

# Update to Non-GAAP Measures

April 8, 2021

# Overview

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KKR & Co. Inc. (together with its subsidiaries, “KKR”) is providing this presentation with supplemental non-GAAP financial information to show After-tax Distributable Earnings, Distributable Operating Earnings, Fee Related Earnings, and Total Asset Management Distributable Revenues for historical periods in a new reporting format that KKR plans to use for its non-GAAP financial results commencing the first quarter of 2021. These reporting changes have no impact on KKR’s historical consolidated U.S. GAAP financial results.

Following the acquisition of Global Atlantic Financial Group Limited (together with its subsidiaries, “Global Atlantic”), KKR re-evaluated its operating structure and the manner by which it manages and assesses the performance of its businesses and allocates its resources. KKR has changed the presentation of its non-GAAP performance measures principally to reflect how management evaluates the KKR business following the Global Atlantic acquisition. KKR also believes that this revised presentation improves the comparability of KKR’s non-GAAP financial information with that provided by other publicly traded companies in the alternative asset management industry.

## **Introduction of New Segments**

- KKR plans to report segment results for two operating and reportable segments called Asset Management and Insurance. The Asset Management segment principally represents KKR’s historical business, and the Insurance segment represents Global Atlantic’s insurance business.
- Asset Management Segment Operating Earnings and Insurance Segment Operating Earnings will be the profitability measures for the Asset Management and Insurance segment, respectively.
- The Insurance segment will reflect KKR’s economic ownership of Global Atlantic (which ownership is approximately 60% and subject to post-closing adjustment).

## **Change in Compensation Structure**

- Consistent with KKR’s previously announced changes to its compensation structure, compensation expense will be decoupled into its three component pools instead of being reported as a single line item.
- The three component pools are (i) Fee Related Compensation, (ii) Realized Performance Income Compensation, and (iii) Realized Investment Income Compensation.

# Overview (cont.)

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## Change in Compensation Structure, Continued

- KKR expects that each of its principal revenue streams will have a compensation charge that will vary each quarterly and annual period depending on the revenues realized.
  - Fee Related Compensation is expected to vary within the range of 20%-25% of revenues included within Fee Related Earnings;
  - Realized Performance Income Compensation is expected to vary within the range of 60%-70% of Realized Performance Income; and
  - Realized Investment Income Compensation is expected to vary within the range of 10%-20% of Realized Investment Income.

• **Given that (i) this compensation structure was not effective for the historical periods included in this presentation and (ii) the historical amounts of compensation expense cannot be modified, certain quarterly and annual periods presented may show compensation expenses outside the ranges noted above.**

• **If the new compensation structure had been in effect during these historical periods, KKR may have made compensation allocations that would have been different from these historical amounts for any of the quarterly or annual periods included in this presentation.**

- For the historical amounts presented, KKR allocated the components of compensation expense by using the mid-point of the ranges noted above for each revenue stream (except for hedge fund partnership realized incentive fees, which follow the 10%-20% realized investment income compensation range) and then allocating any excess or shortfall across the three compensation pools pro-rata based on the revenues for each quarterly period.

# Overview (cont.)

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## **Other Changes to Fee Related Earnings, Distributable Operating Earnings and After-Tax Distributable Earnings**

- In addition to KKR's new compensation structure and to improve the comparability of KKR's non-GAAP reporting with that of other publicly traded companies in the alternative asset management industry, KKR plans to:
  - Exclude equity-based compensation expense as a component of compensation expense,
  - Report placement fees within Operating Expenses and no longer reflect as a reduction of Management Fees,
  - Report the reimbursement of creditable expenses by netting against the original expense in Other Operating Expenses and no longer reporting it as part of Transaction and Monitoring Fees, Net, and
  - Report Realized Incentive Fees in two components, Fee Related Performance Revenues (which is largely derived from our business development company platform) and as a component of Realized Performance Income along with Realized Carried Interest.
- Fee Related Earnings
  - To be calculated as the sum of (i) Management Fees, (ii) Transaction and Monitoring Fees, Net, and (iii) Fee Related Performance Revenues, less (x) Fee Related Compensation, and (y) Other Operating Expenses.
  - Other Operating Expenses to include Occupancy and Related Charges.

## **Recasting and comparability**

- The following supplemental non-GAAP financial information is different from the historical non-GAAP financial results previously presented by KKR.
- The following supplemental non-GAAP financial information is presented for illustrative and informational purposes only and is not intended to represent or be indicative of KKR's future financial condition or results of operations.
- Fee Related Earnings, Distributable Operating Earnings, After-tax Distributable Earnings and Total Asset Management Distributable Revenues are calculated and presented using methodologies other than in accordance with GAAP. These financial measures should not be considered as a substitute for similar financial measures calculated in accordance with GAAP. KKR's non-GAAP financial measures may differ from the calculations made by other companies, and as a result, may not be exactly comparable to similar measures presented by them.

