CARLYLE

Accelerating Growth

ANNUAL REPORT 2020

Accelerating growth is about creating long-term value for our investors, companies, people, shareholders and communities.

As a global investment firm, we work across five continents to leverage a diverse, experienced network of professionals to deliver attractive investment performance, as well as our best insights and innovative thinking to drive positive change.

Carlyle builds better portfolios, stronger businesses and communities for a better world.

GLOBAL REACH — LOCAL INSIGHTS

SYDNEY
BEIJING
HONG KONG (2)
SHANGHAI
MUMBAI
JAKARTA
TOKYO

SEOUL
SINGAPORE
PARIS
MUNICH
DUBLIN
MILAN
LUXEMBOURG

AMSTERDAM
BARCELONA
LONDON
DUBAI
INDIANAPOLIS
LOS ANGELES
MIAMI

MENLO PARK
NEW YORK
SAN FRANCISCO (2)
WASHINGTON, DC
SÃO PAULO
LIMA

Five
CONTINENTS

29
OFFICES

1,800+
PROFESSIONALS

2020: Looking Back and Moving Forward

As I write this letter, we have been experiencing the effects of a global pandemic on our business and the world around us for over a year. Changes have accelerated everywhere, and our lives have been transformed as we all work through personal and professional challenges. The impact of the pandemic has been widespread and uneven, generating a large dispersion of outcomes across industries and widening already concerning disparities among regions and within society.

There is no playbook for corporate leaders on how to deal with an event of this magnitude. At Carlyle, we put our immediate focus on, and continue to hold as a top priority, the health and safety of our people. In early 2020, we rapidly switched to a remote work environment across our global workforce as the pandemic spread across the world. We recognized early that COVID-19 would have long-lasting implications on how we live and work, so our mentality shifted quickly to adapting and innovating, rather than waiting and seeking a return to "normal."

Our investment teams functioned at a high level, our operations remained seamless and we relied on the strength of our culture as we adjusted to the new environment. Around the world, we came together with dedication and resolve, staying true to our values and becoming more connected than ever before. As a result, we have been able to evolve and make decisions with speed and confidence. I have never had more pride in our organization and our people than over the past year, and I am thankful that we have emerged stronger from the challenges we faced together in 2020.

Pictured Left: *Kewsong Lee, Chief Executive Officer*

OUR PERFORMANCE: BUILDING ON STRENGTH

By all measures, Carlyle generated strong financial results in 2020. We delivered record Fee Related Earnings of $520 million, with margins in excess of 30%. Our portfolio performed very well, which drove a year-end record Net Accrued Carry balance of $2.3 billion. And, we remained active and executed across our platform, raising over $27 billion of new capital, investing $18 billion and realizing $21 billion in proceeds. Despite the difficult environment, the firm delivered Distributable Earnings of $762 million, which is the highest achieved in the past five years.

Our exceptional results in 2020 are a reflection of the significant work we have done over the last several years to position Carlyle for success, including:

- Simplifying the structure of our organization into three business segments—Global Private Equity, Global Credit and Investment Solutions—and streamlining product offerings to better focus our efforts.
- Implementing a platform-oriented approach, emphasizing broad scale, global reach and deep industry expertise, helping us invest better while also driving operating leverage.
- And, importantly for our shareholders, transitioning Carlyle to a true C-Corporation, providing simplicity, transparency and complete alignment—one share, one vote.

Doubling down on our commitment to Impact, we expanded our board diversity goal to 30% of all directors in Corporate Private Equity controlled portfolio companies by 2023. More recently, in February 2021, we announced the largest private equity ESG-linked credit facility in the US of $4.1 billion, creating alignment as we link the cost of financing to our ability to meet these targets. We believe initiatives like these will continue to deliver more sustainable value for all of our stakeholders and we look forward to building on our leadership position.

OUR STRATEGY: THINKING BIGGER, PERFORMING BETTER AND MOVING FASTER

Several weeks ago, we hosted a comprehensive investor day and detailed our strategic plan for accelerating growth over the next four years. The plan is centered on three key priorities:

1. Accelerating the scope and scale of our biggest and best businesses;
2. Expanding in adjacencies to drive additional growth, particularly in our Capital Markets and Carlyle Insurance Solutions businesses; and
3. Continuing to institutionalize the firm by managing ourselves more effectively and efficiently.

In short, we are thinking bigger, performing better and moving faster. As we do, our goal is to raise more than $130 billion of new capital and double our Distributable Earnings in the plan's timeframe.

We believe our industry also has favorable tailwinds supporting our growth plans, including:

- Increasing allocations to the asset class as investors seek higher returns;
- Desire on the part of fund investors to get more from fewer General Partner relationships; and
- Growing demand for private capital as opportunities from secular changes and disruption expand.

The pandemic only accelerated the rate at which the world is changing and its impact on business models, how we live and work, consumer preferences, geopolitical dynamics and the health and fabric of our society. We are in the midst of significant global changes, and at Carlyle, we are continuing to evolve and position ourselves to capture compelling opportunities.

We strive to invest wisely and responsibly across cycles for the benefit of our stakeholders over the long-term—and we have an unwavering commitment to this pursuit. With our strategic plan in place and our focus on performance, I have great confidence in our ability to deliver outstanding results.

OUR VALUES: LEADING WITH TRUST, INTEGRITY AND PARTNERSHIP

In closing, I want to express my gratitude to the entire Carlyle team for their hard work and dedication to the firm. We have endured, adapted and evolved over the years. Throughout our journey, we have always stayed true to our core values of trust, integrity and partnership—these same values will continue to guide our efforts in the years ahead.

Despite the complex environment, we are optimistic about the future and what's to come, and we thank you for your support and partnership.

KEWSONG LEE
Chief Executive Officer

March 29, 2021

2020: Carlyle by the Numbers

DELIVERING FIRM RESULTS

$762MN
DISTRIBUTABLE EARNINGS

$520MN
FEE RELATED EARNINGS

$2.05
DISTRIBUTABLE EARNINGS PER COMMON SHARE

INVESTING WISELY

$246BN
RECORD LEVEL OF ASSETS UNDER MANAGEMENT (AUM)

$2.3BN
RECORD NET ACCRUED PERFORMANCE REVENUES

$21BN
IN REALIZED PROCEEDS FROM CARRY FUNDS

$1.8BN
PRIVATE EQUITY ESG-LINKED FINANCINGS

RAISING CAPITAL

$27.5BN
TOTAL FUNDS RAISED

2,650+
FUND INVESTORS ACROSS 95 COUNTRIES

75%
OF COMMITMENTS FROM FUND INVESTORS IN 5+ STRATEGIES

**All data as of December 31, 2020*

Financial Overview and Outlook

Carlyle's commitment to generating attractive returns for all of our stakeholders positioned us to deliver strong results in a complex environment in 2020. Despite the impact of the global pandemic and market volatility, we generated $762 million in Distributable Earnings ("DE"), our best year since 2015, and DE per common share of $2.05 increased 21% over 2019.

We have significantly heightened our focus on increasing and diversifying Fee Related Earnings ("FRE") over the past few years, which is one of the main components of DE. FRE was $520 million in 2020, an increase of 15% from 2019. More importantly, our 2020 FRE more than doubled from the average of the prior five years, as we have raised larger funds, diversified into scalable new areas and closely managed our expense base. Our 2020 FRE margin was a record 32%, up over 400 basis points relative to 28% in 2019. Our FRE margin has increased more than 1200 basis points from the average of the past five years. The increase in margin is not incidental, as we have focused our efforts on scaling and institutionalizing our business to operate more effectively every year.

By scaling our largest fund platforms, pursuing opportunistic growth and carefully managing expenses, we are confident in our ability to continue to grow FRE over the next few years. We learned a lot over the past year as our global workforce transitioned to a remote environment. While certain expenses such as travel and conferences are likely to increase as vaccines become broadly available and restrictions are lifted, much of what we've learned about operating virtually and working more effectively is likely to translate into higher margins versus pre-pandemic levels.

We are also at the beginning of an expected multi-year increase in Net Realized Performance Revenues ("NRPR") which is another main component of DE. NRPR of $246 million in 2020 increased 50% from 2019. Importantly, our largest fully invested fund, Carlyle Partners VI, began to generate realized performance revenue in 2020, which is likely to be a key contributor to growing this earnings stream over the next several years.

The amount of performance revenue that our funds have accrued but not yet been realized— Net Accrued Performance Revenues ("NAPR")—increased 36% during 2020 to a record $2.3 billion. Historically, the level and trajectory of NAPR is a strong indicator of accelerating realized performance revenue in future periods.

Income from investments on our balance sheet is also growing, and in 2020, we realized $73 million of investment income, which is another component of DE. These balance sheet investments reached a record $1.7 billion as of December 31, 2020, up 13% from 2019 and a more than four-fold increase over the past five years.

OUR SEGMENTS

Carlyle has three operating segments. Our largest segment, Global Private Equity ("GPE"), comprises all of our direct equity investment strategies, including Corporate Private Equity, Real Estate and Natural Resources. Global Credit includes all credit investment strategies across liquid credit, illiquid credit and real assets credit. Investment Solutions provides comprehensive investment opportunities and resources for our fund investors to build private equity portfolios through primary investments, secondary purchases of existing portfolios and managed co-investment programs.

