

KKR & Co. Inc. (“KKR”) is providing the following supplemental non-GAAP financial information to show historical after-tax distributable earnings and fee related earnings for prior periods for which financial information has already been issued, but presented using a new format and revised definitions that are anticipated to be used for KKR’s presentation of segment financial results for the quarter and six months ending June 30, 2018. KKR revised the definition of after-tax distributable earnings because KKR believes it reflects how management evaluates KKR’s business. KKR also revised the definition of fee related earnings to provide supplemental information about fees generated from KKR’s management companies and capital markets business because KKR believes it provides increased transparency on KKR’s underlying financial results to the stockholders. For comparability, the historical supplemental non-GAAP financial information that follows has been adjusted to reflect the new definitions and the modifications described below. As a result, the following supplemental non-GAAP financial information is different from the historical non-GAAP financial results previously presented by KKR in its reports filed with the Securities and Exchange Commission.

- KKR uses after-tax distributable earnings as the key performance measure instead of economic net income (“ENI”). After-tax distributable earnings is a measure of KKR’s earnings on a segment basis excluding mark-to-market gains (losses), defined as the amount of realized earnings of KKR after deducting equity-based compensation that would be available for distribution to Class A common stockholders for a given reporting period. KKR believes that after-tax distributable earnings is more useful than ENI to the stockholders as it aligns KKR’s net realization performance with the manner in which KKR receives its revenues and determines compensation of its employees. After-tax distributable earnings does not represent and is not used to calculate actual dividends under KKR’s dividend policy.

Historically, equity-based compensation expense relating to the Amended and Restated KKR & Co. Inc. 2010 Equity Incentive Plan (the “Equity Incentive Plan”) was not reflected in KKR’s calculation of after-tax distributable earnings. Under KKR’s new definition of after-tax distributable earnings, equity-based compensation expense is included in after-tax distributable earnings as a component of compensation expense in order to reflect the dilutive nature of these non-cash equity-based awards.

- Fee related earnings is a supplemental measure of the operating earnings of KKR on a segment basis before performance income and investment income. KKR believes this measure may be useful to stockholders as it provides additional insight into the operating profitability of KKR’s fee generating management companies and capital markets businesses. Fee related earnings is calculated as KKR’s total “Fees and Other” multiplied by KKR’s segment operating margin. For purposes of the fee related earnings calculation, segment operating margin is calculated as total segment revenues less segment expenses (excluding equity-based compensation expense associated with the Equity Incentive Plan and interest expense) divided by total segment revenues. Historically, fee related earnings was calculated as operating earnings of KKR on a segment basis before performance income, related performance income compensation and investment income.
- Historically, on a segment basis, KKR’s interest expense on its debt capital recorded as a reduction to investment income and therefore was included as a reduction to segment revenues in prior periods. Under KKR’s new presentation, interest expense will be classified as a component of expenses, since KKR believes this reflects how management views the cost of KKR’s debt capital.

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. After-tax distributable earnings and fee related earnings 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. We caution readers that these non-GAAP financial measures may differ from the calculations of other investment managers, and as a result, may not be comparable to similar measures presented by other investment managers. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included on page 3.

KKR
AFTER-TAX DISTRIBUTABLE EARNINGS AND OTHER INFORMATION (UNAUDITED)
(Amounts in thousands, except share and per share amounts)