# Recast Financials

## After-tax Distributable Earnings And Other Information (Unaudited)

(Amounts in thousands, except share and per share amounts)

	2020				
	Quarter Ended				Year Ended
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2020
Management Fees	\$ 336,074	\$ 337,118	\$ 369,442	\$ 398,944	\$ 1,441,578
Transaction and Monitoring Fees, Net	79,428	99,901	201,086	252,018	632,433
Fee Related Performance Revenues	9,156	8,532	10,181	11,686	39,555
Fee Related Compensation	(83,345)	(88,852)	(170,220)	(144,064)	(486,481)
Other Operating Expenses	(83,531)	(77,043)	(86,472)	(99,512)	(346,558)
<b>Fee Related Earnings</b>	<b>257,782</b>	<b>279,656</b>	<b>324,017</b>	<b>419,072</b>	<b>1,280,527</b>
Realized Performance Income	363,132	346,866	224,020	231,681	1,165,699
Realized Performance Income Compensation	(225,278)	(216,590)	(157,885)	(97,318)	(697,071)
Realized Investment Income	145,164	90,325	260,415	148,755	644,659
Realized Investment Income Compensation	(17,604)	(11,239)	(56,803)	(21,184)	(106,830)
<b>Asset Management Segment Operating Earnings</b>	<b>523,196</b>	<b>489,018</b>	<b>593,764</b>	<b>681,006</b>	<b>2,286,984</b>
<b>Insurance Segment Operating Earnings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Distributable Operating Earnings</b>	<b>523,196</b>	<b>489,018</b>	<b>593,764</b>	<b>681,006</b>	<b>2,286,984</b>
Interest Expense	(47,434)	(50,784)	(54,458)	(58,361)	(211,037)
Series A and B Preferred Stock Dividends	(8,341)	(8,341)	(8,341)	(8,341)	(33,364)
Net Income Attributable to Noncontrolling Interests	(1,089)	(1,002)	(2,709)	(3,042)	(7,842)
Income Taxes Paid	(60,035)	(63,315)	(75,413)	(67,187)	(265,950)
<b>After-tax Distributable Earnings</b>	<b>\$ 406,297</b>	<b>\$ 365,576</b>	<b>\$ 452,843</b>	<b>\$ 544,075</b>	<b>\$ 1,768,791</b>
<b>Additional Metrics:</b>					
Fee Related Earnings Per Adjusted Share	\$ 0.30	\$ 0.33	\$ 0.38	\$ 0.48	\$ 1.49
After-tax Distributable Earnings Per Adjusted Share	\$ 0.48	\$ 0.43	\$ 0.53	\$ 0.62	\$ 2.06
Total Asset Management Distributable Revenues	\$ 932,954	\$ 882,742	\$ 1,065,144	\$ 1,043,084	\$ 3,923,924
Weighted Average Adjusted Shares	847,471,874	845,065,077	861,854,785	877,218,055	857,495,058

Note: Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included in the Appendix.

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# Recast Financials (cont.)

## After-tax Distributable Earnings And Other Information (Unaudited)

(Amounts in thousands, except share and per share amounts)

