CARLYLE

Designed for *Growth*
Built on *Resilience*

ANNUAL REPORT 2022

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At Carlyle, our mission is to *invest wisely* and *create value.*

Letter to Shareholders


William E. Conway, Jr.


Harvey M. Schwartz

DEAR SHAREHOLDERS,

This past year saw extraordinary geopolitical and economic challenges globally, and a leadership transition for Carlyle, and has proven the strength and resilience of our firm. We are extremely grateful to our global leadership team and colleagues around the world who have maintained focus and dedication during a volatile market environment.

Carlyle generated strong financial performance in 2022, including record Fee Related Earnings (FRE) and Assets Under Management (AUM). Our full-year results showcased the breadth and talent of our team and our focus on investment performance for our limited partners. The firm's strong results highlight how we're positioned to drive sustainable long-term growth for all our stakeholders.

Carlyle is moving into its next phase of growth. I am writing this letter alongside our newly appointed Chief Executive Officer, Harvey M. Schwartz. He is a leader with a proven track record of success that will help Carlyle build on our momentum and drive further transformation and growth. Harvey is a widely respected business-builder and seasoned operator with significant experience growing and leading a wide range of businesses. He has a proven ability to navigate challenging environments and develop the talent and organizational structure to drive growth and create value.

Early last year, a sharp change in market dynamics made 2022 one of the most difficult market environments in more than a decade for investment managers.

At Carlyle, we took decisive action, focused on our proven investment strategy, and our teams remained resilient. Our business centers around raising new

capital, investing that capital wisely, and delivering returns on that investment throughout all economic cycles.

Our investment teams around the world used market dislocations and the power of our global platform to identify opportunities that generate long-term value for all our stakeholders. We believe our focus on investment risk management and portfolio construction is a differentiating characteristic in our industry. This has been a hallmark of Carlyle since we began investing more than 35 years ago and will be for years to come.

In 2022, we deployed a record $35 billion across our equity, credit, and solutions strategies. Looking forward, Carlyle remains well-positioned with $72 billion in dry powder to deploy opportunistically across diversified markets. Our record deployment will continue to deliver earnings growth.

It is worth repeating, we delivered record Fee Related Earnings of $834 million in 2022, an increase of 40% over 2021. This is illustrative of our strategic focus on growing FRE and diversifying our earnings mix. We have now grown our FRE at a 34% average annual rate over the past five years. Our AUM grew 24% year-over-year to a record $373 billion, as investors continue to entrust us with an increasing amount of their capital.

We continue to diversify our platform, with approximately two-thirds of our fundraising last year from areas such as Global Credit, Global Investment Solutions, natural resources, and real estate. We see significant capital raising opportunities across the entire platform in 2023 and beyond, and we expect to raise more capital in 2023 than we did in 2022.

As we look to the future, tremendous opportunity exists to grow and continue to transform Carlyle while delivering sustainable results. Our deep leadership team will capitalize on the momentum we have delivered to create value for our investors and shareholders.

"2022 was a strong year across several financial metrics for Carlyle. We enter 2023 with strength and momentum, and the firm is well-positioned to capitalize on investment opportunities and deliver long-term growth."

WILLIAM E. CONWAY, JR.
Co-Founder and Co-Chairman of the Board

HARVEY M. SCHWARTZ
Chief Executive Officer and Director

Our Global Reach

SAN FRANCISCO
MENLO PARK
LOS ANGELES
WASHINGTON, DC
ATLANTA
MIAMI
BOSTON
NEW YORK
LIMA
AMSTERDAM
DUBLIN
LONDON
LUXEMBOURG
PARIS
MUNICH
MILAN
BARCELONA
ABU DHABI
MUMBAI
BEIJING
TOKYO
SEOUL
SHANGHAI
HONG KONG
SINGAPORE
SYDNEY

29
offices across 5 continents

2,100
professionals worldwide

543
investment vehicles

Financials: Long-Term Growth

Carlyle delivered strong full-year 2022 results throughout a challenging and dynamic market environment.

OUR GROWTH IN 2022 was driven by a combination of fundraising efforts for our large and scaled investment strategies, organically building out new fee-generating businesses—and completing several strategic transactions, all of which drove a 25% increase in our total fee revenue year-over-year. We produced a robust $4.34 per share in Distributable Earnings (DE) in 2022, illustrative of the significant cash earnings power of our firm, and have generated well over $9 per share in Distributable Earnings over the past two years. We continued to strengthen and diversify our global business throughout the year and are well-positioned to continue to drive an increasing level of value for all of our stakeholders.

In 2022, we built on our trend of delivering sustainable and growing Fee Related Earnings (FRE) as we generated $834 million in FRE in 2022—an increase of 40% over 2021, and we produced $1.9 billion in DE. Each of our three global business segments generated solid FRE, and our full-year FRE margin expanded to 37%, up from 33% in 2021. Over the past five years, our FRE compound annual growth rate has been 34% with FRE margin more than doubling over this same period. Our overall earnings mix continues to diversify as we grow our credit, insurance, capital markets, and solutions capabilities.

Consistent growth in FRE is only possible when we produce attractive investment returns for our fund investors. Over time, our investment teams have continued to deliver net returns in excess of public benchmarks. In 2022, we were able to deliver outperformance across our investment platform despite increasingly conservative assumptions in our valuation models and elevated concerns about a global recession. During 2022, our carry funds generated appreciation of 11%, and when combined with a record $90 billion in capital formation throughout the year, this helped drive Assets Under Management (AUM) up 24% from 2021.

OUR THREE GLOBAL BUSINESSES DELIVER

Our three strong global businesses continued to drive attractive results for our stakeholders throughout 2022, and we believe they are well-positioned to capitalize on what will likely be a relatively more attractive investment environment in 2023.

Our Global Private Equity (GPE) segment managed AUM of $163 billion at year end 2022, and FRE of $541 million generated in 2022 increased 34% from 2021. Our investment teams again delivered attractive appreciation in 2022, with our Real Estate funds appreciating 16%, Infrastructure & Natural Resource funds appreciating a robust 48%, and Corporate

Our three strong global businesses continued to drive attractive results for our stakeholders throughout 2022, and we believe they are well-positioned to capitalize on what will likely be a relatively more attractive investment environment in 2023.

Private Equity funds up 6%. This strong investment performance helped increase accrued carry in Global Private Equity to $3.5 billion at year end, even after more than $900 million of net carry realizations. Solid invested capital and realized proceeds activity of $20 billion and $23 billion, respectively, positions Global Private Equity to deliver high levels of Distributable Earnings in future periods.

Global Credit grew to $146 billion in AUM, an increase of 99% from one year ago, driven by both organic capital-raising activity as well as the positive impact from two strategic transactions—the CBAM Partners acquisition and Fortitude Re transaction. This drove FRE to more than double to $225 million. We raised $15 billion in new capital in Global Credit in 2022, and we expect to have an active year fundraising for additional strategies in 2023, which should position Global Credit for further growth. In addition, we remain focused on helping Fortitude Re evaluate new growth opportunities that would help us benefit from incremental advisory revenues.

Our Global Investment Solutions segment AUM of $63 billion decreased 3% from one year ago as realizations and negative foreign exchange activity more than offset 6% appreciation and fundraising activity across the platform. Fee Related Earnings of $69 million in 2022 was lower than 2021, but we expect to see growth later in 2023 as we begin capital raising for our flagship strategies in co-investments and secondaries. In addition, with $374 million in net accrued carry and strong fund performance, performance revenues are poised to increase over time. As fund investors' need for liquidity persists, we are well-positioned to capitalize on this trend through our secondaries and co-investments business and expect to find numerous opportunities to invest in 2023 and beyond.