	2016					2017					2018
	Quarter Ended				Year Ended	Quarter Ended				Year Ended	Quarter Ended
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2017	March 31, 2018
Segment Revenues											
Fees and Other, Net											
Management Fees	\$ 194,600	\$ 203,617	\$ 201,508	\$ 198,137	\$ 797,862	\$ 208,284	\$ 229,569	\$ 232,954	\$ 234,381	\$ 905,188	\$ 251,585
Transaction Fees	96,085	68,564	111,354	68,271	344,274	243,035	156,465	179,167	198,580	777,247	156,845
Monitoring Fees	12,037	28,998	11,091	12,228	64,354	13,220	30,510	14,342	22,949	81,021	17,530
Fee Credits	(22,807)	(39,073)	(47,392)	(22,356)	(131,628)	(89,017)	(51,384)	(70,747)	(50,281)	(261,429)	(43,774)
Total Fees and Other, Net	279,915	262,106	276,561	256,280	1,074,862	375,522	365,160	355,716	405,629	1,502,027	382,186
Realized Performance Income (Loss)											
Carried Interest	97,288	305,275	350,469	503,176	1,256,208	206,204	264,668	419,438	308,671	1,198,981	202,555
Incentive Fees	1,593	4,645	3,659	23,449	33,346	1,686	2,624	4,074	65,011	73,395	16,407
Total Realized Performance Income (Loss)	98,881	309,920	354,128	526,625	1,289,554	207,890	267,292	423,512	373,682	1,272,376	218,962
Realized Investment Income (Loss)											
Net Realized Gains (Losses)	(24,183)	224,699	170,078	969	371,563	79,451	7,180	76,053	31,336	194,020	7,875
Interest Income and Dividends	108,120	74,451	71,185	69,101	322,857	56,882	67,836	70,557	90,421	285,696	72,577
Total Realized Investment Income (Loss)	83,937	299,150	241,263	70,070	694,420	136,333	75,016	146,610	121,757	479,716	80,452
Total Segment Revenues	\$ 462,733	\$ 871,176	\$ 871,952	\$ 852,975	\$ 3,058,836	\$ 719,745	\$ 707,468	\$ 925,838	\$ 901,068	\$ 3,254,119	\$ 681,600
Segment Expenses											
Compensation and Benefits	190,412	268,884	311,388	348,880	1,119,564	277,445	292,415	363,247	349,638	1,282,745	300,480
Occupancy and Related Charges	15,950	15,659	15,877	14,914	62,400	14,369	13,407	14,672	13,962	56,410	13,583
Other Operating Expenses	61,886	49,533	55,123	67,806	234,348	53,498	53,069	70,517	66,688	243,772	57,905
Interest Expense	48,544	48,447	47,506	44,264	188,761	41,709	47,026	45,613	47,264	181,612	50,192
Total Segment Expenses	\$ 316,792	\$ 382,523	\$ 429,894	\$ 475,864	\$ 1,605,073	\$ 387,021	\$ 405,917	\$ 494,049	\$ 477,552	\$ 1,764,539	\$ 422,160
Income (Loss) Attributable to Noncontrolling Interests	667	575	760	334	2,336	1,584	1,180	1,046	2,741	6,551	1,203
Income Taxes Paid	26,503	22,819	21,869	16,532	87,723	26,275	15,084	12,869	39,837	94,065	14,168
Preferred Distributions	-	5,693	8,201	8,341	22,235	8,341	8,341	8,341	8,341	33,364	8,341
After-tax Distributable Earnings	\$ 118,771	\$ 459,566	\$ 411,228	\$ 351,904	\$ 1,341,469	\$ 296,524	\$ 276,946	\$ 409,533	\$ 372,597	\$ 1,355,600	\$ 235,728
Per Adjusted Share Eligible for Distribution	\$ 0.15	\$ 0.57	\$ 0.51	\$ 0.43	\$ 1.65	\$ 0.37	\$ 0.34	\$ 0.50	\$ 0.45	\$ 1.66	\$ 0.29
Weighted Average Adjusted Shares Eligible for Distribution	814,421,392	810,791,022	807,358,133	810,712,559	810,811,020	810,738,053	816,759,609	816,966,506	821,280,755	816,466,568	824,442,002
Other Information:											
Fee Related Earnings	\$ 147,870	\$ 176,044	\$ 171,222	\$ 138,012	\$ 633,148	\$ 221,415	\$ 203,133	\$ 204,524	\$ 236,448	\$ 865,520	\$ 211,631
Equity Based Compensation ⁽¹⁾	\$ 49,961	\$ 48,026	\$ 50,270	\$ 37,970	\$ 186,227	\$ 49,943	\$ 44,976	\$ 54,921	\$ 54,468	\$ 204,308	\$ 67,796

⁽¹⁾ Included in Compensation and Benefits above.