GPE generated $383 million in FRE in 2020, nearly three-quarters of the firm's total, and generally in-line with strong 2019 results. As we raise the next generations of many of our leading flagship GPE carry funds over the next several years, and our current funds begin to realize a higher level of performance revenue,

$21BN

IN REALIZED PROCEEDS FROM CARRY FUNDS IN 2020

$27.5BN

IN NEW CAPITAL RAISED IN 2020

GPE earnings are poised to increase meaningfully. GPE generated $605 million in DE in 2020, an increase over 2019 largely due to strong fund performance and higher performance revenue.

Our fastest growing segment is Global Credit. In 2020, Global Credit more than doubled FRE to $99 million on the back of strong fundraising and solid investment performance. Our investment focus during the volatility of this past year centered on capital preservation and providing timely and comprehensive solutions for borrowers. Global Credit leveraged a comprehensive investment and risk management platform alongside Carlyle's global capabilities to deliver strong performance for our shareholders and fund investors. Distributable Earnings of $116 million in 2020 increased 140% over 2019.

Investment Solutions engages with market participants through our AlpInvest private equity investment platform. Since Carlyle acquired AlpInvest in 2011, we have significantly grown the number of our external fund investor relationships and increased our average fee rates across the platform. The success of this approach helped Investment Solutions more than double its 2020 FRE compared to 2019, while DE of $41 million also more than doubled compared to 2019.

OUR ACTIVITY: FUNDRAISING

We raised $27.5 billion in new capital in 2020 with both Global Credit and Investment Solutions posting record fundraising years. Global Credit surpassed its previous record by nearly 50% and Investment Solutions raised more than twice as much as in any prior year. We generated attractive fundraising across our firm without fundraising for any of our flagship Global Private Equity funds, which are a substantial part of our next multi-year fundraising campaign of at least $130 billion expected to be raised between 2021 and 2024.

OUR ACTIVITY: INVESTMENTS AND REALIZATIONS

Deal activity accelerated throughout 2020 as we leveraged our global platform to originate new investments and identify good opportunities to realize proceeds for our fund investors.

We invested $18 billion of capital during 2020 into new investments across product type and geography. While our pace of deployment was modestly below our recent trend, we exited 2020 with great momentum and our pipeline of investment activity is robust.

Our ability to deploy large amounts of capital is underpinned by our global reach, deep industry expertise and local teams. For example, when volatility spiked we were well-positioned to take advantage of credit market opportunities by purchasing loans of fundamentally sound companies that dislocated with the broader market. Across all of our global strategies, as the pandemic persisted and larger, developed market transactions slowed, we pivoted our investment activity toward growth sectors and non-US investments. We saw interesting new opportunities in sectors like healthcare, technology and consumer brands across all geographies. Our flexible capital and global footprint allow us to invest in growth transactions in small emerging markets, and large, complex global carve-outs, as well as provide bespoke credit solutions for companies seeking capital to weather market volatility or to play offense during the downturn.

In 2020, we also realized $21 billion in proceeds for our fund investors, which ultimately is the driver of performance revenue for shareholders. We believe we are well-positioned given a record $95 billion in fair value in our traditional carry funds alongside strong fund performance. Across Carlyle's global portfolio during 2020, we took seven of our portfolio companies public, realized or partially realized proceeds from more than 40 of our portfolio companies and also exited more than 40 real estate investments.

OUR BOTTOM LINE

Looking forward, we are focused on accelerating growth at Carlyle. We will seek to scale our businesses, drive higher management fees and improve operating leverage. We will focus on adjacencies to generate incremental revenue streams. And we will drive margin expansion through "institutionalization" and expense management. We refer to institutionalization as running the firm better. We're pleased with the progress we have made in this area over the last three years, but opportunities for improvement remain. We've incentivized our leadership team to deliver on FRE growth targets through performance-based equity compensation. And we're scaling our platform to drive increased efficiency which, in turn, drives improved margins. Our focus is to ensure we're growing our top-line revenue in excess of our costs over a cycle.

We recognize that the economic recovery may continue to be uneven across regions, asset classes and industry sectors. The global pandemic has resulted in a new normal, which has enhanced our thinking and technological capabilities, and forever changed how we live and work. In the face of this progress and change, Carlyle remains focused on increasing and diversifying earnings for our shareholders and driving attractive fund performance for our fund investors.

> "Growth matters. 2020 provided us with new perspective, encouraged our collaboration in all areas of the business, and reinforced our focus on global and sustainable growth."

CURT BUSER
Chief Financial Officer

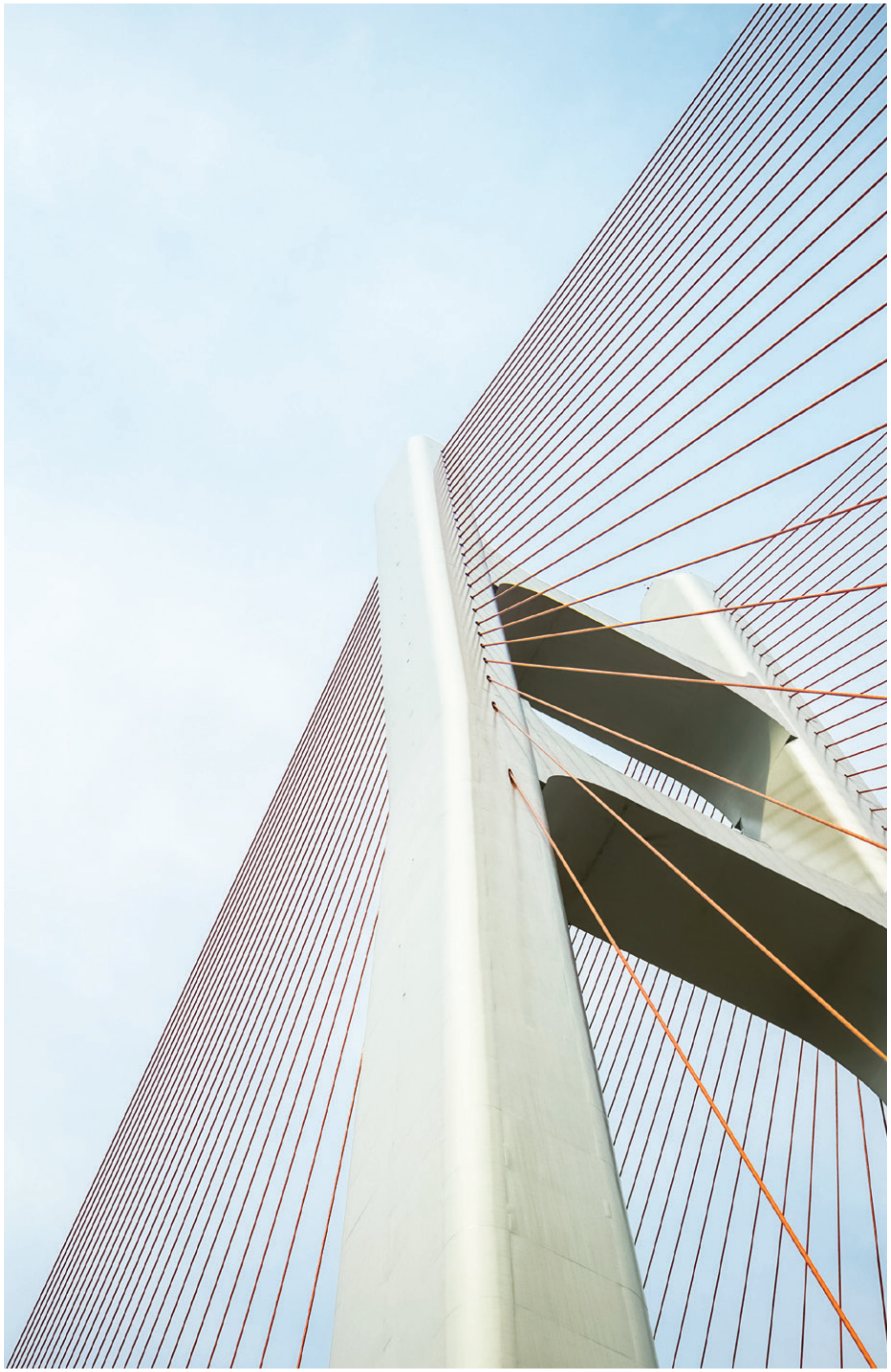
Business Segments

A FOCUS ON BUILDING LARGE, SCALABLE BUSINESSES FOR THE LONG TERM

Enduring businesses aren't built overnight. Success requires a long-term outlook and commitment. To succeed in the competitive world of global investment management requires a broad platform, deep industry knowledge, long-term partnerships and a diverse and inclusive team to drive performance. At Carlyle, our approach has been over 30 years in the making. We invest wisely and responsibly over the long-term. Today, Carlyle manages $246 billion in assets, spanning three business segments—Global Private Equity, Global Credit and Investment Solutions.

