



**Part II** Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHMENT

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

18 Can any resulting loss be recognized? ▶ SEE ATTACHMENT

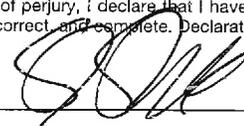
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHMENT

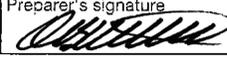
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶  Date ▶ 2/10/20

Print your name ▶ SHANNON STAFFORD Title ▶ MANAGING DIRECTOR

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	OLIN UTTERBACK		2/9/2020		P00424174
	Firm's name ▶ ERNST & YOUNG U.S. LLP			Firm's EIN ▶	34-6565596
	Firm's address ▶ 5 TIMES SQUARE, NEW YORK, NY 10036			Phone no.	212-773-3000

**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.



**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► SEE ATTACHMENT

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

18 Can any resulting loss be recognized? ► SEE ATTACHMENT

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► SEE ATTACHMENT

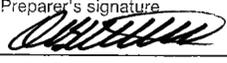
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ►  Date ► 2/10/20

Print your name ► SHANNON STAFFORD Title ► MANAGING DIRECTOR

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	OLIN UTTERBACK		2/9/2020		P00424174
	Firm's name ► ERNST & YOUNG U.S. LLP	Firm's EIN ►	34-6565596	Phone no.	212-773-3000
	Firm's address ► 5 TIMES SQUARE, NEW YORK, NY 10036				

**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 exchange (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 exchange 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, 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.