

Carlyle Group L.P.
Form S-3
March 03, 2014

As filed with the Securities and Exchange Commission on March 3, 2014.

Registration Statement No. 333-

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

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

The Carlyle Group L.P.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

6282
(Primary Standard Industrial
Classification Code Number)

45-2832612
(I.R.S. Employer
Identification No.)

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1001 Pennsylvania Avenue, NW

Washington, D.C. 20004-2505

Telephone: (202) 729-5626

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Jeffrey W. Ferguson

General Counsel

The Carlyle Group L.P.

1001 Pennsylvania Avenue, NW

Washington, D.C. 20004-2505

Telephone: (202) 729-5626

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

Copies to:

Joshua Ford Bonnie

Simpson Thacher & Bartlett LLP

425 Lexington Avenue

New York, NY 10017-3954

Telephone: (212) 455-2000

Facsimile: (212) 455-2502

Phyllis G. Korff

Skadden, Arps, Slate, Meagher & Flom LLP

Four Times Square

New York, NY 10036-6522

Telephone: (212) 735-3000

Facsimile: (212) 735-2000

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

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

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

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

Large accelerated filer	<input checked="" type="checkbox"/>		Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	(Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered(1)	Proposed Maximum Offering Price Per Unit(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Units Representing Limited Partner Interests	13,800,000	\$36.215	\$499,767,000	\$64,370

(1) Includes 1,800,000 common units which may be sold on exercise of a 30-day option granted to the underwriters.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act based upon the average of the high and low sales price per common unit of The Carlyle Group L.P. as reported on the NASDAQ Global Select Market on February 27, 2014.

The information in this Preliminary Prospectus is not complete and may be changed. This Preliminary Prospectus is not an offer to sell the common units and it is not soliciting an offer to buy the common units in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 3, 2014

PRELIMINARY PROSPECTUS

12,000,000

Common Units

Representing Limited Partner Interests

This is an offering of 12,000,000 common units representing limited partner interests in The Carlyle Group L.P. We are offering all of the common units in this offering.

We intend to use the net proceeds from our issuance and sale of 4,500,000 common units for general corporate purposes, including investments in our funds as well as investment capital for acquisitions of new fund platforms and strategies or other growth initiatives, to drive innovation across the broader Carlyle platform.

We intend to use the net proceeds from our issuance and sale of 7,500,000 common units, or 9,300,000 common units if the underwriters exercise in full their option to purchase additional common units, to purchase from certain holders, including certain of our directors and executive officers, an equivalent number of outstanding Carlyle Holdings partnership units.

Our common units are listed on the NASDAQ Global Select Market under the symbol CG. The last reported sale price of our common units on February 28, 2014 was \$36.27 per common unit.

Investing in our common units involves risks. Limited partnerships are inherently different than corporations. See Risk Factors on page 18.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Unit	Total
Price to public	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to The Carlyle Group L.P.	\$	\$

In addition, the underwriters have the option to purchase, within a period of 30 days beginning on the date of this prospectus, up to an additional 1,800,000 common units from us at the price to the public less the underwriting discount.

The underwriters expect to deliver the common units to purchasers on or about _____, 2014.

J.P. Morgan
BofA Merrill Lynch

Citigroup

Goldman, Sachs & Co.
Credit Suisse

The date of this prospectus is _____, 2014

TABLE OF CONTENTS

<u>Summary</u>	1
<u>Risk Factors</u>	18
<u>Forward-Looking Statements</u>	18
<u>Use of Proceeds</u>	19
<u>Price Range Of Common Units</u>	20
<u>Cash Distribution Policy</u>	21
<u>Conflicts of Interest and Fiduciary Responsibilities</u>	23
<u>Description Of Common Units</u>	30
<u>Material Provisions of the Carlyle Group L.P. Partnership Agreement</u>	31
<u>Material U.S. Federal Tax Considerations</u>	43
<u>Underwriting</u>	61
<u>Legal Matters</u>	66
<u>Experts</u>	66
<u>Where You Can Find More Information</u>	67

Neither we nor the underwriters have authorized anyone to provide you with information or to make any representations about anything not contained in this prospectus or the documents incorporated by reference in this prospectus. You must not rely on any unauthorized information or representations. We are offering to sell, and seeking offers to buy, only the common units covered by this prospectus, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained or incorporated by reference in this prospectus is current only as of its date, regardless of the time and delivery of this prospectus or of any sale of the common units. You should read carefully the entire prospectus, as well as the documents incorporated by reference in the prospectus, before making an investment decision.

