partners or within such greater time as may be reasonably necessary for the Partnership to comply with any statutes, rules, regulations, listing, agreements or similar requirements governing the holding of a meeting or the solicitation of proxies for use at such a meeting, the General Partner shall send a notice of the meeting to the Limited Partners either directly or indirectly through the Transfer Agent. A meeting shall be held at a time and place determined by the General Partner in its sole discretion on a date not less than 10 days nor more than 60 days after the mailing of notice of the meeting. Limited Partners shall not vote on matters that would cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership within the meaning of the Delaware Limited Partnership Act so as to jeopardize the Limited Partners limited liability under the Delaware Limited Partnership Act or the law of any other state in which the Partnership is qualified to do business.

(b) (i) Subject to Section 7.13 and Section 13.4(b)(xi), in any year in which the General Partner has determined on the applicable Determination Date that the Carlyle Partners Ownership Condition has not been satisfied, an annual meeting of the Limited Partners holding Outstanding Units for the election of Directors and such other matters as the General Partner shall submit to a vote of the Limited Partners holding Outstanding Units shall be held in June of such year or at such other date and time as may be fixed by the General Partner at such place within or without the State of Delaware as may be fixed by the General Partner and all as stated in the notice of the meeting. Notice of the annual meeting shall be given in accordance with Section 13.5 not less than 10 days nor more than 60 days prior to the date of such meeting.

(ii) The Limited Partners holding Outstanding Units shall vote together as a single class for the election of Directors to the Board of Directors (but such Limited Partners and their Units shall not, however, be treated as a separate class of Partners or Partnership Securities for purposes of this Agreement). The Limited Partners described in the immediately preceding sentence shall elect by a plurality of the votes cast at such meeting persons to serve as Directors who are nominated in accordance with the provisions of this Section 13.4(b). The exercise by a Limited Partner of the right to elect the Directors and any other rights afforded to such Limited Partner under this Section 13.4(b) shall be in such Limited Partner s capacity as a limited partner of the Partnership and shall not cause a Limited Partner to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize such Limited Partner s limited liability under the Delaware Limited Partnership Act or the law of any other state in which the Partnership is qualified to do business.

(iii) If the General Partner has provided at least thirty days advance notice of any meeting at which Directors are to be elected, then the Limited Partners holding Outstanding Units that attend such meeting shall constitute a quorum, and if the General Partner has provided less than thirty days advance notice of any such meeting, then Limited Partners holding a majority of the Outstanding Units shall constitute a quorum.

(iv) The number of Directors on the Board of Directors shall be as determined in accordance with the General Partner Agreement.

(v) The Directors shall be divided into three classes, Class I, Class II, and Class III, as determined by the then-existing Board of Directors in its sole discretion, on any Determination Date on which the General Partner has determined that the Carlyle Partners Ownership Condition has not been satisfied, unless the Board of Directors has already been classified in accordance with this Section 13.4(b)(v) on the next preceding Determination Date. The number of Directors in each class shall be the whole number contained in the quotient arrived at by dividing the authorized number of Directors by three, and if a fraction is also contained in such quotient, then if such fraction is one-third, the extra director shall be a member of Class I and if the fraction is two-thirds, one of the extra directors shall be a member of Class I and the other shall be a member of Class II. Each Director shall serve for a term ending as provided herein; provided, however, that the Directors

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designated to Class I by the Board of Directors shall serve for an initial term that expires at the applicable Initial Annual Meeting, the Directors designated to Class II by the Board of Directors shall serve for an initial term that expires at the first annual meeting of Limited Partners following the applicable Initial Annual Meeting, and the Directors designated to Class III by the Board of Directors shall serve for an initial term that expires at the second annual meeting of Limited Partners following the applicable Initial Annual Meeting. At each succeeding annual meeting of Limited Partners for the election of Directors following an Initial Annual Meeting, successors to the Directors whose term expires at that annual meeting shall be elected for a three-year term.

(vi) Each Director shall hold office for the term for which such Director is elected and thereafter until such Director s successor shall have been duly elected and qualified, or until such Director s earlier death, resignation or removal. If, in any year in which an annual meeting of the Limited Partners for the election of Directors is required to be held in accordance with Section 7.13 and this Section 13.4(b), the number of Directors is changed, any increase or decrease shall be apportioned among the classes of Directors so as to maintain the number of Directors in each class as nearly equal as possible, and any additional Director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of Directors shorten the term of any incumbent Director. Any vacancy on the Board of Directors (including, without limitation, any vacancy caused by an increase in the number of Directors on the Board of Directors) may only be filled by the vote of a majority of the remaining Directors. Any Director elected to fill a vacancy not resulting from an increase in the number of Directors shall have the same remaining term as that of his or her predecessor. A Director may be removed only at a meeting of the Limited Partners upon the affirmative vote of Limited Partners holding a majority of the Outstanding Units; provided, however, a Director may only be removed if, at the same meeting, Limited Partners holding a majority of the Outstanding Units nominate a replacement Director (and any such nomination shall not be subject to the nomination procedures otherwise set forth in this Section 13.4), and Limited Partners holding a majority of the Outstanding Units also vote to elect a replacement Director, and, provided, further, a Director may only be removed for cause.

(vii) (A) (1) Nominations of persons for election of Directors to the Board of Directors of the General Partner may be made at an annual meeting of the Limited Partners only pursuant to the General Partner s notice of meeting (or any supplement thereto) (a) by or at the direction of a majority of the Directors or (b) by a Limited Partner, or a group of Limited Partners, that holds or beneficially owns, and has continuously held or beneficially owned without interruption for the prior eighteen (18) months, 5% of the Outstanding Units (in either case, a Limited Partner Group) if each member of the Limited Partner Group was a Record Holder at the time the notice provided for in this Section 13.4(b)(vii) is delivered to the General Partner, and if the Limited Partner Group complies with the notice procedures set forth in this Section 13.4(b)(vii).

(2) For any nominations brought before an annual meeting by a Limited Partner Group pursuant to clause (b) of paragraph (A)(1) of this Section 13.4(b)(vii), the Limited Partner Group must have given timely notice thereof in writing to the General Partner. To be timely, a Limited Partner Group s notice shall be delivered to the General Partner not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, prior to the first anniversary of the preceding year s annual meeting (provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the Limited Partner Group must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Partnership or the General Partner). For purposes of any Initial Annual Meeting, the first anniversary of the preceding year s annual meeting shall be deemed to be June 30 of that year. In no event shall the public announcement of an

