

4th Quarter Earnings Conference Call

KKR & Co. L.P. Investor Update

February 8, 2018

4Q17 Reflections | Fundamentals Are Strong

(Dollars in millions, except per unit amounts and unless otherwise stated)

	Q4 2017	2017	Notes
After-tax Distributable Earnings ⁽¹⁾ <i>Margin</i>	\$427 50%	\$1,560 51%	• 2017 ROE on an after-tax DE basis of 14% ⁽²⁾
After-tax Economic Net Income ⁽¹⁾ <i>Margin</i>	\$415 41%	\$2,026 50%	• 2017 ROE on an after-tax ENI basis of 19% ⁽³⁾
Fee Related Earnings ⁽¹⁾	\$238	\$867	• +61% on a year-over-year basis
Assets Under Management	\$168bn		• +30% on a year-over-year basis
Fee Paying AUM	\$117bn		• +16% on a year-over-year basis
Book Value/Adjusted Unit ⁽¹⁾	\$14.20		• +17% on a year-over-year basis • \$11.7bn of cash and investments ⁽⁴⁾

(1) See Appendix for a reconciliation to financial results prepared in accordance with GAAP.

(2) Return on Equity (After-tax Distributable Earnings) measures the amount of income excluding the impact of mark-to-market gain (losses) generated as a percentage of capital invested in KKR's business. It is calculated by dividing after-tax distributable earnings on a trailing twelve-month basis by the average book value during the period.

(3) Return on Equity (After-tax Economic Net Income (Loss)) measures the amount of after-tax economic net income generated as a percentage of capital invested in KKR's business. Return on equity is calculated by dividing after-tax economic net income (loss) on a trailing twelve-month basis by the average book value during the period.

(4) Represents Cash and Short-term Investments and Investments. Excludes Unrealized Carry, Other Assets and Corporate Real Estate.

Flagship Fund Investment Performance

		2017 Gross Return
Private Equity	Private Equity Flagship Funds <ul style="list-style-type: none"> • North America XI • Asia II • Europe IV 	34%
Real Assets	Real Estate I	12%
	Infrastructure II	15%
	Energy Income & Growth	9%
Alternative Credit	Special Situations II	18%
	Mezzanine	20%
	Lending Partners II	10%

Note: The strategies shown above consist of KKR's strategies that generate carry. The funds shown within each strategy represent the flagship funds within each sub-strategy with at least \$1bn in committed capital and that have been investing for at least two years. For Private Equity the funds represent the flagship funds within each major geographic region. For a complete list of our carry paying funds, see the Investment Vehicle Summary on page 14 of KKR's fourth quarter earnings release, dated February 8, 2018. Past performance is no guarantee of future results.

