KKR & Co. L.P. ("KKR")
Frequently Asked Questions
Tax Year 2012

When will my 2012 KKR K-1 be available?

Hard copies of the K-1 packages were printed and mailed on or around March 29, 2013. Access to the TaxWeb secure K-1 website and the KKR K-1 Call Center went live immediately upon release of the K-1's.

I cannot wait for the hard copy of my K-1. What can I do?

You will be able to access a pdf version of your K-1 on the secure website hosted by a third-party provider once that site goes live (see above). A link to that website can be found in the Investor Relations section of the KKR website.

You may also contact the K-1 Call Center as follows:

Tax Package Support
P.O. Box 799060
Dallas, TX 75379
(800) 973-7631 (within the U.S.)
(972) 248-5396 (outside the U.S.)

There is a problem with the SSN / Address / # of Units Owned, etc. on my K-1. What can I do?

Your Schedule K-1 was prepared based upon information provided by your bank or broker. Changes to this information should be requested through them. Changes may also be requested by contacting Tax Package Support at the address above.

Changes reported to Tax Package Support are generally made within 24 hours and a revised Schedule K-1 issued at that time as well.

I represent a tax exempt entity which owns KKR units. Does KKR generate UBTI?

Yes. For the tax year 2012, KKR generated UBTI. Please refer to the detailed statements attached to your Schedule K-1.

I represent a Non-U.S. entity which owns KKR units. Does KKR generate Effectively Connected Income ("ECI") or FIRPTA (income subject to taxation under the Foreign Investment in U.S. Real Property Tax Act)?

Yes. For the tax year 2012, KKR generated FIRPTA, which is treated as ECI. As a general matter, KKR's asset management businesses, which would otherwise give rise to ECI, are operated through a corporate entity, which would protect KKR's unitholders from being allocated such types of income.

I represent a mutual fund ("RIC" or "Investment Company") which owns KKR units. Does KKR meet the definition of "Qualified PTP"?

No. The nature of KKR's income and assets do not allow KKR to be treated as a Qualified PTP for RIC purposes. This status is largely reserved for oil and gas publicly traded partnerships.

Where's my Form 1099?

KKR does not issue Forms 1099 to its unitholders. Although KKR is publicly traded, it is important to note that KKR is a limited partnership, not a corporation. The units you own in KKR represent limited partnership interests in a partnership.

As a partner in a partnership, you are taxed on your allocable share of KKR's income, irrespective of whether cash distributions are made to you.

Your allocable share of KKR's income, gain, loss, deduction, credits and cash distributions are reported to you annually on IRS Schedule K-1.

I am unclear about the nature of the cash payments made by KKR during 2012.

Detailed information concerning KKR's cash distributions can be found in the "Distribution History" section of our website.

Please note that although commonly (and mistakenly) referred to as "dividends," cash payments made by KKR to its unitholders are considered partnership distributions under the tax laws of the United States and most other jurisdictions.

Are these payments subject to U.S. withholding?

The cash distributions made by KKR to its unitholders represent the cumulative cash earnings of KKR's businesses. It is important to note that KKR is treated as a partnership and not as a corporation under the laws of the United States and most other jurisdictions. As such, cash payments made by KKR to its unitholders are considered partnership "distributions" and not "dividends." While distributions from U.S. partnerships are generally not subject to U.S. withholding, certain types of U.S. source income which are allocable to non-U.S. persons are subject to U.S. withholding.

I am a nominee/withholding agent responsible for administering withholding with respect to non-U.S. unitholders of KKR units. Where can I find additional information about KKR's cash distributions and the components thereof?

When KKR declares a quarterly cash distribution to its unitholders, KKR releases to its transfer agents and other nominees, a Qualified Notice which indicates those components of the quarterly distributions which would attract U.S. withholding. Copies of those notices are available in the "Distribution History" section of Investor Relations area of KKR's website.

The trading price of KKR units has dropped since I purchased those units. Why do I owe tax?

As a partner in a partnership, you are taxed on your allocable share of KKR's income, irrespective of whether cash distributions are made to you. The taxable income or loss reported to you on Schedule K-1 must be taken into account during your current tax year. Gain or loss should also be taken into account when you dispose of KKR units.

Is KKR a Passive Foreign Investment Company ("PFIC")?

No. However, during 2012, KKR held indirect interests in numerous entities which were treated as PFIC's for U.S. tax purposes.

Effective July 15, 2010, KKR has made qualified electing fund ("QEF") elections with respect to its PFIC interest by filing Forms 8621 on behalf of its unitholders. PFIC activity occurring after that date has been included in the taxable income reported on your Schedule K-1.

Unitholders who acquired KKR units on or after July 15, 2010 need not file Form 8621 with respect to PFIC interests owned by KKR and may disregard the attached PFIC annual intermediary statements.

Does my investment in KKR units subject me to U.S. state tax filing requirements?

During tax year 2012 KKR invested in oil and gas and real estate investments which gave rise to income in various states. Please refer to the detailed State Schedule in your Schedule K-1.

Why did I receive a Schedule K-1 from my retirement plan's account?

Federal tax law requires that a Schedule K-1 be sent to every unitholder that held a partnership interest during the tax year. If units are held in a tax advantaged retirement account (Roth IRA, Traditional IRA, 401(k), etc.), amounts reported on the Schedule K-1 are not reportable on your income tax return.

However, current law requires IRA's and other tax-exempt entities with more than $1,000 of gross UBTI to file a tax return (Form 990-T). This form may be filed by the Custodian of your account. The account will only owe taxes if its UBTI is greater than $1,000. You should contact the Custodian of your account to determine who is responsible for filing the appropriate tax forms.