RECONCILIATION OF NET INCOME (LOSS) ATTRIBUTABLE TO KKR & CO. INC. PER SHARE OF CLASS A COMMON STOCK - BASIC (GAAP BASIS)
TO AFTER TAX DISTRIBUTABLE EARNINGS PER ADJUSTED SHARE ELIGIBLE FOR DISTRIBUTION (UNAUDITED)
(Amounts in thousands, except Class A common share and per Class A common share amounts)

	2016					2017					2018
	Quarter Ended				Year Ended	Quarter Ended				Year Ended	Quarter Ended
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2017	March 31, 2018
Net income (loss) attributable to KKR & Co. Inc. per Share of Class A Common Stock - Basic	\$ (0.73)	\$ 0.21	\$ 0.79	\$ 0.38	\$ 0.64	\$ 0.57	\$ 0.87	\$ 0.33	\$ 0.35	\$ 2.10	\$ 0.36
Weighted Average Shares of Class A Common Stock Outstanding - Basic	450,262,143	448,221,538	445,989,300	451,154,845	448,905,126	453,695,846	466,170,025	471,758,886	481,165,742	468,282,642	487,704,838
Net Income (Loss) Available to KKR & Co. Inc. Class A Common Stockholders	\$ (329,939)	\$ 93,890	\$ 352,152	\$ 170,969	\$ 287,072	\$ 259,343	\$ 405,646	\$ 153,563	\$ 166,389	\$ 984,941	\$ 173,204
Less: Excess of carrying value over consideration transferred on redemption of KFN 7.375% Series A LLC Preferred Shares	-	-	-	-	-	-	-	-	-	-	3,102
Net Income (Loss) Attributable to KKR & Co. Inc. Class A Common Stockholders	\$ (329,939)	\$ 93,890	\$ 352,152	\$ 170,969	\$ 287,072	\$ 259,343	\$ 405,646	\$ 153,563	\$ 166,389	\$ 984,941	\$ 170,102
Add: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	(271,575)	73,400	284,834	126,219	212,878	216,432	305,280	115,434	153,875	791,021	121,002
Add: Equity-based and Other Compensation - KKR Holdings L.P.	13,862	12,631	11,282	40,888	78,663	61,093	42,964	23,807	13,863	141,727	32,695
Add: Amortization of Intangibles and Other, net	28,882	9,144	(48,299)	(6,994)	(17,267)	32,837	4,524	20,464	65,045	122,870	47,709
Deduct: Unrealized Carried Interest	(223,805)	18,698	70,351	(285,616)	(420,372)	140,626	296,719	(59,638)	222,535	600,242	(111,732)
Deduct: Net Unrealized Gains (Losses)	(564,991)	(297,448)	136,740	141,276	(584,423)	204,036	307,977	(50,902)	(65,753)	395,358	207,862
Add: Unrealized Performance Income Compensation	(86,642)	8,525	29,393	(112,786)	(161,510)	57,214	119,774	(19,826)	90,439	247,601	(43,123)
Deduct: Gain from remeasurement of tax receivable agreement liability	-	-	-	-	-	-	-	-	(67,221)	(67,221)	-
Add: Income tax provision	1,890	6,045	10,826	5,800	24,561	40,542	18,538	18,420	146,826	224,326	17,641
Deduct: Income Taxes Paid	26,503	22,819	21,869	16,532	87,723	26,275	15,084	12,869	39,837	94,065	14,168
After-tax Distributable Earnings	\$ 118,771	\$ 459,566	\$ 411,228	\$ 351,904	\$ 1,341,469	\$ 296,524	\$ 276,946	\$ 409,533	\$ 372,597	\$ 1,355,600	\$ 235,728
Weighted Average Adjusted Shares Eligible for Distribution	814,421,392	810,791,022	807,358,133	810,712,559	810,811,022	810,738,053	816,759,609	816,966,506	821,280,755	816,466,568	824,442,002
After-tax Distributable Earnings Per Adjusted Share Eligible for Distribution	\$ 0.15	\$ 0.57	\$ 0.51	\$ 0.43	\$ 1.65	\$ 0.37	\$ 0.34	\$ 0.50	\$ 0.45	\$ 1.66	\$ 0.29

