UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the quarterly period ended September 30, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the Transition period from to .

Commission File Number 001-34820

KKR

KKR & CO. INC.

(Exact name of Registrant as specified in its charter)

Delaware	**26-0426107**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

9 West 57th Street, Suite 4200
New York, New York 10019
Telephone: (212) 750-8300
(Address, zip code, and telephone number, including area code, of registrant's principal executive office.)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading symbol(s)**	**Name of each exchange on which registered**
Common Stock	KKR	New York Stock Exchange
6.75% Series A Preferred Stock	KKR PR A	New York Stock Exchange
6.50% Series B Preferred Stock	KKR PR B	New York Stock Exchange
6.00% Series C Mandatory Convertible Preferred Stock	KKR PR C	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 5, 2020, there were 569,189,096 shares of common stock of the registrant outstanding.

KKR & CO. INC.

FORM 10-Q

For the Quarter Ended September 30, 2020

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believe," "expect," "potential," "continue," "may," "should," "seek," "approximately," "predict," "intend," "will," "plan," "estimate," "anticipate," the negative version of these words, other comparable words or other statements that do not relate strictly to historical or factual matters. Without limiting the foregoing, statements regarding the declaration and payment of dividends on common or preferred stock of KKR, the timing, manner and volume of repurchases of common stock pursuant to a repurchase program, the transaction to acquire Global Atlantic Financial Group Limited ("Global Atlantic"), including expected timing of closing, and the expected synergies and benefits from acquisitions, reorganizations or strategic partnerships, may constitute forward-looking statements. Forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements or cause the anticipated benefits and synergies from transactions to not be realized. We believe these factors include those described under the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019 (our "Annual Report") and our Quarterly Reports on Form 10-Q for subsequent quarters. These factors should be read in conjunction with the other cautionary statements that are included in this report, our Annual Report and in our other filings with the U.S. Securities and Exchange Commission (the "SEC"). We do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

In this report, references to "KKR," "we," "us" and "our" refer to KKR & Co. Inc. and its subsidiaries. On January 1, 2020, KKR completed an internal reorganization (the "Reorganization"), which was undertaken to, among other purposes, simplify KKR's internal structure. In the Reorganization, (i) KKR Management Holdings L.P. and KKR International Holdings L.P., which were former intermediate holdings companies for KKR's business, were combined with another intermediate holding company, KKR Fund Holdings L.P., which changed its name to KKR Group Partnership L.P. ("KKR Group Partnership") and became the sole intermediate holding company for KKR's business, (ii) the issuers of each series of KKR’s outstanding senior notes were contributed to KKR Group Partnership and the guarantees by KKR International Holdings L.P. and KKR Management Holdings L.P. under the senior notes were automatically and unconditionally released and discharged pursuant to the terms of the indentures governing such senior notes, with KKR Group Partnership remaining as a guarantor, and (iii) the ownership interests of certain operating subsidiaries of KKR Group Partnership were reorganized. In connection with the 6.75% Series A Preferred Stock ("Series A Preferred Stock"), 6.50% Series B Preferred Stock ("Series B Preferred Stock") and 6.00% Series C Mandatory Convertible Preferred Stock ("Series C Mandatory Convertible Preferred Stock") of KKR & Co. Inc., KKR Group Partnership has series of preferred units issued and outstanding with economic terms designed to mirror those of the Series A Preferred Stock, Series B Preferred Stock and Series C Mandatory Convertible Preferred Stock, respectively. Effective May 8, 2020, Class A common stock of KKR & Co. Inc. was renamed as common stock, and Class B common stock and Class C common stock of KKR & Co. Inc. were reclassified into Series I preferred stock and Series II preferred stock, respectively (the "Reclassification"). KKR & Co. Inc. has one class of common stock authorized and outstanding.

References to "KKR Group Partnerships" for periods prior to the Reorganization mean KKR Fund Holdings L.P., KKR Management Holdings L.P. and KKR International Holdings L.P., collectively, and references to "KKR Group Partnership" for periods following the Reorganization mean KKR Group Partnership L.P. References to a "KKR Group Partnership Unit" mean (i) one Class A partner interest in each of KKR Fund Holdings L.P., KKR Management Holdings L.P. and KKR International Holdings L.P., collectively, for periods prior to the Reorganization and (ii) one Class A partner interest in KKR Group Partnership for periods following the Reorganization. References to "common stock" for periods prior to the Reclassification mean Class A common stock of KKR & Co. Inc. and references to "Series I preferred stock" and "Series II preferred stock" for periods prior to the Reclassification mean Class B common stock and Class C common stock of KKR & Co. Inc., respectively. References to the "Series I Preferred Stockholder" are to KKR Management LLP, the holder of the sole share of our Series I preferred stock, which converted from a limited liability company named KKR Management LLC to a limited liability partnership in the Reorganization.