GLOBAL PRIVATE EQUITY

Carlyle's Global Private Equity business is one of the world's largest and most diversified private equity platforms, spanning industries, geographies and strategies. A combination of what were formerly separate Corporate Private Equity and Real Assets segments, Global Private Equity represents more than half of Carlyle's total Assets Under Management (AUM) at $132 billion. We deliver attractive investment results across economic cycles and amidst increasing levels of competition have earned the trust of our fund investors who continue to entrust us with larger commitments across more of our fund strategies.



GLOBAL CREDIT

Carlyle's Global Credit segment, with $56 billion in AUM and 170 dedicated investment professionals, advises a diverse group of investment strategies across liquid credit, illiquid credit and real assets credit. Our range of investment strategies, platform-wide investment structure, and the benefits of operating within the broader Carlyle platform enables the Global Credit segment to offer highly customizable and creative financing solutions to borrowers. This results in differentiated opportunities for fund investors to capture value across the credit risk spectrum.

INVESTMENT SOLUTIONS

Carlyle's Investment Solutions segment provides comprehensive investment opportunities and resources for our fund investors to build private equity portfolios through primary investments, secondary purchases of existing portfolios and managed co-investment programs. With $58 billion of AUM, we execute these activities through AlpInvest—a leading investor in private equity.

Global Private Equity

A STEADY MARKET LEADER WITH SUPERIOR LONG-TERM RESULTS

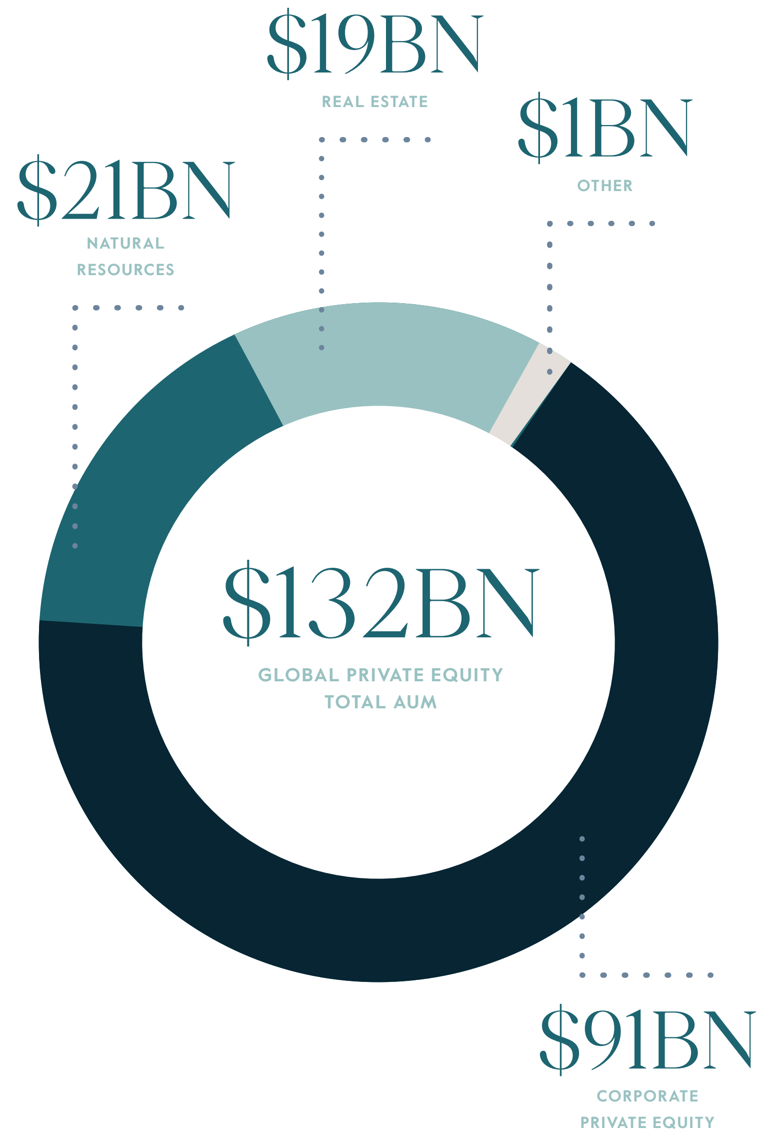
Across industries, geographies and strategies, Carlyle has delivered exceptional results for our partners—management teams, companies and fund investors. We have achieved attractive results across multiple cycles of economic and geopolitical uncertainty, market volatility and increased competition. As one of the world's largest and most diversified private equity platforms, we partner with great management teams to build better businesses, invest in compelling real asset opportunities and drive consistent returns for our fund investors.

Starting with just $100 million in assets, Carlyle's Global Private Equity business has grown to $132 billion in AUM. In 2020, we reorganized the segment to combine all of our equity investing strategies—private equity, real estate and natural resources. Together, these strategies will perform better, generate stronger investment outcomes for our fund investors and create value for our shareholders.

A GLOBAL PRIVATE EQUITY POWERHOUSE

In Corporate Private Equity, we have a leading and scaled global platform that enables us to invest our capital across a wide spectrum of opportunities. We currently manage 256 active portfolio companies. In Real Estate, we have an established leadership team with a distinct approach to portfolio construction that has driven attractive historical performance, and within Natural Resources we believe we are well positioned to capitalize on the global energy transition.

Our global teams seek to find the most attractive investment opportunities across industry verticals and geographies. From the largest, most complex global transactions to smaller, emerging growth opportunities, Carlyle focuses on investing



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in great businesses and assets that we can help continue to improve and where we can drive value for our fund investors.

LOCAL INSIGHTS, DEEP INDUSTRY EXPERTISE

With over 400 investment professionals across 16 countries, Carlyle is able to apply our global industry perspectives to local opportunities. Since our inception, our Global Private Equity business has been built on cultivating deep expertise to accelerate value creation.

Our investment strategies focus on the industries in which we believe this expertise provides us with a competitive advantage and where we can leverage our extensive industry knowledge to create the most value. Our industry sectors of focus include: technology and business services; industrial and transportation, consumer, media and retail; healthcare; financial services; real estate; infrastructure; energy; and aerospace, defense and government.

2020 MILESTONES

Despite the challenging environment, our investment teams deployed more than $11 billion in Global Private Equity transactions throughout 2020—demonstrating the strength and diversity of our global platform in a complex operating environment, and allowing us to tactically capitalize on our vertical specialization to opportunistically invest.

We construct diverse and balanced investment portfolios, a strategy that has helped our portfolios successfully navigate sharp economic and market disruptions around the world during 2020. As a result, our flagship funds in Corporate Private Equity appreciated 19% and Real Estate by 8% in 2020.

Our value proposition to fund investors is that we invest capital at scale in well-constructed portfolios earning consistent rates of return, fund after fund.

Our US Real Estate team seeks premium returns while managing risk by employing an investment strategy focused on thoughtful portfolio construction, predicated on diversification by deal size, sector and geography. While we consider all real estate opportunities, we focus on sectors that benefit from strong and predictable demographic or technological trends, such as multifamily apartments, single family rental and active adult, medical office, self-storage, land / life science and student housing. We have minimized exposure to GDP-driven sectors, such as traditional office, hotel and retail—the most cyclical and COVID-sensitive areas—with less than 3.5% of our current US Real Estate portfolio invested in these sectors.

In Natural Resources, we've built a growing infrastructure, renewable energy and natural resources team that positions Carlyle to capitalize on a long-term transition toward cleaner energy. This transition requires investment that supports growth in renewables, while at the same time maintains support of our carbon-based energy portfolio which is positioned to help the industry avoid potential energy shortfalls.

Globally, infrastructure AUM has nearly quadrupled in the past decade, with a projected $3.7 trillion of annual global infrastructure investment required over the next 15 years to keep pace with projected global growth and meet the needs of a rapidly growing population. We believe this creates a significant opportunity for private capital to play a meaningful role. Our Infrastructure team has deep expertise in renewables, transportation, digital, power generation and energy and is actively deploying capital into these sectors.

Within our global portfolio, Carlyle completed seven IPOs during 2020.

INVESTMENT EXCELLENCE

Over the past several decades and across many market cycles, Carlyle has delivered attractive returns for our investors. Here are a few recent examples of our continued investment excellence throughout 2020:

ASIA

In March 2020, we sold a 10% stake in SBI Card—the second-largest credit card issuer in India—through one of the largest, Indian large-cap private sector IPOs in a decade and one of India's largest private equity exits through an IPO. Carlyle acquired a 26% stake in SBI Card from GE Capital in 2017.

NORTH AMERICA

In June 2020, portfolio company ZoomInfo, completed its IPO and became the largest public debut by a software company at the time. Additionally, ZoomInfo was the first technology IPO completed virtually during the COVID-19 pandemic. In 2018, Carlyle completed a strategic minority investment in DiscoverOrg, a subscription sales and marketing intelligence solutions provider. Recognizing a complementary advantage, DiscoverOrg seized an opportunity to acquire software company Zoom Information and changed the name of the combined business to ZoomInfo.

EUROPE

Also in June, we sold a majority stake in Golden Goose to Permira, and retained a minority stake in the business to support its ongoing growth. Since acquisition in 2017, we've accelerated growth for Golden Goose to become an established, global luxury footwear and fashion brand, with a retail distribution market now spanning across geographies. During our ownership, revenue and EBITDA grew significantly, which positioned the business well for an attractive exit.

