THE CARLYLE GROUP

CASE STUDY

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 Vogue and the Transaction

Founded in 1987 by hair care industry veteran Todd Christopher, Vogue International LLC is an innovative, fast-growing personal care company that created the market for salon-inspired, ingredient-focused hair care. Vogue develops and markets shampoos, conditioners, and styling products, as well as bath and body products, primarily under the OGX brand. OGX products are positioned as premium, salon-inspired, and natural, with an emphasis on key functional ingredients such as Argan Oil of Morocco, Brazilian Keratin, Coconut Milk, and Biotin & Collagen. Vogue distributes its products primarily through food, drug, mass, and specialty retailers in the U.S. and 38 other countries. Vogue is headquartered in Clearwater, Florida and had more than 130 employees across offices in the U.S., UK and Australia as of June 30, 2016.

In February 2014, Carlyle investment vehicles acquired a minority stake in Vogue in a proprietary investment process that leveraged Carlyle's experience in personal care and in partnering with founders. Carlyle saw the opportunity to partner with a highly creative founder of an innovative, fast-growing consumer brand that was disrupting a product category that had previously shown little innovation and growth. Carlyle, through its collaborative *One Carlyle* network, offered a differentiated ability to create value by leveraging its deep industry experience and global footprint. Carlyle exited the investment through a sale to Johnson & Johnson, Inc. in July 2016.

Vogue INTERNATIONAL a Johnson & Johnson company

AT A GLANCE

Vogue International LLC

Industry: Consumer & Retail

Region/Country: United States

Funds: Carlyle Partners VI

Acquired: February 2014

Status: Exited

75% increase in market share

During Carlyle's ownership, Vogue increased their market share from 3.6% in 2013 to 6.3% as of June 2016, making OGX the #5 shampoo & conditioner brand in the U.S.

Key Value Creation Metrics

- Enhanced the organization by creating key new positions and recruiting deeply experienced managers, including a Chief Financial Officer, Chief Marketing Officer, EVP of Sales, and VP of IT. During Carlyle's ownership, employment at Vogue increased by more than 50%
- Increased U.S. shampoo and conditioner market share from 3.6% in 2013 to 6.3% as of June 2016, making OGX the #5 shampoo and conditioner brand (up from #8 before Carlyle's investment)
- Gained key international retailer support while streamlining international distributors, resulting in substantial international sales growth
- Successfully launched two new hair care brands: Proganix, a salon-premium brand introduced in 2014, and Maui Moisture, a natural, wholesome and "better-for-you" brand introduced in 2016
- Facilitated the execution of a broker agreement with Acosta, another Carlyle portfolio company, to accelerate growth further

Reinforcing Management Team with Key Talent

Carlyle worked with the founder to enhance Vogue's management team by adding key members to senior management. With the additional experienced talent, Vogue significantly improved operations and strengthened the brand, while continuing to successfully execute its growth strategy. As an example, under the new Chief Marketing Officer (a newly created position), Vogue hired a digital agency for the first time, launching a new website in 2014 and enhancing the Company's digital marketing capabilities. Management also diversified Vogue's supplier base and invested in global supply chain capabilities, reducing Vogue's reliance on its main supplier and expanding filling capacity to include international partners.

Executing International Growth Strategy

Vogue leveraged Carlyle's global footprint and deep industry expertise to support its international growth strategy, gaining key international retailer support while streamlining its international distributors. In addition to consolidating its distributor network, Vogue migrated from a distributor-based sales model in the UK and Australia to a direct sales model, allowing the company to leverage its scale and capture significantly higher margins on its sales in the region. Additionally, Vogue successfully launched in two new markets, France and Germany, in 2015.

Performance and Positioning at Exit

Carlyle's Consumer and Retail team has developed a strong track record of partnering with talented founders and using the resources of Carlyle to support the growth of their businesses. Early on with Vogue, Carlyle saw an opportunity to partner with a highly creative founder and add significant value through its deep industry experience and global footprint. During Carlyle's ownership, Vogue increased its U.S. shampoo and conditioner market share from 3.6% in 2013 to 6.3% as of June 2016, making OGX the #5 shampoo and conditioner brand in the U.S., up from #8 before Carlyle's investment. Working with the founder, Carlyle helped Vogue generate significant revenue and EBITDA growth, while maintaining industry leading profit and free cash flow margins, positioning Vogue for a successful sale to Johnson & Johnson. Carlyle helped Vogue enhance their sustainability capabilities as consumers and retailers become increasingly focused on this area. Environmental considerations were integrated seamlessly into key business imperatives such as customer satisfaction, brand equity, marketing and communications and new product development.

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.