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adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a Limited Partner Group s notice as described above. Such Limited Partner Group s notice shall set forth: (a) as to each person whom the Limited Partner Group proposes to nominate for election as Director (i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Securities Exchange Act and the rules and regulations promulgated thereunder and (ii) such person s written consent to being named in the proxy statement as a nominee and to serving as a Director if elected; and (b) as to each member of the Limited Partner Group giving the notice and the beneficial owner, if any, on whose behalf the nomination is made (i) the name and address of such Limited Partners, as they appear on the Partnership s books and records, and of such beneficial owners, (ii) the type and number of Units which are owned beneficially and of record by such Limited Partners and such beneficial owners, (iii) a description of any agreement, arrangement or understanding with respect to the nomination between or among any or all members of such Limited Partner Group and/or such beneficial owners, any of their respective Affiliates or associates, and any others acting in concert with any of the foregoing, including each nominee, (iv) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, equity appreciation or similar rights, hedging transactions, and borrowed or loaned Units) that has been entered into as of the date of the Limited Partner Group s notice by, or on behalf of, any members of such Limited Partner Group and such beneficial owners, the effect or intent of which is to mitigate loss to, manage risk or benefit of Unit price changes for, or increase or decrease the voting power of, such Limited Partners and such beneficial owner, with respect to Units, (v) a representation that each member of the Limited Partner Group is a Record Holder entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such nomination, (vi) a representation whether any member of the Limited Partner Group or the beneficial owners, if any, intend or are part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Partnership s Outstanding Units required to elect the nominee and/or (b) otherwise to solicit proxies from Limited Partners in support of such nomination, and (vii) any other information relating to any member of such Limited Partner Group and beneficial owners, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Securities Exchange Act and the rules and regulations promulgated thereunder. A Limited Partner Group providing notice of a proposed nomination for election to the Board of Directors shall update and supplement such notice from time to time to the extent necessary so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is fifteen (15) days prior to the meeting or any adjournment or postponement thereof; such update and supplement shall be delivered in writing to the General Partner at the principal executive offices of the General Partner not later than five (5) days after the record date for the meeting (in the case of any update and supplement required to be made as of the record date), and not later than ten (10) days prior to the date for the meeting or any adjournment or postponement thereof (in the case of any update and supplement required to be made as of fifteen (15) days prior to the meeting or any adjournment or postponement thereof). The General Partner may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a Director of the General Partner.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 13.4(b)(vii) to the contrary, in the event that the number of Directors to be elected to the Board of Directors of the General Partner is increased effective after the time period for which nominations would otherwise be due under paragraph (A)(2) of this Section 13.4(b)(vii) and there is no public announcement by the Partnership or the General Partner naming the nominees for the additional directorships at least one hundred (100) days prior to the first anniversary of the preceding year s

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annual meeting, a Limited Partner Group s notice required by this Section 13.4(b)(vii) shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the General Partner not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Partnership or the General Partner.

(B) Nominations of persons for election as a Director to the Board of Directors may be made at a special meeting of Limited Partners at which Directors are to be elected pursuant to the General Partner s notice of meeting (1) by or at the direction of a majority of the Directors or (2) provided that the Board of Directors has determined that Directors shall be elected at such meeting, by any Limited Partner Group pursuant to Section 13.4(a) hereof, if each member of such Limited Partner Group is a Record Holder at the time the notice provided for in this Section 13.4(b)(vii) is delivered to the General Partner and if the Limited Partner Group complies with the notice procedures set forth in this Section 13.4(b)(vii). In the event the General Partner calls a special meeting of Limited Partners for the purpose of electing one or more Directors to the Board of Directors, any such Limited Partner Group may nominate a person or persons (as the case may be) for election to such position(s) as specified in the General Partner s notice of meeting, if the Limited Partner Group s notice required by paragraph (A)(2) of this Section 13.4(b)(vii) shall be delivered to the General Partner not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a Limited Partner Group s notice as described above.

(C) (1) Only such persons who are nominated in accordance with the procedures set forth in this Section 13.4(b) shall be eligible to be elected at an annual or special meeting of Limited Partners to serve as Directors. Except as otherwise provided by law, the chairman designated by the General Partner pursuant to Section 13.10 shall have the power and duty (a) to determine whether a nomination was made in accordance with the procedures set forth in this Section 13.4(b) (including whether the members of the Limited Partner Group or beneficial owner, if any, on whose behalf the nomination is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such Limited Partner Group s nominee in compliance with such Limited Partner Group s representation as required by clause (A)(2)(b)(vi) of this Section 13.4(b)(vii)) and (b) if any proposed nomination was not made in compliance with this Section 13.4(b), to declare that such nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 13.4(b), unless otherwise required by law, if each member of the Limited Partner Group (or a qualified representative of each member of the Limited Partner Group) does not appear at the annual or special meeting of Limited Partners to present a nomination, such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the General Partner or the Partnership. For purposes of this Section 13.4(b), to be considered a qualified representative of a member of the Limited Partner Group, a person must be a duly authorized officer, manager or partner of such Limited Partner or must be authorized by a writing executed by such Limited Partner or an electronic transmission delivered by such Limited Partner to act for such Limited Partner as proxy at the meeting of Limited Partners and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of Limited Partners.

(2) For purposes of this Section 13.4(b)(vii), public announcement shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or other national news service or in a document publicly filed by the Partnership or the General Partner with the Commission pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act and the rules and regulations promulgated thereunder.

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(3) Notwithstanding the foregoing provisions of this Section 13.4(b)(vii), a Limited Partner shall also comply with all applicable requirements of the Securities Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 13.4(b)(vii); provided however, that any references in this Agreement to the Securities Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations pursuant to this Section 13.4(b)(vii) (including paragraphs A(1) and B hereof), and compliance with paragraphs A(1)(b) and B of this Section 13.4(b)(vii) shall be the exclusive means for a Limited Partner to make nominations.

(viii) This Section 13.4(b) shall not be deemed in any way to limit or impair the ability of the Board of Directors to adopt a poison pill or unitholder or other similar rights plan with respect to the Partnership, whether such poison pill or plan contains dead hand provisions, no hand provisions or other provisions relating to the redemption of the poison pill or plan, in each case as such terms are used under Delaware common law.

(ix) The Partnership and the General Partner shall use their commercially reasonable best efforts to take such action as shall be necessary or appropriate to give effect to and implement the provisions of this Section 13.4(b), including, without limitation, amending the organizational documents of the General Partner such that at all times the organizational documents of the General Partner shall provide (i) that in any year in which the General Partner has determined on the applicable Determination Date that the Carlyle Partners Ownership Condition has not been satisfied the Directors shall be elected in accordance with the terms of this Agreement, and (ii) terms consistent with this Section 13.4(b).

(x) If the General Partner delegates to an existing or newly formed wholly owned Subsidiary the power and authority to manage and control the business and affairs of the Partnership Group, the foregoing provisions of this Section 13.4(b) shall be applicable with respect to the Board of Directors or other governing body of such Subsidiary.

(xi) During the period beginning on any Determination Date on which the General Partner has determined that the Carlyle Partners Ownership Condition has been satisfied until the next succeeding Determination Date, if any, on which the General Partner has determined that the Carlyle Partners Ownership Condition has not been satisfied, the provisions of this Section 13.4(b) shall automatically not apply, the Board of Directors shall not be classified, Directors shall not be elected by the Limited Partners, and the Directors shall be nominated and elected and may be removed solely in accordance with the General Partner Agreement.