LOOKING AHEAD

Carlyle has built a differentiated model with scale, deep industry expertise and

local insights to drive consistent and attractive value creation. We have built this capability over many years and truly believe our model is a differentiator for our fund investors and shareholders.

Building on this strength, we believe secular tailwinds and the persistence of a low interest rate environment will drive growth in Global Private Equity as fund investors allocate more assets into the leading managers in alternatives and private equity.

> "Our global platform, local insights and deep industry expertise enable us to make better decisions about which businesses to invest in, and more importantly, what needs to be done to improve and grow these businesses once we own them."

PETER CLARE
Chief Investment Officer of Corporate Private Equity and Co-Head of US Buyout

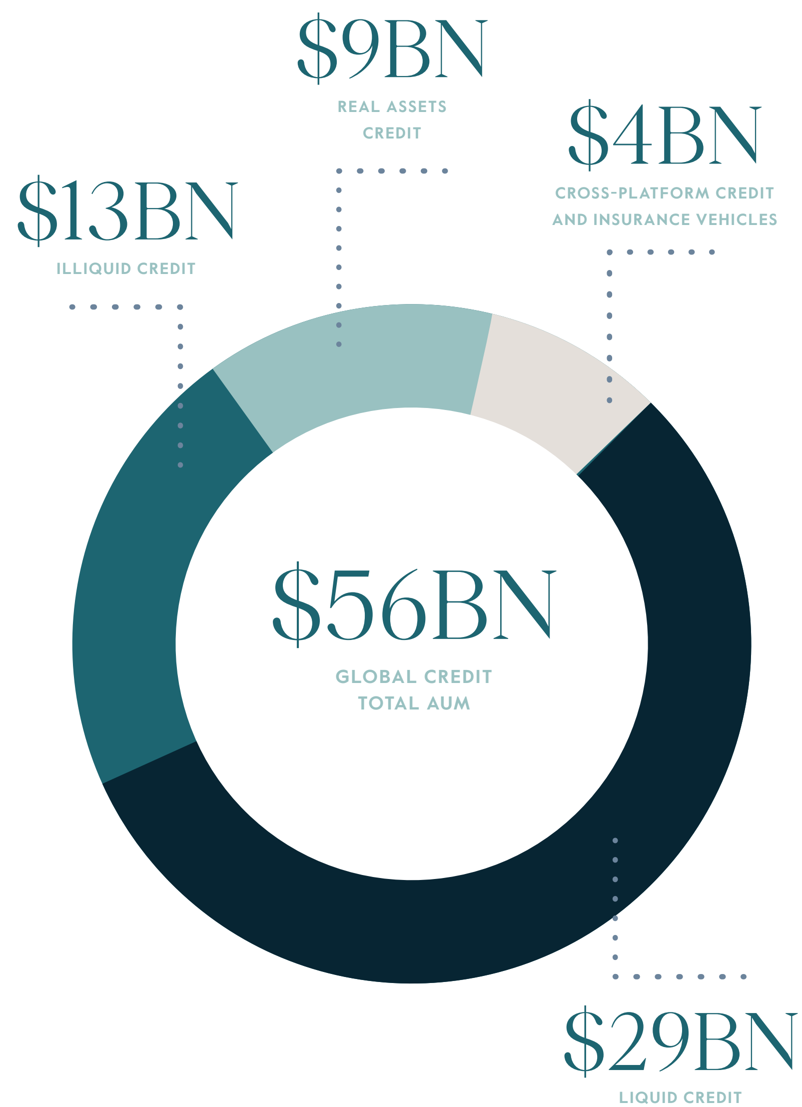
Global Credit

CREATIVE SOLUTIONS FOR BORROWERS, OPPORTUNITIES FOR INVESTORS

Built to leverage Carlyle's core strengths, our Global Credit segment provides borrowers and fund investors with optionality across the credit risk spectrum. We invest across the credit spectrum, from liquid, lower-risk strategies, all the way through illiquid, higher-yielding strategies. We tailor solutions to fit investors' requirements through direct investments into our comingled funds or through specialized cross-platform vehicles. In today's rapidly changing marketplace, the breadth and depth of our capital allows us to meet the specific needs of borrowers of all types and sizes. Once we partner with a new company, we take the long view and work with our borrowers to help meet their objectives.

Over the past five years, Carlyle has focused on building a broad, deep and diverse credit investment platform. Our origins go back 20 years in collateralized loan obligation (CLO) management, which today is a fully scaled business and one of the leading global CLO managers. From that foundation, we expanded into illiquid credit, launching our credit opportunities strategy and materially increasing our direct lending capabilities—areas in which we see the most scalable and immediate growth opportunities. We expanded further into real assets credit by adding aviation and infrastructure credit capabilities.

Our Global Credit fund strategies and investment teams are aligned with Carlyle's core capabilities—investing in private companies in select industries that we know extremely well—to leverage the information advantages and relationships that come from being part of a global investment firm. We draw on the capabilities of dedicated diligence teams, glean insights from our



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large and diverse Global Private Equity portfolio companies worldwide and leverage the expertise of our in-house operating executives who represent many different industries. We operate as an integrated, global team that collaborates across the firm, giving us an edge in origination, due diligence and risk management.

2020 MILESTONES

Carlyle's Global Credit segment manages approximately $56 billion in assets, having more than doubled AUM since 2015.

With our credit foundation and team largely in place at the start of the year, we were positioned to capitalize on opportunities created by the pandemic-driven market volatility. Our integrated platform approach to credit investing paid dividends in 2020.

Despite a remote working environment, we raised more than $10 billion in 2020 from a diverse group of fund investors. This represented a large portion of Carlyle's overall fundraising activities, and Global Credit's largest ever annual net capital raise.

In 2020, we funded and committed approximately $4.4 billion in capital to a broad range of borrowers across our Illiquid Credit strategies.

Our Credit Opportunities strategy provided solutions to family- or entrepreneur-owned and sponsored businesses seeking capital for complex situations not addressed by more traditional credit market strategies. We provided the transitional capital that companies required to weather a steep but cyclical downturn in their operations, or to help fund strategic acquisitions. Beyond just being a provider of capital, we also provided the expertise and connections companies needed to succeed in their expansion plans.

Carlyle's Direct Lending team responded to increasing demand for capital as a result of the global pandemic. The team provided new loan commitments across nearly 60 borrowers, and deepened our relationships with both the sponsor and non-sponsor communities.

Our Distressed Credit and Special Situations team provided capital solutions across a broad range of debt, preferred equity and common equity investments in non-control and control situations. The team continues to see a robust pipeline of opportunities caused by COVID-related dislocations.

In Real Assets Credit, our commercial aviation investment and servicing arm—Carlyle Aviation Partners—raised approximately $1 billion for its fifth aviation fund. While aviation was one of the hardest hit sectors throughout the global pandemic, we believe this team has the capital and expertise to help its counterparties recover over time, and seek to deliver for fund investors as new opportunities emerge as that sector recovers.

In Liquid Credit, we raised approximately $1.9 billion through the issuance of four new issue CLOs, with three in the United States and one in Europe. We also actively managed our portfolio by trading approximately $11.8 billion (or 64% of existing AUM) in the US, and approximately €3.6 billion (or 50% of existing AUM) in Europe. Our ability to assess risk for each credit and then express that view by trading is key to actively managing our portfolios and generating value for our fund investors.

LOOKING AHEAD

Carlyle has created a purpose-built Global Credit platform to meet the specific needs of our fund investors and borrowers. We are delivering and we are primed to scale the size and scope of this business.

For borrowers, we believe we can be a trusted partner and deliver a solution for any transaction with our flexible capital, industry expertise and local market experience. For fund investors, we believe that we can provide a range of investment offerings to meet the differing risk-return profiles of any investor in this growing asset class. The private credit industry has been tested through two major crises, demonstrating an ability to provide stable returns through credit cycles.

> "We're incredibly partnership and solutions-oriented for both borrowers and fund investors. We have broad capabilities to deliver the right solution to enable a borrower's business to prosper. For investors, we aim to deliver consistent, stable yield based on their goals and risk preferences."

MARK JENKINS
Head of Global Credit

$56BN
IN GLOBAL CREDIT AUM

$10.1BN
AMOUNT RAISED FROM DIVERSE GROUP OF FUND INVESTORS

Investment Solutions

RIGOROUS INVESTMENT SELECTION AND PORTFOLIO CONSTRUCTION

Carlyle's Investment Solutions business helps investors meet their objectives through tailored portfolio construction and rigorous investment selection. As a global, private-market solutions provider, we work with clients who want a partner to build their private equity exposure. Through AlpInvest, our private equity asset manager, we create tailor-made portfolios through primary commitments, secondary investments and co-investments in both separate accounts and commingled fund products.

As a private equity solutions provider, AlpInvest provides investors with access to global private equity opportunities across a range of strategies, including buyouts, venture capital and growth capital.

