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The Carlyle Group and PAI Partners enter into exclusive discussions with Schneider Electric for the acquisition of a majority stake in Custom Sensors & Technologies, a specialist in designing and manufacturing sensing, control and motion products

Paris, France: Global alternative asset manager The Carlyle Group (NASDAQ: CG) and Continental European private equity firm PAI Partners (PAI) today announced that they have entered on an equal basis into exclusive negotiations with Schneider Electric to acquire Custom Sensors & Technologies (CST). In the proposed transaction, Schneider Electric would reinvest alongside The Carlyle Group, PAI and CST management.

CST was created in 2006 as a business unit of Schneider Electric following several acquisitions made between 2000 and 2006. It is a global business specialist focused on the growing market of “mission critical” sensing products and has expertise across a mix of diverse product areas and end-markets, including industrial, aerospace and transportation sectors.

The equity for the transaction would be provided equally by Carlyle Europe Partners IV (CEPIV) and PAI Europe VI. CEP IV is a European fund that focuses on buyout opportunities in the upper-mid market size range. This would be the first investment by CEP IV. PAI Europe VI, PAI's newest fund, will start its investment period with this transaction. PAI Europe VI is dedicated to take controlling positions in leveraged buyouts, in mid to large size European companies that are leaders in their markets.

The offer is subject to the consultation process of the relevant “Comités d'entreprise” (French employee works councils) and all parties will enter into the final negotiations on successful completion of this process.

Speaking on the announcement, Jonathan Zafrani, Managing Director, Carlyle Europe Partners, said: "CST is a high-quality business with an excellent reputation in the industry. We see this as a great opportunity to create further value in the company leveraging Carlyle Europe Partners' significant experience in managing complex carve-out transactions for industrial diversified businesses and Carlyle's significant track record in partnerships with large corporates, especially in France.

We also intend to use the OneCarlyle network to provide access to the expertise gained from Carlyle's extensive knowledge and investment experience in the aerospace as well as industrial sectors."

Laurent Rivoire, Partner of PAI commented: "This transaction is the result of many years of hard work, and constant dialog with Schneider Electric and CST. CST is a well-run, global company, positioned in an attractive market place. We are very excited to support, through PAI's financial and operational capabilities, the CST management team in its ambition to accelerate growth, including through acquisitions. PAI has an extensive experience in such transformational programs in the industrial sector, and we are delighted to invite Schneider Electric to partner with us in this enterprise."

About CST

Custom Sensors & Technologies (CST) is a specialist in sensing, control and motion products. Through its brands, BEI Kimco, BEI Sensors, BEI PSSC, Crouzet, Crydom, Kavlico, Newall and Systron Donner Inertial, CST offers customizable, reliable and efficient components for mission-critical systems in Aerospace, Transportation, Energy & Infrastructures, Commercial OEMs, Industrial OEMs, Medical, Food and Beverage and Building Equipment markets.

In 2013, CST generated sales of \$600 million, with approximately 4,500 employees in more than 30 countries.

For additional information, please visit: www.cstsensors.com

About The Carlyle Group

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with approximately \$189 billion of assets under management across 118 funds and 106 fund of funds vehicles as of December 31, 2013. Carlyle's purpose is to invest wisely and create value on behalf of its investors, many of whom are public pensions. Carlyle invests across four segments – Corporate Private Equity, Real Assets, Global Market Strategies and Solutions – in Africa, Asia, Australia, Europe, the Middle East, North America and South America. Carlyle has expertise in various industries, including: aerospace, defense & government services, consumer & retail, energy, financial services, healthcare, industrial, real estate, technology & business services, telecommunications & media and transportation. The Carlyle Group employs more than 1,500 people in 34 offices across six continents.

Web: www.carlyle.com

Videos: www.youtube.com/onecarlyle

Tweets: www.twitter.com/onecarlyle

Podcasts: www.carlyle.com/about-carlyle/market-commentary

About PAI Partners

PAI is a leading European private equity firm with offices in Paris, London, Luxembourg, Madrid, Milan, Munich and Stockholm. PAI manages €5.8 billion of dedicated buyout funds. Since 1994, PAI has completed 50 LBO transactions in 10 European countries, representing over €36 billion in transaction value. PAI is characterised by its industrial approach to ownership combined with its sector based organisation, Industrials being one of the sectors where it has long track record of successful investments. PAI provides portfolio companies with the financial and strategic support required to pursue their development and enhance strategic value creation.

For further information about PAI: www.paipartners.com

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