Healthy Level of New Capital Raised

FPAUM

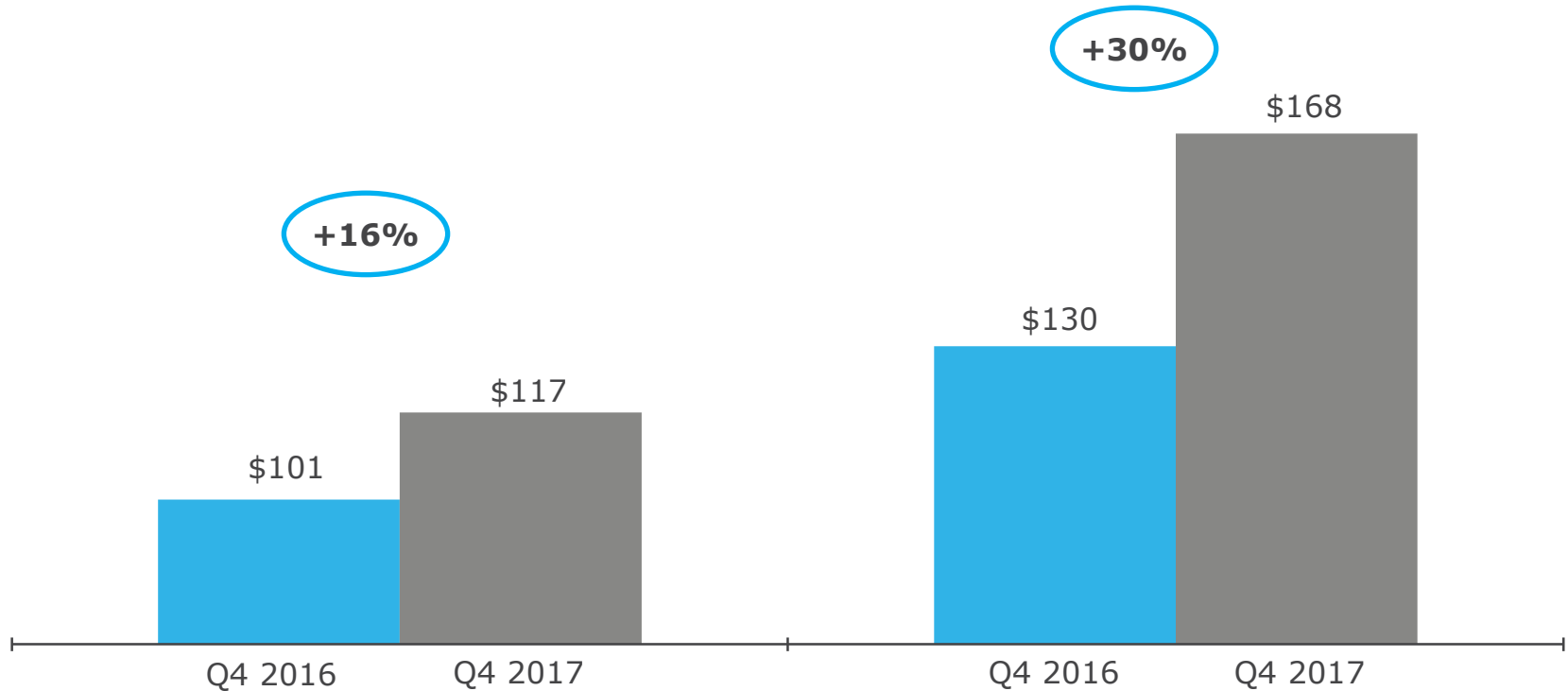
(\$ in billions)

Excludes \$20bn of capital commitments not yet earning economics at a blended management fee rate of ~100bps

AUM

(\$ in billions)

Q4 2017 AUM does not include ~\$14bn from pending strategic BDC partnership with FS Investments

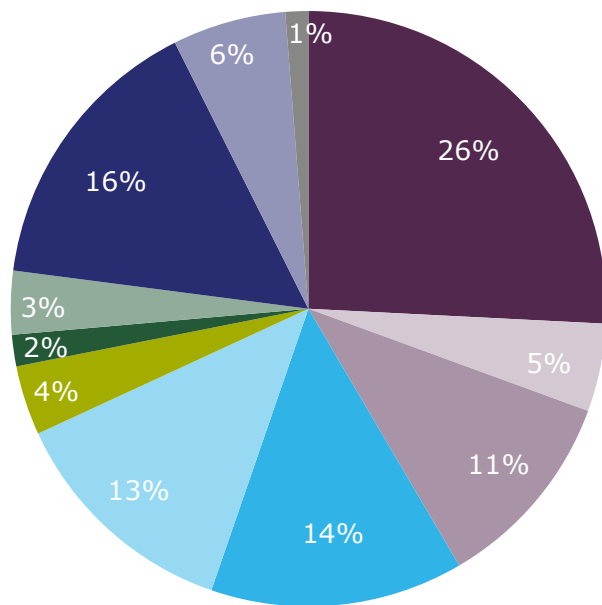


Note: AUM and FPAUM reflect the inclusion of KKR's pro rata portion of AUM or FPAUM of strategic partners in which KKR holds a minority stake. In addition, AUM includes capital commitments for which KKR is eligible to receive fees or carried interest upon deployment of capital in the future.