Contemporaneously with the Reorganization, KKR acquired KKR Capstone Americas LLC and its affiliates ("KKR Capstone") on January 1, 2020. References to "non-employee operating consultants" for periods prior to the acquisition include employees of KKR Capstone, who were not employees of KKR during such periods. Prior to the acquisition, KKR Capstone was owned and controlled by its senior management and was not a subsidiary or affiliate of KKR.

Unless otherwise indicated, references to equity interests in KKR's business, or to percentage interests in KKR's business, reflect the aggregate equity interests in KKR Group Partnership and are net of amounts that have been allocated to our principals and other employees in respect of the carried interest from KKR's business as part of our "carry pool" and certain minority interests. References to "principals" are to our senior employees who hold interests in KKR's business through KKR Holdings L.P. ("KKR Holdings") or another KKR entity, and references to our "senior principals" are to our senior employees who hold interests in the Series I Preferred Stockholder.

In this report, the term "GAAP" refers to accounting principles generally accepted in the United States of America.

We disclose certain financial measures in this report that are calculated and presented using methodologies other than in accordance with GAAP, including after-tax distributable earnings, distributable revenues, distributable expenses, distributable operating earnings, fee related earnings ("FRE"), book assets, book liabilities, book value and book value per adjusted share. We believe that providing these performance measures on a supplemental basis to our GAAP results is helpful to stockholders in assessing the overall performance of KKR's businesses. These non-GAAP financial measures should not be considered as a substitute for, or superior to, 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, where applicable, are included under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Reconciliations to GAAP Measures." This report also uses the terms assets under management ("AUM"), fee paying assets under management ("FPAUM"), capital invested and syndicated capital. You should note that our calculations of these and other operating metrics may differ from the calculations of other investment managers and, as a result, may not be comparable to similar metrics presented by other investment managers. These non-GAAP and operating metrics are defined in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Non-GAAP and Other Operating and Performance Measures."

References to our "funds" or our "vehicles" refer to investment funds, vehicles and accounts advised, sponsored or managed by one or more subsidiaries of KKR, including collateralized loan obligations ("CLOs") and commercial real estate mortgage-backed securities ("CMBS") vehicles, unless the context requires otherwise. They do not include investment funds, vehicles or accounts of any hedge fund or other manager with which we have formed a strategic partnership where we have acquired an ownership interest.

Unless otherwise indicated, references in this report to our fully exchanged and diluted common stock outstanding, or to our common stock outstanding on a fully exchanged and diluted basis, reflect (i) actual shares of common stock outstanding, (ii) shares of common stock into which KKR Group Partnership Units held by KKR Holdings are exchangeable pursuant to the terms of the exchange agreement described in our Annual Report, (iii) shares of common stock into which all outstanding shares of Series C Mandatory Convertible Preferred Stock are convertible and (iv) shares of common stock issuable pursuant to any equity awards actually granted from the Amended and Restated KKR & Co. Inc. 2010 Equity Incentive Plan (the "2010 Equity Incentive Plan") or the KKR & Co. Inc. 2019 Equity Incentive Plan (the "2019 Equity Incentive Plan" and, together with the 2010 Equity Incentive Plan, our "Equity Incentive Plans"). Our fully exchanged and diluted common stock outstanding does not include shares of common stock available for issuance pursuant to the Equity Incentive Plans for which equity awards have not yet been granted.

The use of any defined term in this report to mean more than one entities, persons, securities or other items collectively is solely for convenience of reference and in no way implies that such entities, persons, securities or other items are one indistinguishable group. For example, notwithstanding the use of the defined terms "KKR," "we" and "our" in this report to refer to KKR & Co. Inc. and its subsidiaries, each subsidiary of KKR & Co. Inc. is a standalone legal entity that is separate and distinct from KKR & Co. Inc. and any of its other subsidiaries.