	2019					
	Quarter Ended				Year Ended	
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019	
Management Fees	\$ 296,271	\$ 308,486	\$ 324,051	\$ 319,709	\$ 1,248,517	
Transaction and Monitoring Fees, Net	92,406	202,467	112,995	156,391	564,259	
Fee Related Performance Revenues	18,315	20,877	10,424	3,408	53,024	
Fee Related Compensation	(73,804)	(140,524)	(103,405)	(114,240)	(431,973)	
Other Operating Expenses	(80,286)	(82,596)	(82,796)	(107,887)	(353,565)	
<b>Fee Related Earnings</b>	<b>252,902</b>	<b>308,710</b>	<b>261,269</b>	<b>257,381</b>	<b>1,080,262</b>	
Realized Performance Income	331,567	212,806	297,104	241,543	1,083,020	
Realized Performance Income Compensation	(200,653)	(146,238)	(194,622)	(156,632)	(698,145)	
Realized Investment Income	102,919	146,150	210,234	226,470	685,773	
Realized Investment Income Compensation	(10,944)	(27,656)	(32,815)	(36,970)	(108,385)	
<b>Asset Management Segment Operating Earnings</b>	<b>475,791</b>	<b>493,772</b>	<b>541,170</b>	<b>531,792</b>	<b>2,042,525</b>	
<b>Insurance Segment Operating Earnings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Distributable Operating Earnings</b>	<b>475,791</b>	<b>493,772</b>	<b>541,170</b>	<b>531,792</b>	<b>2,042,525</b>	
Interest Expense	(44,130)	(46,859)	(48,326)	(44,367)	(183,682)	
Series A and B Preferred Stock Dividends	(8,341)	(8,341)	(8,341)	(8,341)	(33,364)	
Net Income Attributable to Noncontrolling Interests	(359)	(1,864)	(881)	(1,803)	(4,907)	
Income Taxes Paid	(53,993)	(60,815)	(40,429)	(52,242)	(207,479)	
<b>After-tax Distributable Earnings</b>	<b>\$ 368,968</b>	<b>\$ 375,893</b>	<b>\$ 443,193</b>	<b>\$ 425,039</b>	<b>\$ 1,613,093</b>	
<b>Additional Metrics:</b>						
Fee Related Earnings Per Adjusted Share	\$ 0.30	\$ 0.37	\$ 0.31	\$ 0.30	\$ 1.28	
After-tax Distributable Earnings Per Adjusted Share	\$ 0.44	\$ 0.45	\$ 0.53	\$ 0.50	\$ 1.92	
Total Asset Management Distributable Revenues	\$ 841,478	\$ 890,786	\$ 954,808	\$ 947,521	\$ 3,634,593	
Weighted Average Adjusted Shares	832,750,892	842,323,052	842,585,116	848,327,093	841,542,195	

Note: Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included in the Appendix.

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# Recast Financials (cont.)

## After-tax Distributable Earnings And Other Information (Unaudited)

(Amounts in thousands, except share and per share amounts)

	2018				
	Quarter Ended				Year Ended
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	December 31, 2018
Management Fees	\$ 256,995	\$ 267,405	\$ 284,977	\$ 283,827	\$ 1,093,204
Transaction and Monitoring Fees, Net	126,959	131,312	215,513	268,957	742,741
Fee Related Performance Revenues	13,635	13,523	16,245	11,039	54,442
Fee Related Compensation	(88,561)	(78,668)	(110,476)	(130,882)	(408,587)
Other Operating Expenses	(73,256)	(79,195)	(84,849)	(95,345)	(332,645)
<b>Fee Related Earnings</b>	<b>235,772</b>	<b>254,377</b>	<b>321,410</b>	<b>337,596</b>	<b>1,149,155</b>
Realized Performance Income	205,327	346,217	416,365	334,626	1,302,535
Realized Performance Income Compensation	(132,237)	(212,154)	(265,138)	(182,260)	(791,789)
Realized Investment Income	80,452	168,708	242,743	159,889	651,792
Realized Investment Income Compensation	(11,886)	(19,542)	(33,692)	(25,124)	(90,244)
<b>Asset Management Segment Operating Earnings</b>	<b>377,428</b>	<b>537,606</b>	<b>681,688</b>	<b>624,727</b>	<b>2,221,449</b>
<b>Insurance Segment Operating Earnings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Distributable Operating Earnings</b>	<b>377,428</b>	<b>537,606</b>	<b>681,688</b>	<b>624,727</b>	<b>2,221,449</b>
Interest Expense	(50,192)	(45,474)	(44,696)	(47,017)	(187,379)
Series A and B Preferred Stock Dividends	(8,341)	(8,341)	(8,341)	(8,341)	(33,364)
Net Income Attributable to Noncontrolling Interests	(1,203)	(1,082)	(2,272)	(4,250)	(8,807)
Income Taxes Paid	(14,168)	(19,820)	(69,880)	(47,980)	(151,848)
<b>After-tax Distributable Earnings</b>	<b>\$ 303,524</b>	<b>\$ 462,889</b>	<b>\$ 556,499</b>	<b>\$ 517,139</b>	<b>\$ 1,840,051</b>
<b>Additional Metrics:</b>					
Fee Related Earnings Per Adjusted Share	\$ 0.29	\$ 0.31	\$ 0.39	\$ 0.41	\$ 1.39
After-tax Distributable Earnings Per Adjusted Share	\$ 0.37	\$ 0.56	\$ 0.67	\$ 0.62	\$ 2.22
Total Asset Management Distributable Revenues	\$ 683,368	\$ 927,165	\$ 1,175,843	\$ 1,058,338	\$ 3,844,714
Weighted Average Adjusted Shares	824,442,002	831,103,486	829,125,784	833,010,571	829,443,128

Note: Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included in the Appendix.

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# Insurance Segment Illustrative Financial Presentation

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- Following the acquisition of Global Atlantic in 2021, KKR will present the results of Global Atlantic's insurance business in a new segment called Insurance. Given that Global Atlantic's results of operations were not part of KKR's business in the prior periods, the historical Insurance Segment Operating Earnings are presented with no amounts.
- The below represents an illustrative financial presentation of the Insurance segment.