Section 13.5. *Notice of a Meeting.*

Notice of a meeting called pursuant to Section 13.4 shall be given to the Record Holders of the class or classes of Limited Partner Interests for which a meeting is proposed in writing by mail or other means of written communication in accordance with Section 16.1. The notice shall be deemed to have been given at the time when deposited in the mail or sent by other means of written communication.

Section 13.6. *Record Date.*

For purposes of determining the Limited Partners entitled to notice of or to vote at a meeting of the Limited Partners or to give approvals without a meeting as provided in Section 13.11 the General Partner may set a Record Date, which shall not be less than 10 nor more than 60 days before (a) the date of the meeting (unless such requirement conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Limited Partner Interests are listed for trading, in which case the rule, regulation, guideline or requirement of such National Securities Exchange shall govern) or (b) in the event that approvals are sought without a meeting, the date by which Limited Partners are requested in writing by the General Partner to give such approvals (unless such requirement conflicts with

any rule, regulation, guideline or requirement of any National Securities Exchange on which the Limited Partner Interests are listed for trading, in which

case the rule, regulation, guideline or requirement of such National Securities Exchange shall govern). If the General Partner does not set a Record Date, then (a) the Record Date for determining the Limited Partners entitled to notice of or to vote at a meeting of the Limited Partners shall be the close of business on the Business Day immediately preceding the day on which notice is given, and (b) the Record Date for determining the Limited Partners entitled to give approvals without a meeting shall be the date the first written approval is deposited with the Partnership in care of the General Partner in accordance with Section 13.11.

Section 13.7. *Adjournment.*

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than 45 days. At the adjourned meeting, the Partnership may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this Article XIII.

Section 13.8. *Waiver of Notice; Approval of Meeting; Approval of Minutes.*

The transactions of any meeting of Limited Partners, however called and noticed, and whenever held, shall be as valid as if it had occurred at a meeting duly held after regular call and notice if a quorum is present either in person or by proxy. Attendance of a Limited Partner at a meeting shall constitute a waiver of notice of the meeting, except (i) when the Limited Partner attends the meeting solely for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business at such meeting because the meeting is not lawfully called or convened, and takes no other action, and (ii) that attendance at a meeting is not a waiver of any right to disapprove the consideration of matters required to be included in the notice of the meeting, but not so included, if the disapproval is expressly made at the meeting.

Section 13.9. *Quorum.*

Subject to Section 13.4(b), the Limited Partners holding a majority of the voting power of the Outstanding Limited Partner Interests of the class or classes for which a meeting has been called (including Limited Partner Interests deemed owned by the General Partner) represented in person or by proxy shall constitute a quorum at a meeting of Limited Partners of such class or classes unless any such action by the Limited Partners requires approval by Limited Partners holding a greater percentage of the voting power of such Limited Partner Interests, in which case the quorum shall be such greater percentage. (For the avoidance of doubt, the Common Units and the Special Voting Units shall not constitute separate classes for this purpose.) At any meeting of the Limited Partners duly called and held in accordance with this Agreement at which a quorum is present, the act of Limited Partners holding a majority Limited Partner votes cast shall be deemed to constitute the act of all Limited Partners, unless a greater or different percentage is required with respect to such action under this Agreement, in which case the act of the Limited Partners holding Outstanding Limited Partner Interests that in the aggregate represent at least such greater or lesser percentage of the voting power shall be required. The Limited Partners present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Limited Partners to leave less than a quorum, if any action taken (other than adjournment) is approved by the required percentage of the voting power of Outstanding Limited Partner Interests specified in this Agreement (including Outstanding Limited Partner Interests deemed owned by the General Partner). In the absence of a quorum any meeting of Limited Partners may be adjourned from time to time by the affirmative vote of Limited Partners holding at least a majority of the voting power of the Outstanding Limited Partner Interests present and entitled to vote at such meeting (including Outstanding Limited Partner Interests deemed owned by the General Partner) represented either in person or by proxy, but no other business may be transacted, except as provided in Section 13.7.

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Section 13.10. *Conduct of a Meeting.*

The General Partner shall have full power and authority concerning the manner of conducting any meeting of the Limited Partners or solicitation of approvals in writing, including the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of Section 13.4, the conduct of voting, the validity and effect of any proxies and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting. The General Partner shall designate a Person to serve as chairman of any meeting, who shall, among other things, be entitled to exercise the powers of the General Partner set forth in this Section 13.10, and the General Partner shall further designate a Person to take the minutes of any meeting. All minutes shall be kept with the records of the Partnership maintained by the General Partner. The General Partner may make such other regulations consistent with applicable law and this Agreement as it may deem necessary or advisable concerning the conduct of any meeting of the Limited Partners or solicitation of approvals in writing, including regulations in regard to the appointment of proxies, the appointment and duties of inspectors of votes and approvals, the submission and examination of proxies and other evidence of the right to vote, and the revocation of approvals, proxies and votes in writing.

Section 13.11. *Action Without a Meeting.*

If authorized by the General Partner, any action that may be taken at a meeting of the Limited Partners may be taken without a meeting, without a vote and without prior notice, if consented to in writing or by electronic transmission by Limited Partners owning not less than the minimum percentage of the voting power of the Outstanding Limited Partner Interests (including Limited Partner Interests deemed owned by the General Partner) that would be necessary to authorize or take such action at a meeting at which all the Limited Partners were present and voted (unless such provision conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Limited Partner Interests or a class thereof are listed for trading, in which case the rule, regulation, guideline or requirement of such exchange shall govern). Prompt notice of the taking of action without a meeting shall be given to the Limited Partners who have not consented. The General Partner may specify that any written ballot, if any, submitted to Limited Partners for the purpose of taking any action without a meeting shall be returned to the Partnership within the time period, which shall be not less than 20 days, specified by the General Partner in its sole discretion. If a ballot returned to the Partnership does not vote all of the Limited Partner Interests held by the Limited Partners, the Partnership shall be deemed to have failed to receive a ballot for the Limited Partner Interests that were not voted. If approval of the taking of any action by the Limited Partners is solicited by any Person other than by or on behalf of the General Partner, any written approvals or approvals transmitted by electronic transmission shall have no force and effect unless and until (a) they are deposited with the Partnership in care of the General Partner, (b) approvals sufficient to take the action proposed are dated or transmitted as of a date not more than 90 days prior to the date sufficient approvals are deposited with the Partnership and (c) an Opinion of Counsel is delivered to the General Partner to the effect that the exercise of such right and the action proposed to be taken with respect to any particular matter (i) will not cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership within the meaning of the Delaware Limited Partnership Act so as to jeopardize the Limited Partners limited liability, and (ii) is otherwise permissible under the state statutes then governing the rights, duties and liabilities of the Partnership and the Partners. Nothing contained in this Section 13.11 shall be deemed to require the General Partner to solicit all Limited Partners in connection with a matter approved by the requisite percentage of the voting power of Limited Partners or other holders of Outstanding Voting Units acting by written consent or consent by electronic transmission without a meeting.