Prior to the reorganization we effected in connection with the May 2012 initial public offering of the common units (the "IPO"), our business was owned by four holding entities: TC Group, L.L.C., TC Group Cayman, L.P., TC Group Investment Holdings, L.P. and TC Group Cayman Investment Holdings, L.P. We refer to these four holding entities collectively as the "Parent Entities." The Parent Entities were under the common ownership and control of our senior Carlyle professionals and two strategic investors that owned minority interests in our business entities affiliated with Mubadala Development Company, an Abu-Dhabi based strategic development and investment company ("Mubadala"), and California Public Employees Retirement System ("CalPERS"). Unless the context suggests otherwise, references in this prospectus to "Carlyle," "the Company," "we," "us" and "our" refer (1) prior to the consummation of our reorganization into a holding partnership structure to Carlyle Group, which was comprised of the Parent Entities and their consolidated subsidiaries and (2) after our reorganization into a holding partnership structure, to The Carlyle Group L.P. and its consolidated subsidiaries. In addition, certain individuals engaged in our businesses own interests in the general partners of our existing carry funds. Certain of these individuals contributed a portion of these interests to us as part of the reorganization. We refer to these individuals, together with the owners of the Parent Entities prior to the reorganization and our initial public offering, collectively as our "pre-IPO owners."

When we refer to the "partners of The Carlyle Group L.P.," we are referring specifically to the common unitholders and our general partner, Carlyle Group Management L.L.C. (the "general partner"), and any others who may from time to time be partners of that specific Delaware limited partnership. When we refer to our "senior Carlyle professionals," we are referring to the partner-level personnel of our firm. When we refer to "Carlyle Holdings," we are referring, collectively, to Carlyle Holdings I L.P., Carlyle Holdings II L.P. and Carlyle Holdings III L.P. Our senior Carlyle professionals, together with CalPERS and Mubadala, were the owners of our Parent Entities prior to the reorganization. References in this prospectus to the ownership of the senior Carlyle professionals include the ownership of personal planning vehicles of these individuals.

Carlyle funds, "our funds" and "our investment funds" refer to the investment funds and vehicles advised by Carlyle. Our "carry funds" refer to those investment funds that we advise, including the buyout funds, growth

capital funds, real estate funds, infrastructure funds, certain energy funds and distressed debt and mezzanine funds (but excluding our structured credit funds, hedge funds, fund of funds vehicles and the NGP funds), where we receive a special residual allocation of income, which we refer to as a carried interest, in the event that specified investment returns are achieved by the fund. The NGP management fee funds refer to those funds advised by NGP Energy Capital Management (together with its affiliates and subsidiaries, NGP) from which we only receive management fees. The NGP carry funds refer to those funds advised by NGP from which we are entitled to receive a carried interest. Our fund of funds vehicles refers to those funds, accounts and vehicles advised by AlpInvest Partners B.V. (AlpInvest) and Metropolitan Real Estate Equity Management, LLC (Metropolitan).

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

- (a) for carry funds and certain co-investment vehicles where the investment period has not expired and for Metropolitan fund of funds vehicles during the weighted-average investment period of the underlying funds, the amount of limited partner capital commitments, for AlpInvest fund of funds vehicles, the amount of external investor capital commitments during the commitment fee period, and for the NGP management fee funds and NGP carry funds, the amount of investor capital commitments before the first investment realization;
- (b) for substantially all carry funds and certain co-investment vehicles where the investment period has expired and for Metropolitan fund of funds vehicles after the expiration of the weighted-average investment period of the underlying funds, the remaining amount of limited partner invested capital, and for the NGP management fee funds and NGP carry funds where the first investment has been realized, the amount of partner commitments less realized and written-off investments;
- (c) the amount of aggregate Fee-earning collateral balance at par of our collateralized loan obligations (CLOs), as defined in the fund indentures (typically exclusive of equities and defaulted positions) as of the quarterly cut-off date for each CLO, and the reference portfolio notional amount of our synthetic collateralized loan obligations (synthetic CLOs);
- (d) the external investor portion of the net asset value (pre-redemptions and subscriptions) of our long/short credit funds, emerging markets, multi-product macroeconomic and other hedge funds;
- (e) the gross assets (including assets acquired with leverage), excluding cash and cash equivalents of our business development companies; and
- (f) for AlpInvest fund of funds vehicles where the commitment fee period has expired, and certain carry funds where the investment period has expired, the lower of cost or fair value of invested capital.