Net Investment Income
Net Cost of Insurance
General, Administrative and Other Expenses
Pre-tax Insurance Operating Earnings
Income Taxes
Net Income Attributable to Noncontrolling Interests
<b>Insurance Segment Operating Earnings</b>



# Appendix: Non-GAAP Definitions & GAAP to Non-GAAP Reconciliations

# Non-GAAP Definitions

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**Fee Related Earnings (FRE)** is a performance measure used to assess the Asset Management segment's generation of profits from revenues that are measured and received on a recurring basis and are not dependent on future realization events. KKR believes this measure is useful to stockholders as it provides additional insight into the profitability of KKR's fee generating asset management and capital markets businesses and other recurring revenue streams. FRE equals (i) Management Fees, including fees paid by the Insurance segment to the Asset Management segment, (ii) Transaction and Monitoring Fees, Net and (iii) Fee Related Performance Revenues, less (x) Fee Related Compensation, and (y) Other Operating Expenses.

- Fee Related Performance Revenues refers to the realized portion of Incentive Fees from Perpetual Capital that is (i) measured and received from our investment funds, vehicles and accounts on a recurring basis, and (ii) not dependent on a realization event involving investments held by an investment fund, vehicle or account.
- Fee Related Compensation refers to the compensation expense, excluding equity-based compensation, paid from (i) Management Fees, (ii) Transaction and Monitoring Fees, Net, and (iii) Fee Related Performance Revenues.
- Other Operating Expenses represents the sum of (i) occupancy and related charges and (ii) other operating expenses.
- Perpetual Capital refers to the component of assets under management of indefinite duration, which may be withdrawn under certain conditions.

**Total Asset Management Distributable Revenues** is a performance measure that represents the realized revenues of the Asset Management segment (which excludes unrealized carried interest and unrealized net gains (losses)) and is the sum of (i) Management Fees, (ii) Transaction and Monitoring Fees, Net, (iii) Fee Related Performance Revenues, (iv) Realized Performance Income, and (v) Realized Investment Income. KKR believes that this performance measure is useful to stockholders as it provides additional insight into the realized revenues generated by KKR's asset management business.

## Non-GAAP Definitions (cont.)

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**Distributable Operating Earnings** is a non-GAAP performance measure that KKR believes is useful to stockholders as it provides a supplemental measure of our operating performance without taking into account items that KKR does not believe arise from or relate directly to KKR's operations. Distributable Operating Earnings is presented prior to giving effect to the allocation of income (loss) among KKR & Co. Inc., KKR Holdings L.P. and other equity holders, and the consolidation of the investment funds, vehicles and accounts that KKR manages (including collateralized financing entities). Distributable Operating Earnings excludes: (i) equity-based compensation charges, (ii) amortization of acquired intangibles, (iii) strategic transaction-related charges and (iv) non-recurring items, if any. Strategic transaction-related items arise from corporate actions and consist primarily of (i) impairments, (ii) non-monetary gains or losses on divestitures, (iii) transaction costs from strategic acquisitions, and (iv) depreciation on real estate that KKR owns and occupies.

Distributable Operating Earnings represents operating earnings of KKR's Asset Management and Insurance segments, which are comprised of the following:

- **Asset Management Segment Operating Earnings** is the profitability measure used to make operating decisions and to assess the performance of the Asset Management segment and is comprised of: (i) Fee Related Earnings, (ii) Realized Performance Income, (iii) Realized Performance Income Compensation, (iv) Realized Investment Income (Loss), and (v) Realized Investment Income Compensation. Asset Management Segment Operating Earnings excludes (i) unrealized carried interest, (ii) unrealized gains (losses) on investments, and (iii) related unrealized compensation expense. Management fees earned by KKR as the investment adviser for its investment funds, vehicles and accounts, including its Global Atlantic insurance subsidiaries, are included in Asset Management Segment Operating Earnings.
- **Insurance Segment Operating Earnings** is the profitability measure used to make operating decisions and to assess the performance of the Insurance segment and is comprised of: (i) Adjusted Net Investment Income, (ii) Adjusted Net Cost of Insurance, (iii) Adjusted General, Administrative, and Other Expenses, (iv) Adjusted Income Taxes, and (v) Net income Attributable to Noncontrolling Interests. The non-operating adjustments made to derive Insurance Segment Operating Earnings eliminate the impact of: (i) realized (gains) losses related to asset/liability matching investments strategies, (ii) unrealized investment (gains) losses, (iii) changes in the fair value of derivatives, embedded derivatives, and fair value liabilities for fixed-indexed annuities, indexed universal life contracts and variable annuities, and (iv) the associated income tax effects of all exclusions from Insurance Segment Operating Earnings except for equity-based compensation expense. Insurance Segment Operating Earnings includes (i) realized gains and losses not related to asset/liability matching investments strategies and (ii) the investment management fee expenses that are paid to KKR as its investment adviser.