Newer Initiatives Driving Diversification

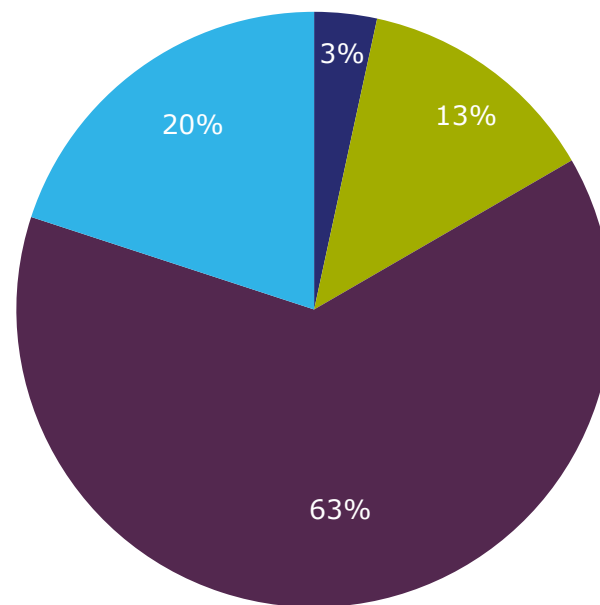
AUM by Strategy

87% of AUM is performance fee eligible



- PE Americas
- PE Europe
- PE Asia
- Leveraged Credit
- Alternative Credit
- Real Estate
- Energy
- Infrastructure
- Hedge Fund Strategic Partners
- Other
- Growth

Contractual Life of AUM



- Permanent Capital⁽¹⁾
- Strategic Investor Partnerships
- Traditional Draw-down Funds
- Capital Subject to Periodic Redemption

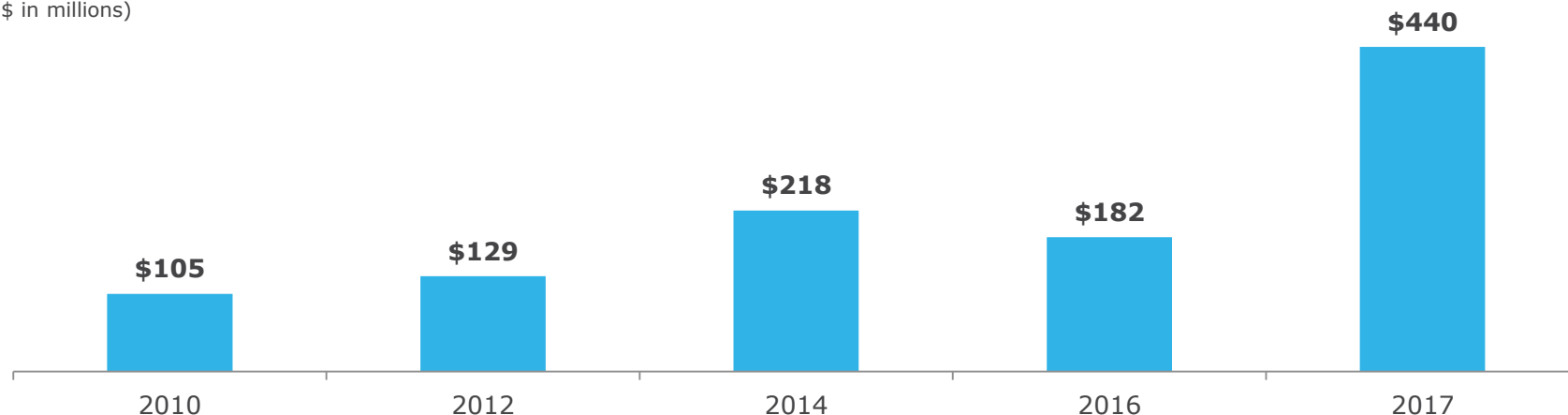
Note: As of December 31, 2017.

(1) Refers to capital of indefinite duration. Not inclusive of ~\$14 billion of capital from pending FS Investments strategic BDC partnership.

