# Form **8937**(December 2017) Department of the Treasury Internal Revenue Service

## Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Pa	rt Reporting	Issuer			·			
1	ssuer's name				2 Issuer's employer identification number (EIN)			
THE	CARLYLE GROUP IN	ıc			45-2832612			
	Name of contact for ad		4 Telephon	e No. of contact	5 Email address of contact			
INVE	STOR RELATIONS			(202) 729-5800	PUBLICINVESTOR@CARLYLE.COM			
6 1	Number and street (or	P.O. box if mail is not	delivered to	street address) of contact	t 7 City, town, or post office, state, and ZIP code of contact			
	PENNSYLVANIA AV	E., NW			WASHINGTON DC, 20004			
8 [	Date of action		9 Class	sification and description				
1/1/2	020 CUSIP number	11 Serial number		N STOCK 12 Ticker symbol	13 Account number(s)			
10 (	SOSIP Humber	TI Senai number	(5)	12 Ticker Symbol	Account number(s)			
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Pai		onal Action Attac	ch additiona		I. See back of form for additional questions.			
14					e date against which shareholders' ownership is measured for			
	the action ► SEE A							
15	Describe the quantita	itive effect of the orga	anizational act	ion on the basis of the se	ecurity in the hands of a U.S. taxpayer as an adjustment per			
	share or as a percent							
		<u>-</u>						
16	Describe the calculat	ion of the change in l	pagie and the	data that supports the ca	alculation, such as the market values of securities and the			
10	valuation dates ► <u>SE</u>		Jasis and the	data tilat supports tile ca	alculation, such as the market values of securities and the			
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Pai	rt II	Organizational Action (continu	ed)			
17	List th	ne applicable Interna! Revenue Code sec	tion(s) and subsection(s) upon which the	tax treatment is based I	► SEE AT	TACHMENT
8	Can ar	ny resulting loss be recognized? ► SEE	ATTACHMENT			
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9 1	Provide	any other information necessary to imp	lement the adjustment, such as the repo	rtable tax year ▶ <u>SEE A</u>	TTACHMEN	τ
				···	·	
	Unde	r penalties of perjury, I declare that I have ex	amined this return, including accompanying s of preparer (other than officer) is based on all i	chedules and statements, a	ind to the best	of my knowledge and
gn	Deller	, it is true, correct and early rete. Declaration is	or preparer (other than officer) is based on all I	ntormation of which prepare	r has any kno	wledge.
ere	Signa	tura 🕨		Date > 2/10/20		
	Oigila			Date		
	Print	your name ► SHANNON STAFFORD		Title ► MANAGINO	DIRECTOR	<u>:                                    </u>
aid		Print/Type preparer's name	Preparer's signature	Date O (O (O O O O O O O O O O O O O O O O	Check if	PTIN
	4101	OLIN UTTERBACK	Constitution of the consti	2/9/2020	self-employed	P00424174
se (	Only	Firm's name ► ERNST & YOUNG U.S		·	Phone no	34-6565596

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internai Revenue Service, Ogden, UT 84201-0054

## ATTACHMENT TO IRS FORM 8937 - PART II

REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

#### CONSULT YOUR TAX ADVISOR

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the tax free reorganization (as defined below) on a stockholder's tax basis in the common stock of The Carlyle Group Inc. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. The Carlyle Group Inc. does not provide tax advice to its stockholders. The descriptions in questions 14-19 below are being provided pursuant to Section 6045B of the Code and as a convenience to stockholders and their tax advisors when establishing their specific tax position. You are urged to consult your own tax advisor regarding the particular consequences of the tax free reorganization to you, including the applicability and effect of all U.S. federal, state, and local and foreign tax laws.

14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:

On January 1, 2020, we completed our conversion from a Delaware limited partnership named The Carlyle Group L.P. (the "Partnership") into a Delaware corporation named The Carlyle Group Inc. (the "Corporation"). Pursuant to the conversion, at the specified effective time on January 1, 2020, each common unit of the Partnership outstanding immediately prior to the effective time converted into one share of common stock of the Corporation, and each special voting unit and general partner unit was canceled for no consideration (the conversion, together with such restructuring steps and related transactions, the "Conversion").