## Non-GAAP Definitions (cont.)

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**After-tax Distributable Earnings** is a non-GAAP performance measure of KKR's earnings, which is derived from KKR's reported segment results. After-tax distributable earnings is used to assess the performance of KKR's business operations and measures the earnings potentially available for distribution to its equity holders or reinvestment into its business. After-tax distributable earnings is equal to Distributable Operating Earnings less Interest Expense, Series A and B Preferred Stock Dividends, Net Income Attributable to Noncontrolling Interests and Income Taxes Paid. Series C mandatory convertible preferred stock dividends have been excluded from After-tax Distributable Earnings, because the definition of Adjusted Shares used to calculate After-tax Distributable Earnings per Adjusted Share assumes that all shares of Series C mandatory convertible preferred stock have been converted to shares of common stock. Income Taxes Paid represents the implied amount of income taxes that would be paid assuming that all pre-tax distributable earnings were allocated to KKR & Co. Inc. and taxed at the same effective rate, assuming all units in KKR Holdings L.P. and comparable equity structures were exchanged for common stock of KKR & Co. Inc. Income Taxes Paid includes amounts paid pursuant to the tax receivable agreement and the benefit of tax deductions arising from equity-based compensation, which reduces income taxes paid or payable during the period. Equity-based compensation expense is excluded from After-tax Distributable Earnings, because (i) KKR believes that the cost of equity awards granted to employees does not contribute to the earnings potentially available for distributions to its equity holders or reinvestment into its business and (ii) excluding this expense makes KKR's reporting metric more comparable with the comparable metric presented by other publicly traded companies in KKR's industry, which KKR believes enhances an investor's ability to compare KKR's performance to these other companies. If tax deductions from equity-based compensation were to be excluded from Income Taxes Paid, KKR's After-tax Distributable Earnings would be lower and KKR's effective tax rate would appear to be higher, even though a lower amount of income taxes would have actually been paid or payable during the period. KKR will separately disclose the amount of tax deduction from equity-based compensation for the period reported and the effect of its inclusion in After-tax Distributable Earnings for the period. KKR makes these adjustments when calculating After-tax Distributable Earnings in order to more accurately reflect the net realized earnings that are expected to be or become available for distribution to KKR's equity holders or reinvestment into KKR's business. However, After-tax Distributable Earnings does not represent and is not used to calculate actual dividends under KKR's dividend policy, which is a fixed amount per period, and After-tax Distributable Earnings should not be viewed as a measure of KKR's liquidity.

**Adjusted shares** represents shares of common stock of KKR & Co. Inc. outstanding under GAAP adjusted to include shares issuable upon exchange of all units of KKR Holdings L.P. and comparable equity structures and the number of shares of common stock assumed to be issuable upon conversion of the Series C Mandatory Convertible Preferred Stock. Weighted average adjusted shares is used in the calculation of After-tax Distributable Earnings per Adjusted Share, and Adjusted Shares is used in the calculation of Book Value per Adjusted Share.

# Non-GAAP Reconciliations

## RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES (UNAUDITED)

(Amounts in thousands)