We enter 2023 in a strong capital position with $1.4 billion in cash, $2.4 billion in firm investments, and $4 billion of net accrued carry on our balance sheet—in total over $20 per share.

Overall, 2022 was a solid year across most financial metrics for Carlyle, and we are confident that we will build on our momentum to bolster the firm's position and create value for our investors and shareholders.

$834 million

in Fee Related Earnings in 2022

24%

increase in AUM year-over-year

40%

increase in Fee Related Earnings year-over-year

Global Private Equity: Building Diversified Portfolios and Resilient Businesses

Our Global Private Equity (GPE) segment has consistently created value across market cycles by investing in resilient businesses, building well-diversified portfolios, and seeking secular growth. Our deep vertical specialization and approach to operational improvement enables us to drive efficiencies, accelerate revenue growth, and enhance competitive positioning. With this focus on resilient businesses, we are perfectly suited for the environment we're in today. Across our global platform, we have outperformed in periods of volatility.

WE HAVE GROWN our GPE business segment to more than $160 billion in assets under management (AUM) with a focus on three strategies: Corporate Private Equity, Real Estate, and Infrastructure & Natural Resources.

The scale of our platform allowed us to continue to invest in deeper capabilities, share insights, and pivot quickly to execute on the most attractive opportunities around the globe.

In our Corporate Private Equity business, we're driving value creation in more than 210 active portfolio companies across global sectors, including aerospace and government services; consumer, media, and retail;

6%

portfolio appreciation in Corporate Private Equity

$163 billion

in AUM in our GPE business segment

$22 billion

in realized proceeds in 2022

financial services; healthcare; industrial; and technology. Our companies benefit from our value creation framework, Global Portfolio Solutions (GPS), detailed below. Our GPS team partnered with portfolio management teams to achieve more than $400 million in cost savings in 2022.

In Real Estate, our differentiated approach to portfolio construction has driven attractive historical performance and allowed us to adapt in 2022. Our Real Estate team remains focused on sectors with secular growth expected to outperform GDP growth—such as residential housing, logistics, medical and life sciences, senior living, and student housing. As a result, we have limited exposure to volatile property sectors such as office, retail, and hotel. And recent returns have been strong, with our disciplined portfolio construction driving significant outperformance.

Within Infrastructure & Natural Resources, we pursued opportunities related to the world's energy transition, including transportation, energy, digital, water, renewables, and power sectors globally. These assets are enmeshed in everyday life and support economic growth and productivity. In addition, as part of the acceleration of digital infrastructure, we have invested in the areas of 5G and fiber optic cables.

2022 MILESTONES

We navigated the challenging investment environment of 2022 by adhering to our diversified portfolio construction models, focusing on resilient businesses, driving diversity in decision-making at our portfolio companies, enhancing our GPS value creation framework, and strengthening our partnerships with our management teams. Despite public equity indices declining by double digits, our Corporate Private Equity portfolio appreciated by 6% in 2022.

INVESTMENT EXCELLENCE

In 2022, we invested $19.9 billion of capital into new or follow-on investments across the globe, driven by opportunities in sectors where growth is not fully correlated to GDP growth, including in the areas of cybersecurity, healthcare, advanced manufacturing, and insurance.[1]

REALIZATIONS

Despite challenging capital market conditions, we realized over $22 billion of proceeds in 2022 through both public equity and private market transactions. Major 2022 realizations included Atotech, Novolex, and Ortho Clinical Diagnostics, among others.

STRATEGIC DEALS

North America

In September 2022, we acquired ManTech, a leading provider of innovative technologies and solutions for mission-critical national security programs, which had 2021 revenue of $2.5 billion. This transaction furthered our long-term commitment to invest in the growing requirement for effective cybersecurity and increased government spending to improve IT infrastructure. We contributed $2.3 billion of equity. ManTech's business is driven by a proven management team, differentiated capabilities, and

1. Data as of 12/31/22.

longstanding customer relationships. The company focuses on some of the highest-growth sectors within the U.S. national security budget, including intelligence, cyber, and IT, with catalysts for accelerated expansion. ManTech's strong financial profile is underpinned by a $10.6 billion contract backlog. Moving forward, we see opportunities to accelerate growth and increase returns through organic investment, operational improvements, and strategic acquisitions.

Europe

In February 2022, we completed our acquisition of AutoForm AG (AutoForm), contributing €939 million of equity. Headquartered in Switzerland, AutoForm is a global leader in engineering software for sheet metal forming simulation, which is used primarily in the automotive industry. With its innovations for rapid and reliable validation of design, engineering, manufacturing, and assembly processes, AutoForm is setting the standard in end-to-end software solutions for the automotive industry.

Looking forward, we see a technology value creation opportunity that leverages our deep expertise in the automotive end market. We will seek to support a new commercial strategy focused on the penetration and adoption of recently launched solutions and the expansion of innovative products.

Asia
In January 2022, we closed a $489 million equity investment in A Twosome Place, one of the leading premium café chain operators in South Korea. The company is uniquely positioned as a premium dessert café, and at the time the deal was announced, operated more than 1,400 stores. A Twosome Place had 2021 revenue of KRW412 billion (~$328 million).

We will leverage our consumer and retail industry expertise, global network, and Global Portfolio Solutions capabilities to further strengthen A Twosome Place's brand, optimize its store footprint, and enhance its product offerings and marketing capabilities. Key value creation initiatives include continuing store count growth through securing desired franchises at profitable locations and developing a pipeline of directly owned stores, as well as continuing to acquire new members and promote digitalization initiatives.

Japan
In December 2022, we completed a JPY 61 billion tender offer for Uzabase, a leading Software-as-a-Service ("SaaS") provider in Japan. Established in April 2008, Uzabase provides global business intelligence and analysis capabilities, and leverages technology to enable businesses to drive and enhance decision-making, operational productivity and innovation. Uzabase has built and acquired several businesses over the years to strengthen its core data processing capabilities, and is well-positioned to grow through the cross-selling of its products and services to large enterprises.

Looking ahead, we intend to leverage our strong local and global industry expertise and track record in building out large-scale SaaS solutions platforms – including working with Japanese companies like Simplex and WingArc and global companies such as ZoomInfo and ION/Dealogic – to help Uzabase further expand and grow its leading position in Japan.

EXPANSION OF OUR HEALTHCARE FRANCHISE INTO LIFE SCIENCES
In August 2022, we acquired Abingworth, a transatlantic life sciences investment firm with $2 billion in AUM, to bolster our leading global healthcare franchise. This transaction enables us to operate across the full risk-return spectrum of life sciences and healthcare investing, from venture capital to buyouts, and to continue our longstanding efforts to be an important part of the solution in healthcare, especially in the drug development value chain.

GLOBAL PORTFOLIO SOLUTIONS (GPS)

Strengthening Operations, Accelerating Growth, and Driving Impact

We create value throughout the entire investment lifecycle with our GPS framework by bringing together four elements that allow us to identify and execute laser-focused plans for change and growth.

INNOVATIVE FUNCTIONAL EXPERTISE
Working with management teams to identify opportunities that accelerate growth and drive operational excellence, we operate across nine primary functional areas: value creation program planning; revenue growth; cost reduction and cash management; digital transformation; global government affairs; procurement; technology; talent and organizational performance; and environmental, social, and governance.