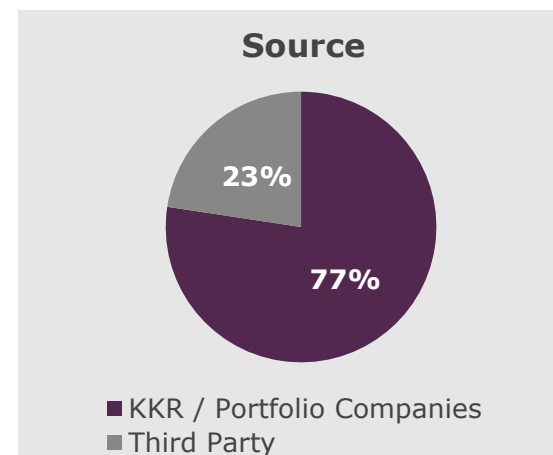
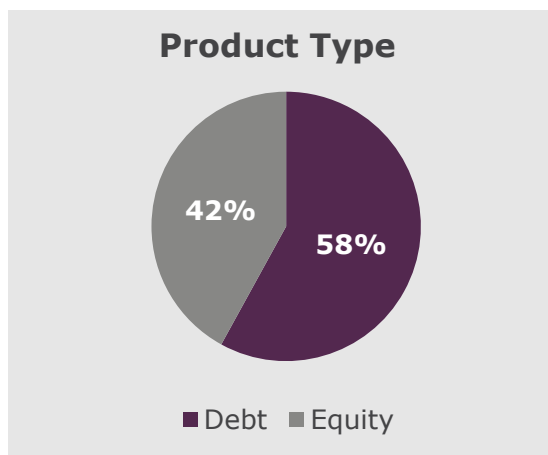
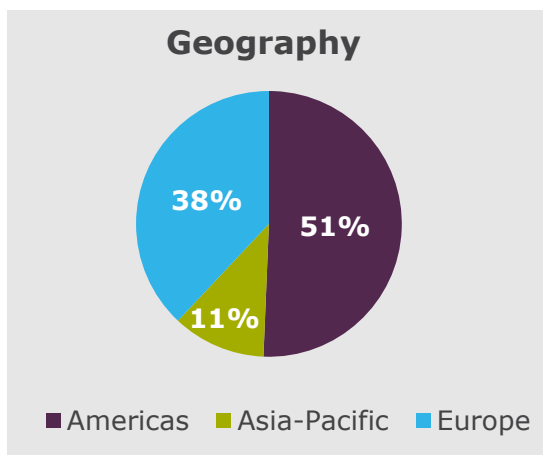
Capital Markets Revenue Growth and Activity

Capital Markets Transaction Fees

(\$ in millions)



2017 Revenue Contribution by Area



Note: Geography, Product Type and Source figures reflect activity on a trailing twelve month basis as of December 31, 2017.

Core Fundamentals Drive Firm-Wide Performance

Generate strong investment performance



- Positive 2017 performance across flagship fund strategies

Continue to raise capital



- AUM +30% year-over-year
- FPAUM +16% year-over-year
- \$8.5bn of new capital raised for the Core Investment strategy in Q4

Deploy capital in attractive opportunities



- \$18bn deployed globally in 2017

Monetize existing investments



- After-tax Distributable Earnings⁽¹⁾ of \$427m in Q4, ~\$1.6bn for 2017
- Secondary and strategic sales drove monetization events at 10 portfolio companies in Q4