	2020				
	Quarter Ended				Year Ended
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2020
<b>Net Income (Loss) Attributable to KKR &amp; Co. Inc. Common Stockholders (GAAP)</b>	\$ (1,288,865)	\$ 698,628	\$ 1,056,502	\$ 1,479,689	\$ 1,945,954
Preferred Stock Dividends	8,341	8,341	8,341	31,532	56,555
Net Income (Loss) Attributable to Noncontrolling Interests	(2,947,429)	1,244,196	1,909,458	2,908,864	3,115,089
Income Tax Expense (Benefit)	(360,679)	206,264	359,375	404,137	609,097
<b>Income (Loss) Before Tax (GAAP)</b>	\$ (4,588,632)	\$ 2,157,429	\$ 3,333,676	\$ 4,824,222	\$ 5,726,695
Impact of Consolidation and Other	2,095,235	(781,786)	(1,217,728)	(2,002,876)	(1,907,155)
Unrealized Carried Interest	1,659,940	(478,027)	(995,376)	(1,257,340)	(1,070,803)
Net Unrealized Gains (Losses)	1,974,531	(867,581)	(1,088,901)	(1,715,789)	(1,697,740)
Unrealized Performance Income Compensation	(675,874)	199,375	418,728	525,256	467,485
Equity-based and Other Compensation	71,699	61,031	64,290	130,114	327,134
Amortization of Intangibles and Other, net	(62,226)	146,791	11,211	106,640	202,416
Strategic Corporate Transaction-Related Charges	-	-	10,697	9,376	20,073
Series A and B Preferred Stock Dividends	(8,341)	(8,341)	(8,341)	(8,341)	(33,364)
Income Taxes Paid	(60,035)	(63,315)	(75,413)	(67,187)	(265,950)
<b>After-tax Distributable Earnings</b>	\$ 406,297	\$ 365,576	\$ 452,843	\$ 544,075	\$ 1,768,791
Interest Expense	47,434	50,784	54,458	58,361	211,037
Series A and B Preferred Stock Dividends	8,341	8,341	8,341	8,341	33,364
Net Income Attributable to Noncontrolling Interests	1,089	1,002	2,709	3,042	7,842
Income Taxes Paid	60,035	63,315	75,413	67,187	265,950
<b>Distributable Operating Earnings</b>	\$ 523,196	\$ 489,018	\$ 593,764	\$ 681,006	\$ 2,286,984
Realized Performance Income	(363,132)	(346,866)	(224,020)	(231,681)	(1,165,699)
Realized Performance Income Compensation	225,278	216,590	157,885	97,318	697,071
Realized Investment Income	(145,164)	(90,325)	(260,415)	(148,755)	(644,659)
Realized Investment Income Compensation	17,604	11,239	56,803	21,184	106,830
<b>Fee Related Earnings</b>	\$ 257,782	\$ 279,656	\$ 324,017	\$ 419,072	\$ 1,280,527

# Non-GAAP Reconciliations (cont.)

## RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES (UNAUDITED)

(Amounts in thousands)

	2019				
	Quarter Ended				Year Ended
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders (GAAP)	\$ 700,978	\$ 514,393	\$ 241,213	\$ 515,101	\$ 1,971,685
Preferred Stock Dividends	8,341	8,341	8,341	8,341	33,364
Net Income (Loss) Attributable to Noncontrolling Interests	917,727	838,996	87,058	790,710	2,634,491
Income Tax Expense (Benefit)	167,593	165,399	53,132	142,626	528,750
<b>Income (Loss) Before Tax (GAAP)</b>	<b>\$ 1,794,639</b>	<b>\$ 1,527,129</b>	<b>\$ 389,744</b>	<b>\$ 1,456,778</b>	<b>\$ 5,168,290</b>
Impact of Consolidation and Other	(436,359)	(477,768)	88,173	(438,866)	(1,264,820)
Unrealized Carried Interest	(401,612)	(509,319)	(13,695)	(338,420)	(1,263,046)
Net Unrealized Gains (Losses)	(819,402)	(401,807)	(130,972)	(502,686)	(1,854,867)
Unrealized Performance Income Compensation	159,880	210,020	9,281	140,852	520,033
Equity-based and Other Compensation	78,003	71,414	76,934	72,734	299,085
Amortization of Intangibles and Other, net	56,153	25,380	49,659	95,230	226,422
Non-recurring Items	-	-	22,839	-	22,839
Series A and B Preferred Stock Dividends	(8,341)	(8,341)	(8,341)	(8,341)	(33,364)
Income Taxes Paid	(53,993)	(60,815)	(40,429)	(52,242)	(207,479)
<b>After-tax Distributable Earnings</b>	<b>\$ 368,968</b>	<b>\$ 375,893</b>	<b>\$ 443,193</b>	<b>\$ 425,039</b>	<b>\$ 1,613,093</b>
Interest Expense	44,130	46,859	48,326	44,367	183,682
Series A and B Preferred Stock Dividends	8,341	8,341	8,341	8,341	33,364
Net Income Attributable to Noncontrolling Interests	359	1,864	881	1,803	4,907
Income Taxes Paid	53,993	60,815	40,429	52,242	207,479
<b>Distributable Operating Earnings</b>	<b>\$ 475,791</b>	<b>\$ 493,772</b>	<b>\$ 541,170</b>	<b>\$ 531,792</b>	<b>\$ 2,042,525</b>
Realized Performance Income	(331,567)	(212,806)	(297,104)	(241,543)	(1,083,020)
Realized Performance Income Compensation	200,653	146,238	194,622	156,632	698,145
Realized Investment Income	(102,919)	(146,150)	(210,234)	(226,470)	(685,773)
Realized Investment Income Compensation	10,944	27,656	32,815	36,970	108,385
<b>Fee Related Earnings</b>	<b>\$ 252,902</b>	<b>\$ 308,710</b>	<b>\$ 261,269</b>	<b>\$ 257,381</b>	<b>\$ 1,080,262</b>