COLLABORATIVE PLANNING METHODOLOGY

We lead company management teams through a partnership methodology based on collaboration and fresh thinking. We customize growth acceleration plans and use a consistent and repeatable portfolio partnership methodology.

WORLD-CLASS PARTNER ECOSYSTEM

We steer the execution of growth acceleration plans through our partner ecosystem and cross-collaboration among portfolio companies, as well as by leveraging Carlyle's global scale and reach.

DEEP SECTOR EXPERTISE

Our sector experts and teams, including a network of more than 50 operating executives and advisors, assist in tailoring strategies for specific industries and regions.

LOOKING AHEAD

In 2023, there is an opportunity to invest in resilient, market-leading businesses, companies in need of operational improvement, and disruptive, emerging businesses—all at more reasonable valuations. Some of the areas we are focusing on include healthcare, government technology, the energy transition, and digital transformation.

Healthcare and its delivery, for example, have been transformed by the COVID-19 pandemic, and we expect to see even greater changes ahead, many of them enabled by technology. Demographic trends, such as longer lifespans across the globe, will drive some of those changes. Other catalysts will include rapid advancements in testing and treating diseases. We are also investing in companies involved with the evolution of value-based care, which drives integration across healthcare systems. Our differentiated approach centers on finding businesses that are "part of a solution" in healthcare to drive greater efficiency and better patient outcomes.

Additionally, we continue to pursue opportunities connected to the energy transition, supported by our belief that investment, not divestment, will help decarbonize the global economy and achieve international climate change goals. Across the energy landscape, we see advancements in renewable power generation, battery storage solutions, the electrification of the transportation fleet, carbon capture and storage solutions, and supply chain decarbonization. Carlyle is among the first major global private equity firms to join the call to accelerate the transition to a net-zero economy with the establishment of both short- and long-term climate goals. Importantly, these aspirations are not driven solely by portfolio allocation decisions; rather, our approach is grounded in driving real emissions reductions within our portfolio companies.

With wages rising in many countries and sectors, we believe digital transformation efforts will be a strategic imperative for all businesses to drive productivity gains, improve customer experience, and enhance competitive advantage. We aim to invest in companies that provide data capabilities, digital services, and e-commerce tools to enable digital transformation, and we will invest in businesses where we believe we can drive significant improvement through digital transformation.

> *We navigated the challenging investment environment of 2022 by adhering to our diversified portfolio construction models, focusing on resilient businesses, driving diversity in decision-making at our portfolio companies, enhancing our GPS value creation framework, and strengthening our partnerships with our management teams.*

Global Credit: Purpose-Built for Today's Market

Carlyle's Global Credit business is a diversified and integrated credit platform that provides borrowers with financing solutions to suit a variety of needs.

WITH PUBLIC EQUITIES down significantly in 2022 and the capital markets space lacking liquidity, our Global Credit business was purpose-built for this environment. The breadth and depth of our capital allows us to meet the specific needs of borrowers of nearly all types and sizes, and offer flexibility to deliver for the needs of investors seeking persistent, consistent returns across market cycles.

Our platform meets a diverse range of needs through multiple investment strategies, regions, and functional teams that provide expertise across the spectrum of private credit. We offer several scaled products in structured credit, opportunistic credit, direct lending, and aviation, as well as several developing strategies focused on infrastructure, insurance, and other credit strategies that are all well-positioned for growth.

We tailor solutions to fit investors' specific requirements through direct investments into our commingled funds or through customized cross-platform vehicles.

Our platform is structured to lend to private, resilient businesses and assets in industries in which we demonstrate sector expertise. Additionally, as a global investment firm, we leverage advantages in both information and relationships to deliver positive investment outcomes across the credit products and strategies we offer. With $146 billion in assets under management (AUM), this offers real scale and differentiation, providing a competitive advantage in sourcing and participating in unique opportunities.

2022 MILESTONES

Our purpose-built, integrated platform approach paid dividends once again in 2022. Global Credit capitalized on the opportunity set presented by limited liquidity in the capital markets as well as inorganic growth opportunities, nearly doubling AUM compared to 2021.

ROBUST FINANCIAL GROWTH

Global Credit remains the firm's fastest-growing business segment and is now its largest source of Fee-earning AUM. Global Credit AUM now represents about 39% of Carlyle's total AUM, up from 24% at the end of 2021. Fee Related Earnings (FRE) also strongly increased this past year, driven by robust organic growth and contributions from strategic transactions. We generated FRE of $224.5 million in 2022, compared with $111.6 million over the same period one year earlier, doubling year-over-year.

The breadth of our Global Credit platform allows us to invest across the capital structure and deliver creative and comprehensive solutions for borrowers, regardless of the environment.

FUNDRAISING MOMENTUM

Despite a crowded fundraising environment, we raised $15 billion in 2022. Primary drivers included the issuance of nine new collateralized loan obligations (CLOs), third party capital raised for our Fortitude Re transaction, and the first close in our third vintage of the Carlyle Credit Opportunities Fund (CCOF). Additionally, notable growth across retail vehicles, including the Carlyle Tactical Private Credit Fund (CTAC) and Carlyle Credit Solutions, Inc. (CARS), helped bolster our fundraising numbers.

STRATEGIC TRANSACTIONS

In 2022, our Global Credit team accelerated growth that drives shareholder value by completing two strategic transactions. The CBAM Partners (CBAM) acquisition and the Fortitude Re transaction fundamentally expanded the size and profitability of our Global Credit business and positioned our Liquid Credit and Insurance Solutions platforms for both near- and long-term growth.

CBAM Partners

We acquired CBAM's $15 billion portfolio of assets—the majority of which are in CLO funds—and integrated them into our Global Credit platform. The transaction made Carlyle one of the world's largest managers, with $50 billion of CLO assets under management.

The CBAM transaction brought immediate and accretive impact to FRE, providing a stable and recurring fee stream that has a very long contractual duration and significantly increases Global Credit FRE margin.

This acquisition built on Carlyle's already leading position in the CLO market and enhanced our role as a key partner to investors and borrowers around the world. While the CLO market has seen diminished activity in 2022 as compared to 2021, particularly with respect to refinancings and resets, we issued nine new broadly syndicated loan CLOs for $3.9 billion in AUM, making us one of the most active issuers of 2022.

Fortitude Re

In March, we advanced our insurance solutions strategy by completing a strategic transaction with Fortitude Re. We raised $2.1 billion of new growth capital for the company and entered into a strategic advisory services agreement with Fortitude Re.

The new capital strengthened Fortitude Re's position to pursue further growth and provide innovative solutions to the global insurance industry. The reinsurer continues to perform well and has a robust pipeline of growth opportunities.

This increased Global Credit's Fee-earning AUM and helped FRE grow by $50 million on an initial annualized basis. By the end of 2022, AUM from Fortitude Re expanded to $51 billion from $0 in 2018.

These transactions position Carlyle to accelerate Fortitude Re's growth while meaningfully increasing Global Credit AUM and FRE to deliver shareholder value.

