

K I L R O Y
R E A L T Y

C O R P O R A T I O N

Suite 200 • 12200 W. Olympic Boulevard • Los Angeles • California • 90064
Fax (310) 481-6550 • Tel. (310) 481-8400

January 18, 2017

To Whom It May Concern:

Common Stock:

The Company's distributions per share of Common Stock CUSIP #49427F108, traded under the symbol KRC, are to be classified as follows for income tax purposes:

Record Date ⁽¹⁾	Payable Date	Total Distribution per Share	Total Distribution Taxable in 2016	2016 Taxable Ordinary Dividend	2016 Total Qualified Dividend ⁽²⁾	2016 Total Capital Gain Distribution	2016 Unrecaptured Section 1250 Gain ⁽³⁾	2016 Return of Capital
12/31/2015	1/13/2016	\$.3500000	\$.3500000	\$.1731029	\$.0002262	\$.1768971	\$.0372598	-
3/31/2016	4/13/2016	.3500000	.3500000	.1731029	.0002262	.1768971	.0372598	-
6/30/2016	7/13/2016	.3750000	.3750000	.1854674	.0002424	.1895326	.0399212	-
9/30/2016	10/12/2016	.3750000	.3750000	.1854674	.0002424	.1895326	.0399212	-
12/30/2016	1/13/2017	2.2750000 ⁽⁴⁾	1.5870063	.7849011	.0010258	.8021052	.1689472	-

(1) To the extent that the record date is on a Saturday, Sunday or New York Stock Exchange holiday, the effective record date shall be the immediately preceding business day.

(2) Total Qualified Dividend is a subset of, and is included in, the Taxable Ordinary Dividend amount.

(3) Unrecaptured Section 1250 Gain is a subset of, and is included in, the Total Capital Gain Distribution amount.

(4) Amount consists of a \$1.90 per share special distribution and a \$0.375 per share regular quarterly distribution.

The \$2.2750000 per share common stock distribution with a record date of December 30, 2016 consists of a \$1.90 per share special distribution and a \$0.375 per share regular quarterly distribution. The \$1.90 per share special distribution is treated as paid in two tax years for income tax purposes: \$1.5870063 is treated as paid on December 31, 2016 and \$0.3129937 is treated as paid on January 13, 2017. The \$0.375 per share regular quarterly distribution is considered a 2017 dividend distribution for income tax purposes.

Alternative Minimum Tax:

Alternative minimum tax adjustments are to be apportioned between a real estate investment trust ("REIT") and its shareholders under Internal Revenue Code Section 59(d). Although no regulations have been issued under that provision,

based on the legislative history of the current provision, it appears that alternative minimum tax adjustments are to be apportioned to a REIT's shareholders to the extent that the REIT distributes all of its regular taxable income in the taxable year. Since the Company distributes all of its regular taxable income in 2016, all of the company's alternative minimum tax adjustments are being apportioned to the company's shareholders.

The company has determined that 0.0545810% of each taxable distribution to its shareholders for the tax year ended December 31, 2016 consists of an alternative minimum tax adjustment (i.e., for each \$1 of dividend reportable by a shareholder, \$0.000545810 represents a positive alternative minimum tax adjustment). To determine your share of the Company's positive alternative minimum tax adjustment, multiply the aggregate dollar amount of your reportable 2016 dividend from the Company (the sum of the amounts shown in Boxes 1a and 2a of the Company's 2016 Form 1099-DIV) by 0.0545810%.

Series G Preferred Stock:

The Company's distributions per share of Series G Preferred Stock CUSIP #49427F702, traded under the symbol KRC-PRG, are to be classified as follows for income tax purposes:

Record Date ⁽¹⁾	Payable Date	Total Distribution per Share	2016 Taxable Ordinary Dividend	2016 Total Qualified Dividend ⁽²⁾	2016 Total Capital Gain Distribution	2016 Unrecaptured Section 1250 Gain ⁽³⁾	2016 Return of Capital
1/31/2016	2/15/2016	\$.4296875	\$0.2121433	\$.0002782	\$.2175442	\$.0458213	-
4/30/2016	5/15/2016	.4296875	.2121433	.0002782	.2175442	.0458213	-
7/31/2016	8/15/2016	.4296875	.2121433	.0002782	.2175442	.0458213	-
10/31/2016	11/15/2016	.4296875	.2121433	.0002782	.2175442	.0458213	-

(1) To the extent that the record date is on a Saturday, Sunday or New York Stock Exchange holiday, the effective record date shall be the immediately preceding business day.

(2) Total Qualified Dividend is a subset of, and is included in, the Taxable Ordinary Dividend amount.

(3) Unrecaptured Section 1250 Gain is a subset of, and is included in, the Total Capital Gain Distribution amount.

Series H Preferred Stock:

The Company's distributions per share of Series H Preferred Stock CUSIP #49427F801, traded under the symbol KRC-PRH, are to be classified as follows for income tax purposes:

Record Date ⁽¹⁾	Payable Date	Total Distribution per Share	2016 Taxable Ordinary Dividend	2016 Total Qualified Dividend ⁽²⁾	2016 Total Capital Gain Distribution	2016 Unrecaptured Section 1250 Gain ⁽³⁾	2016 Return of Capital
1/31/2016	2/15/2016	\$.3984375	\$.1967147	\$.0002580	\$.2017228	\$.0424888	-
4/30/2016	5/15/2016	.3984375	.1967147	.0002580	.2017228	.0424888	-
7/31/2016	8/15/2016	.3984375	.1967147	.0002580	.2017228	.0424888	-
10/31/2016	11/15/2016	.3984375	.1967147	.0002580	.2017228	.0424888	-

(1) To the extent that the record date is on a Saturday, Sunday or New York Stock Exchange holiday, the effective record date shall be the immediately preceding business day.

(2) Total Qualified Dividend is a subset of, and is included in, the Taxable Ordinary Dividend amount.

(3) Unrecaptured Section 1250 Gain is a subset of, and is included in, the Total Capital Gain Distribution amount.

Stockholders are encouraged to consult with their tax advisors as to their specific tax treatment for Kilroy Realty Corporation common and preferred distributions.

Sincerely,

/S/ HEIDI R. ROTH _____

Heidi R. Roth
Executive Vice President, Chief Accounting Officer and Controller