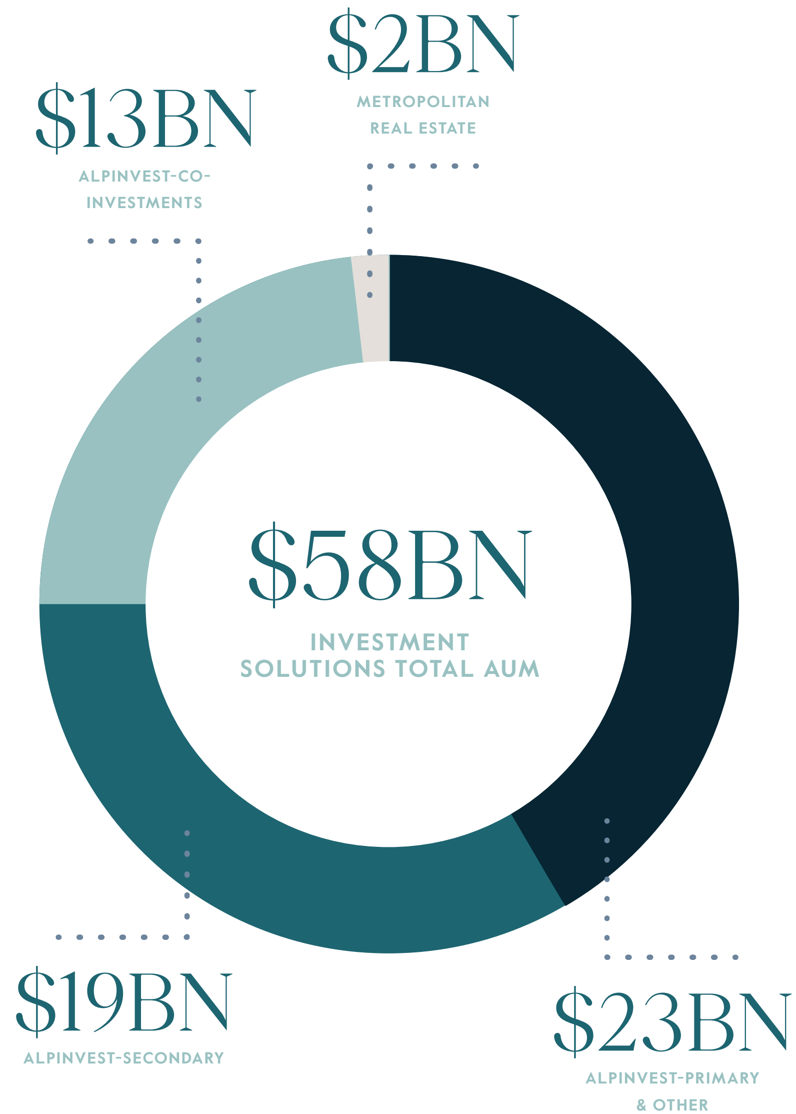
Our Investment Solutions business has a well-informed, highly selective disciplined investment process. This includes proactive sourcing that allows us to identify global opportunities, provide global scale and on-the-ground presence across three continents—Europe, North America and Asia—to give us a distinct and comprehensive perspective on the global private equity market.

Carlyle's Investment Solutions segment manages approximately $58 billion in assets, has built an industry-leading platform for our business and a strong track record of success.

2020 MILESTONES

STRONG FUNDRAISING MOMENTUM

In addition to impressive investment performance, we had strong fundraising momentum during the year. Despite disruption due to the pandemic, we raised nearly $14 billion of new capital across the platform from more than 200 new and existing investors.



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AlpInvest Secondaries Program VII raised approximately $9 billion in 2020 (including closed and reserved commitments), surpassing its target size of $8 billion, and an increase of nearly 50% from AlpInvest Secondaries Program VI.

AlpInvest continued to further develop its client base through our custom account program, with strong support from separately managed account (SMA) investors with over $3 billion in aggregate commitments in 2020, including nearly $1 billion from new SMA investors.

LEVERAGING INTEGRATED IT RESOURCES

Since inception, AlpInvest has remained on the leading edge of the private equity industry as an early pioneer in the concept of the integrated investment platform and invested significantly in developing industry-leading technology. In 2020, AlpInvest implemented advanced data capture technology to its platform leveraging over five million data points under the AlpInvest umbrella and using information across more than 600 GPs and more than 20,000 portfolio companies.

INVESTMENT EXCELLENCE

Despite the volatile market environment in 2020, deal flow remained strong across the platform and our investment teams continued to see significant investment opportunity for our investors. While AlpInvest sourced over $100 billion in deal flow volume, we remained highly selective and only committed $4 billion across primary, secondary and co-investments.

LOOKING AHEAD

Our ability to raise larger programs on the back of exceptional performance points to our scalability. In the next few years, we see improving economics in both FRE and Distributable Earnings.

As we move forward, we will continue to scale our co-investment and secondaries program, build our strategic capital product and focus on increasing access for private wealth investors. As always, we will continue to streamline our business and leverage key technology.

> "Our global scale gives us a competitive advantage that we use to drive our investment selection, which has translated into an exceptional performance track record."

RUULKE BAGIJN
Head of Investment Solutions

Better Outcomes—Lasting Value

Better businesses deliver better outcomes, and create lasting value. That has been the focus of Carlyle since our founding. Our impact is rooted in building better businesses —which ultimately drives returns.

By looking for a more comprehensive set of ways to drive impact within businesses, Carlyle drives better investment results and more sustainable returns for our fund investors and shareholders. In 2020, we increasingly saw how strong performance across dimensions of environmental, sustainability and governance (ESG) drives better financial results.

From due diligence through exit, Carlyle partners with management teams to improve all aspects of a business. We work with our portfolio companies to create diverse and inclusive teams that will make better decisions, navigate the challenges of climate change and energy transition, ensure employees are healthy, productive and engaged, and play a pivotal role in local communities.

Our long history of integrating ESG across our work reinforces our belief in the strength of ESG competencies. Our commitment to sustainability can influence strategy, bring new ideas for operational efficiency and help unlock value. Pursuing tailored ESG strategies that focus on material issues for individual businesses is one of the many ways Carlyle drives impact at our portfolio companies.

In addition to our work with portfolio companies, we're equally committed to sustainability within our firm. In 2018, we became the first major private investment firm to operate on a carbon-neutral basis.

OUR COVID-19 RESPONSE

The importance of impact has never been clearer than in our response to COVID-19. We quickly mobilized our platform to help our portfolio companies and communities.

In California, One Medical created virtual COVID-19 screening services and physical drive-up testing sites across its key geographies and developed comprehensive clinical protocols and technology solutions for implementing return-to-work policies.

In Ohio, Claritas, a market research firm, donated demographic data and critical healthcare data to MIT's COVID-19 Policy Alliance. The data is being used to help the most vulnerable in our society and to manage hospital capacity, medical supplies and more.

In Brazil, Rede D'Or Sao Luiz, a hospital chain worked to build and manage temporary field hospitals to treat COVID-19 patients.

In Italy, artisanal bakery goods IRCA donated more than €800,000 to the Lombardy region for personal protective equipment, ventilators and intensive-care beds.

In China, Adicon conducted COVID-19 polymerase chain reaction (PCR) and antibody testing, while JD Logistics transported over 70 million items to Wuhan City.

In Europe, specialty chemicals technology company Atotech adjusted its processes to produce hand sanitizer for hospitals in Germany and Slovenia.

> "Our long history of integrating ESG work into everything we do reinforces our belief that strong ESG competencies are the hallmark of management excellence."

MEG STARR
Global Head of Impact

In Spain, Jeanologia, an industrial manufacturer of machinery for the textile industry, repurposed its technology for sustainable treatment of jeans to an innovative method to sanitize face protection masks.

In India, SBI Life Insurance launched a "We Can, We Will" social media initiative complete with an anthem in nine different languages to inspire its citizens to fight COVID-19. SBI worked with local health departments, provided grocery kits to families in need and donated medical supplies.

Around the globe, Carlyle portfolio companies rallied to fight back against the global pandemic, and we played a vital role in a number of initiatives.

INVESTING FOR IMPACT

In 2020, Carlyle's impact investing approach focused on the key facets that we believe drive better businesses.

DIVERSE TEAMS

At Carlyle, we believe creating diverse and inclusive teams makes good business sense and helps our portfolio companies make better decisions. Carlyle portfolio companies are increasingly making it core to their business model and success. They are looking to find ways to expand their hiring pipeline, find more diverse candidates and reduce unconscious bias in hiring decisions.

Our proprietary research continues to show that diverse leadership teams are correlated with stronger financial performance for our portfolio companies.

ENGAGED EMPLOYEES

Business success depends on hiring the best people and building the best teams—ensuring employees are healthy, engaged and productive with the right skills for the job. Investing in human capital can pay dividends both for financial returns and for the well-being of the over 900,000 people employed across our portfolio companies.

SUSTAINABLE GROWTH

We believe ESG is a required focus for successful companies today. While sustainable growth looks different for every company, we believe management teams that integrate ESG factors with rigor and nuance build businesses that create more sustainable, long-term value.

Capital markets have continued to reward company progress on material ESG issues. In 2020, Carlyle structured more than $1.8 billion in ESG-linked financings for our portfolio companies, which reduced their cost of debt by linking pricing to hitting ESG targets that are core to their business model. We financed in part our acquisition of Flender, a turbine gearbox manufacturer, through a €1.04 billion term loan with a possible 10 basis point discount for hitting specific energy transition targets.