99%

increase in Global Credit AUM from 2021

more than $15 billion

in new capital raised in 2022

more than doubled

Fee Related Earnings year-over-year

LOOKING AHEAD

During 2022, the sharp rise in interest rates to control inflation saw banks forced to sell debt at discounts, or keep positions on their balance sheet, which reduced their capacity to underwrite new debt. This created significant opportunities for private credit to provide financing for transactions, including our own Opportunistic Credit strategy. As we look ahead to 2023, we expect private credit funds to continue to play a key role in the capital markets. Additionally, the breadth of our Global Credit platform allows us to invest across the capital structure and deliver creative and comprehensive solutions for borrowers, regardless of the environment.

As our fastest growing business, Global Credit continues to play an increasingly important role for the firm as we strategically grow and diversify our earnings mix. The dislocated market environment has created tremendous opportunity for private credit investors, and our Global Credit team continues to capitalize on this on behalf of investors. We expect our Global Credit segment to increase our perpetual capital offerings and continue to scale through retail, insurance, and institutional distribution channels.

Global Investment Solutions: Investing Through Deep Relationships and Robust Portfolio Construction

Carlyle's Global Investment Solutions (GIS) business helps investors meet their objectives through tailored portfolio construction and rigorous investment selection. Within this segment, our private equity asset manager, AlpInvest, seeks to provide investors with access to the global private markets through primary, secondary and portfolio finance, and co-investment opportunities across a range of strategies.

ALPINVEST IS ONE of the world's largest and most well-known investors in private equity. We have a reputation of trust with our general partner (GP) relationships, continuously acting as a professional deal partner. We have over 2,000 GPs in our network and transact with a core network of over 300 GP relationships on a regular basis. The integrated nature of our business across primary investments, secondary and portfolio finance investments, and co-investments makes us a strategic partner that can support private equity funds throughout their entire lifecycle. The strategic nature and the depth of our GP relationships built over many years gives us privileged access to a large volume of high-quality investment opportunities.

55%

of capital committed in 2022 was in underlying transactions where we were the only or largest co-investor

$4 billion

new capital raised across the GIS platform in 2022

Further, we benefit from access to deal flow combined with an information advantage that we achieve from managing one of the largest private equity portfolios in the world. Our access and dedicated underwriting capabilities have contributed to our resilient performance over time.

Our Global Investment Solutions segment has a well-informed, highly selective, disciplined investment process. We have a local presence across three continents—Europe, North America, and Asia—which gives us a distinct and comprehensive perspective on the global private equity market. We have built an industry-leading platform and a history of success.

2022 MILESTONES

FUNDRAISING MOMENTUM

Despite a slowing environment in 2022, our GIS segment achieved strong fundraising momentum. We raised $4 billion of new capital across the platform and now have more than 450 investors, including 48 separately managed account (SMA) clients.

Most of our fundraising focus in 2022 was on our custom account program, including one new partnership for over $1 billion with a large Asian institutional investor that selected AlpInvest to help expand its private equity investment footprint in Europe. We received continued support from existing investors, with 16 of our SMA investors making incremental commitments of nearly $2.5 billion in aggregate during the year.

The second half of 2022 also saw the launch of two commingled funds: AlpInvest Strategic Portfolio Finance Fund II and AlpInvest Co-Investment Fund IX. The year ahead will include the launch of our flagship AlpInvest Secondaries Fund VIII, which will target a first close in June 2023.

INTEGRATED MORE THAN 7.5 MILLION DATA POINTS INTO THE INVESTMENT PROCESS

We integrated the data management system Chronograph into our investment process, allowing our teams to easily access more than 7.5 million data points of information on over 20,000 underlying portfolio companies. We believe our technology platform allows us to harness high-quality, proprietary data to support our investment teams in making better-informed investment decisions.

INVESTMENT EXCELLENCE

As a result of our trusted reputation as a deal partner and robust network of GP relationships, we continued to see strong deal flow across our investment strategies in 2022, despite a slowdown in private equity markets overall. Our teams continued to employ a selective investment approach, resulting in strong deployment across all strategies. Of the 1,002 investment opportunities sourced across the platform throughout 2022, we conducted due diligence on 18% of opportunities and only 10% of these sourced deals were closed.

In 2022, our Co-Investment Program continued to attract significant deal flow and sourced nearly $15 billion in co-investment volume. Since inception of the program, we have committed more than $15 billion to over 345 equity co-investments and invested with a diligent focus on key deal criteria, despite the macroeconomic environment. Our Co-Investment team serves as a reliable deal partner and invests in select and proprietary deal settings, as exhibited by over 55% of capital committed in 2022 in underlying transactions where we were the only or largest co-investor.

Finally, we committed more than $8 billion of new capital in 2022 to investments across our Secondary and Portfolio Finance Program. By integrating our growing portfolio finance capabilities with our extensive experience in the secondary market, we believe we have created an effective one-stop solution for the private equity industry.

LOOKING AHEAD

We have built a resilient private equity solutions business on the foundation of our deep relationships, robust portfolio construction, and advanced use of data. Through 2023 and beyond, we will focus on, among other initiatives, scaling our Secondary and Portfolio Finance Program, increasing access for private wealth investors, and continuing to lead on ESG by effectively leveraging insights from the ESG Data Convergence Initiative detailed in our ESG section.

As a result of our trusted reputation as a deal partner and robust network of GP relationships, we continued to see strong deal flow across our investment strategies in 2022, despite a slowdown in private equity markets overall.

Environmental, Social, and Governance: Accelerating Value Creation

As the world continues to navigate a shifting economic landscape, we continue to strengthen Environmental, Social, and Governance (ESG) integration and accelerate value creation within our investment portfolio.

WE ARE COMMITTED to the principle that building a better business means investing responsibly and engaging in the communities where we work and invest. As a responsible global organization dedicated to driving value by seeking to serve its stakeholders, Carlyle has made it a priority to invest in a framework and the necessary resources for understanding, monitoring, and managing ESG risks and opportunities across our portfolio. We believe ESG provides an additional lens to help us assess and mitigate risks, and identify and capitalize on potential opportunities.

In 2022, we continued to integrate ESG across our work, prioritizing pillars such as sustainable growth; employee engagement; climate resilience, inclusive of projects focused on renewable energy as well as decarbonizing traditional oil and gas; and diversity, equity, and inclusion (DEI).

Many companies today must also navigate the challenges of the energy transition, as governments and institutions seek to secure a lower-carbon future and provide reliable, affordable energy at scale. Over the past year, we worked with portfolio companies to set and implement sustainability goals and build climate resilience, while also investing in emerging energy opportunities such as renewable power generation, battery storage solutions, the electrification of transportation fleets, and decarbonization.

Our focus on sustainability and our longstanding commitment to ESG have strengthened our belief that a comprehensive ESG program leads to more engaged employees, innovative teams, and stronger communities. Our approach to ESG centers on creating better outcomes for business partners so we can deliver better results for our stakeholders.

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2022 MILESTONES

ESG DATA CONVERGENCE INITIATIVE

In 2021, Carlyle and the California Public Employees' Retirement System (CalPERS) partnered with a group of general partners (GPs) and limited partners (LPs) to form the ESG Data Convergence Initiative, private equity's first-ever collaboration to standardize ESG metrics and provide a mechanism for comparative reporting. The project aims to generate meaningful, performance-based, and comparable ESG data, as well as introduce an ESG benchmark for private markets.

Since the initiative's launch in September 2021, more than 250 GPs and LPs have signed on, representing $24 trillion in Assets Under Management (AUM) and over 2,000 underlying portfolio companies. The findings from the initial year's data collection process are summarized in a piece published by the Boston Consulting Group. In 2023, the ESG Data Convergence Initiative plans to expand reporting metrics to include gender diversity for the C-suite in addition to the board members.