Section 13.12. *Voting and Other Rights.*

(a) Only those Record Holders of Outstanding Limited Partner Interests on the Record Date set pursuant to Section 13.6 (and also subject to the limitations contained in the definition of

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Outstanding and the limitations set forth in Section 13.4(b)) shall be entitled to notice of, and to vote at, a meeting of Limited Partners or to act with respect to matters as to which the holders of the Outstanding Limited Partner Interests have the right to vote or to act. All references in this Agreement to votes of, or other acts that may be taken by, the Outstanding Limited Partner Interests shall be deemed to be references to the votes or acts of the Record Holders of such Outstanding Limited Partner Interests. Each Common Unit shall entitle the holder thereof (other than a Non-Voting Common Unitholder) to one vote for each Common Unit held of record by such holder as of the relevant Record Date.

(b) With respect to Limited Partner Interests that are held for a Person s account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or an agent of any of the foregoing), in whose name such Limited Partner Interests are registered, such other Person shall, in exercising the voting rights in respect of such Limited Partner Interests on any matter, and unless the arrangement between such Persons provides otherwise, vote such Limited Partner Interests in favor of, and at the direction of, the Person who is the Beneficial Owner, and the Partnership shall be entitled to assume it is so acting without further inquiry. The provisions of this Section 13.12(b) (as well as all other provisions of this Agreement) are subject to the provisions of Section 4.3.

(c) Notwithstanding any other provision of this Agreement, for the avoidance of doubt, a Non-Voting Common Unitholder shall be subject to the limitations on voting set forth in this Section 13.12(c) for so long as it is a Limited Partner or Beneficially Owns any Common Units. Notwithstanding any other provision of this Agreement or the terms of any Common Units, a Non-Voting Common Unitholder shall have no voting rights whatsoever with respect to the Partnership, including any voting rights that may otherwise exist for Limited Partners or holders of Common Units hereunder, under the Act, at law, in equity or otherwise; provided that any amendment of this Agreement that would have a material adverse effect on the rights or preferences of the Common Units Beneficially Owned by Non-Voting Common Unitholders in relation to other Common Units (treating the Common Units Beneficially Owned by Non-Voting Common Unitholders as a separate class for this purpose) must be approved by the holders of not less than a majority of the Common Units Beneficially Owned by the Non-Voting Common Unitholders. Each Non-Voting Common Unitholder hereby further irrevocably waives any right it may otherwise have to vote to elect or appoint a successor General Partner or Liquidator under the Act in its capacity as Limited Partner or with respect to any Common Units owned by it.

Section 13.13. *Participation of Special Voting Units in All Actions Participated in by Common Units*.

(a) Notwithstanding any other provision of this Agreement, the Delaware Limited Partnership Act or any applicable law, rule or regulation, but subject to Section 13.13(b) with respect to the voting matters addressed therein, each of the Partners and each other Person who may acquire an interest in Partnership Securities hereby agrees that the holders of Special Voting Units (other than the Partnership and its Subsidiaries) shall be entitled to receive notice of, be included in any requisite quora for and participate in any and all approvals, votes or other actions of the Partners on an equivalent basis as, and treating such Persons for all purposes as if they are, Limited Partners holding Common Units that are not Non-Voting Common Unitholders (including, without limitation, the notices, quora, approvals, votes and other actions contemplated by Sections 4.6(a), 7.3, 7.7(c), 7.9(a), 11.1(b), 12.1(b), 12.2, 12.3, 13.2, 13.3, 13.4, 13.5, 13.6, 13.8, 13.9, 13.10, 13.11, 13.12, 14.3 and 16.1 hereof), including any and all notices, quora, approvals, votes and other actions that may be taken pursuant to the requirements of the Delaware Limited Partnership Act or any other applicable law, rule or regulation. This Agreement shall be construed in all cases to give maximum effect to such agreement.

(b) Notwithstanding Section 13.13(a) or any other provision of this Agreement, the holders of Special Voting Units, as such, collectively shall be entitled (A) prior to the Closing Date, to all of the Limited Partner votes (and no other Limited Partners, as such, shall be entitled to any Limited Partner votes) and (B) from and after the Closing Date, to a number of Limited Partner votes that is equal to the product of (x) the total number of Carlyle Holdings Partnership

Units outstanding

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(excluding Carlyle Holdings Partnership Units held by the Partnership or its Subsidiaries) as of the relevant Record Datemultiplied by (y) the Exchange Rate (as defined in the Exchange Agreement). Pursuant to Section 5.3 hereof, (i) TCG Partners, as holder of a Special Voting Unit, shall be entitled to a number of votes that is equal to the product of (x) the total number of Carlyle Holdings Partnership Units held of record by each Carlyle Holdings Partner that does not hold a Special Voting Unit multiplied by (y) the Exchange Rate (as defined in the Exchange Agreement) and (ii) each other holder of Special Voting Units, as such, shall be entitled, without regard to the number of Special Voting Units (or fraction thereof) held by such holder, to a number of votes that is equal to the product of (x) the total number of Carlyle Holdings Partnership Units held of record by such holder multiplied by (y) the Exchange Rate (as defined in the Exchange Agreement). The number of votes to which each holder of a Special Voting Unit shall be entitled from and after the Closing Date shall be adjusted accordingly if (i) a Limited Partner holding Common Units, as such, shall become entitled to a number of votes other than one for each Common Unit held and/or (ii) under the terms of the Exchange Agreement the holders of Carlyle Holdings Partnership Units party thereto shall become entitled to exchange each such unit for a number of Common Units other than one. The holders of Special Voting Units shall vote together with the Limited Partners holding Common Units as a single class and, to the extent that the Limited Partners holding Common Units shall vote together with the holders of any other class of Partnership Interest, the holders of Special Voting Units shall also vote together with the holders of such other class of Partnership Interests on an equivalent basis as the Limited Partners holding Common Units.

(c) Notwithstanding anything to the contrary contained in this Agreement, and in addition to any other vote required by the Delaware Limited Partnership Act or this Agreement, the affirmative vote of the holders of at least a majority of the voting power of the Special Voting Units (excluding Special Voting Units held by the Partnership and its Subsidiaries) voting separately as a class shall be required to alter, amend or repeal this Section 13.13 or to adopt any provision inconsistent therewith.

ARTICLE XIV

MERGER

Section 14.1. *Authority.*

The Partnership may merge or consolidate or otherwise combine with or into one or more corporations, limited liability companies, statutory trusts or associations, real estate investment trusts, common law trusts, unincorporated businesses or other Person permitted by the Delaware Limited Partnership Act, including a partnership (whether general or limited (including a limited liability partnership or a limited liability limited partnership)), pursuant to a written agreement of merger, consolidation or other business combination (*Merger Agreement*) in accordance with this Article XIV.