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

- (a) the fair value of the capital invested in our carry funds, co-investment vehicles, fund of funds vehicles and the NGP management fee funds and NGP carry funds plus the capital that we are entitled to call from investors in those funds and vehicles (including our commitments to those funds and vehicles and those of senior Carlyle professionals and employees) pursuant to the terms of their capital commitments to those funds and vehicles;
- (b) the amount of aggregate collateral balance and principal cash at par of our CLOs (inclusive of all positions) and the reference portfolio notional amount of our synthetic CLOs;
- (c) the net asset value (pre-redemptions and subscriptions) of our long/short credit, emerging markets, multi-product macroeconomic and other hedge funds; and
- (d) the gross assets (including assets acquired with leverage) of our business development companies.

We include in our calculation of AUM and Fee-earning AUM certain energy and renewable resources funds that we jointly advise with Riverstone Holdings L.L.C. (Riverstone) and certain NGP management fee funds and NGP carry funds.

For our carry funds, co-investment vehicles, fund of funds vehicles, NGP management fee funds and NGP carry funds, total AUM includes the fair value of the capital invested, whereas Fee-earning AUM includes the amount of capital commitments or the remaining amount of invested capital, depending on whether the investment period for the fund has expired. As such, Fee-earning AUM may be greater than total AUM when the aggregate fair value of the remaining investments is less than the cost of those investments.

Our calculations of AUM and Fee-earning AUM may differ from the calculations of other alternative asset managers. As a result, these measures may not be comparable to similar measures presented by other alternative asset managers. In addition, our calculation of AUM (but not Fee-earning AUM) includes uncalled commitments to, and the fair value of invested capital in, our investment funds from Carlyle and our personnel, regardless of whether such commitments or invested capital are subject to management or performance fees. Our calculations of AUM or Fee-earning AUM are not based on any definition of AUM or Fee-earning AUM that is set forth in the agreements governing the investment funds that we manage.

SUMMARY

This summary does not contain all the information you should consider before investing in our common units. You should read this entire prospectus and the documents incorporated by reference herein carefully, including the financial statements and related notes and reconciliations contained or incorporated by reference herein and the section entitled "Risk Factors" contained herein and in our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on February 27, 2014 (File No. 001-35538) (the "Annual Report"), which is incorporated by reference in this prospectus.

The Carlyle Group

We are one of the world's largest and most diversified multi-product global alternative asset management firms. We advise an array of specialized investment funds and other investment vehicles that invest across a range of industries, geographies, asset classes and investment strategies and seek to deliver attractive returns for our fund investors. Since our firm was founded in Washington, D.C. in 1987, we have grown to become a leading global alternative asset manager with approximately \$189 billion in AUM across 118 funds and 106 fund of funds vehicles as of December 31, 2013. We have more than 1,500 employees, including more than 700 investment professionals in 34 offices across six continents, and we serve more than 1,650 active carry fund investors from 76 countries. Across our Corporate Private Equity and Real Assets segments, we have investments in over 200 portfolio companies that employ more than 600,000 people.

We operate our business across four segments: (1) Corporate Private Equity, (2) Global Market Strategies, (3) Real Assets and (4) Solutions.

Corporate Private Equity. Our Corporate Private Equity segment, established in 1990 with our first U.S. buyout fund, advises our buyout and growth capital funds, which pursue a wide variety of corporate investments of different sizes and growth potentials. Our 31 active Corporate Private Equity funds are each carry funds. They are organized and operated by geography or industry and are advised by separate teams of local professionals who live and work in the markets where they invest. In our Corporate Private Equity segment we also have 62 active external co-investment entities. We believe this diversity of funds and entities allows us to deploy more targeted and specialized investment expertise and strategies and offers our fund investors the ability to tailor their investment choices.

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

Buyout Funds. Our buyout teams advise a diverse group of 23 active funds that invest in transactions that focus either on a particular geography (e.g., United States, Europe, Asia, Japan, MENA, Sub-Saharan Africa or South America) or a particular industry. We continually seek to expand and diversify our buyout portfolio into new areas where we see opportunity for future growth. As of December 31, 2013, our buyout funds had, in the aggregate, approximately \$60 billion in AUM.

Growth Capital Funds. Our eight active growth capital funds are advised by four regionally focused teams in the United States, Europe and Asia, with each team generally focused on middle-market and growth companies consistent with specific regional investment considerations. The investment mandate for our growth capital funds is to seek out companies with the potential for growth, strategic redirection and operational improvements. These funds typically do not invest in early stage or venture-type investments. As of December 31, 2013, our growth capital funds had, in the aggregate, approximately \$5 billion in AUM.