15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

The Conversion should qualify for the non-recognition of gain or loss to the unitholders for U.S. federal income tax purposes. However, a unitholder could recognize gain to the extent that the unitholder's share of the Partnership's liabilities exceeds its outside basis in the common units.

The unitholders will take basis in the shares common stock of the Corporation equal to their basis in the common units of the Partnership immediately prior to the Conversion, reduced by their share of liabilities.

16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:

## Not applicable

## 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:

Sections 351(a), 358, 708, 731, 732(b)

## 18. Can any resulting loss be recognized?

No loss may be recognized in connection with the Conversion.

# 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The U.S. federal income tax consequences of the Conversion are taken into account in the tax year of each unitholder that includes January 1, 2020.

The final Schedule K-1 filed by the Partnership for the period beginning January 1, 2020 and ending at the time of the conversion on January 1, 2020 may contain tax information relevant to a unitholder's basis adjustments resulting from the Conversion.

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OMB No. 1545-0123

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Part	<u> </u>	Organizational Action (con	tinued)		
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19	TOVICE	e any other information necessary to	implement the adjustment, such as	the reportable tax year ► SEE	ATTACHMENT
		<del> </del>			
	Unde	er penalties of perjury, I declare that have f, it is true, correct, and complete. Declara	e examined this return, including accom	panying schedules and statements,	, and to the best of my knowledge an
	belief	, it is true, correct, and complete. Declara	tion of preparer (other than officer) is bas	sed on all information of which prepa	irer has any knowledge.
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				<del></del>	
	Print	your name ► SHANNON STAFFORD		Title ► MANAGIN	IG DIRECTOR
امنط		Print/Type preparer's name	Preparer's signature	Date	DTIN
aid		OLIN UTTERBACK	(MIHILLE)	2/9/2020	Clieck   II
repa	101		CHI S LLD	ZI 31 ZUZU	100727177
lse O	nly	Firm's name ► ERNST & YOUNG		-	Firm's EIN ▶ 34-6565596
and Fa	rm PC	Firm's address 5 TIMES SQUARE		Internal Dec. C	Phone no. 212-773-3000
situ FO	1111 09	37 (including accompanying stateme	ants) to: Department of the Treasury	r, internal Hevenue Service, Ogo	ien, UT 84201-0054

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REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

#### CONSULT YOUR TAX ADVISOR

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14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:

On January 1, 2020, we completed our conversion from a Delaware limited partnership named The Carlyle Group L.P. (the "Partnership") into a Delaware corporation named The Carlyle Group Inc. (the "Corporation"). Pursuant to the conversion, at the specified effective time on January 1, 2020, holders of partnership units in Carlyle Holdings I L.P., Carlyle Holdings II L.P. and Carlyle Holdings III L.P. (the "Carlyle Holdings partnerships") exchanged such units for an equivalent number of shares of common stock of the Corporation (the conversion, together with such restructuring steps and related transactions, the "Conversion").

15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

The Conversion should qualify for the non-recognition of gain or loss to the holders of partnership units in the Carlyle Holdings partnerships for U.S. federal income tax purposes. However, a holder could recognize gain to the extent that the holder's share of the Carlyle Holdings partnerships liabilities exceeds its outside basis in the applicable partnership units.

The holders will take basis in the shares of common stock (but not less than zero) of the Corporation equal to their basis in the units of the Carlyle Holdings partnerships immediately prior to the Conversion, reduced by their share of liabilities.

16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:

## Not applicable

## 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:

Sections 351(a), 357, 358, 708, 731, 732(b)

## 18. Can any resulting loss be recognized?

No loss may be recognized in connection with the Conversion.

# 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The U.S. federal income tax consequences of the Conversion are taken into account in the tax year of each holder that includes January 1, 2020.

The final Schedule K-1s filed by the Carlyle Holdings partnerships for the period beginning January 1, 2020 and ending at the time of the conversion on January 1, 2020 may contain tax information relevant to a holder's basis adjustments resulting from the Conversion.