Section 14.2. *Procedure for Merger, Consolidation or Other Business Combination.*

Merger, consolidation or other business combination of the Partnership pursuant to this Article XIV requires the prior consent of the General Partner, provided however that, to the fullest extent permitted by law, the General Partner shall have no duty or obligation to consent to any merger, consolidation or other business combination of the Partnership and, to the fullest extent permitted by law, may decline to do so free of any duty (including any fiduciary duty) or obligation whatsoever to the Partnership, any Limited Partner, any other Person bound by this Agreement or any creditor of the Partnership and, in declining to consent to a merger, consolidation or other business combination, shall not be required to act pursuant to any other standard imposed by this Agreement, any other agreement contemplated hereby or under the Delaware Limited Partnership Act or any other law, rule or regulation or at equity. If the General Partner shall determine, in the

exercise of its sole discretion, to consent to the merger, consolidation or other business combination, the General Partner shall approve the Merger Agreement, which shall set forth:

(a) The names and jurisdictions of formation or organization of each of the business entities proposing to merge, consolidate or combine;

(b) The name and jurisdiction of formation or organization of the business entity that is to survive the proposed merger, consolidation or other business combination (the *Surviving Business Entity*);

(c) The terms and conditions of the proposed merger, consolidation or other business combination;

(d) The manner and basis of converting or exchanging the equity securities of each constituent business entity for, or into, cash, property or interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any general or limited partner interests, securities or rights of any constituent business entity are not to be converted or exchanged solely for, or into, cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity, the cash, property or interests, rights, securities or obligations of any general or limited partnership, corporation, trust, limited liability company, unincorporated business or other Person (other than the Surviving Business Entity) which the holders of such general or limited partner interests, securities or rights are to receive upon conversion of, or in exchange for, their interests, securities or rights, and (ii) in the case of securities represented by certificates, upon the surrender of such certificates, which cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity or any general or limited partnership, corporation, trust, limited liability company, unincorporated business or other Person (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(e) A statement of any changes in the constituent documents or the adoption of new constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership, operating agreement or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger, consolidation or other business combination;

(f) The effective time of the merger, consolidation or other business combination which may be the date of the filing of the certificate of merger or consolidation or similar certificate pursuant to Section 14.4 or a later date specified in or determinable in accordance with the Merger Agreement (provided that if the effective time of such transaction is to be later than the date of the filing of such certificate, the effective time shall be fixed at a date or time certain at or prior to the time of the filing of such certificate and stated therein); and

(g) Such other provisions with respect to the proposed merger, consolidation or other business combination that the General Partner determines in its sole discretion to be necessary or appropriate.

Section 14.3. *Approval by Limited Partners of Merger, Consolidation or Other Business Combination; Conversion of the Partnership into another Limited Liability Entity.*

(a) Except as provided in Section 14.3(c), the Merger Agreement and the merger, consolidation or other business combination contemplated thereby shall be approved upon receiving the affirmative vote or consent of the holders of a majority of the voting power of Outstanding Voting Units.

(b) Except as provided in Section 14.3(c), after such approval by vote or consent of the Limited Partners, and at any time prior to the filing of the certificate of merger or consolidation or similar certificate pursuant to Section 14.4, the merger, consolidation or other business combination may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

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(c) Notwithstanding anything else contained in this Article XIV or otherwise in this Agreement, the General Partner is permitted, without Limited Partner approval, to convert the Partnership into a new limited liability entity, to merge the Partnership into, or convey all of the Partnership s assets to, another limited liability entity, which shall be newly formed and shall have no assets, liabilities or operations at the time of such conversion, merger or conveyance other than those it receives from the Partnership or those arising from its incorporation or formation; provided that (A) the General Partner has received an Opinion of Counsel that the merger or conveyance, as the case may be, would not result in the loss of the limited liability of any Limited Partner, (B) the sole purpose of such conversion, merger or conveyance is to effect a mere change in the legal form of the Partnership into another limited liability entity and (C) the governing instruments of the new entity provide the Limited Partners and the General Partner with substantially the same rights and obligations as are herein contained.

Section 14.4. *Certificate of Merger or Consolidation.*

Upon the approval by the General Partner and, to the extent required pursuant to Section 14.3(a), of the Unitholders, of a Merger Agreement and the merger, consolidation or business combination contemplated thereby, a certificate of merger or consolidation or similar certificate shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Limited Partnership Act.

Section 14.5. *Amendment of Partnership Agreement.*

Pursuant to Section 17-211(g) of the Delaware Limited Partnership Act, an agreement of merger, consolidation or other business combination approved in accordance with this Article XIV may (a) effect any amendment to this Agreement or (b) effect the adoption of a new partnership agreement for a limited partnership if it is the Surviving Business Entity. Any such amendment or adoption made pursuant to this Section 14.5 shall be effective at the effective time or date of the merger, consolidation or other business combination.

Section 14.6. *Effect of Merger.*

(a) At the effective time of the certificate of merger or consolidation or similar certificate:

(i) all of the rights, privileges and powers of each of the business entities that has merged, consolidated or otherwise combined, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities, shall be vested in the Surviving Business Entity and after the merger, consolidation or other business combination shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and is not in any way impaired because of the merger, consolidation or other business combination;

(iii) all rights of creditors and all liens on or security interests in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger, consolidation or other business combination effected pursuant to this Article shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another.

Section 14.7. *Merger of Subsidiaries.*

Article XIV does not apply to mergers of Subsidiaries of the Partnership. Mergers of Subsidiaries are within the exclusive authority of the General Partner, subject to Section 7.3.

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ARTICLE XV

RIGHT TO ACQUIRE LIMITED PARTNER INTERESTS

Section 15.1. *Right to Acquire Limited Partner Interests*.

(a) Notwithstanding any other provision of this Agreement, if at any time (1) less than 10% of the total Limited Partner Interests of any class then Outstanding (other than Special Voting Units) is held by Persons other than the General Partner and its Affiliates, or (2) the Partnership is required to register as an investment company under the U.S. Investment Company Act of 1940, as amended, the General Partner shall then have the right, which right it may assign and transfer in whole or in part to the Partnership or any Affiliate of the General Partner, exercisable in its sole discretion, to purchase all, but not less than all, of such Limited Partner Interests of such class then Outstanding held by Persons other than the General Partner and its Affiliates, at the greater of (x) the Current Market Price as of the date three days prior to the date that the notice described in Section 15.1(b) is mailed and (y) the highest price paid by the General Partner or any of its Affiliates acting in concert with the Partnership for any such Limited Partner Interest of such class purchased during the 90-day period preceding the date that the notice described in Section 15.1(b) is mailed. As used in this Agreement, (i) *Current Market Price* as of any date of any class of Limited Partner Interests means the average of the daily Closing Prices per limited partner interest of such class for the 20 consecutive Trading Days immediately prior to such date; (ii) *Closing Price* for any day means the last sale price on such day, regular way, or in case no such sale takes place on such day, the average of the closing bid and asked prices on such day, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted for trading on the principal National Securities Exchange on which such Limited Partner Interests of such class are listed or admitted to trading or, if such Limited Partner Interests of such class are not listed or admitted to trading on any National Securities Exchange, the last quoted price on such day or, if not so quoted, the average of the high bid and low asked prices on such day in the over-the-counter market, as reported by the primary reporting system then in use in relation to such Limited Partner Interest of such class, or, if on any such day such Limited Partner Interests of such class are not quoted by any such organization, the average of the closing bid and asked prices on such day as furnished by a professional market maker making a market in such Limited Partner Interests of such class selected by the General Partner in its sole discretion, or if on any such day no market maker is making a market in such Limited Partner Interests of such class, the fair value of such Limited Partner Interests on such day as determined by the General Partner in its sole discretion; and (iii) *Trading Day* means a day on which the principal National Securities Exchange on which such Limited Partner Interests of any class are listed or admitted to trading is open for the transaction of business or, if Limited Partner Interests of a class are not listed or admitted to trading on any National Securities Exchange, a day on which banking institutions in New York City generally are open.