From inception through December 31, 2013, our Corporate Private Equity segment has invested approximately \$58 billion in 471 investments. Of that total, we have invested 58% in 230 investments in North

and South America, 23% in 107 investments in Europe, the Middle East and Africa and 19% in 134 investments in the Asia-Pacific region. We have fully realized 308 of these investments, meaning that our funds have completely exited, and no longer own an interest in, those investments.

The following table presents certain data about our Corporate Private Equity segment as of December 31, 2013 (dollar amounts in billions; compound annual growth rate is presented since December 31, 2003; amounts invested include co-investments).

AUM	% of Total AUM	AUM CAGR	Fee-earning AUM	Active Investments	Active Funds	Available Capital	Investment Professionals	Amount Invested Since Inception	Investments Since Inception
\$65	34%	20%	\$ 43	163	31	\$ 25	262	\$ 58	471

Global Market Strategies. Our Global Market Strategies segment, established in 1999 with our first high yield fund, advises a group of 61 active funds that pursue investment strategies including long/short credit, long/short emerging markets equities, macroeconomic strategies, commodities trading, leveraged loans and structured credit, energy mezzanine opportunities, middle market lending and distressed debt.

Primary areas of focus for our Global Market Strategies teams include:

Structured Credit Funds. Our structured credit funds invest primarily in performing senior secured bank loans through structured vehicles and other investment vehicles. As of December 31, 2013, our structured credit team advised 39 funds in the United States and Europe totaling, in the aggregate, approximately \$15.8 billion in AUM.

Distressed and Corporate Opportunities. Our distressed and corporate opportunities funds generally invest in liquid and illiquid securities and obligations, including secured debt, senior and subordinated unsecured debt, convertible debt obligations, preferred stock and public and private equity of financially distressed companies in defensive and asset-rich industries. In certain investments, our funds may seek to restructure pre-reorganization debt claims into controlling positions in the equity of reorganized companies. As of December 31, 2013, our distressed and corporate opportunities team advised three funds totaling, in the aggregate, approximately \$1.4 billion in AUM.

Middle Market Finance. Our middle market finance business comprises our business development companies (BDCs), a CLO consisting of middle market senior, first lien loans, and our corporate mezzanine funds, which invest in the first-lien, second-lien and mezzanine loans of middle-market companies, typically defined as companies with annual EBITDA ranging from \$10 million to \$100 million that lack access to the broadly syndicated loan and bond markets. As of December 31, 2013, our BDC investment team advised three funds totaling, in the aggregate, approximately \$1.8 billion in AUM and our corporate mezzanine team advised two funds totaling, in the aggregate, approximately \$0.6 billion in AUM.

Energy Mezzanine Opportunities. Our energy mezzanine opportunities team invests primarily in privately negotiated mezzanine debt investments in North American energy and power projects and companies. As of December 31, 2013, our energy mezzanine opportunities team advised one fund with approximately \$1.8 billion in AUM.

Long/Short Credit. Claren Road Asset Management LLC (Claren Road) advises two long/short credit hedge funds focusing on the global high grade and high yield markets totaling, in the aggregate, approximately \$8.0 billion in AUM as of December 31, 2013. Claren Road seeks to profit from market mispricing of long and/or short positions in corporate bonds and loans, and their derivatives, across investment grade, below investment grade (high yield) or distressed companies.

Emerging Market Equity and Macroeconomic Strategies. Emerging Sovereign Group LLC (ESG) advises seven emerging markets equities and macroeconomic hedge funds with approximately \$5.2 billion in the aggregate of AUM as of December 31, 2013. ESG s emerging markets equities funds invest in publicly traded equities across a range of developing countries. ESG s macroeconomic funds pursue investment strategies in developed and developing countries, and opportunities resulting from changes in the global economic environment.

Commodities. Vermillion Asset Management, a New York-based commodities investment manager (Vermillion) advises four funds totaling in the aggregate, approximately \$0.9 billion of AUM as of December 31, 2013. Vermillion s investment strategies include relative value, enhanced index and long-biased physical commodities. Vermillion seeks to produce positive, uncorrelated returns, through a liquid, relative-value, low volatility approach to trading both physical commodities and their derivatives.

The following table presents certain data about our Global Market Strategies segment as of December 31, 2013 (dollar amounts in billions; compound annual growth rate is presented since December 31, 2003).

AUM	% of Total AUM	AUM CAGR	Fee-earning AUM	Active Funds	Investment Professionals(1)
\$35	19%	30%	\$ 33	61	207

(1) Includes 57 middle-office and back office professionals.

