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The Carlyle Group and Environmental Defense Fund Launch EcoValuScreen

Innovative Due Diligence Process Identifies Hidden Economic Value Through Environmental Innovation Before an Investment is Made

(Washington, DC – March 18, 2010) The Carlyle Group (Carlyle) and Environmental Defense Fund (EDF) today announced the creation of EcoValuScreen, a pioneering business review process that unlocks opportunities for operational improvement and value creation through enhanced environmental management at potential investments. The new analytic tool was developed in partnership with The Payne Firm (Payne), an international environmental consultancy, and builds on Carlyle's established due diligence practices and EDF's proven [Green Returns approach](#).

EcoValuScreen goes beyond the traditional focus of risk mitigation during the due diligence process by identifying opportunities for operational enhancements that will lead to better environmental and financial performance before making an investment. This process will be used by Carlyle professionals to more effectively evaluate the operations of a target company, identify the most promising environmental management opportunities and incorporate them into the post-investment management, governance and reporting plans of Carlyle's portfolio companies. Carlyle will first implement EcoValuScreen in its U.S. and European buyout funds.

"Our goal is to increase returns for our investors while enhancing environmental performance," said William E. Conway, Jr., Managing Director and Co-Founder of The Carlyle Group. "We believe that financial performance and environmental improvements are complementary and in the best interests of our investors. This builds on our earlier work to develop and implement principles for responsible investing and establishes a new best practice for private equity investments. We are pleased to partner with EDF and we continue to explore other opportunities for collaboration."

"This is a first for the private equity sector. In an industry where environmental due diligence has been limited to the downsides of liability and risk mitigation, we now have a way to systematically uncover the upside of real opportunities to enhance business performance while improving environmental performance," said Gwen Ruta, Vice President, Corporate Partnerships, EDF. "Together with our Green Returns framework for improving environmental performance of assets already under management, this new due diligence screen expands the significant role that environmental management can have in creating value in private equity and across the many industries and companies it touches."

To develop the screen, Carlyle, Payne and EDF examined more than 320 current and former Carlyle portfolio companies to identify opportunities to improve efficiency, reduce costs and minimize environmental impacts across five key areas – greenhouse gas emissions, waste management, water use, priority chemicals and forest products. The analysis revealed a high correlation between environmental impacts and common business activities that occur across Carlyle's investments. The analysis also identified specific initiatives to enhance the environmental performance of these activities while driving financial savings. The new due diligence screen is designed to be flexible, broadly applicable and easily incorporated into Carlyle's established due diligence practices.

To validate and improve this concept, Carlyle will apply the new screen and work with EDF to make refinements as necessary. Additional information about the screen is available at <http://edf.org/duediligence>, and case studies of its use will be made public when available, with the mutual goal of sharing lessons learned and best practices throughout the industry.

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The Carlyle Group

The Carlyle Group is a global private equity firm with \$88.6 billion of assets under management committed to 67 funds as of December 31, 2009. Carlyle invests in buyouts, growth capital, real estate and leveraged finance in Africa, Asia, Australia, Europe, North America and South America focusing on aerospace & defense, automotive & transportation, consumer & retail, energy & power, financial services, healthcare, industrial, infrastructure, technology & business services and telecommunications & media. Since 1987, the firm has invested \$59.6 billion of equity in 952 transactions for a total purchase price of approximately \$233.0 billion. The Carlyle Group employs more than 860 people in 19 countries. In the aggregate, Carlyle portfolio companies have more than \$84 billion in revenue and employ more than 398,000 people around the world. www.carlyle.com

Environmental Defense Fund

A leading national nonprofit organization, Environmental Defense Fund represents more than 700,000 members. Since 1967, Environmental Defense Fund has linked science, economics, law and innovative private-sector partnerships to create breakthrough solutions to the most serious environmental problems. Environmental Defense Fund has a 20 year track record of success in partnering with business. To maintain its independence and credibility, Environmental Defense Fund accepts no money from corporate partners; generous individuals and foundations fund its work. For more information, visit www.edf.org.

The Payne Firm

The Payne Firm, Inc. is an environmental consulting firm that provides full life cycle services to private equity sponsors to improve performance of their portfolio companies. The Payne Firm has served as the environmental deal advisor in over 175 transactions with enterprise value in excess of \$100 billion. The Payne Firm is a member of the Inogen Environmental Alliance, a global network of 165 member offices in six continents with over 4,800 professionals world-wide. www.paynefirm.com

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