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)
(Amounts in Thousands, Except Share and Per Share Data)

	September 30, 2020	December 31, 2019
Assets		
Cash and Cash Equivalents	$ 4,363,105	$ 2,346,713
Cash and Cash Equivalents Held at Consolidated Entities	1,380,976	816,441
Restricted Cash and Cash Equivalents	143,846	74,262
Investments	60,990,162	54,936,268
Due from Affiliates	768,887	717,399
Other Assets	3,008,357	2,008,236
Total Assets	$ 70,655,333	$ 60,899,319
Liabilities and Equity		
Debt Obligations	$ 31,451,641	$ 27,013,284
Due to Affiliates	298,944	286,098
Accounts Payable, Accrued Expenses and Other Liabilities	4,861,118	3,097,563
Total Liabilities	36,611,703	30,396,945
Commitments and Contingencies		
Stockholders' Equity (1)		
Series A and B Preferred Stock, $0.01 par value. 13,800,000 and 6,200,000 shares, respectively, issued and outstanding as of September 30, 2020 and December 31, 2019.	482,554	482,554
Series C Mandatory Convertible Preferred Stock, $0.01 par value. 23,000,000 shares issued and outstanding as of September 30, 2020.	1,115,792	—
Series I Preferred Stock, $0.01 par value. 1 share authorized, 1 share issued and outstanding as of September 30, 2020 and December 31, 2019.	—	—
Series II Preferred Stock, $0.01 par value. 499,999,999 shares authorized, 278,781,478 and 290,381,345 shares, issued and outstanding as of September 30, 2020 and December 31, 2019, respectively.	2,788	2,904
Common Stock, $0.01 par value. 3,500,000,000 shares authorized, 566,334,746 and 560,007,579 shares, issued and outstanding as of September 30, 2020 and December 31, 2019, respectively.	5,663	5,600
Additional Paid-In Capital	8,594,005	8,565,919
Retained Earnings	2,037,935	1,792,152
Accumulated Other Comprehensive Income (Loss)	(41,081)	(41,639)
Total KKR & Co. Inc. Stockholders' Equity	12,197,656	10,807,490
Noncontrolling Interests	21,845,974	19,694,884
Total Equity	34,043,630	30,502,374
Total Liabilities and Equity	$ 70,655,333	$ 60,899,319

(1) See Note 1 "Organization"

See notes to financial statements.

KKR & CO. INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED) (Continued)

(Amounts in Thousands)

The following presents the portion of the consolidated balances presented in the consolidated statements of financial condition attributable to consolidated variable interest entities ("VIEs"). KKR's consolidated VIEs consist primarily of (i) certain collateralized financing entities ("CFEs") holding collateralized loan obligations ("CLOs") and commercial real estate mortgage-backed securities ("CMBS") and (ii) certain investment funds. With respect to consolidated VIEs, the following assets may only be used to settle obligations of these consolidated VIEs and the following liabilities are only the obligations of these consolidated VIEs. The noteholders, limited partners and other creditors of these VIEs have no recourse to KKR's general assets. Additionally, KKR has no right to the benefits from, nor does KKR bear the risks associated with, the assets held by these VIEs beyond KKR's beneficial interest therein and any income generated from the VIEs. There are neither explicit arrangements nor does KKR hold implicit variable interests that would require KKR to provide any material ongoing financial support to the consolidated VIEs, beyond amounts previously committed, if any.

	September 30, 2020		
	Consolidated CFEs	Consolidated KKR Funds and Other Entities	Total
Assets			
Cash and Cash Equivalents Held at Consolidated Entities	$ 828,048	$ 243,217	$ 1,071,265
Restricted Cash and Cash Equivalents	—	69,608	69,608
Investments	16,647,431	25,175,699	41,823,130
Other Assets	416,778	443,431	860,209
Total Assets	$ 17,892,257	$ 25,931,955	$ 43,824,212
Liabilities			
Debt Obligations	$ 16,279,747	$ 3,366,405	$ 19,646,152
Accounts Payable, Accrued Expenses and Other Liabilities	1,196,054	371,165	1,567,219
Total Liabilities	$ 17,475,801	$ 3,737,570	$ 21,213,371

	December 31, 2019		
	Consolidated CFEs	Consolidated KKR Funds and Other Entities	Total
Assets			
Cash and Cash Equivalents Held at Consolidated Entities	$ 634,029	$ 112,122	$ 746,151
Restricted Cash and Cash Equivalents	—	34,849	34,849
Investments	14,948,237	20,851,587	35,799,824
Due from Affiliates	—	9,678	9,678
Other Assets	100,221	178,892	279,113
Total Assets	$ 15,682,487	$ 21,187,128	$ 36,869,615
Liabilities			
Debt Obligations	$ 14,658,137	$ 2,481,937	$ 17,140,074
Accounts Payable, Accrued Expenses and Other Liabilities	513,057	109,575	622,632
Total Liabilities	$ 15,171,194	$ 2,591,512	$ 17,762,706

See notes to financial statements.