Use our model to capture more of everything that we do



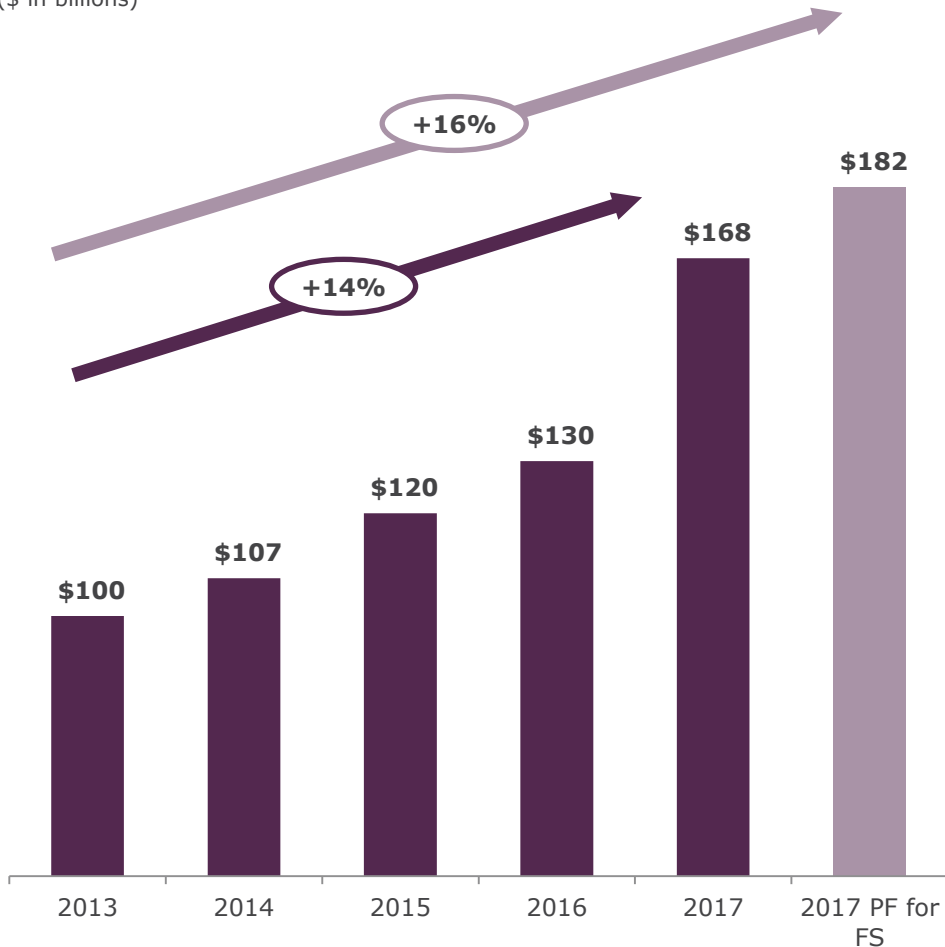
- Significant level of Capital Markets fees in the quarter together with significant fund deployment
- 2017 ROE of 14% on an After-tax DE basis
- 2017 ROE of 19% on an After-tax ENI basis

(1) See Appendix for a reconciliation to financial results prepared in accordance with GAAP.

Assets Under Management

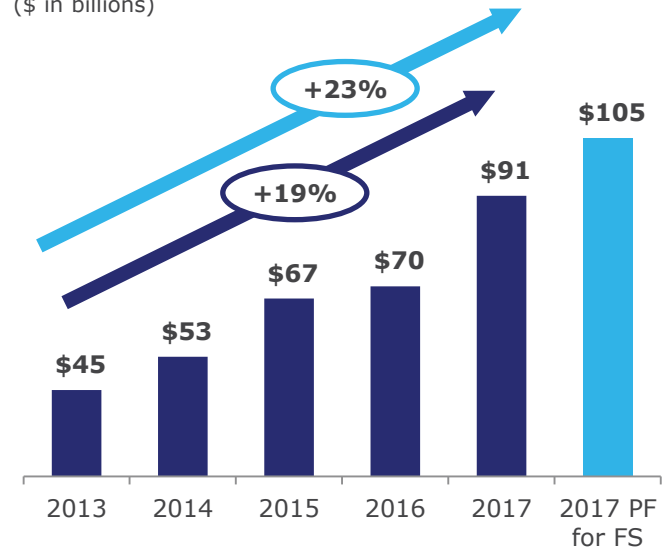
Total Assets Under Management

(\$ in billions)



Non-PE Assets Under Management⁽¹⁾

(\$ in billions)