ESG-LINKED FINANCINGS

Led by our Capital Markets team, Carlyle surpassed $23 billion in ESG-linked financings across our funds and portfolio companies in 2022. These financings enable progress toward key material ESG targets while achieving a lower cost of capital for our funds and portfolio companies. The financings include:

- €2.3 billion ESG-linked credit facility for our European private equity platform and a $2.75 billion facility for our Asia private equity platform; both facilities are linked to carbon footprinting in our portfolio, board diversity at portfolio companies, and ESG-competent board training for Carlyle-employed board directors of our portfolio companies.

- €2 billion ESG-linked facility for CEPSA, a portfolio company, tied to emissions reductions and gender diversity, and a $1 billion ESG-linked term loan for Syniverse tied to their goal of having 30% or more of the workforce comprised of women.

OUR LEADERSHIP IN DECARBONIZATION

This past year, we were one of the first major global private equity firms to announce our aim of reaching net-zero greenhouse gas emissions by 2050 or sooner across our direct investments, alongside several near-term goals.

As part of our approach to helping our companies improve their climate resiliency, our ESG team partnered with a subset of portfolio companies[2] to drive bottom-up carbon footprinting, reduce greenhouse gas emissions, and establish and implement decarbonization and energy transition-related goals. Leveraging tools such as our Energy and Carbon Management playbook, we worked with applicable management teams to craft tailored climate strategies and develop solutions such as integrated energy and carbon management programs and decarbonization pathways that we believe will contribute to more resiliency and better performance.

2. The scope of our bottom-up carbon footprinting is limited to majority-owned companies in the most recent vintages of our flagship private equity funds: US Buyout, Europe Buyout, and Asia Buyout.

One example of a portfolio company we partnered with to advance the energy transition and implement decarbonization initiatives can be found below.

CEPSA
Advancing Energy Transition and Decarbonization

In 2019, Carlyle invested in CEPSA, a global integrated energy business headquartered in Spain. By working closely with CEPSA's new CEO—a global industry and energy transition leader—and our co-shareholder Mubadala, we designed a new, ambitious energy transition strategy that couples sustainability with business growth. Launched in April 2022, the new strategy aims to reduce Scope 1 and 2 emissions by 55% and Scope 3 emissions by 15-20% by 2030—ambitious targets in the sector—while building leadership positions in green hydrogen, biofuels, and electric mobility. CEPSA will seek to achieve this by investing €7-8 billion between now and the end of this decade, of which more than 60% is intended to go toward sustainable businesses.

In particular, CEPSA aims at positioning its energy parks in Andalusia, Spain, as Europe's gateway for green hydrogen, leveraging the advantaged location of its existing assets and Europe's lowest cost of photovoltaic power. CEPSA intends to produce 2.5 million tons of hydrotreated vegetable oil (HVO) and 0.8 million tons of sustainable aviation fuels (SAF) in its Spanish plants by 2030. CEPSA also developed plans to create the largest e-mobility ecosystem and ultra-fast, on-the-go charging network in Spain and Portugal, targeting a high-speed EV charger rollout in 300-400 retail stations by 2024.

Additionally, as a result of the new strategy, CEPSA has achieved top sustainability ratings in the industry: CEPSA is first in the integrated oil and gas sector globally as rated by Sustainalytics, first quartile for S&P Global Ratings, and in the leadership category (graded A-minus) in the climate and water categories for the Climate Disclosure Project.[3]

INVESTMENT EXCELLENCE

A comprehensive ESG strategy may contribute to long-term value creation in today's rapidly shifting business environment. Our team developed a systematic approach that focuses on partnering with applicable management teams to craft foundational ESG strategies. Key programs may include hosting vision workshops, performing customer and competitor benchmarking, conducting gap analyses and materiality assessments, and developing implementation roadmaps.

We synthesized our findings from developing this process with dozens of portfolio companies over time into an easily accessible playbook on "How to Create an ESG Strategy" as an additional resource for our portfolio companies. Our partnership with several portfolio companies, highlighted below and on the next page, demonstrates our approach to creating ESG strategies.

AlphaStruxure
Electrifying Transportation Fleets

AlphaStruxure is a leading Energy-as-a-Service (EaaS) provider that designs, builds, owns, operates, and maintains tailored energy infrastructure. With support from Carlyle's Global Infrastructure platform, AlphaStruxure began construction on an integrated microgrid and electric bus charging infrastructure project for Montgomery County, Maryland. By combining technical, financial, transactional, and structural expertise, our partnership has helped to enable Montgomery County's transit fleet to start the transition from diesel to electric—a critical step in the county's goal to reach net-zero carbon emissions by 2035. When completed, the Brookville Smart Energy Bus Depot will be a first-of-its-kind integration of microgrid and EV charging infrastructure that will reduce lifetime emissions by more than 160,000 tons.

$23 billion

in ESG-linked financings across our funds and portfolio companies in 2022

more than 250

investors have signed on to participate in the ESG Data Convergence Initiative

3. *Such rankings are based on methodology and criteria created by Sustainalytics, S&P and the Climate Disclosure Project, respectively, which are not known to Carlyle.*

Hexaware Technologies
Creating an Overarching ESG Strategy

Hexaware is a leading global IT services provider based in India, with a strong focus on next-generation digital solutions. Hexaware serves customers in the growing digital solutions strategy space within the IT services industry, including digital product engineering, digital core transformation, enterprise and next-generation services, cloud transformation, and data analytics. Among other services, the company also provides platform-led ESG integration services to enable their clients to assess and manage ESG risks and comply with regulatory requirements.

Carlyle's ESG group partnered with our investment team to support Hexaware in developing their ESG initiatives into a strategy fit for a global IT services provider. Our team co-created a sustainability workshop with over 30 senior managers and business leaders at Hexaware to launch a six-month strategy development process. Through benchmarking and a competitor analysis, we helped Hexaware shape their ESG ambitions and sharpen the approach to establish both DEI and climate goals. Currently, Hexaware consumes 73% of its energy from renewables in its three largest locations. Hexaware has also prioritized employee engagement and wellbeing, recruiting 70% of its employees locally in Asia-Pacific regions.

LOOKING AHEAD

We continue to improve and accelerate our core ESG integration through better measurement and tracking of ESG performance across our investments. The growing momentum and investor interest in our ESG Data Convergence Initiative has led us to consider expanding this venture into other asset classes, such as credit; determine how we can best include other key stakeholders, such as consultants and advisors; and incorporate additional key performance indicators in our next round of reporting, including metrics on climate, employees, or material ESG factors by sector.

In line with our publicly-stated climate goals, we will also continue to partner with portfolio companies to help them set and achieve Paris-aligned climate targets where relevant.

THE IMPACT OF BETTER BUSINESS

In 2022, we continued to focus on key aspects of ESG that we believe could help improve business outcomes. There may be opportunities for businesses to improve operational efficiency, unlock value, and have a competitive edge by focusing on material ESG issues including:

01.

DIVERSE AND INCLUSIVE TEAMS

We believe diverse and inclusive teams may make better decisions and potentially outperform.

02.

ENGAGED EMPLOYEES

Business success is, in large part, dependent on hiring the right people and building strong teams—seeking to ensure employees are healthy, engaged, and productive with the right skills for their job.

03.

SUSTAINABLE GROWTH

While sustainable growth looks different for each company, management teams that address material ESG factors with rigor and nuance may build businesses that create more sustainable long-term value.