OUR COMMITMENT TO ESG INTEGRATION

2008

Codified guidelines for responsible business

2010

Published first private equity sustainability report

2014

Hired first dedicated ESG professional

2018

Hired first Chief Diversity, Equity and Inclusion Officer

Became earliest major private equity firm to go carbon neutral

2019

Expanded our dedicated ESG team globally

2020

Published first corporate ESG disclosures using the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) frameworks

Became first major private equity firm globally to publish a Taskforce on Climate-related Financial Disclosures (TCFD) report

Hosted first climate scenario planning workshop

Named one of PEI's "30 Big Ideas Shaping ESG Finance"

Structured more than $1.8B in private equity ESG-linked financings

Performed an inaugural bottoms-up carbon footprint of our majority-owned portfolio companies across our primary corporate private equity funds

Became founding member of the One Planet Private Equity Initiative

Initiated formal Board of Directors oversight of our ESG and impact activities as a firm

Supported initiatives that empowered our portfolio companies to combat COVID-19 worldwide

AlpInvest became signatory to the Institutional Limited Partners Association *Diversity in Action* initiative

CLIMATE RESILIENCE

Climate change and the energy transition continued to be systemically important across our portfolio. During the year, we took significant action to reduce risk and drive value across our portfolio. We performed a bottoms-up carbon footprint of approximately 33 of our majority-owned portfolio companies across our primary private equity funds, identifying millions of dollars in energy savings and opportunities for pricing premiums due to the environmental qualities of products, among other value-creation initiatives.

Carlyle is now into our fourth year of corporate carbon neutrality as a firm. This accomplishment has helped further develop our carbon accounting and management capabilities in-house. We became the first major private equity firm globally to publish a Taskforce on Climate-related Financial Disclosures (TCFD) report, and hosted our first climate scenario planning workshop to help better plan for reducing risk and capturing growth across our portfolio.

STRONG STAKEHOLDER TIES

Collaboration with our stakeholders across ESG issues is a critical part of our ability to operate as a global investment firm. In 2020, we continued to strengthen our relationships. We became a founding member of the One Planet Private Equity Initiative, a group committed to driving progress on climate change. We also brought together our portfolio companies for learning and best-practices on critical topics such as navigating COVID-19 and the energy transition, and formed partnerships between our portfolio companies and leading experts, such as the Environmental Defense Fund, to pilot innovative new technologies reducing carbon emissions.

4th Year

OF CARBON NEUTRALITY

Diversity, Equity and Inclusion

At Carlyle, success is dependent on finding and seizing opportunities to sharpen our edge in an increasingly competitive and complex investment landscape. We work hard to cultivate diverse and inclusive teams—with diverse perspectives, knowledge bases, interests and cultural identities—who can examine ideas from every angle to generate competitive business insights and make better decisions. We know diverse teams ask better questions and inclusive teams find better answers.

Both within Carlyle and at our portfolio companies in 2020, our diversity, equity and inclusion (DEI) efforts have led to significant progress.

We had nearly 12% per year greater average earnings growth at Carlyle portfolio companies with two or more diverse board members during the last three years versus companies that lack diversity.

In 2020, AlpInvest became signatory to the Institutional Limited Partners Association *Diversity in Action* initiative. This represents our commitment to advancing DEI in the workplace, with our investment partners and the broader global investment management industry.

During the year, we also identified areas of focus and took steps to use our platform to drive further change. We heightened our focus on building a more diverse workplace with even more attention to supporting the attraction, development and advancement of underrepresented professionals.

To engage and equip over 1,800 Carlyle colleagues to make better decisions, we rolled out a virtual version of our *Better Decisions: Mitigating Unconscious Bias* training. Better Decisions is an ongoing effort guided by leaders at Carlyle that includes system-wide tools and guidance to support inclusive decision making and provides reminders and check-lists to reinforce action.

Inclusion is now a core management and leadership competency that will be central in the development and assessment of Carlyle's teams. All nominees for promotion to Managing Director in 2020 took part in a full-360 assessment that included evaluation of their skills in inclusive leadership and management.

INVESTMENT EXCELLENCE

Thanks to multiple years of investment, we are making progress on the composition of the boards of our portfolio companies as well. In 2016, we created a goal within our US Corporate Private Equity business to have diverse boards for all of our majority-owned company boards within two years of taking control of the company. At the time, 38% of the boards met the goal. Four years later, that figure has risen to 88% overall and 100% in US Buyout. In 2020, we expanded our portfolio company diversity goal to achieve 30% diversity of all directors in Global Private Equity-controlled companies by 2023.

Throughout 2020, we provided guidance and support to portfolio company management teams and boards on effective diversity and inclusion strategies, including timely guidance and tools such as resources on DEI consideration in responding to the COVID-19 pandemic and insights.

We also used our investments to drive change. HireVue, a Carlyle portfolio company, offers recruiting technology that improves diversity in hiring. In addition to adopting the technology for our own hiring, we have also helped introduce HireVue to our portfolio companies.

LOOKING AHEAD

Our DEI initiatives are fundamental to building better businesses and value creation for our fund investors and shareholders, and to establishing our brand and shaping our culture. Carlyle has built a leading global investment firm based on trust, integrity and partnership. We are building better in all we do.

“Diversity is especially important when you're in the judgment business.”

KARA HELANDER
Chief Diversity, Equity and Inclusion Officer

63%

OF NEW HIRES IN THE U.S. WERE WOMEN OR ETHNIC MINORITIES

58%

OF NEW HIRES IN EUROPE WERE WOMEN

52%

AMOUNT RAISED FROM DIVERSE GROUP OF FUND INVESTORS

>50%

OF CARLYLE'S AUM IS MANAGED / CO-MANAGED BY WOMEN

The Carlyle Advantage

As we have grown, we've developed a formula for success that brings our scalable platform to every interaction and every transaction across all of our businesses. We call this the "Carlyle Advantage."

We believe few investment firms have the global footprint, local execution capabilities and deep industry expertise of Carlyle. And few have built a platform to consistently drive long-term value creation plans. The combination of our global reach, industry expertise and diverse teams allow us to maintain our competitive advantage and partner with great management teams to build better businesses and make an impact.

With 29 offices across five continents and more than 1,800 professionals worldwide, we combine a global network with local insights and execution. This combination allows us to pursue scalable opportunities and act with precision.

At Carlyle, we lead with our depth of knowledge and industry expertise. We leverage our expertise as specialists across industries spanning:

- Aerospace, Defense and Government Services
- Consumer, Media and Retail
- Energy
- Financial Services
- Healthcare
- Industrial and Transportation
- Real Estate
- Technology and Business Services

Our Carlyle Advantage formula is completed by our Global Investment Resources (GIR) team that creates value across seven critical areas—procurement, information technology, talent/human resources, digital, revenue growth, ESG and government affairs. We integrate this dedicated team throughout the investment process to ensure capturing the widest range of opportunities to drive operational best practices, growth and cost savings in our portfolio.

The Carlyle Advantage underpins our confidence in accelerating our growth.

"We have invested in some of the largest and most complex global transactions in the world. This deep experience provides a number of competitive advantages that make Carlyle an industry leader."

SANDRA HORBACH
Co-Head of US Buyout and Growth

Our People and Culture

People are the key to our success. At Carlyle, we believe people build the team, and the team builds our firm and our portfolio companies. These are not empty words to us.

We continually look for new ways to empower and develop our talent. We have implemented robust talent calibration and succession planning processes to assess the performance and potential of our leaders and ensure we are cultivating a strong internal pipeline of future leaders for the firm. During 2020, we brought greater clarity and transparency to our promotions process and launched other initiatives that place even more value on our talented team.

And just as our people build our firm, they also embody our culture in the work they do every day. Our culture of performance through collaboration has guided our growth and development since inception and incentivized our employees to work as one firm. Ultimately, we work seamlessly across business segments, funds and geographies to deliver the insights, expertise and resources required to invest wisely and create value for our investors.

Guiding our culture are the values and principles that have been cultivated from the very beginning—trust, integrity and partnership.

BOARD OF DIRECTORS

WILLIAM E. CONWAY, JR.
*Founder, Co-Chairman and Director**

DAVID M. RUBENSTEIN
*Founder, Co-Chairman and Director**

KEWSONG LEE
Chief Executive Officer and Director

DANIEL A. D'ANIELLO
*Founder, Chairman Emeritus and Director**

PETER J. CLARE
Chief Investment Officer for Corporate Private Equity, Co-Head of U.S. Buyout and Director

JAMES H. HANCE, JR.
Operating Executive and Director

LAWTON W. FITT
Lead Independent Director

JANET HILL
Director

DERICA RICE
Director

DR. THOMAS S. ROBERTSON
Director

WILLIAM J. SHAW
Director

ANTHONY WELTERS
Director

*Non-executive

SHAREHOLDER INQUIRIES

Information about Carlyle, including quarterly earnings releases and filings with the U.S. Securities and Exchange Commission, can be accessed via Carlyle's website at *www.carlyle.com*. Shareholder inquiries can also be directed by e-mail to *public.investor@carlyle.com*.

STOCK EXCHANGE

The common stock of The Carlyle Group Inc. trades on the Nasdaq Global Select Market with CG as its ticker symbol.

