

How Carlyle Creates Value

Deep industry expertise. Global scale and presence. Extensive network of Operating Executives. And a wealth of investment portfolio data; we call it The Carlyle Edge. These are the four pillars of Carlyle's value creation model. By leveraging these core capabilities and resources—Carlyle has established a 30-year overall track record of investing in companies, working to make them better and serving our investors' needs.



About ARINC and the Transaction

Founded in 1929, ARINC is a prominent global provider of advanced communications and systems engineering services primarily serving the commercial and business aviation, airports, and surface transportation industries. Today ARINC supports more than 15,000 aircraft, 300 airlines, 150 airports, and 200 train systems, along with over half of North America's nuclear power plants and other critical national infrastructure.

ARINC is headquartered in Annapolis, Maryland and has approximately 1,800 employees in 100 offices around the world.

ARINC

Key Value Creation Metrics

- Created a strong and experienced board of directors, chaired by Carlyle Operating Executive Thomas Rabaut
- Overhauled executive compensation plans to create a performance-driven culture and compensation model in addition to a Gain Share Program for employees
- Reduced business complexity by consolidating seven business units into five and exiting nine unprofitable start-up businesses
- Achieved significant cost savings through reduction in administrative overhead and streamlined organizational structure
- Successful divestiture of Defense Systems & Engineering Support (DSES) business unit
- Developed innovative service offerings and expanded internationally
- EBITDA margins doubled during ownership

AT A GLANCE

ARINC

Industry: Aerospace, Defense & Government Services

Region/Country: Annapolis, MD

Fund: Carlyle Partners IV

Acquired: October 2007

Status: Exited

#1

With Carlyle's support, ARINC Direct became the top provider

of aviation air-to-ground data communications with over 3,000 aircraft under subscription globally.

About The Carlyle Group

The Carlyle Group (NASDAQ: CG) is a global investment firm with deep industry expertise that deploys private capital across four business segments: Corporate Private Equity, Real Assets, Global Credit and Investment Solutions. With \$223 billion of assets under management as of June 30, 2019, Carlyle's purpose is to invest wisely and create value on behalf of its investors, portfolio companies and the communities in which we live and invest. The Carlyle Group employs more than 1,775 people in 33 offices across six continents.

Set forth herein is a selected case study that Carlyle believes illustrate its ability to create value at, and improve the performance of, its portfolio companies. The performance of these portfolio companies is not necessarily indicative of the performance of all of Carlyle's portfolio companies. 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 (the "Interests") in any fund or other product sponsored or managed by T.C. Group, L.L.C. or any of its affiliates (together, "Carlyle"). 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.

Excellent Outcome for Carlyle Investors

Early on, Carlyle saw an opportunity to reshape the Company into a more focused high-margin, high-growth enterprise. ARINC was already a market leader with #1 or #2 positions in most market segments and sustainable competitive advantages including proprietary technology, a high skilled, technical workforce, and long-term customer relationships. Working with an experienced management team, Carlyle helped ARINC generate consistent earnings growth by refining and focusing corporate strategy and through product and service innovation and international expansion.

ARINC Positioning at Exit

Aviation Solutions Top provider of aviation air-to-ground data communications globally

ARINC Direct #1 provider with over 3,000 aircraft under subscription

Airports #1 provider with approximately 60% share of all installed common use self-service kiosks; 35% market share for common use terminals

Surface Transportation #1 supplier of rail control centers in North America with ~50% of the installed base

Security #1 provider with advanced security systems at >50% of U.S. nuclear power plants

Aerospace Advanced engineering expertise and intimate knowledge of key military aircraft platforms