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Amounts in Thousands, Except Share and Per Share Data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues				
Fees and Other	$ 563,340	$ 416,217	$ 1,337,385	$ 1,308,206
Capital Allocation-Based Income (Loss)	1,331,898	374,268	888,342	1,849,623
Total Revenues	1,895,238	790,485	2,225,727	3,157,829
Expenses				
Compensation and Benefits	882,339	427,527	1,211,526	1,581,056
Occupancy and Related Charges	17,321	14,894	51,222	46,777
General, Administrative and Other	194,039	177,112	491,327	529,278
Total Expenses	1,093,699	619,533	1,754,075	2,157,111
Investment Income (Loss)				
Net Gains (Losses) from Investment Activities	2,284,602	(4,590)	(179,033)	2,237,273
Dividend Income	116,379	147,989	295,047	187,744
Interest Income	354,865	344,140	1,040,052	1,068,378
Interest Expense	(223,709)	(268,747)	(725,245)	(782,601)
Total Investment Income (Loss)	2,532,137	218,792	430,821	2,710,794
Income (Loss) Before Taxes	3,333,676	389,744	902,473	3,711,512
Income Tax Expense (Benefit)	359,375	53,132	204,960	386,124
Net Income (Loss)	2,974,301	336,612	697,513	3,325,388
Net Income (Loss) Attributable to Noncontrolling Interests	1,909,458	87,058	206,225	1,843,781
Net Income (Loss) Attributable to KKR & Co. Inc.	1,064,843	249,554	491,288	1,481,607
Series A Preferred Stock Dividends	5,822	5,822	17,466	17,466
Series B Preferred Stock Dividends	2,519	2,519	7,557	7,557
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	$ 1,056,502	$ 241,213	$ 466,265	$ 1,456,584
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock				
Basic	$ 1.86	$ 0.44	$ 0.82	$ 2.69
Diluted	$ 1.79	$ 0.43	$ 0.80	$ 2.63
Weighted Average Shares of Common Stock Outstanding				
Basic	562,425,576	546,336,936	560,124,947	541,631,675
Diluted	589,116,387	559,532,065	569,910,981	554,786,356

See notes to financial statements.

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
(Amounts in Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Net Income (Loss)	$ 2,974,301	$ 336,612	$ 697,513	$ 3,325,388
Other Comprehensive Income (Loss), Net of Tax:				
Foreign Currency Translation Adjustments	21,923	(21,047)	(2,954)	(20,720)
Comprehensive Income (Loss)	2,996,224	315,565	694,559	3,304,668
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	1,918,700	76,700	201,421	1,834,170
Comprehensive Income (Loss) Attributable to KKR & Co. Inc.	$ 1,077,524	$ 238,865	$ 493,138	$ 1,470,498

See notes to financial statements.

KKR & CO. INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
(Amounts in Thousands, Except Share and Per Share Data)