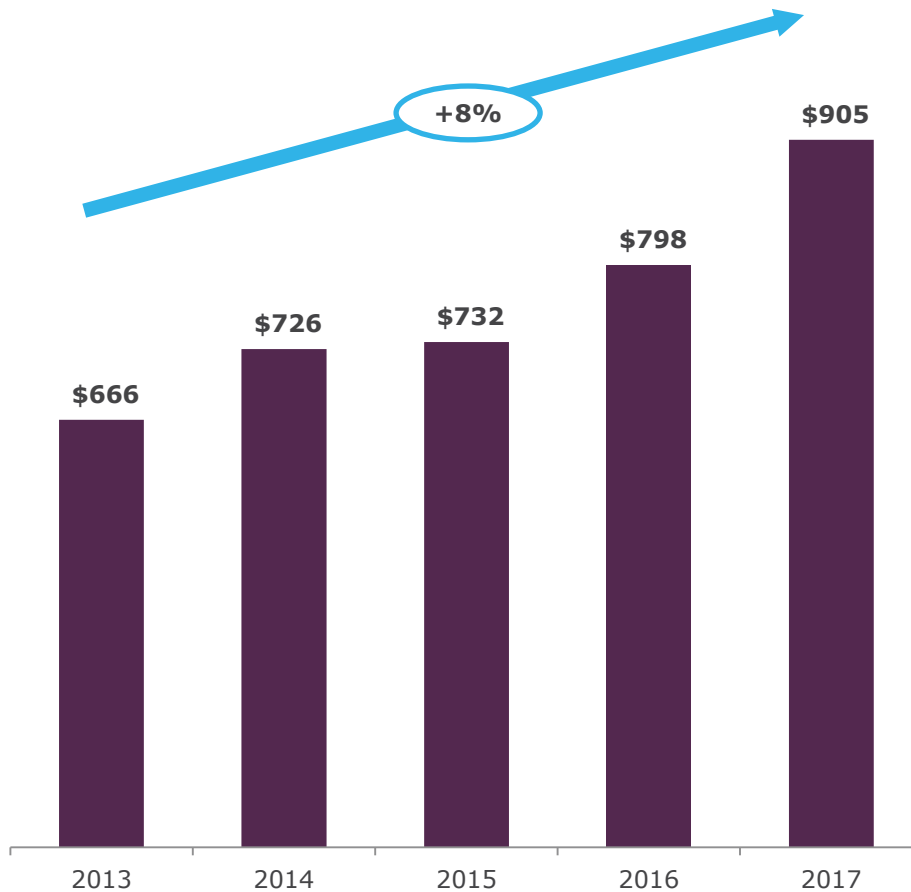
- Non-PE AUM growth driven by the scaling of newer strategies
- Strategic BDC partnership will augment Credit AUM by over 30%

Note: FS Investments strategic BDC partnership is subject to closing, which is not guaranteed.
 (1) Includes Core Investment strategy AUM.

Management Fees

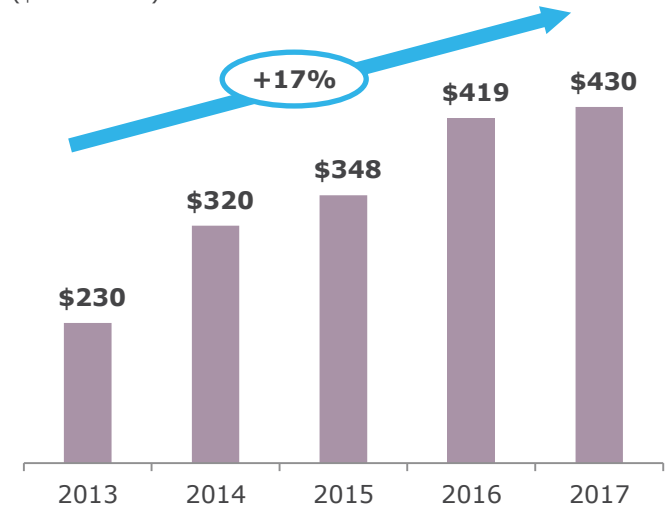
Total Management Fees

(\$ in millions)



Non-PE Management Fees⁽¹⁾

(\$ in millions)

