

## Private equity honchos collect millions

**KKR's co-founders took home nearly 50% more in total compensation in 2012 compared to 2011, while Blackstone chief Steve Schwarzman's annual pay remained flat year-over-year.**

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Kohlberg Kravis Roberts co-founders Henry Kravis and George Roberts received compensation of \$137 million and \$141 million, respectively, in 2012, according to the firm's latest 10-K filing.

Kravis and Roberts each took home \$300,000 in salary and about \$35 million in carried interest, with the remaining compensation coming from distributions gained through the pair's combined 25 percent ownership stake in the publicly listed firm. Both founders saw their total pay in 2012 rise nearly 50 percent compared to the previous year.

Kravis and Roberts were reimbursed more than \$390,000 combined related to their use of a car and driver during 2012, as well as a combined \$276,000 related to "certain personnel who administer personal matters" for the pair, the filing revealed. Both Kravis and Roberts declined bonuses, deferring the pay to other KKR executives "in order to motivate and retain them for the benefit of the firm," according to filing.

KKR spent \$4.6 million on chartering private aircraft during 2012, of which \$3.2 million was paid to entities collectively controlled by Kravis and Roberts, the document revealed.

Meanwhile, The Blackstone Group's chief executive Stephen Schwarzman earned about \$213 million in pay and cash dividends last year, almost exactly the same amount he collected in 2011, according to Blackstone's filing. Schwarzman received a salary of \$350,000, no bonus and carried interest of about \$8.4 million, with the remaining \$204 million from cash dividends generated from his holdings of Blackstone stock.

Blackstone president and chief operating officer Tony James collected a \$350,000 salary, \$2.8 million in carried interest and about a \$30 million bonus.

Apollo Global Management CEO Leon Black received \$125.5 million in compensation and dividends in 2012, according to a filing, compared to \$77.3 million the previous year.

In January, the US government passed legislation to raise taxes on households earning \$450,000 per year and individuals earning \$400,000 per year from 35 percent to 39.6 percent as a part of the negotiations to avert the so-called "fiscal cliff". While carried interest was preserved as a capital gain, the deal restored a 20 percent tax on capital gains (previously taxed at 15 percent) for wealthy taxpayers. Democrats, led by the Obama administration, have repeatedly called for carry to be redefined under higher ordinary income tax rates.

Last year, PEI sister site *Private Equity Manager's* annual compensation survey revealed that the average private equity chief financial officer could expect to receive a total cash intake of around \$418,000 in 2011, while chief operating officers reported taking home \$470,000 on average. While an apples-to-apples comparison can't be made from PEI's prior surveys, the 2011 averages suggest more CFOs and COOs have broken the \$500,000 salary benchmark more common during the industry's golden period.

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