(b) If the General Partner, any Affiliate of the General Partner or the Partnership elects to exercise the right to purchase Limited Partner Interests granted pursuant to Section 15.1(a), the General Partner shall deliver to the Transfer Agent notice of such election to purchase (the *Notice of Election to Purchase*) and shall cause the Transfer Agent to mail a copy of such Notice of Election to Purchase to the Record Holders of Limited Partner Interests of such class (as of a Record Date selected by the General Partner) at least 10, but not more than 60, days prior to the Purchase Date. Such Notice of Election to Purchase shall also be published for a period of at least three consecutive days in at least two daily newspapers of general circulation printed in the English language and circulated in the Borough of Manhattan, New York City. The Notice of Election to Purchase shall specify the Purchase Date and the price (determined in accordance with Section 15.1(a)) at which Limited Partner Interests will be purchased and state that the General Partner, its Affiliate or the Partnership, as the case may be, elects to purchase such Limited Partner Interests (in the case of Limited Partner Interests evidenced by Certificates, upon surrender of Certificates representing such Limited Partner Interests) in exchange for payment at such office or offices of the Transfer Agent as

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the Transfer Agent may specify or as may be required by any National Securities Exchange on which such Limited Partner Interests are listed or admitted to trading. Any such Notice of Election to Purchase mailed to a Record Holder of Limited Partner Interests at his address as reflected in the records of the Transfer Agent shall be conclusively presumed to have been given regardless of whether the owner receives such notice. On or prior to the Purchase Date, the General Partner, its Affiliate or the Partnership, as the case may be, shall deposit with the Transfer Agent cash in an amount sufficient to pay the aggregate purchase price of all of such Limited Partner Interests to be purchased in accordance with this Section 15.1. If the Notice of Election to Purchase shall have been duly given as aforesaid at least 10 days prior to the Purchase Date, and if on or prior to the Purchase Date the deposit described in the preceding sentence has been made for the benefit of the holders of Limited Partner Interests subject to purchase as provided herein, then from and after the Purchase Date, notwithstanding that any Certificate shall not have been surrendered for purchase, all rights of the holders of such Limited Partner Interests (including any rights pursuant to Articles IV, V, VI, and XII) shall thereupon cease, except the right to receive the purchase price (determined in accordance with Section 15.1(a)) for Limited Partner Interests therefor, without interest (in the case of Limited Partner Interests evidenced by Certificates, upon surrender to the Transfer Agent of the Certificates representing such Limited Partner Interests) and such Limited Partner Interests shall thereupon be deemed to be transferred to the General Partner, its Affiliate or the Partnership, as the case may be, on the record books of the Transfer Agent and the Partnership, and the General Partner or any Affiliate of the General Partner, or the Partnership, as the case may be, shall be deemed to be the owner of all such Limited Partner Interests from and after the Purchase Date and shall have all rights as the owner of such Limited Partner Interests (including all rights as owner of such Limited Partner Interests pursuant to Articles IV, V, VI and XII).

ARTICLE XVI

GENERAL PROVISIONS

Section 16.1. *Addresses and Notices*.

(a) Any notice, demand, request, report, document or proxy materials required or permitted to be given or made to a Partner under this Agreement shall be in writing and shall be deemed given or made when delivered in person, when sent by first class United States mail or by other means of written communication to the Partner at the address in Section 16.1(b), or when made in any other manner, including by press release, if permitted by applicable law.

(b) Any payment, distribution or other matter to be given or made to a Partner hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been fully satisfied, when delivered in person or upon sending of such payment, distribution or other matter to the Record Holder of such Partnership Securities at his address as shown on the records of the Transfer Agent or as otherwise shown on the records of the Partnership, regardless of any claim of any Person who may have an interest in such Partnership Securities by reason of any assignment or otherwise.

(c) Notwithstanding the foregoing, if (i) a Partner shall consent to receiving notices, demands, requests, reports, documents or proxy materials via electronic mail or by the Internet or (ii) the rules of the Commission shall permit any report or proxy materials to be delivered electronically or made available via the Internet, any such notice, demand, request, report or proxy materials shall be deemed given or made when delivered or made available via such mode of delivery.

(d) An affidavit or certificate of making of any notice, demand, request, report, document, proxy material, payment, distribution or other matter in accordance with the provisions of this Section 16.1 executed by the General Partner, the Transfer Agent, their agents or the mailing organization shall be prima facie evidence of the giving or making of such notice, demand, request, report, document, proxy material, payment, distribution or other matter. If any notice,

demand,

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request, report, document, proxy material, payment, distribution or other matter given or made in accordance with the provisions of this Section 16.1 is returned marked to indicate that it was unable to be delivered, such notice, demand, request, report, documents, proxy materials, payment, distribution or other matter and, if returned by the United States Postal Service (or other physical mail delivery mail service outside the United States of America), any subsequent notices, demands, requests, reports, documents, proxy materials, payments, distributions or other matters shall be deemed to have been duly given or made without further mailing (until such time as such Record Holder or another Person notifies the Transfer Agent or the Partnership of a change in his address) or other delivery if they are available for the Partner at the principal office of the Partnership for a period of one year from the date of the giving or making of such notice, demand, request, report, document, proxy material, payment, distribution or other matter to the other Partners. Any notice to the Partnership shall be deemed given if received in writing by the General Partner at the principal office of the Partnership designated pursuant to Section 2.3. The General Partner may rely and shall be protected in relying on any notice or other document from a Partner or other Person if believed by it to be genuine.

Section 16.2. *Further Action.*

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 16.3. *Binding Effect.*

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns. The Indemnitees and their heirs, executors, administrators and successors shall be entitled to receive the benefits of this Agreement.

Section 16.4. *Integration.*

This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

Section 16.5. *Creditors.*

None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

Section 16.6. *Waiver.*

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

Section 16.7. *Counterparts.*

This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto or, in the case of a Person acquiring a Limited Partner Interest pursuant to Section 10.1(c) or 10.2(a), without execution hereof.