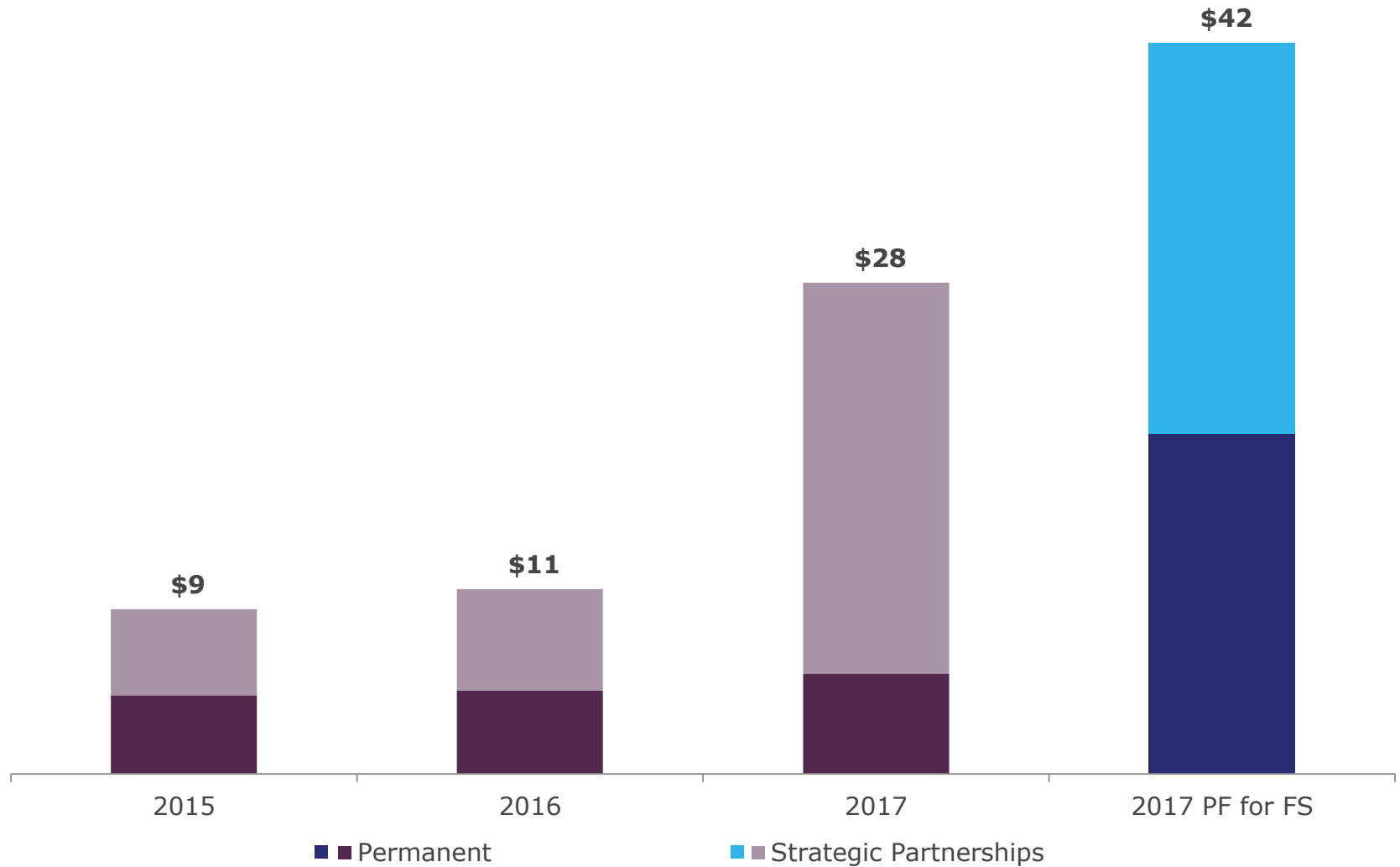


- Scaling of newer strategies contributing to the growth and diversification of management fees
- In addition, over this timeframe Capital Markets fees have increased from \$146 million in 2013 to \$440 million in 2017

(1) Includes Core Investment strategy management fees.

Permanent and Strategic Partnership Capital Base

(\$ in billions)



Note: FS Investments strategic BDC partnership is subject to closing, which is not guaranteed.

Appendix

KKR

Reconciliation of Net Income (Loss) Attributable to KKR & Co. L.P. (GAAP Basis) to After-tax Economic Net Income (Loss)

	Quarter Ended December 31, 2017	Twelve Months Ended December 31, 2017
Net income (loss) attributable to KKR & Co. L.P. Common Unitholders	\$166,389	\$984,941
Plus: Preferred Distributions	8,341	33,364
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	153,875	791,021
Plus: Non-cash equity-based charges	68,331	346,035
Plus: Amortization of intangibles, placement fees and other, net	65,045	122,870
Less: Gain from remeasurement of tax receivable agreement liability	(67,221)	(67,221)
Plus: Income taxes (benefit)	146,826	224,326
Economic Net Income (Loss)	541,586	2,435,336
Less: Equity-based compensation associated with the KKR & Co. L.P. 2010 equity incentive plan	54,468	204,308
Pre-tax Economic Net Income (Loss)	487,118	2,231,028
Less: Provision for income tax (benefit)	63,854	171,904
Less: Preferred Distributions	8,341	33,364
After-tax Economic Net Income (Loss)	414,923	2,025,760

Note: Amounts in thousands.