TRANSFER AGENT

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TRADE ASSOCIATION

American Investment Council
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+1 202 583 5263

ADDITIONAL DISCLOSURES

This Annual Report has been prepared by The Carlyle Group Inc. (together with its affiliates, "Carlyle") and may only be used for informational purposes. All information contained herein is presented as of December 31, 2020, unless otherwise specifically noted.

There can be no assurances that Carlyle's investment objectives will be achieved or that our investment programs will be successful. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Investors should read this Annual Report in conjunction with investment fund quarterly reports, financial statements and other disclosures regarding the valuations and performance of the specific investments listed herein.

This Annual Report includes forward-looking statements. Forward-looking statements are inherently uncertain, and changing factors, such as those affecting the markets generally, or those affecting particular industries or issuers, may cause events or results to differ from those discussed. Therefore, undue reliance should not be placed on such statements or the conclusions drawn therefrom, which in no event shall be construed as a guarantee of future performance, results or courses of action. Carlyle believes these factors include, but are not limited to, those described under "Risk Factors" in Carlyle's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC, as such factors may be updated from time to time in its periodic filings, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with Carlyle's other disclosures. Carlyle expressly disclaims any obligation or undertaking to update or revise any such forward-looking statements.

References to portfolio companies are intended to illustrate the application of Carlyle's investment process only and should not be viewed as a recommendation of any particular security or portfolio company. The information provided about these portfolio companies is intended to be illustrative, and is not intended to be used as an indication of the current or future performance of Carlyle's portfolio companies. The investments described in the selected case studies were not made by any single fund or other product and do not represent all of the investments purchased or sold by any fund or other product. The information provided herein is for informational purposes only and is not and may not be relied on in any manner as advice or as an offer to sell or a solicitation of an offer to buy interests in any fund or other product sponsored or managed by Carlyle or any of its affiliates.

Any such offer or solicitation shall only be made pursuant to a final confidential private placement memorandum (as amended and/or restated from time to time) and the applicable fund's subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering.

Any person receiving this Annual Report is permitted to copy and print individual pages for informational, non-commercial use. These copies must not alter the original report's content, including all legal notices and legends. All content included in this Annual Report, such as graphics, logos, articles and other materials, is the property of Carlyle or others noted herein and is protected by copyright and other laws. All trademarks and logos displayed in this Annual Report are the property of their respective owners, who may or may not be affiliated with our organization.

This Annual Report contains financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America. These non-GAAP financial measures should be considered in addition to and not as a substitute for, or superior to, financial measures presented in accordance with U.S. GAAP. The reasons management believes that these non-GAAP financial measures provide useful information, as well as reconciliations of these measures to their most comparable U.S. GAAP measures, are set forth in our most recent Annual Report on Form 10-K filed with the SEC. FRE Margin is calculated as Fee Related Earnings, divided by Total Segment Fee Revenues. FRE Margin is most comparable to the Income before provision for taxes margin, which is calculated as Income before provision for taxes, divided by Total revenues. DE per common share is equal to DE less estimated current corporate, foreign, state and local taxes, divided by the number of common shares outstanding at each quarter end. For purposes of this calculation, common shares that were issued in the following quarter in connection with the vesting of restricted stock units were added to the common shares outstanding, as they participated in the dividend paid on common shares in the following quarter. Estimated current corporate, foreign, state and local taxes represents the total U.S. GAAP Provision (benefit) for income taxes adjusted to include only the current tax provision (benefit) applied to Net income (loss) attributable to The Carlyle Group Inc. This adjustment, used to calculate Distributable Earnings, Net attributable to common stockholders, reflects the benefit of deductions available to the Company on certain expense items that are excluded from the underlying calculation of Distributable Earnings, such as equity-based compensation expense and charges (credits) related to corporate actions and non-recurring items. Management believes that using the estimated current tax provision (benefit) in this manner more accurately reflects earnings that are available to be distributed to common stockholders.

The Carlyle Group™ 2021

RECONCILIATION OF NON-GAAP MEASURES

DISTRIBUTABLE EARNINGS AND FEE RELATED EARNINGS

Distributable Earnings, or "DE", is a key performance benchmark used in our industry and is evaluated regularly by management in making resource deployment and compensation decisions, and in assessing the performance of our three segments. We also use DE in our budgeting, forecasting, and the overall management of our segments. We believe that reporting DE is helpful to understanding our business and that investors should review the same supplemental financial measure that management uses to analyze our segment performance. DE is intended to show the amount of net realized earnings without the effects of consolidation of the Consolidated Funds. DE is derived from our segment reported results and is an additional measure to assess performance. Fee Related Earnings, or "FRE," is used to assess the ability of the business to cover direct base compensation and operating expenses from total fee revenues.

The following tables reconcile the Total Segments to our Income (Loss) Before Provision for Income Taxes for the years ended December 31, 2020 and 2019:

FOR THE YEAR ENDED DECEMBER 31, 2020

In millions	TOTAL REPORTABLE SEGMENTS	CONSOLIDATED FUNDS	RECONCILING ITEMS	CARLYLE CONSOLIDATED
REVENUES	$ 2,289.5	$ 226.8	$ 418.3 (A)	$ 2,934.6
EXPENSES	$ 1,527.4	$ 206.2	$ 599.7 (B)	$ 2,333.3
OTHER INCOME	$ —	$ (21.3)	$ — (C)	$ (21.3)
DISTRIBUTABLE EARNINGS	$ 762.1	$ (0.7)	$ (181.4) (D)	$ 580.0

FOR THE YEAR ENDED DECEMBER 31, 2019

In millions	TOTAL REPORTABLE SEGMENTS	CONSOLIDATED FUNDS	RECONCILING ITEMS	CARLYLE CONSOLIDATED
REVENUES	$ 2,110.1	$ 199.2	$ 1,067.7 (A)	$ 3,377.0
EXPENSES	$ 1,463.5	$ 165.6	$ 490.6 (B)	$ 2,119.7
OTHER INCOME	$ —	$ (23.9)	$ — (C)	$ (23.9)
DISTRIBUTABLE EARNINGS	$ 646.6	$ 9.7	$ 577.1 (D)	$ 1,233.4

(A)

The Revenues adjustment principally represents unrealized performance revenues, unrealized principal investment income (loss) (including Fortitude Re), revenues 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, adjustments related to expenses associated with the investments in NGP Management and its affiliates that are included in operating captions or are excluded from the segment results, adjustments to reflect the reimbursement of certain costs incurred on behalf of Carlyle funds on a net basis, and the inclusion of tax expenses associated with certain foreign performance revenues, as detailed below:

FOR THE YEAR ENDED DECEMBER 31

In millions	2020	2019
Unrealized performance revenues	$ 1,031.0	$ 267.8
Unrealized principal investment income	(556.2)	590.9
Adjusted unrealized principal investment income from investment in Fortitude Re	(104.4)	140.9
Adjustments related to expenses associated with investments in NGP Management and its affiliates	(15.3)	(16.2)
Tax expense associated with certain foreign performance revenues	0.5	0.03
Non-Carlyle economic interests in acquired businesses and other adjustments to present certain costs on a net basis	96.6	117.5
Elimination of revenues of Consolidated Funds	(33.9)	(33.5)
	$ 418.3	$ 1,067.7

The following table reconciles the total segments fund level fee revenue to the most directly comparable U.S. GAAP measure, the Company's consolidated fund management fees, for the years ended December 31, 2020 and 2019:

	FOR THE YEAR ENDED DECEMBER 31	
In millions	2020	2019
Total Reportable Segments - Fund level fee revenues	$ 1,616.1	$ 1,624.4
Adjustments [1]	(130.1)	(148.2)
Carlyle Consolidated - Fund management fees	1,486.0	1,476.2

(1) Adjustments represent the reclassification of NGP management fees from principal investment income, the reclassification of certain incentive fees from business development companies and other credit products, management fees earned from consolidated CLOs which were eliminated in consolidation to arrive at the Company's fund management fees, and the reclassification of certain amounts included in portfolio advisory and transaction fees, net and other in the segment results that are included in interest and other income in the U.S. GAAP results.

(B)

The Expenses adjustment represents the elimination of intercompany expenses of the Consolidated Funds payable to the Company, the inclusion of equity-based compensation, certain tax expenses associated with realized performance revenues related compensation, and unrealized performance revenues related compensation, adjustments related to expenses associated with the investment in NGP Management that are included in operating captions, adjustments to reflect the reimbursement of certain costs incurred on behalf of Carlyle funds on a net basis, changes in the tax receivable agreement liability, and charges and credits associated with Carlyle corporate actions and non-recurring items, as detailed below:

	FOR THE YEAR ENDED DECEMBER 31	
In millions	2020	2019
Unrealized performance revenues related compensation	$ 432.3	$ 225.5
Equity-based compensation	116.6	151.5
Acquisition related charges and amortization of intangibles and impairment	38.1	52.0
Other non-operating (income) expense	(7.2)	1.3
Tax expense associated with certain foreign performance revenues related compensation	(8.4)	(14.3)
Non-Carlyle economic interests in acquired business and other adjustments to present certain costs on a net basis	55.8	75.0
Debt extinguishment costs	—	0.1
Corporate conversion costs, severance and other adjustments	15.2	33.3
Elimination of expenses of Consolidated Funds	(42.7)	(33.8)
	$ 599.7	$ 490.6

(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).