04.

CLIMATE LEADERSHIP

We believe companies that navigate emerging risks and opportunities related to the climate transition—as well as proactively invest in decarbonization—may emerge as leaders in a changing world and better withstand a wide range of exogenous shocks related to climate change and the energy transition.

05.

STRONG STAKEHOLDER TIES

We believe businesses that create positive, symbiotic relationships with a wide array of stakeholders may have stronger licenses to operate and more resilient long-term trajectories.

Diversity, Equity, and Inclusion: Maximizing Diversity and Decision-Making Across Our Portfolio

At Carlyle, we cultivate diverse teams to deliver better results.

WE ARE TAKING action to advance diversity, equity, and inclusion (DEI) across our spheres of influence because we know that leveraging the unique perspectives and backgrounds of talented people helps us make better decisions, and in turn, deliver better results. Evidence from our portfolio makes this clear. As we ignite action at Carlyle—both in our investments and the broader business community—we are making near-term progress and laying the foundation for even greater impact in the future.

OUR FIRM

We continue to strengthen our firm by equipping our people with the insights and tools to make DEI action-oriented, credible, and driven by all of us. The progress we are making is tangible and inspires individuals across all levels to act. In a company-wide, employee engagement survey taken in 2022, 82% of Carlyle employees agreed that "my manager takes action to foster a diverse and inclusive team."

This sentiment was also reflected in our annual DEI Incentive Awards, which recognize colleagues at all levels who make a measurable impact on DEI within the firm. In 2022, we saw a 27% increase in the number of award nominations, driven by a higher number of submissions for middle managers. As middle management is traditionally one of the hardest organizational layers to mobilize in any change effort, this increase underscores the commitment of the firm and progress in inspiring and equipping our managers to take action.

This year, we also launched the third cohort of our Career Strategies Initiative, a program that pairs high-

performing women and underrepresented Vice Presidents and Principals with a career strategist and executive sponsor to provide the access, inspiration, and support needed to advance and expand their impact. Through this initiative's tailored support and management skills training, promotion rates for participants in the program were double that of the firm average in 2022.

We understand that managers and sponsors have a significant impact in developing and leading diverse teams, and we have committed to that impact by equipping our people with inclusive leadership and management skills. Last year, more than 70 senior leaders attended in-person sessions on how they can use their influence to maximize the performance of diverse teams. An increasing number of employees also became members and allies of our Employee Resource Groups (ERGs), which reported a 68% increase in membership year over year.

We continue to strengthen our firm by equipping our people with the insights and tools to make DEI action-oriented, credible, and driven by all of us. The progress we are making is tangible and inspires individuals across all levels to act.

OUR INVESTMENTS

We are not only providing our portfolio companies with tools and resources to capture the economic edge that diverse leadership offers, but we are also seeing tangible progress toward goals as a result of our efforts. In 2020, we announced our goal to have diverse executives occupy 30% of all board seats in controlled, corporate, and private equity portfolio companies around the world by year-end 2023. Since establishing the goal, we have filled more than 300 portfolio company board seats with diverse directors.

Our focus also extends to portfolio company leadership. In 2022, we launched the DEI Leadership Network, a coalition of CEOs within our portfolio, to empower them to share DEI best practices, learn from one another's experiences, and provide tools and tangible strategies to effectively lead with DEI at the forefront. The network spans North America, Europe, and Asia, representing approximately 300,000 global employees. Two participating CEOs shared their insights on leveraging diversity as a driver of performance during our 2022 Global Investor Conference.

In addition, our Global Investment Solutions segment introduced a section in its responsible investment questionnaire dedicated to DEI. This new section, which general partners (GPs) complete in addition to the broader survey, allows us to better track and influence DEI progress within the industry. We found that nearly three quarters of commitments (73%) went to GPs rated as intermediate or higher in their DEI efforts. And, what we found most notable, was the amount of capital allocated to GPs who rank as advanced in DEI increased from 9% in 2021 to 30% in November 2022.

OUR COMMUNITIES

With a commitment to strengthening DEI across the asset management industry, we partnered with The Milken Institute as the inaugural underwriter of the DEI in Asset Management Program. This program was designed to improve diversity and inclusion within asset management institutions for women and Black, Indigenous, and People of Color. The advisory board—which features 33 senior leaders from limited partners (LPs), peer firms, and academia—published its first report in December 2022, titled *The Path to Inclusive Capitalism: An Asset Owner Guide for Investment Portfolios*.

In the United Kingdom, we continue to support the #10000 Black Interns initiative and hosted prospective candidates within our Europe Buyout Fund for six-week internships. Carlyle also signed onto the Respect for Marriage Act, which codifies marriage benefits and protections for all Americans.

LOOKING AHEAD

As DEI continues to be a vital component of successful organizations, we are committed to delivering on the value creation, innovation, and competitive advantage that diversity brings. We are proud of our progress and remain committed to the work ahead. We will further empower our people, our portfolio companies, and the broader community to advance DEI and drive performance.

70%

of U.S. hires are women or ethnically diverse, up from 66% in 2021[4, 5]

59%

of Asia hires are women, up from 40% in 2021[4]

47%

of Europe hires are women, up from 45% in 2021[4]

16%

of U.S. senior hires are Black, Hispanic, or Latinx[4]

64%

of U.S. employees are women or ethnically diverse[4,5]

42%

of U.S. senior employees are women or ethnically diverse[4,5]

80%

of Carlyle boards have gender diversity, compared to 56% private benchmark[6]

more than

300 SEATS

have been filled with diverse directors since 1/1/20[7]

4. Representation data as of 1/1/23. Hiring data from 1/1-12/31/22.
5. Ethnically diverse definition: Asian, Black, Hispanic or Latinx, Native Hawaiian / Pacific Islander, American Indian / Alaskan Native Two or More Races.
6. Carlyle-controlled companies acquired since 2016 as of 12/31/22 compared to Year 1 ESG Data Convergence Initiative data report released Nov. 4, 2022.
7. Between 1/1/20 and 12/31/22, 316 seats in controlled and minority-owned CPE companies have been filled with a diverse director.

Our People and Culture: Proven Commitment

We believe that our commitment to growing our people enables us to confidently make commitments to investors, shareholders, and our communities.

AT CARLYLE, OUR focus on human capital excellence never falters. This past year, we reexamined how we promote our people, created more opportunities for them to connect, and renewed our commitment to a hybrid work model that boosts wellbeing and helps us adapt for the future. These measures and others enhance the employee experience at Carlyle and better position us to attract, develop, and retain the best talent for the firm, our fund investors, and shareholders.

EMBEDDING OUR NEW CULTURAL VALUES INTO TALENT MANAGEMENT PROCESSES

Last year, we ingrained our new cultural values—strive to excel, deliver for the firm, challenge the status quo, and leverage diverse perspectives—into our talent management processes to improve the practices and programs we use.

These processes include onboarding, leadership programs, midyear discussions, performance management and reviews, and promotions to drive cultural alignment across Carlyle. Just as these values drive our mission to invest wisely and create value, we believe it is critical that they also inform how we hire, develop, and promote the people behind our work.

IMPROVING CONNECTIVITY AMONG OUR PEOPLE

In 2022, Carlyle created more opportunities for people to get together and strengthen our culture by forming a more cohesive community. These included Carlyle Live, a quarterly opportunity for colleagues to hear from leaders in their local offices and network; our New Hire program, which this year incorporated a new in-person component; team off-site meetings; a speaker series: *Succeeding in a Hybrid Workplace*; multiple hybrid town halls; and more.