# Non-GAAP Reconciliations (cont.)

## RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES (UNAUDITED)

(Amounts in thousands)

	2018					Year Ended December 31, 2018
	Quarter Ended					
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018		
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders (GAAP)	\$ 170,102	\$ 680,381	\$ 640,198	\$ (392,982)	\$	1,097,699
Preferred Stock Dividends	8,341	8,341	8,341	8,341		33,364
Net Income (Loss) Attributable to Noncontrolling Interests	424,451	877,674	703,730	(685,972)		1,319,883
Income Tax Expense (Benefit)	17,641	60,960	(129,405)	(143,294)		(194,098)
<b>Income (Loss) Before Tax (GAAP)</b>	<b>\$ 620,535</b>	<b>\$ 1,627,356</b>	<b>\$ 1,222,864</b>	<b>\$ (1,213,907)</b>	<b>\$</b>	<b>2,256,848</b>
Impact of Consolidation and Other	(303,449)	(427,815)	(410,071)	382,504		(758,831)
Unrealized Carried Interest	111,732	(163,442)	(130,420)	938,597		756,467
Net Unrealized Gains (Losses)	(207,862)	(1,389,869)	(251,346)	805,165		(1,043,912)
Unrealized Performance Income Compensation	(43,123)	67,092	57,407	(377,170)		(295,794)
Equity-based and Other Compensation	100,491	87,445	85,338	70,169		343,443
Amortization of Intangibles and Other, net	47,709	(50,643)	60,948	(31,898)		26,116
Realized Losses on Certain Investments	-	729,425	-	-		729,425
Non-recurring Items	-	11,501	-	-		11,501
Series A and B Preferred Stock Dividends	(8,341)	(8,341)	(8,341)	(8,341)		(33,364)
Income Taxes Paid	(14,168)	(19,820)	(69,880)	(47,980)		(151,848)
<b>After-tax Distributable Earnings</b>	<b>\$ 303,524</b>	<b>\$ 462,889</b>	<b>\$ 556,499</b>	<b>\$ 517,139</b>	<b>\$</b>	<b>1,840,051</b>
Interest Expense	50,192	45,474	44,696	47,017		187,379
Series A and B Preferred Stock Dividends	8,341	8,341	8,341	8,341		33,364
Net Income Attributable to Noncontrolling Interests	1,203	1,082	2,272	4,250		8,807
Income Taxes Paid	14,168	19,820	69,880	47,980		151,848
<b>Distributable Operating Earnings</b>	<b>\$ 377,428</b>	<b>\$ 537,606</b>	<b>\$ 681,688</b>	<b>\$ 624,727</b>	<b>\$</b>	<b>2,221,449</b>
Realized Performance Income	(205,327)	(346,217)	(416,365)	(334,626)		(1,302,535)
Realized Performance Income Compensation	132,237	212,154	265,138	182,260		791,789
Realized Investment Income	(80,452)	(168,708)	(242,743)	(159,889)		(651,792)
Realized Investment Income Compensation	11,886	19,542	33,692	25,124		90,244
<b>Fee Related Earnings</b>	<b>\$ 235,772</b>	<b>\$ 254,377</b>	<b>\$ 321,410</b>	<b>\$ 337,596</b>	<b>\$</b>	<b>1,149,155</b>

# Non-GAAP Reconciliations (cont.)

## RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES (UNAUDITED)

(Amounts in thousands)

	2020				
	Quarter Ended				Year Ended
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2020
<b>Total GAAP Revenues</b>	\$ (1,001,505)	\$ 1,331,994	\$ 1,895,238	\$ 2,005,164	\$ 4,230,891
Impact of Consolidation and Other	95,029	98,476	85,393	182,346	461,244
Capital Allocation-Based Income (GAAP)	1,382,077	(938,521)	(1,331,898)	(1,335,758)	(2,224,100)
Realized Carried Interest	361,331	345,665	217,978	117,230	1,042,204
Realized Investment Income	145,164	90,325	260,415	148,755	644,659
Capstone Fees	(20,918)	(17,195)	(17,429)	(25,910)	(81,452)
Expense Reimbursements	(28,224)	(28,002)	(44,553)	(48,743)	(149,522)
<b>Total Distributable Asset Management Revenues</b>	\$ 932,954	\$ 882,742	\$ 1,065,144	\$ 1,043,084	\$ 3,923,924