(D)

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

	FOR THE YEAR ENDED DECEMBER 31			
(In millions, except per share amounts)		2020		2019
Income before provision for income taxes	$	580.0	$	1,233.4
Adjustments:				
Net unrealized performance revenues		(598.7)		(42.3)
Unrealized principal investment (income) loss [1]		556.2		(590.9)
Adjusted unrealized principal investment (income) loss from investment in Fortitude Re [2]		104.4		(140.9)
Equity-based compensation [3]		116.6		151.5
Acquisition related charges, including amortization of intangibles and impairment		38.1		52.0
Other non-operating (income) expense		(7.2)		1.3
Tax expense associated with certain foreign performance fee revenues		(7.9)		(14.3)
Net income attributable to non-controlling interests in onsolidated entities		(34.6)		(36.6)
Debt extinguishment costs		—		0.1
Corporate conversion costs, severance and other adjustments		15.2		33.3
Distributable Earnings	$	762.1	$	646.6
Realized performance revenues, net of related compensation [4]		246.3		164.1
Realized principal investment income [4]		73.0		87.0
Net interest		76.9		57.3
Fee Related Earnings	$	519.7	$	452.8

(In millions, except per share amounts)		2020		2019
Distributable Earnings	$	762.1	$	646.6
Less: Estimated current corporate, foreign, state and local taxes [5]		39.8		30.8
Preferred share distributions		—		19.1
Distributable Earnings, net	$	722.3	$	596.7
Distributable Earnings, net per common share outstanding [6]		2.05		1.70
FRE margin [7]		32%		28%
Income before provision for income taxes margin [8]		20%		37%

(1) Adjustments to unrealized principal investment income (loss) during the year ended December 31, 2020 are inclusive of $211.8 million of unrealized gains resulting from changes in the fair value of embedded derivatives related to certain reinsurance contracts included in Fortitude Reinsurance Company Ltd.'s U.S. GAAP financial statements prior to the contribution of our investment in Fortitude Group Holdings, LLC to Carlyle FRL, L.P., an affiliated investment fund, on June 2, 2020. At the time of the contribution of our investment to Carlyle FRL, L.P., we began accounting for our investment under the equity method based on our net asset value in the fund, which is an investment company that accounts for its investment in Fortitude Holdings at fair value. This resulted in an unrealized loss in principal investment income (loss) of $620.7 million during the year ended December 31, 2020. Adjustments to unrealized principal investment income (loss) during the year ended December 31, 2019 is inclusive of $582.0 million of unrealized gains on embedded derivatives. Refer to Note 5 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2020 for more information regarding our strategic investment in Fortitude Re.

(2) Adjusted unrealized principal investment income (loss) from the investment in Fortitude Re represents our pro rata share of Fortitude Holdings' estimated net income (loss) for the respective periods through June 2, 2020, excluding the unrealized gains (losses) related to embedded derivatives.

(3) Equity-based compensation includes amounts presented in principal investment income and general, administrative and other expenses in our U.S. GAAP statement of operations.

(4) Refer to "Realized Net Performance Revenues and Realized Principal Investment Income" below for the reconciliations to the most directly comparable U.S. GAAP measures.

(5) Estimated current corporate, foreign, state and local taxes represents the total U.S. GAAP Provision (benefit) for income taxes adjusted to include only the current tax provision (benefit) applied to Net income (loss) attributable to The Carlyle Group Inc. This adjustment, used to calculate Distributable Earnings, Net attributable to common stockholders, reflects the benefit of deductions available to the Company on certain expense items that are excluded from the underlying calculation of Distributable Earnings, such as equity-based compensation expense and charges (credits) related to corporate actions and non-recurring items. Management believes that using the estimated current tax provision (benefit) in this manner more accurately reflects earnings that are available to be distributed to common stockholders.

(6) Distributable Earnings, net per common share outstanding is calculated by dividing Distributable Earnings, net for each quarter by the number of common shares outstanding at each quarter end. For the purposes of this calculation, common shares that were issued in the following quarter in connection with the vesting of restricted stock units were added to the common shares outstanding, as they participate in the divided paid on common shares in the following quarter.

(7) FRE margin is calculated as Fee Related Earnings divided by Total Segment Fee Revenues.

(8) Income before provision for taxes margin is the most directly comparable U.S. GAAP measure to FRE margin, and is equal to Income before provision for taxes divided by Total revenues.

NET REALIZED PERFORMANCE REVENUES AND REALIZED PRINCIPAL INVESTMENT INCOME

Below is a reconciliation to the most directly comparable U.S. GAAP measures: for the years ended December 31, 2020 and 2019:

FOR THE YEAR ENDED DECEMBER 31, 2020

In millions	CARLYLE CONSOLIDATED	ADJUSTMENTS	TOTAL REPORTABLE SEGMENTS
Performance revenues	$ 1,635.9	$ (1,049.8)	$ 586.1
Performance revenues related compensation expense	779.1	(439.3)	339.8
Net performance revenues	$ 856.8	$ (610.5)	$ 246.3
Principal investment income (loss)	(540.7)	613.7	73.0

FOR THE YEAR ENDED DECEMBER 31, 2019

In millions	CARLYLE CONSOLIDATED	ADJUSTMENTS	TOTAL REPORTABLE SEGMENTS
Performance revenues	$ 799.1	$ (424.8)	$ 374.3
Performance revenues related compensation expense	436.7	(226.5)	210.2
Net performance revenues	$ 362.4	$ (198.3)	$ 164.1
Principal investment income (loss)	769.3	(682.3)	87.0

Adjustments to performance revenues relate to (i) unrealized performance allocations net of related compensation expense and unrealized principal investment income, which are excluded from the segment results, (ii) amounts earned from the Consolidated Funds, which were eliminated in the U.S. GAAP consolidation but were included in the segment results, (iii) amounts attributable to non-controlling interests in consolidated entities, which were excluded from the segment results, (iv) the reclassification of NGP performance revenues, which are included in principal investment income in the U.S. GAAP financial statements, (v) the reclassification of certain incentive fees from business development companies, which are included in fund management fees in the segment results, and (vi) the reclassification of tax expenses associated with certain foreign performance revenues. Adjustments to principal investment income (loss) also include the reclassification of earnings for the investments in NGP Management and its affiliates to the appropriate operating captions for the segment results, and the exclusion of charges associated with the investment in NGP Management and its affiliates that are excluded from the segment results. Refer to Note 5 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2020 for more information regarding our strategic investment in NGP.

NET ACCRUED PERFORMANCE REVENUES

Accrued performance allocations, net of accrued giveback obligations is the U.S. GAAP measure most comparable to Net accrued performance revenues. The following is a reconciliation:

In millions	AS OF DECEMBER 31 2020	2019
Accrued performance allocations, net of accrued giveback obligations	$ 4,949.9	$ 3,833.4
Less: Accrued performance allocation-related compensation	(2,534.4)	(2,038.2)
Plus: Receivable for giveback obligations from current and former employees	–	1.4
Less: Deferred taxes on certain foreign accrued performance allocations	(56.0)	(66.2)
Less: Net accrued performance allocations attributable to noncontrolling interests in consolidated entities	(11.7)	(4.3)
Net accrued performance revenues before timing differences	2,347.8	1,726.1
Less: Timing differences between the period when accrued performance revenues are realized and the period they are collected/distributed	(16.5)	(6.0)
Net accrued performance revenues attributable to The Carlyle Group Inc.	$ 2,331.3	$ 1,720.1

TOTAL INVESTMENTS ATTRIBUTABLE TO THE CARLYLE GROUP INC.

Investments, excluding performance allocations, is the U.S. GAAP measure most comparable to Total investments attributable to The Carlyle Group Inc., net of CLO loans and other borrowings. The following is a reconciliation:

	AS OF DECEMBER 31	
In millions	2020	2019
Investments, excluding performance allocations	$ 2,412.3	$ 2,948.8
Less: Amounts attributable to non-controlling interests in Consolidated Funds	(214.3)	(303.1)
Plus: Investments in Consolidated Funds, eliminated in consolidation	170.8	178.3
Less: Strategic equity method investments in NGP Management [1]	(373.5)	(383.6
Less: Mark-to-Market gains associated with strategic equity investment in Fortitude Re	—	(628.2)
Total investments attribution to The Carlyle Group Inc.	1,995.3	1,812.2
Less: CLO loans and other borrowings attributable to The Carlyle Group Inc. [2]	(336.5)	(342.7)
Total investments attributable to The Carlyle Group Inc., net of CLO loans and other borrowings	1,658.8	1,469.5

(1) We have equity interests in NGP Management Company, L.L.C. ("NGP Management"), the general partners of certain carry funds advised by NGP, and principal investments in certain NGP funds. These equity interests are accounted for as investments under equity method accounting. Total investments attributable to The Carlyle Group Inc. excludes the strategic equity method investments in NGP Management and investments in the general partners of certain NGP carry funds.

(2) Of the total CLOs and other borrowings, $336.5 millon and $342.7 million are collateralized by investments attributable to The Carlyle Group Inc. as of December 31, 2020 and 2019, respectively.

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