KKR

Reconciliation of Net Income (Loss) Attributable to KKR & Co. L.P. (GAAP Basis) to Economic Net Income (Loss) and After-tax Distributable Earnings

	Quarter Ended December 31, 2017	Twelve Months Ended December 31, 2017
Net income (loss) attributable to KKR & Co. L.P. Common Unitholders	\$166,389	\$984,941
Plus: Preferred Distributions	8,341	33,364
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	153,875	791,021
Plus: Non-cash equity-based charges	68,331	346,035
Plus: Amortization of intangibles, placement fees and other, net	65,045	122,870
Less: Gain from remeasurement of tax receivable agreement liability	(67,221)	(67,221)
Plus: Income taxes (benefit)	146,826	224,326
Economic Net Income (Loss)	541,586	2,435,336
Less: Total investment income (loss)	8,740	693,462
Less: Net performance income (loss)	350,017	1,091,567
Plus: Net interest and dividends	43,157	104,084
Plus: Realized performance income (loss), net	217,921	738,926
Plus: Net realized gains (losses)	31,336	194,020
Less: Income taxes paid	39,837	94,065
Less: Preferred Distributions	8,341	33,364
After-tax Distributable Earnings	427,065	1,559,908

Note: Amounts in thousands.

KKR

Reconciliation of Net Income (Loss) Attributable to KKR & Co. L.P. (GAAP Basis) to Economic Net Income (Loss) and Fee Related Earnings

	Twelve Months Ended December 31, 2016	Quarter Ended December 31, 2017	Twelve Months Ended December 31, 2017
Net income (loss) attributable to KKR & Co. L.P. Common Unitholders	\$287,072	\$166,389	\$984,941
Plus: Preferred Distributions	22,235	8,341	33,364
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	212,878	153,875	791,021
Plus: Non-cash equity-based charges	264,890	68,331	346,035
Plus: Amortization of intangibles, placement fees and other, net	(17,267)	65,045	122,870
Less: Gain from remeasurement of tax receivable agreement liability	-	(67,221)	(67,221)
Plus: Income taxes (benefit)	24,561	146,826	224,326
Economic Net Income (Loss)	794,369	541,586	2,435,336
Plus: Income attributable to segment noncontrolling interests	2,336	2,741	6,551
Less: Total investment income (loss)	(78,764)	8,740	693,462
Less: Net performance income (loss)	492,371	350,017	1,091,567
Plus: Expenses of Principal Activities Segment	154,321	52,810	209,748
Fee Related Earnings	537,419	238,380	866,606

Note: Amounts in thousands.

Reconciliation of KKR & Co. L.P. Capital – Common Unitholders (GAAP Basis) to Book Value per Outstanding Adjusted Unit

	As Of December 31, 2016	As Of March 31, 2017	As Of June 30, 2017	As Of September 30, 2017	As Of December 31, 2017
KKR & Co. L.P. Capital – Common Unitholders	\$5,457,279	\$5,755,354	\$6,212,556	\$6,380,654	\$6,703,382
Impact of consolidation of investment vehicles and other entities	118,635	140,248	137,831	166,480	214,188
Noncontrolling interests held by KKR Holdings L.P. and other	4,389,285	4,581,427	4,770,678	4,812,964	4,844,271
Other Reclassifications	(17,446)	(17,446)	(17,446)	(17,446)	(17,446)
Equity impact of KKR Management Holdings Corp.	(151,162)	(133,233)	(130,126)	(125,098)	(70,486)
Book value	\$9,796,591	\$10,326,350	\$10,973,493	\$11,217,554	\$11,673,909
Outstanding adjusted units	806,137,733	806,480,436	812,962,176	812,980,094	822,146,070
Book Value per adjusted unit	\$12.15	\$12.80	\$13.50	\$13.80	\$14.20
Average Book Value – 5 Quarter Straight Average					\$10,797,579

Note: Amounts in thousands, except adjusted units and book value per unit amounts.

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