RECONCILIATION OF TOTAL GAAP REVENUES AND TOTAL GAAP EXPENSES TO TOTAL SEGMENT REVENUES AND TOTAL SEGMENT EXPENSES (UNAUDITED)
(Amounts in thousands)

	2016					2017					2018
	Quarter Ended				Year Ended	Quarter Ended				Year Ended	Quarter Ended
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2017	March 31, 2018
Total GAAP Revenues ⁽¹⁾	\$ 161,458	\$ 627,102	\$ 742,270	\$ 509,188	\$ 2,040,018	\$ 767,755	\$ 1,015,800	\$ 749,652	\$ 1,024,073	\$ 3,557,280	\$ 472,606
Add: Management Fees - Consolidated Funds and Other	40,503	45,270	46,962	63,640	196,375	47,892	54,072	53,454	111,614	267,032	64,596
Deduct: Fee Credits - Consolidated Funds	428	1,921	417	155	2,921	939	2,707	106	276	4,028	14,721
Deduct: Capital Allocation - Based Income (GAAP)	(118,303)	355,132	470,078	228,203	935,110	387,576	635,015	394,234	598,851	2,015,676	78,212
Add: Segment Realized Carried Interest	97,288	305,275	350,469	503,176	1,256,208	206,204	264,668	419,438	308,671	1,198,981	202,555
Add: Segment Realized Investment Income (Loss)	83,937	299,150	241,263	70,070	694,420	136,333	75,016	146,610	121,757	479,716	80,452
Deduct: Revenue Earned by Other Consolidated Entities	22,447	29,930	26,453	29,775	108,605	26,375	28,290	21,470	29,907	106,042	25,465
Deduct: Expense Reimbursements	15,881	18,638	12,064	34,966	81,549	23,549	36,076	27,506	36,013	123,144	20,211
Total Segment Revenues	\$ 462,733	\$ 871,176	\$ 871,952	\$ 852,975	\$ 3,058,836	\$ 719,745	\$ 707,468	\$ 925,838	\$ 901,068	\$ 3,254,119	\$ 681,600
Total GAAP Expenses	\$ 308,323	\$ 423,218	\$ 511,117	\$ 452,816	\$ 1,695,474	\$ 540,014	\$ 629,728	\$ 530,247	\$ 636,703	\$ 2,336,692	\$ 436,601
Deduct: Equity-based and Other Compensation - KKR Holdings L.P.	13,862	12,631	11,282	40,888	78,663	61,093	42,964	23,807	13,863	141,727	32,695
Deduct: Segment Unrealized Performance Income Compensation	(86,642)	8,525	29,393	(86,642)	(112,786)	57,214	119,774	(19,826)	90,439	247,601	(43,123)
Add: Segment Interest Expense	48,544	48,447	47,506	44,264	188,761	41,709	47,026	45,613	47,264	181,612	50,192
Deduct: Amortization of Intangibles	6,774	6,759	21,944	6,326	41,803	6,366	5,062	2,473	3,920	17,821	5,030
Deduct: Reimbursable Expenses	20,097	28,618	15,675	46,626	111,016	28,799	43,438	35,098	47,838	155,173	26,093
Deduct: Operating Expenses relating to Other Consolidated Entities	71,355	51,405	47,687	46,511	216,958	33,780	44,093	43,818	51,229	172,920	44,309
Add: Other	(14,629)	18,796	(2,748)	6,349	7,768	(7,450)	(15,506)	3,559	874	(18,523)	371
Total Segment Expenses	\$ 316,792	\$ 382,523	\$ 429,894	\$ 475,864	\$ 1,605,073	\$ 387,021	\$ 405,917	\$ 494,049	\$ 477,552	\$ 1,764,539	\$ 422,160