Section 16.8. *Applicable Law.*

This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

Section 16.9. *Form Selection.*

The Partnership, each Partner, each Record Holder, each other Person who acquires an interest in a Partnership Security and each other Person who is bound by this Agreement (collectively, the

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Consenting Parties and each a Consenting Party) (i) irrevocably agrees that, unless the General Partner shall otherwise agree in writing, any claims, suits, actions or proceedings arising out of or relating in any way to this Agreement or any Partnership Interest (including, without limitation, any claims, suits or actions under or to interpret, apply or enforce (A) the provisions of this Agreement, including without limitation the validity, scope or enforceability of this Section 16.9, (B) the duties, obligations or liabilities of the Partnership to the Limited Partners or the General Partner, or of Limited Partners or the General Partner to the Partnership, or among Partners, (C) the rights or powers of, or restrictions on, the Partnership, the Limited Partners or the General Partner, (D) any provision of the Delaware Limited Partnership Act or other similar applicable statutes, (E) any other instrument, document, agreement or certificate contemplated either by any provision of the Delaware Limited Partnership Act relating to the Partnership or by this Agreement or (F) the federal securities laws of the United States or the securities or antifraud laws of any international, national, state, provincial, territorial, local or other governmental or regulatory authority, including, in each case, the applicable rules and regulations promulgated thereunder (regardless of whether such Disputes (x) sound in contract, tort, fraud or otherwise, (y) are based on common law, statutory, equitable, legal or other grounds, or (z) are derivative or direct claims)) (a Dispute), shall be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction; (ii) irrevocably submits to the exclusive jurisdiction of such courts in connection with any such claim, suit, action or proceeding; (iii) irrevocably agrees not to, and waives any right to, assert in any such claim, suit, action or proceeding that (A) it is not personally subject to the jurisdiction of such courts or any other court to which proceedings in such courts may be appealed, (B) such claim, suit, action or proceeding is brought in an inconvenient forum, or (C) the venue of such claim, suit, action or proceeding is improper; (iv) expressly waives any requirement for the posting of a bond by a party bringing such claim, suit, action or proceeding; (v) consents to process being served in any such claim, suit, action or proceeding by mailing, certified mail, return receipt requested, a copy thereof to such party at the address in effect for notices hereunder, and agrees that such service shall constitute good and sufficient service of process and notice thereof; provided that nothing in clause (v) hereof shall affect or limit any right to serve process in any other manner permitted by law; and (vi) irrevocably waives any and all right to trial by jury in any such claim, suit, action or proceeding; (vii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate and (viii) agrees that if a Dispute that would be subject to this Section 16.9 if brought against a Consenting Party is brought against an employee, officer, director, agent or indemnitee of such Consenting Party or its affiliates (other than Disputes brought by the employer or principal of any such employee, officer, director, agent or indemnitee) for alleged actions or omissions of such employee, officer, director, agent or indemnitee undertaken as an employee, officer, director, agent or indemnitee of such Consenting Party or its affiliates, such employee, officer, director, agent or indemnitee shall be entitled to invoke this Section 16.9.

Section 16.10. *Invalidity of Provisions.*

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

If a provision is held to be invalid as written, then it is the intent of the Persons bound by this Agreement that the court making such a determination interpret such provision as having been modified to the least extent possible to find it to be binding, it being the objective of the Persons bound by this Agreement to give the fullest effect possible to the intent of the words of this Agreement.

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Section 16.11. *Consent of Partners.*

Each Partner hereby expressly consents and agrees that, whenever in this Agreement it is specified that an action may be taken upon the affirmative vote or consent of less than all of the Partners, such action may be so taken upon the concurrence of less than all of the Partners and each Partner shall be bound by the results of such action.

Section 16.12. *Facsimile Signatures.*

The use of facsimile signatures affixed in the name and on behalf of the Transfer Agent on Certificates, if any, representing Common Units is expressly permitted by this Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above:

GENERAL PARTNER:

Carlyle Group Management L.L.C.

By:

Name:

Title:

LIMITED PARTNERS:

All Limited Partners now and hereafter admitted as Limited Partners of the Partnership, pursuant to powers of attorney now and hereafter executed in favor of, and granted and delivered to the General Partner or without execution hereof pursuant to Section 10.1(c) or 10.2(a).

Carlyle Group Management L.L.C.

By:

Name:

Title:

IN WITNESS WHEREOF, solely to evidence the withdrawal of the undersigned as a limited partner of the Partnership in accordance with Section 5.1 of the Agreement, the undersigned has executed this Agreement as of the date first written above.

Carlyle Group Limited Partner L.L.C.

By:

Name:

Title:

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the expenses payable by the Registrant in connection with the issuance and distribution of the common units being registered hereby. All of such expenses are estimates, other than the filing and listing fees payable to the Securities and Exchange Commission, the Financial Industry Regulatory Authority and .

Filing Fee Securities and Exchange Commission	$ 11,600
Fee Financial Industry Regulatory Authority	10,500
Listing Fee NASDAQ Global Select Market	25,000
Fees and Expenses of Counsel	*
Printing Expenses	*
Fees and Expenses of Accountants	*
Transfer Agent and Registrar s Fees	*
Miscellaneous Expenses	*
Total	*

* To be provided by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The section of the prospectus entitled Material Provisions of The Carlyle Group L.P. Partnership Agreement Indemnification discloses that we generally will indemnify our general partner, officers, directors and affiliates of the general partner and certain other specified persons to the fullest extent permitted by the law against all losses, claims, damages or similar events and is incorporated herein by this reference. Subject to any terms, conditions or restrictions set forth in the partnership agreement, Section 17-108 of the Delaware Revised Uniform Limited Partnership Act empowers a Delaware limited partnership to indemnify and hold harmless any partner or other persons from and against all claims and demands whatsoever.

We currently maintain liability insurance for our directors and officers. In connection with this offering, we will obtain additional liability insurance for our directors and officers. Such insurance will be available to our directors and officers in accordance with its terms.