Real Assets. Our Real Assets segment, established in 1997 with our first U.S. real estate fund, advises our 26 active carry funds focused on real estate, infrastructure and energy and natural resources (including power) and also includes the eight NGP management fee funds and one NGP carry fund. This segment pursues investment opportunities across a diverse array of tangible assets, such as office buildings, hotels, retail and residential properties, industrial properties and senior-living facilities, as well as oil and gas exploration and production midstream, refining and marketing, power generation, pipelines, wind farms, refineries, airports, toll roads, transportation, water utility and agriculture, as well as the companies providing services or otherwise related to them.

Our Real Assets teams have two primary areas of focus:

Real Estate. Our nine active real estate funds pursue real estate investment opportunities in Asia, Europe and the United States and generally focus on acquiring single-property assets rather than large-cap companies with real estate portfolios. Our team of more than 120 real estate investment professionals has made over 570 investments in 186 cities/ metropolitan statistical areas around the world as of December 31, 2013, including office buildings, hotels, retail and residential properties, industrial properties and senior living facilities. As of December 31, 2013, our real estate funds had, in the aggregate, approximately \$12 billion in AUM.

Energy and Natural Resources. Our energy and natural resources activities focus on buyouts, growth capital investments and strategic joint ventures in the midstream, upstream, power and oilfield services sectors, the renewable and alternative sectors and the energy and power industries around the world. Historically, we conducted our energy activities jointly with Riverstone, advising five funds with approximately \$12 billion in AUM as of December 31, 2013 (we refer to these energy funds as our Legacy Energy funds). Currently, we conduct our North American energy investing through our partnership with NGP Energy Capital Management, an Irving, Texas-based energy investor in which we acquired an equity interest in December 2012, advising nine funds with approximately \$12 billion in AUM as of December 31, 2013. Additionally in 2013, we formed a power team to focus on

investment opportunities in the North American power generation sector. Leveraging the expertise of the operating professionals at Cogentrix Energy L.L.C., one of our portfolio companies, the team seeks investments where it can obtain direct or indirect operational control to facilitate the implementation of technical enhancements. As of December 31, 2013, the power team managed \$497 million in AUM through one fund. In 2013, we also formed an international energy investment team as a part of our growing energy platform, which significantly expands our ability to invest in a full range of energy assets around the world. As of December 31, 2013, the international energy team managed \$669 million in AUM through one fund. We also have an infrastructure team that focuses on investments in infrastructure companies and assets. As of December 31, 2013, we advised one infrastructure fund with approximately \$1 billion in AUM.

Our Real Assets carry funds, including Carlyle-advised co-investment vehicles, have from inception through December 31, 2013, invested on a global basis approximately \$33 billion in a total of 658 investments (including more than 60 portfolio companies). Of that total, we have invested 72% in 496 investments in North and South America, 21% in 113 investments in Europe, the Middle East and Africa and 7% in 49 investments in the Asia-Pacific region. We have fully realized 298 of these investments, meaning that our funds have completely exited, and no longer own an interest in, those investments.

The following table presents certain data about our Real Assets segment as of December 31, 2013 (dollar amounts in billions; compound annual growth rate is presented since December 31, 2003; amounts invested include co-investments).

AUM	% of Total AUM	AUM CAGR	Fee-earning AUM	Active Investments(2)	Active Funds(3)	Available Capital	Investment Professionals(1)	Amount Invested Since Inception(2)	Investments Since Inception(2)
\$39	21%	32%	\$ 28	360	26	\$ 9	138	\$ 33	658

(1) Excludes Riverstone and NGP employees.

(2) Excludes investment activity of the NGP management fee funds.

(3) Includes the eight NGP management fee funds and one NGP carry fund.

Solutions. Our Solutions segment primarily operates through AlpInvest and our newly acquired businesses, Metropolitan and Diversified Global Asset Management Corporation (DGAM). In August 2013, we acquired the remaining 40% of AlpInvest and now own 100% of the firm. AlpInvest is one of the world's largest investors in private equity and advises a global private equity fund of funds program and related co-investment and secondary activities. In November 2013, we acquired Metropolitan, one of the largest managers of indirect investments in global real estate, which manages 22 funds of funds vehicles with \$2 billion in AUM as of December 31, 2013. Metropolitan's principal strategic focus is on value add/opportunistic real estate investments through more than 85 highly focused, specialist real estate managers across the globe as of December 31, 2013. On February 3, 2014, we also acquired DGAM, a global manager of hedge funds based in Toronto, Canada, with \$6.6 billion in managed and advised assets as of December 31, 2013. DGAM's historical investor base has been institutional and includes some of the world's largest and most sophisticated public and private pension funds, endowments and sovereign wealth funds.