We also held the largest Analyst/Associate global orientation program in the firm's history, which involved 130 participants from ten countries in two locations over five days. The program's team-building sessions, receptions, and social events helped forge peer relationships and cohort unity.

For more than a year, we have managed a hybrid workplace that allows our employees to continue operating at their highest levels and brings people together in a safe way.

These efforts and others fortify our collaborative spirit, tighten our community bonds, and reinforce our culture, sharpening an already considerable competitive edge.

DEMONSTRATING OUR COMMITMENT TO A HYBRID MODEL

This past year, we remained committed to a hybrid work model at a time when many in our industry did not. For more than a year, we have managed a hybrid workplace that allows our employees to continue operating at their highest levels and brings people together in a safe way.

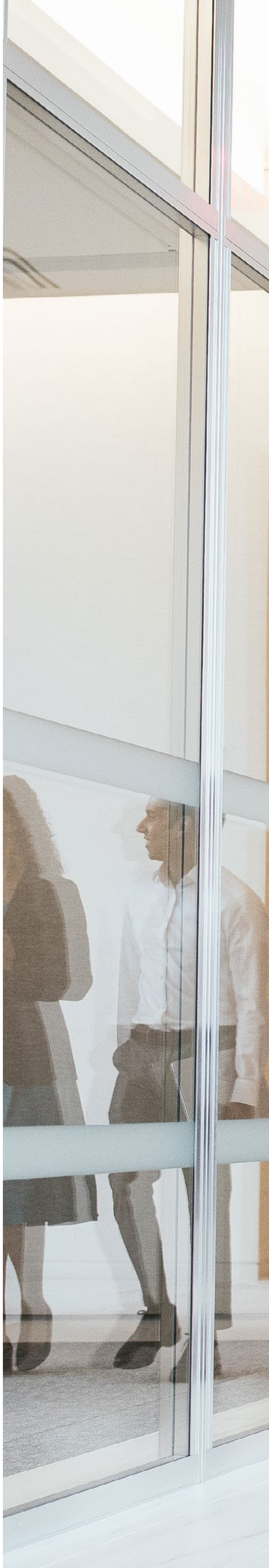
We also understand that when people are physically and emotionally healthy, they can better engage in their personal and professional lives. Because of this, our hybrid model fits within Carlyle's Wellbeing program, which includes employee initiatives that promote physical, emotional, social, environmental, and financial wellness.

ENHANCED OUR PROMOTIONS PROCESSES

Lastly, we have improved our approach to promotions by making the decision process more rigorous and efficient. These changes not only create a more comprehensive assessment process across the firm, but also create operational efficiencies. As a result of these changes, a large number of employees gained time back, which was reallocated to activities that more directly create value for our portfolio companies, fund investors, and shareholders.

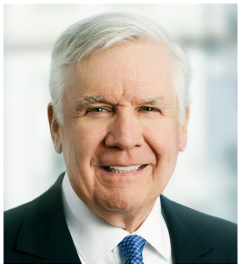
LOOKING AHEAD

Over the next year, we are focused on enhancing the framework for career paths at our firm, listening to the emerging needs of our people, and continuing to leverage our values to drive engagement and growth.

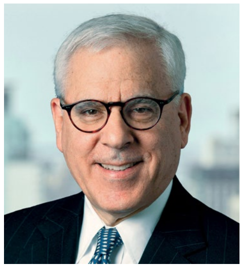


Board of Directors

Also an Executive Officer



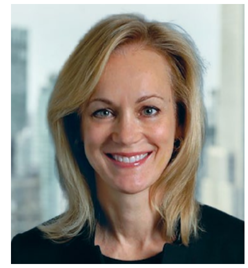
WILLIAM E. CONWAY, JR.
Co-Founder and Co-Chairman



DAVID M. RUBENSTEIN
Co-Founder and Co-Chairman

HARVEY M. SCHWARTZ
Chief Executive Officer and Director

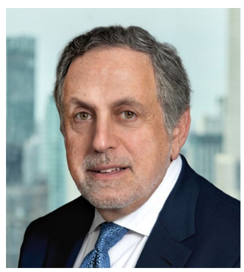
DANIEL A. D'ANIELLO
Co-Founder and Chairman Emeritus



LINDA H. FILLER
Director
Former Executive of Walgreen Co, Walmart, Kraft Foods and Hanes Brands

LAWTON W. FITT
Lead Independent Director
Former investment banker and Partner at Goldman Sachs

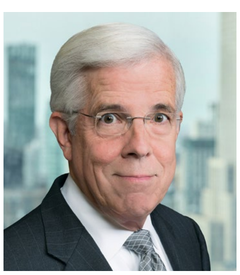
JAMES H. HANCE, JR.
Operating Executive and Director



MARK S. ORDAN
Director
Executive Chair of Pediatrix Medical Group

DERICA W. RICE
Director
Former Executive Vice President of CVS Health and former President of CVS Caremark

DR. THOMAS S. ROBERTSON
Director
Joshua J. Harris Professor of Marketing at the Wharton School of the University of Pennsylvania



WILLIAM J. SHAW
Director
Former Vice Chairman of Marriott International

ANTHONY WELTERS
Director
Executive Chairman of BlackIvy Group, LLC

*The composition of the Board of Directors is as of February 27, 2023.

Executive Officers

HARVEY M. SCHWARTZ
Chief Executive Officer and Director

CURTIS L. BUSER
Chief Financial Officer

JEFFREY W. FERGUSON
General Counsel

CHRISTOPHER FINN
Chief Operating Officer

BRUCE M. LARSON
Chief Human Resources Officer

*The composition of the Executive Officers is as of February 27, 2023

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

American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, NY 11219
+1 800 937 5449

TRADE ASSOCIATION

American Investment Council
799 9th Street, NW, Suite 200
Washington, DC 20001
+1 202 583 5263

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, 2022, 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, 2022, 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.

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.

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 three 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, 2022 and 2021:

FOR THE YEAR ENDED DECEMBER 31, 2022

	Total Reportable Segments	Consolidated Funds	Reconciling Items	Carlyle Consolidated
Revenues	$ 4,401.4	$ 311.0	$ (273.7) (a)	$ 4,438.7
Expenses	$ 2,492.4	$ 255.3	$ 77.0 (b)	$ 2,824.7
Other income	$ —	$ (41.5)	$ — (c)	$ (41.5)
Distributable earnings	$ 1,909.0	$ 14.2	$ (350.7) (d)	$ 1,572.5

FOR THE YEAR ENDED DECEMBER 31, 2021

	Total Reportable Segments	Consolidated Funds	Reconciling Items	Carlyle Consolidated
Revenues	$ 4,950.1	$ 253.2	$ 3,578.8 (a)	$ 8,782.1
Expenses	$ 2,706.4	$ 217.8	$ 1,832.9 (b)	$ 4,757.1
Other income	$ —	$ 2.5	$ — (c)	$ 2.5
Distributable earnings	$ 2,243.7	$ 37.9	$ 1,745.9 (d)	$ 4,027.5

(A) The Revenues adjustment principally represents unrealized performance revenues, unrealized principal investment income (loss) (including Fortitude), the principal investment loss from dilution of the indirect investment in Fortitude, 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:

YEAR ENDED DECEMBER 31,		
(in millions)	**2022**	**2021**
Unrealized performance revenues	$ (142.5)	$ 3,155.6
Unrealized principal investment income	(38.3)	351.8
Principal investment loss from dilution of indirect investment in Fortitude	(176.9)	—
Adjustments related to expenses associated with investments in NGP Management and its affiliates	(12.9)	(13.7)
Tax expense associated with certain foreign performance revenues	0.1	0.2
Non-controlling interests and other adjustments to present certain costs on a net basis	119.0	159.6
Elimination of revenues of Consolidated Funds	(22.2)	(74.7)
	$ (273.7)	**$ 3,578.8**

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, 2022 and 2021:

YEAR ENDED DECEMBER 31,		
(in millions)	**2022**	**2021**
Total Reportable Segments – Fund level fee revenues	$ 2,237.3	$ 1,794.8
Adjustments[1]	(207.2)	(127.3)
Carlyle Consolidated – Fund management fees	**$ 2,030.1**	**$ 1,667.5**

[1]Adjustments represent the reclassification of NGP management fees from principal investment income, the reclassification of fee related performance revenues from business development companies and other products, management fees earned from consolidated CLOs which were eliminated in consolidation to arrive at the Company's fund management fees, the reclassification of a $12.7 million loss in 2022 related to the purchase of investor interests in a Global Investment Solutions product from fund management fees to principal investment income (loss), 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 on the following page:

YEAR ENDED DECEMBER 31,		
(in millions)	**2022**	**2021**
Unrealized performance and fee related performance revenue related compensation expense	$ (326.2)	$ 1,549.4
Equity-based compensation	161.9	172.9
Acquisition or disposition-related charges and amortization of intangibles and impairment	187.4	37.7
Tax expense associated with certain foreign performance revenues related compensation	2.9	(17.3)
Non-controlling interests and other adjustments to present certain costs on a net basis	82.7	78.5
Debt extinguishment costs	—	10.2
Right-of-use asset impairment	—	26.8
Other adjustments including severance	12.4	14.2
Elimination of expenses of Consolidated Funds	(44.1)	(39.5)
	$ 77.0	**$ 1,832.9**

(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:

YEAR ENDED DECEMBER 31,		
(in millions, except per share amounts)	**2022**	**2021**
Income before provision for income taxes	**$ 1,572.5**	**$ 4,027.5**
Net unrealized performance revenues	(183.7)	(1,606.2)
Unrealized principal investment (income) loss	38.3	(351.8)
Principal investment loss from dilution of indirect investment in Fortitude	176.9	—
Equity-based compensation[1]	161.9	172.9
Acquisition or disposition-related, including amortization of intangibles and impairment	187.4	37.7
Tax expense associated with certain foreign performance revenues	3.0	(17.1)
Net income attributable to non-controlling interests in consolidated entities	(59.7)	(70.5)
Debt extinguishment costs	—	10.2
Right-of-use impairment	—	26.8
Other adjustments including severance	12.4	14.2
Distributable Earnings	**$ 1,909.0**	**$ 2,243.7**
Realized performance revenues, net of related compensation[2]	998.5	1,529.6
Realized principal investment income[2]	150.6	209.5
Net interest	74.5	93.5
Fee Related Earnings	**$ 834.4**	**$ 598.1**
Distributable Earnings	$ 1,909.0	$ 2,243.7
Less: Estimated current corporate, foreign, state and local taxes[3]	332.8	457.5
Distributable Earnings, net	**$ 1,576.2**	**$ 1,786.2**
Distributable Earnings, net per common share outstanding[4]	$ 4.34	$ 5.01
FRE margin[5]	37%	33%
Income before provision for income taxes margin[6]	35%	46%

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

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

3. 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, amoritization of acquired intangible assets, 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.

4. 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 as well as shares issued pursuant to a program under which, at our discretion, up to 20% of realized performance allocation related compensation over a threshold amount may be distributed in fully vested, newly issued shares, were added to the common shares outstanding, as they participate in the divided paid on common shares in the following quarter.
5. FRE margin is calculated as Fee Related Earnings divided by Total Segment Fee Revenues.
6. 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.

REALIZED NET PERFORMANCE REVENUES AND REALIZED PRINCIPAL INVESTMENT INCOME

Below is a reconciliation to the most directly comparable U.S. GAAP measures:

FOR THE YEAR ENDED DECEMBER 31, 2022

(in millions)	Carlyle Consolidated	Adjustments	Total Reportable Segments
Performance revenues	$ 1,327.5	$ 653.2	$ 1,980.7
Performance revenues related compensation expense	$ 719.9	$ 262.3	$ 982.2
Net performance revenues	$ 607.6	$ 390.9	$ 998.5
Principal investment income (loss)	$ 570.5	$ (419.9)	$ 150.6

FOR THE YEAR ENDED DECEMBER 31, 2021

(in millions)	Carlyle Consolidated	Adjustments	Total Reportable Segments
Performance revenues	$ 6,084.6	$ (3,146.0)	$ 2,938.6
Performance revenues related compensation expense	$ 2,961.0	$ (1,552.0)	$ 1,409.0
Net performance revenues	$ 3,123.6	$ (1,594.0)	$ 1,529.6
Principal investment income (loss)	$ 637.3	$ (427.8)	$ 209.5

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 fee related performance revenues, which are included in fund level fee revenues 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 6 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2022 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:

YEAR ENDED DECEMBER 31,		
(in millions)	**2022**	**2021**
Accrued performance allocations, net of accrued giveback obligations	$ 7,076.8	$ 8,102.8
Plus: Accrued performance allocations from NGP Carry Funds	564.6	3.8
Less: Net accrued performance allocations presented as fee related performance revenues	(53.2)	—
Less: Accrued performance allocation-related compensation	(3,625.3)	(4,087.8)
Plus: Receivable for giveback obligations from current and former employees	10.1	—
Less: Deferred taxes on certain foreign accrued performance allocations	(31.6)	(55.3)
Plus/Less: Net accrued performance allocations/giveback obligations attributable to non-controlling interests in consolidated entities	1.1	1.0
Plus: Net accrued performance allocations attributable to Consolidated Funds, eliminated in consolidation	5.4	—
Net accrued performance revenues before timing differences	3,947.9	3,964.5
Plus/Less: Timing differences between the period when accrued performance revenues are realized and the period they are collected/distributed	16.7	(70.5)
Net accrued performance revenues attributable to The Carlyle Group Inc.	$ 3,964.6	$ 3,894.0

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:

YEAR ENDED DECEMBER 31,		
(in millions)	**2022**	**2021**
Investments, excluding performance allocations	$ 3,644.8	$ 2,699.0
Less: Amounts attributable to non-controlling interests in consolidated entities	(167.8)	(220.2)
Plus: Investments in Consolidated Funds, eliminated in consolidation	222.0	190.5
Less: Strategic equity method investments in NGP Management[1]	(369.7)	(371.8)
Less: Investment in NGP general partners-accrued performance allocations	(564.5)	(3.8)
Total investments attribution to The Carlyle Group Inc.	2,764.8	2,293.7
Less: CLO loans and other borrowings attributable to The Carlyle Group Inc.[2]	(401.0)	(204.4)
Total investments attributable to The Carlyle Group Inc., net of CLO loans and other borrowings	$ 2,363.8	$ 2,089.3

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 CLO and other borrowings, $401.0 million and $204.4 million are collateralized by investments attributable to The Carlyle Group Inc. as of December 31, 2022 and 2021, respectively.

CARLYLE