(1) Capital allocation-based income is earned from those arrangements whereby KKR serves as general partner and includes income from KKR's capital interest as well as carried interest which entitles KKR to a disproportionate allocation of investment income from investment funds' limited partners. Prior to January 1, 2018, to the extent an investment fund was not consolidated, KKR accounted for carried interest within Fees and Other separately from its capital interest, which was included in Net Gains (Losses) from Investment Activities in the statements of operations. Effective January 1, 2018, the carried interest component of the general partner interest and the capital interest KKR holds in its investment funds as the general partner are accounted for as a single unit of account and reported in Capital Allocation-Based Income within Revenues in the statements of operations. This change in accounting has been applied on a full retrospective basis.

RECONCILIATION OF WEIGHTED AVERAGE GAAP SHARES OF CLASS A COMMON STOCK OUTSTANDING - BASIC TO WEIGHTED AVERAGE ADJUSTED SHARES ELIGIBLE FOR DISTRIBUTION

	2016					2017					2018
	Quarter Ended				Year Ended	Quarter Ended				Year Ended	Quarter Ended
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2017	March 31, 2018
Weighted Average GAAP Shares of Class A Common Stock Outstanding - Basic	450,262,143	448,221,538	445,989,300	451,154,845	448,905,126	453,695,846	466,170,025	471,758,886	481,165,742	468,282,642	487,704,838
Adjustments:											
Weighted Average Unvested Shares of Class A Common Stock and Other Securities ⁽¹⁾	- ⁽²⁾	33,588,074	33,986,375	33,157,959	34,525,922	42,988,494	35,007,398	35,114,291	38,990,841	38,006,329	48,213,436
Weighted Average GAAP Shares of Class A Common Stock Outstanding - Diluted	450,262,143	481,809,612	479,975,675	484,312,804	483,431,048	496,684,340	501,177,423	506,873,177	520,156,583	506,288,971	535,918,274
Adjustments:											
Weighted Average KKR Holdings Units	360,317,628	358,728,334	357,528,999	354,956,041	357,873,788	352,586,584	346,473,324	341,214,527	337,613,731	344,422,095	335,016,218
Weighted Average Adjusted Shares	810,579,771	840,537,946	837,504,674	839,268,845	841,304,836	849,270,924	847,650,747	848,087,704	857,770,314	850,711,066	870,934,492
Adjustments:											
Weighted Average Unvested Shares of Class A Common Stock and Other Securities	3,841,621 ⁽³⁾	(29,746,924)	(30,146,541)	(28,556,286)	(30,493,816)	(38,532,871)	(30,891,138)	(31,121,198)	(36,489,559)	(34,244,498)	(46,492,490)
Weighted Average Adjusted Shares Eligible for Distribution	814,421,392	810,791,022	807,358,133	810,712,559	810,811,020	810,738,053	816,759,609	816,966,506	821,280,755	816,466,568	824,442,002

(1) Represents unvested equity awards granted under the Equity Incentive Plan and other securities that are exchangeable into shares of KKR & Co. Inc. Class A common stock. The issuance of Class A common stock of KKR & Co. Inc. pursuant to such equity awards or other securities dilutes KKR Class A common stockholders and KKR Holdings pro rata in accordance with their respective percentage interests in the KKR business.

(2) For the quarter ended March 31, 2016, unvested Class A common stock and other securities are excluded from the calculation of diluted earnings per share of Class A common stock on a GAAP basis because inclusion of such unvested Class A common stock and other securities would be anti-dilutive, having the effect of decreasing the loss per share of Class A common stock.

(3) Represents other securities that are exchangeable into shares of KKR & Co. Inc. Class A common stock. Since these securities are excluded from diluted GAAP shares of Class A common stock outstanding, such securities are included in this adjustment in order to arrive at weighted average adjusted shares eligible for distribution.