Each of these businesses independently seeks to provide best-in-class investment capabilities. We believe that the combination of AlpInvest, Metropolitan and DGAM, on the foundation of our global platform, will represent a significant resource for our investors and clients. We will strive to use this resource to deliver customized solutions to our investors to meet their individual investment goals.

The Solutions platform comprises three core businesses (AlpInvest, Metropolitan and DGAM):

AlpInvest invests primarily through Private Equity Fund Investments, Private Equity Co-Investments and Private Equity Secondary Investments vehicles.

Private Equity Fund Investments. AlpInvest fund of funds vehicles make investment commitments directly to buyout, growth capital, venture and other alternative asset funds advised by other general partners (portfolio funds). As of December 31, 2013, AlpInvest advised 38 fund of funds vehicles totaling, in the aggregate, approximately \$32 billion in AUM.

Private Equity Co-investments. AlpInvest invests alongside other private equity and mezzanine funds in which it typically has a fund investment throughout Europe, North America and Asia (for example, when an investment opportunity is too large for a particular fund, the sponsor of the fund may seek to raise additional co-investment capital from sources such as AlpInvest). As of December 31, 2013, AlpInvest s co-investment programs were conducted through 24 fund of funds vehicles totaling, in the aggregate, approximately \$8 billion in AUM.

Private Equity Secondary Investments. AlpInvest also advises funds that acquire interests in portfolio funds in secondary market transactions. Private equity investors who desire to sell or restructure their pre-existing investment commitments to a fund may negotiate to sell the fund interests to AlpInvest. In this manner, AlpInvest s secondary investments team provides liquidity and restructuring alternatives for third-party private equity investors. As of December 31, 2013, AlpInvest s secondary investments program was conducted through 22 fund of funds vehicles totaling, in the aggregate, approximately \$8 billion in AUM.

Metropolitan fund of funds vehicles make investment commitments directly to real estate focused portfolio funds. Since inception in 2003 through December 31, 2013, Metropolitan has invested with more than 80 managers. As of December 31, 2013, Metropolitan advised 22 fund of funds vehicles totaling, in the aggregate, approximately \$2 billion in AUM.

DGAM builds and actively manages hedge fund portfolios on behalf of its institutional clients. It invests globally and seeks to source strong managers in attractive strategies while minimizing constraints on investment activity. We acquired DGAM on February 3, 2014. As of December 31, 2013, DGAM managed and advised \$6.6 billion through 13 vehicles and three separately managed accounts. In addition to assembling hedge fund portfolios, DGAM invests directly through its complex credit, liquid risk premia and trend following funds.

The following table presents certain data about our Solutions segment as of December 31, 2013 (dollar amounts in billions) and excludes DGAM, which we acquired on February 3, 2014.

AUM(1)	% of Total AUM	Fee-earning AUM	Fund of Funds Vehicles	Available Capital	Investment Professionals	Amount Invested Since Inception(2)
\$50	26%	\$ 35	106	\$ 17	98	\$ 48

- (1) Under our arrangements with the historical owners and management team of AlpInvest, the management team and employees of AlpInvest are allocated all carried interest in respect of the historical investments and commitments to our fund of funds vehicles that existed as of July 1, 2011 (including any options to increase any such commitments exercised after such date), 85% of the carried interest in respect of commitments from the historical owners of AlpInvest for the period between 2011 and 2020 and 60% of the carried interest in respect of all other commitments (including all future commitments from third parties).
- (2) Excludes Metropolitan.

Organizational Structure

The simplified diagram below depicts our organizational structure. Ownership information in the diagram below is presented after giving effect to this offering and the application of the use of proceeds therefrom. The diagram does not depict all of our subsidiaries, including intermediate holding companies through which certain of the subsidiaries depicted are held. As discussed in greater detail below, The Carlyle Group L.P. holds, through wholly-owned subsidiaries, a number of Carlyle Holdings partnership units that is equal to the number of common units that The Carlyle Group L.P. has issued and benefits from the income of Carlyle Holdings to the extent of its equity interests in the Carlyle Holdings partnerships. While the holders of common units of The Carlyle Group L.P. are entitled to all of the economic rights in The Carlyle Group L.P., the limited partners of the Carlyle Holdings partnerships, like the wholly-owned subsidiaries of The Carlyle Group L.P., hold Carlyle Holdings partnership units that entitle them to economic rights in Carlyle Holdings to the extent of their equity interests in the Carlyle Holdings partnerships. Public investors do not directly hold equity interests in the Carlyle Holdings partnerships.

