

## 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.



Carlyle's investment in Genesee & Wyoming supported its acquisition of RailAmerica, helping create a short line railroad industry leader.

### About Genesee & Wyoming and the Transaction

Genesee & Wyoming Inc. (G&W) operates short-line and regional freight railroads and railcar switching services primarily in the U.S. and Australia. G&W's common stock trades on the NYSE under the ticker GWR.

G&W is typically the only provider of rail services at a customer location, providing critical "last mile" access to Class I railroads. By providing customers with access to multiple Class I railways, G&W increases their transportation alternatives, significantly lowering transportation costs.

At the time of Carlyle's exit, G&W operated 111 railroads in 11 regions, approximately 15,000 miles of owned and leased track (10,700 in North America), 1.9 million carloads (1.6 million in North America), and 1,050 locomotives (930 in North America).

G&W is headquartered in Darien, Connecticut, and has approximately 4,600 employees as of November 2013.



## AT A GLANCE

**Genesee & Wyoming, Inc.**

**Industry:** Transportation

**Region/Country:** United States

**Fund:** Carlyle Partners V

**Investment:** October 2012

**Status:** Exited

### Key Value Creation Metrics

- Successfully acquired RailAmerica, Genesee & Wyoming's largest competitor, creating a \$7 billion enterprise value market leader in the short line railroad industry
- Grew revenue and EBITDA 7% and 14% on a pro forma basis as a result of growth initiatives and synergies realized from the acquisition
- Successfully leveraged the *One Carlyle* platform to help management grow business in international markets and extend industry tax credits

# \$7 BILLION

With Carlyle's assistance, Genesee nearly doubled its track miles, locomotives, and customers through the acquisition of its largest competitor, creating a \$7 billion enterprise value market leader in the industry.

## 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 \$216 billion of assets under management, Carlyle's purpose is to invest wisely and create value on behalf of our investors, portfolio companies and the communities in which we live and invest. Carlyle employs 1,625 people in 31 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.

## Major Value Creation Initiatives

The Carlyle Group invested \$350 million in G&W in October 2012 to facilitate the acquisition by G&W of RailAmerica, Inc. for \$2.0 billion (\$27.50 per share). At the time of the acquisition, RailAmerica was the second largest short line operator in North America, operating railroads in 28 U.S. states, three Canadian provinces and providing rail service at 12 ports. Carlyle's investment was in the form of a convertible preferred security that represented approximately 11% of the company on a converted basis.

During Carlyle's investment, G&W successfully integrated the RailAmerica acquisition, realizing the strategic and operational synergies underlying its acquisition strategy. In addition to providing capital to support the acquisition, Carlyle leveraged its *One Carlyle* platform and network to assist G&W's further development of commercial relationships in international markets such as Australia. Carlyle also worked with management to educate officials on the importance of rail maintenance tax credits, ultimately leading to their extension.



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