	2019				
	Quarter Ended				Year Ended
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019
<b>Total GAAP Revenues</b>	\$ 1,187,480	\$ 1,179,864	\$ 790,485	\$ 1,063,071	\$ 4,220,900
Impact of Consolidation and Other	79,726	56,017	66,369	54,861	256,973
Capital Allocation-Based Income (GAAP)	(814,932)	(660,423)	(374,268)	(580,802)	(2,430,425)
Realized Carried Interest	330,345	211,919	296,344	232,180	1,070,788
Realized Investment Income	102,919	146,150	210,234	226,470	685,773
Expense Reimbursements	(44,060)	(42,741)	(34,356)	(48,259)	(169,416)
<b>Total Distributable Asset Management Revenues</b>	\$ 841,478	\$ 890,786	\$ 954,808	\$ 947,521	\$ 3,634,593

	2018				
	Quarter Ended				Year Ended
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	December 31, 2018
<b>Total GAAP Revenues</b>	\$ 472,606	\$ 971,620	\$ 1,129,666	\$ (178,056)	\$ 2,395,836
Impact of Consolidation and Other	26,178	53,098	65,200	135,462	279,938
Capital Allocation-Based Income (GAAP)	(78,212)	(557,774)	(638,163)	719,639	(554,510)
Realized Carried Interest	202,555	342,089	414,609	259,394	1,218,647
Realized Investment Income	80,452	168,708	242,743	159,889	651,792
Expense Reimbursements	(20,211)	(50,576)	(38,212)	(37,990)	(146,989)
<b>Total Distributable Asset Management Revenues</b>	\$ 683,368	\$ 927,165	\$ 1,175,843	\$ 1,058,338	\$ 3,844,714



# Non-GAAP Reconciliations (cont.)

## RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES (UNAUDITED)

	2020				
	Quarter Ended				Year Ended
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2020
<b>Weighted Average GAAP Shares of Common Stock Outstanding - Basic</b>	<b>559,149,821</b>	<b>558,774,162</b>	<b>562,425,576</b>	<b>570,818,257</b>	<b>562,812,883</b>
Adjustments:					
Weighted Average KKR Holdings Units <sup>(1)</sup>	288,322,053	286,290,915	282,692,900	277,306,865	283,633,220
Weighted Average Common Stock - Series C Mandatory Convertible Preferred Stock <sup>(2)</sup>	-	-	16,736,309	29,092,933	11,048,955
<b>Weighted Average Adjusted Shares <sup>(3)</sup></b>	<b>847,471,874</b>	<b>845,065,077</b>	<b>861,854,785</b>	<b>877,218,055</b>	<b>857,495,058</b>

	2019				
	Quarter Ended				Year Ended
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019
<b>Weighted Average GAAP Shares of Common Stock Outstanding - Basic</b>	<b>533,892,474</b>	<b>544,528,863</b>	<b>546,336,936</b>	<b>555,379,973</b>	<b>545,096,999</b>
Adjustments:					
Weighted Average KKR Holdings Units <sup>(1)</sup>	298,858,418	297,794,189	296,248,180	292,947,120	296,445,196
<b>Weighted Average Adjusted Shares <sup>(3)</sup></b>	<b>832,750,892</b>	<b>842,323,052</b>	<b>842,585,116</b>	<b>848,327,093</b>	<b>841,542,195</b>

	2018				
	Quarter Ended				Year Ended
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	December 31, 2018
<b>Weighted Average GAAP Shares of Common Stock Outstanding - Basic</b>	<b>487,704,838</b>	<b>510,586,631</b>	<b>525,240,214</b>	<b>532,266,521</b>	<b>514,102,571</b>
Adjustments:					
Weighted Average Other Securities <sup>(4)</sup>	1,720,946	1,476,626	354,338	-	881,800
Weighted Average KKR Holdings Units <sup>(1)</sup>	335,016,218	319,040,229	303,531,232	300,744,050	314,458,757
<b>Weighted Average Adjusted Shares <sup>(3)</sup></b>	<b>824,442,002</b>	<b>831,103,486</b>	<b>829,125,784</b>	<b>833,010,571</b>	<b>829,443,128</b>

- (1) Shares that may be issued by KKR & Co. Inc. upon exchange of units in KKR Holdings L.P. for KKR common stock.
- (2) Assumes that all shares of Series C Mandatory Convertible Preferred Stock have been converted to shares of KKR & Co. Inc. common stock at the end of each period.
- (3) Amounts exclude unvested shares granted under the Amended and Restated KKR & Co. Inc. 2010 Equity Incentive Plan and the KKR & Co. Inc. 2019 Equity Incentive Plan.
- (4) Represents vested other securities that are exchangeable into shares of KKR & Co. Inc. common stock. The issuance of shares of KKR & Co. Inc. common stock pursuant to such other securities dilutes KKR common stockholders and KKR Holdings pro rata in accordance with their respective percentage interests in the KKR business.