- (1) The Carlyle Group L.P. common unitholders have only limited voting rights and have no right to remove our general partner or, except in limited circumstances, elect the directors of our general partner. TCG Carlyle Global Partners L.L.C., an entity wholly-owned by our senior Carlyle professionals, holds a special voting unit in The Carlyle Group L.P. that entitles it, on those few matters that may be submitted for a vote of The Carlyle Group L.P. common unitholders, to participate in the vote on the same basis as the common unitholders and provides it with a number of votes that is equal to the aggregate number of vested and unvested partnership units in Carlyle Holdings held by the limited partners of Carlyle Holdings on the relevant record date. See Material Provisions of The Carlyle Group L.P. Partnership Agreement Withdrawal or Removal of the General Partner, Meetings; Voting and Election of Directors of General Partner.

- (2) Certain individuals engaged in our business own interests directly in selected subsidiaries, including, in certain instances, entities that receive management fees from funds that we advise.

The Carlyle Group L.P. conducts all of its material business activities through Carlyle Holdings. Each of the Carlyle Holdings partnerships was formed to hold our interests in different businesses. Carlyle Holdings I L.P. owns all of our U.S. fee-generating businesses and many of our non-U.S. fee-generating businesses, as well as our carried interests (and other investment interests) that derive income that we believe is not qualifying income for purposes of the U.S. federal income tax publicly-traded partnership rules and certain of our carried interests (and other investment interests) that do not relate to investments in stock of corporations or in debt, such as equity investments in entities that are pass-through for U.S. federal income tax purposes. Carlyle Holdings II L.P. holds a variety of assets, including our carried interests in many of the investments by our carry funds in entities that are treated as domestic corporations for U.S. federal income tax purposes and in certain non-U.S. entities. Certain of our non-U.S. fee-generating businesses, as well as our non-U.S. carried interests (and other investment interests) that derive income that we believe is not qualifying income for purposes of the U.S. federal income tax publicly-traded partnership rules and certain of our non-U.S. carried interests (and other investment interests) that do not relate to investments in stock of corporations or in debt, such as equity investments in entities that are passthrough for U.S. federal income tax purposes are held by Carlyle Holdings III L.P.

The Carlyle Group L.P. has wholly-owned subsidiaries that serve as the general partners of the Carlyle Holdings partnerships: Carlyle Holdings I GP Inc. (a Delaware corporation that is a domestic corporation for U.S. federal income tax purposes), Carlyle Holdings II GP L.L.C. (a Delaware limited liability company that is a disregarded entity and not an association taxable as a corporation for U.S. federal income tax purposes) and Carlyle Holdings III GP L.P. (a Québec société en commandite that is a foreign corporation for U.S. federal income tax purposes) serve as the general partners of Carlyle Holdings I L.P., Carlyle Holdings II L.P. and Carlyle Holdings III L.P., respectively. Carlyle Holdings I GP Inc. and Carlyle Holdings III GP L.P. serve as the general partners of Carlyle Holdings I L.P. and Carlyle Holdings III L.P., respectively, through wholly-owned subsidiaries that are disregarded for federal income tax purposes. We refer to Carlyle Holdings I GP Inc., Carlyle Holdings II GP L.L.C. and Carlyle Holdings III GP L.P. collectively as the Carlyle Holdings General Partners.

Holding Partnership Structure

As discussed in *Material U.S. Federal Tax Considerations Consequences to Non-U.S. Holders of Common Units*, The Carlyle Group L.P. is treated as a partnership and not as a corporation for U.S. federal income tax purposes, although our partnership agreement does not restrict our ability to take actions that may result in our being treated as an entity taxable as a corporation for U.S. federal (and applicable state) income tax purposes. An entity that is treated as a partnership for U.S. federal income tax purposes is not a taxable entity and incurs no U.S. federal income tax liability. Instead, each partner is required to take into account its allocable share of items of income, gain, loss and deduction of the partnership in computing its U.S. federal income tax liability, whether or not cash distributions are made. Investors in this offering will become limited partners of The Carlyle Group L.P. Accordingly, an investor in this offering generally will be required to pay U.S. federal income taxes with respect to the income and gain of The Carlyle Group L.P. that is allocated to such investor, even if The Carlyle Group L.P. does not make cash distributions. We believe that the Carlyle Holdings partnerships should also be treated as partnerships and not as corporations for U.S. federal income tax purposes. Accordingly, the holders of partnership units in Carlyle Holdings, including The Carlyle Group L.P.'s wholly-owned subsidiaries, incur U.S. federal, state and local income taxes on their proportionate share of any net taxable income of Carlyle Holdings. See *Material U.S. Federal Tax Considerations Consequences to Non-U.S. Holders of Common Units* for more information about the tax treatment of The Carlyle Group L.P. and Carlyle Holdings.