Reference is made to the form of underwriting agreement to be filed as Exhibit 1.1 hereto for provisions providing that the underwriters are obligated under certain circumstances to indemnify our directors, officers and controlling persons against certain liabilities under the Securities Act of 1933, as amended.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Not applicable.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

Exhibit Index

1.1	Underwriting Agreement.*
3.1	Certificate of Limited Partnership of the Registrant.**
3.2	Form of Amended and Restated Agreement of Limited Partnership of the Registrant (included as Appendix A to the prospectus).
5.1	Opinion of Simpson Thacher & Bartlett LLP regarding validity of the common units registered.*
8.1	Opinion of Simpson Thacher & Bartlett LLP regarding certain tax matters.*
10.1	Form of Limited Partnership Agreement of Carlyle Holdings I L.P.*
10.2	Form of Limited Partnership Agreement of Carlyle Holdings II L.P.*

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10.3	Form of Limited Partnership Agreement of Carlyle Holdings III L.P.*
10.4	Form of Tax Receivable Agreement.*
10.5	Form of Exchange Agreement.*
10.6	Form of Registration Rights Agreement with Senior Carlyle Professionals.*
10.7	Registration Rights Agreement with MDC/TCP Investments (Cayman) I, Ltd., MDC/TCP Investments (Cayman) II, Ltd., MDC/TCP Investments (Cayman) III, Ltd., MDC/TCP Investments (Cayman) IV, Ltd., MDC/TCP Investments (Cayman) V, Ltd., MDC/TCP Investments (Cayman) VI, Ltd., and Five Overseas Investment L.L.C.*
10.8	Registration Rights Agreement with California Public Employees Retirement System.*
10.9	Form of Equity Incentive Plan.*
10.10	Noncompetition Agreement with William E. Conway, Jr.**
10.11	Noncompetition Agreement with Daniel A. D Aniello.**
10.12	Noncompetition Agreement with David M. Rubenstein.**
10.13	Amended and Restated Employment Agreement with Adena T. Friedman.**
10.14	Note And Unit Subscription Agreement, dated as of December 16, 2010, by and among TC Group, L.L.C., TC Group Cayman, L.P., TC Group Investment Holdings, L.P., TC Group Cayman Investment Holdings, L.P., TCG Holdings, L.L.C., TCG Holdings Cayman, L.P., TCG Holdings II, L.P., TCG Holdings Cayman II, L.P., Fortieth Investment Company L.L.C., MDC/TCP Investments (Cayman) I, Ltd., MDC/TCP Investments (Cayman) II, Ltd., MDC/TCP Investments (Cayman) III, Ltd., MDC/TCP Investments (Cayman) IV, Ltd., MDC/TCP Investments (Cayman) V, Ltd., MDC/TCP Investments (Cayman) VI, Ltd., and Five Overseas Investment L.L.C.**
10.15	Lease, dated January 10, 2011, between Commonwealth Tower, L.P. and Carlyle Investment Management L.L.C.**
10.16	Lease, dated April 16, 2010, between Teachers Insurance and Annuity Association of America and Carlyle Investment Management L.L.C.**
10.17	First Amendment to Deed of Lease, dated November 8, 2011, between Commonwealth Tower, L.P. and Carlyle Investment Management L.L.C.**
10.18	Non-Exclusive Aircraft Lease Agreement, dated as of June 27, 2011, between Falstaff Partners LLC as Lessor and Carlyle Investment Management L.L.C. as Lessee.**
10.19	Non-Exclusive Aircraft Lease Agreement, dated as of February 11, 2011, between Westwind Acquisition Company, L.L.C. as Lessor and Carlyle Investment Management L.L.C. as Lessee.**
10.20	Non-Exclusive Aircraft Lease Agreement, dated as of June 30, 2007, between Orange Crimson Aviation, L.L.C. as Lessor and TC Group, L.L.C. as Lessee, as amended by Amendment No. 1 thereto, dated as of December 30, 2010, between Orange Crimson Aviation L.L.C. as Lessor and Carlyle Investment Management L.L.C as Lessee and the Assignment and Consent, dated as of June 30, 2007, by and among TC Group L.L.C. as Assignor, Carlyle Investment Management L.L.C. as Assignee and Orange Crimson Aviation L.L.C.**
10.21	Form of Amended and Restated Limited Partnership Agreement of Fund General Partner (Delaware).**
10.22	Form of Amended and Restated Limited Partnership Agreement of Fund General Partner (Cayman Islands).**
10.23	Second Amended and Restated Credit Agreement (the Credit Agreement), dated as of September 30, 2011, among TC Group Investment Holdings, L.P., TC Group Cayman Investment Holdings, L.P., TC Group Cayman, L.P., Carlyle Investment Management L.L.C., as Borrowers (the Borrowers), TC Group, L.L.C., as Parent Guarantor (the Parent Guarantor), the Lenders party hereto (the Lenders), and Citibank, N.A., as Administrative Agent (the Administrative Agent), and Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC, as Joint Lead Arrangers and Bookrunners (the Joint Lead Arrangers and Bookrunners), and JPMorgan Chase Bank, N.A., Credit Suisse Securities (USA) LLC, as Syndication Agents (the Syndication Agents), and Amendment No. 1 to the

Credit Agreement, dated as of December 13, 2011, among each of the Borrowers, the Parent Guarantor, the Lenders party thereto, the Administrative Agent, the Joint Lead Arrangers and Bookrunners, the Syndication Agents, and the other parties thereto.**

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10.24	Credit Agreement, dated as of December 13, 2011, among TC Group Investment Holdings, L.P., TC Group Cayman Investment Holdings, L.P., TC Group Cayman, L.P., Carlyle Investment Management L.L.C., as Borrowers, TC Group, L.L.C., as Parent Guarantor, the Lenders party hereto, and Citibank, N.A., as Administrative Agent, and Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC, as Joint Lead Arrangers and Bookrunners, and JPMorgan Chase Bank, N.A., Credit Suisse Securities (USA) LLC, as Syndication Agents.**
10.25	Form of Indemnification Agreement.**
10.26	Form of Award Agreement.*
10.27	Senior Advisor Consulting Agreement, dated as of November 1, 2011, between Carlyle Investment Management L.L.C. and James H. Hance.
21.1	Subsidiaries of the Registrant**
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Simpson Thacher & Bartlett LLP (included as part of Exhibit 5.1).*
23.3	Consent of Jay S. Fishman to be named as a director nominee.**
23.4	Consent of Lawton W. Fitt to be named as a director nominee.**
23.5	Consent of James H. Hance, Jr. to be named as a director nominee.**
23.6	Consent of Janet Hill to be named as a director nominee.**
23.7	Consent of Edward J. Mathias to be named as a director nominee.**
23.8	Consent of Dr. Thomas S. Robertson to be named as a director nominee.**
23.9	Consent of William J. Shaw to be named as a director nominee.**
24.1	Power of Attorney**
99.1	Form of Amended and Restated Agreement of Limited Liability Company of the General Partner of the Registrant.**

* To be filed by amendment.

** Previously filed.

ITEM 17. UNDERTAKINGS

(1) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(2) The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

(3) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of

prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(4) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Washington, D.C., on the 2nd day of April, 2012.

The Carlyle Group L.P.

By: Carlyle Group Management L.L.C.,

its general partner

By:
/s/ Adena T. Friedman
Name: Adena T. Friedman
Title: Chief Financial Officer

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on the 2nd day of April, 2012.

Signature	Title
* William E. Conway, Jr.	Co-Chief Executive Officer and Director (co-principal executive officer)
* Daniel A. D Aniello	Chairman and Director (co-principal executive officer)
* David M. Rubenstein	Co-Chief Executive Officer and Director (co-principal executive officer)
/s/ Adena T. Friedman Adena T. Friedman	Chief Financial Officer (principal financial officer)
* Curtis L. Buser	Chief Accounting Officer (principal accounting officer)

* By: /s/ Adena T. Friedman

Attorney-in-fact