Each of the Carlyle Holdings partnerships has an identical number of partnership units outstanding, and we use the terms *Carlyle Holdings partnership unit* or *partnership unit in/of Carlyle Holdings* to refer

collectively to a partnership unit in each of the Carlyle Holdings partnerships. The Carlyle Group L.P. holds, through wholly-owned subsidiaries, a number of Carlyle Holdings partnership units equal to the number of common units that The Carlyle Group L.P. has issued. The Carlyle Holdings partnership units that are held by The Carlyle Group L.P.'s wholly-owned subsidiaries are economically identical to the Carlyle Holdings partnership units that are held by the limited partners of the Carlyle Holdings partnerships. Accordingly, the income of Carlyle Holdings benefits The Carlyle Group L.P. to the extent of its equity interest in Carlyle Holdings.

The Carlyle Group L.P. is managed and operated by our general partner, Carlyle Group Management L.L.C., to whom we refer as our general partner, which is in turn wholly-owned by our senior Carlyle professionals. Our general partner does not have any business activities other than managing and operating us. We reimburse our general partner and its affiliates for all costs incurred in managing and operating us, and our partnership agreement provides that our general partner determines the expenses that are allocable to us. Although there are no ceilings on the expenses for which we will reimburse our general partner and its affiliates, the expenses to which they may be entitled to reimbursement from us, such as director fees, historically have not been, and are not expected to be, material.

Certain Corporate Governance Considerations

Voting. Unlike the holders of common stock in a corporation, our common unitholders have only limited voting rights and have no right to remove our general partner or, except in the limited circumstances described below, elect the directors of our general partner. In addition, TCG Carlyle Global Partners L.L.C., an entity wholly-owned by our senior Carlyle professionals, holds a special voting unit that provides it with a number of votes on any matter that may be submitted for a vote of our common unitholders (voting together as a single class on all such matters) that is equal to the aggregate number of vested and unvested Carlyle Holdings partnership units held by the limited partners of Carlyle Holdings. Accordingly, our senior Carlyle professionals generally will have sufficient voting power to determine the outcome of those few matters that may be submitted for a vote of the limited partners of The Carlyle Group L.P., such as the approval of amendments to the limited partnership agreement of The Carlyle Group L.P. that the limited partnership agreement does not authorize our general partner to approve without the consent of the limited partners and the approval of certain mergers or sales of all or substantially all of our assets. We refer to our common units (other than those held by any person whom our general partner may from time to time with such person's consent designate as a non-voting common unitholder) and our special voting units as voting units. Our common unitholders' voting rights are further restricted by the provision in our partnership agreement stating that any common units held by a person that beneficially owns 20% or more of any class of The Carlyle Group L.P. common units then outstanding (other than our general partner and its affiliates, or a direct or subsequently approved transferee of our general partner or its affiliates) cannot be voted on any matter.

Election of Directors. In general, our common unitholders have no right to elect the directors of our general partner. However, when our Senior Carlyle professionals and other then-current or former Carlyle personnel hold less than 10% of the limited partner voting power, our common unitholders will have the right to vote in the election of the directors of our general partner. This voting power condition is measured on January 31 of each year and will be triggered if the total voting power held by holders of the special voting units in The Carlyle Group L.P. (including voting units held by our general partner and its affiliates) in their capacity as such, or otherwise held by then-current or former Carlyle personnel (treating voting units deliverable to such persons pursuant to outstanding equity awards as being held by them), collectively, constitutes less than 10% of the voting power of the outstanding voting units of The Carlyle Group L.P. As of December 31, 2013, the percentage of the voting power of The Carlyle Group L.P. limited partners collectively held by those categories of holders and calculated in this manner was approximately 85%. Unless and until the foregoing voting power condition is satisfied, our general partner's board of directors will be elected in accordance with its limited liability company

agreement, which provides that directors may be appointed and removed by members of our general partner holding a majority in interest of the voting power of the members, which voting power is allocated to each member ratably according to his or her aggregate relative ownership of our common units and partnership units. See Material Provisions of The Carlyle Group L.P. Partnership Agreement Election of Directors of General Partner.

Conflicts of Interest and Duties of Our General Partner. Although our general partner has no business activities other than the management of our business, conflicts of interest may arise in the future between us and our common unitholders, on the one hand, and our general partner and its affiliates, on the other. The resolution of these conflicts may not always be in our best interests or that of our common unitholders. In addition, we have certain duties and obligations to our investment funds and their investors and we expect to regularly take actions with respect to the purchase or sale of investments in our investment funds, the structuring of investment transactions for those