	Three Months Ended September 30, 2019		Nine Months Ended September 30, 2019	
	Amounts	**Shares**	**Amounts**	**Shares**
Series A and B Preferred Stock				
Beginning of Period	$ 482,554	20,000,000	$ 482,554	20,000,000
End of Period	482,554	20,000,000	482,554	20,000,000
Series I Preferred Stock				
Beginning of Period	—	1	—	1
End of Period	—	1	—	1
Series II Preferred Stock				
Beginning of Period	2,970	296,961,596	2,991	299,081,239
Cancellation of Series II Preferred Stock	(12)	(1,215,449)	(33)	(3,335,092)
End of Period	2,958	295,746,147	2,958	295,746,147
Common Stock				
Beginning of Period	5,456	545,623,520	5,349	534,857,237
Exchange of KKR Holdings Units	12	1,215,449	33	3,335,092
Net Delivery of Common Stock	—	—	65	6,516,929
Repurchases of Common Stock	—	—	(14)	(1,370,289)
Common Stock Issued in Connection with the Purchase of an Investment	—	—	35	3,500,000
End of Period	5,468	546,838,969	5,468	546,838,969
Additional Paid-In Capital				
Beginning of Period	8,252,018		8,106,408	
Exchange of KKR Holdings Units	22,367		59,353	
Tax Effects - Exchange of KKR Holdings Units and Other	3,259		7,776	
Net Delivery of Common Stock	—		(53,479)	
Repurchases of Common Stock	—		(28,552)	
Equity-Based Compensation	54,395		157,891	
Common Stock Issued in Connection with the Purchase of an Investment	—		82,642	
End of Period	8,332,039		8,332,039	
Retained Earnings				
Beginning of Period	1,172,754		91,953	
Net Income (Loss) Attributable to KKR & Co. Inc.	249,554		1,481,607	
Series A Preferred Stock Dividends ($0.421875 and $1.265625 per share for the three and nine months ended September 30, 2019, respectively)	(5,822)		(17,466)	
Series B Preferred Stock Dividends ($0.406250 and $1.218750 per share for the three and nine months ended September 30, 2019, respectively)	(2,519)		(7,557)	
Common Stock Dividends ($0.125 and $0.375 per share for the three and nine months ended September 30, 2019, respectively)	(68,139)		(202,709)	
End of Period	1,345,828		1,345,828	
Accumulated Other Comprehensive Income (Loss) (net of tax)				
Beginning of Period	(40,274)		(39,645)	
Foreign Currency Translation	(10,689)		(11,109)	
Exchange of KKR Holdings Units	(130)		(339)	
End of Period	(51,093)		(51,093)	
Total KKR & Co. Inc. Stockholders' Equity	10,117,754		10,117,754	
Noncontrolling Interests (See Note 15)	18,467,443		18,467,443	
Total Equity	$ 28,585,197		$ 28,585,197	

See notes to financial statements.

KKR & CO. INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) (Continued)
(Amounts in Thousands, Except Share and Per Share Data)

	Three Months Ended September 30, 2020		Nine Months Ended September 30, 2020	
	Amounts	Shares	Amounts	Shares
Series A and B Preferred Stock				
Beginning of Period	$ 482,554	20,000,000	$ 482,554	20,000,000
End of Period	482,554	20,000,000	482,554	20,000,000
Series C Mandatory Convertible Preferred Stock				
Beginning of Period	—	—	—	—
Issuance of Series C Mandatory Convertible Preferred Stock (net of issuance costs)	1,115,792	23,000,000	1,115,792	23,000,000
End of Period	1,115,792	23,000,000	1,115,792	23,000,000
Series I Preferred Stock				
Beginning of Period	—	1	—	1
End of Period	—	1	—	1
Series II Preferred Stock				
Beginning of Period	2,860	285,978,495	2,904	290,381,345
Cancellation of Series II Preferred Stock	(72)	(7,197,017)	(116)	(11,599,867)
End of Period	2,788	278,781,478	2,788	278,781,478
Common Stock				
Beginning of Period	5,591	559,140,869	5,600	560,007,579
Exchange of KKR Holdings Units	72	7,197,017	116	11,599,867
Net Delivery of Common Stock	—	—	49	4,940,113
Repurchases of Common Stock	—	—	(102)	(10,209,673)
Clawback of Transfer Restricted Shares	—	(3,140)	—	(3,140)
End of Period	5,663	566,334,746	5,663	566,334,746
Additional Paid-In Capital				
Beginning of Period	8,459,914		8,565,919	
Exchange of KKR Holdings Units	141,587		222,840	
Tax Effects - Exchange of KKR Holdings Units and Other	(4,315)		(10,197)	
Net Delivery of Common Stock	—		(40,639)	
Repurchases of Common Stock	—		(246,058)	
Equity-Based Compensation	42,488		133,424	
Transfer of Interests Under Common Control (See Note 1)	—		14,385	
Transfer of Oil and Gas Interests (See Note 2)	(45,669)		(45,669)	
End of Period	8,594,005		8,594,005	
Retained Earnings				
Beginning of Period	1,056,918		1,792,152	
Net Income (Loss) Attributable to KKR & Co. Inc.	1,064,843		491,288	
Series A Preferred Stock Dividends ($0.421875 and $1.265625 per share for the three and nine months ended September 30, 2020, respectively)	(5,822)		(17,466)	
Series B Preferred Stock Dividends ($0.406250 and $1.218750 per share for the three and nine months ended September 30, 2020, respectively)	(2,519)		(7,557)	
Common Stock Dividends ($0.135 and $0.395 per share for the three and nine months ended September 30, 2020, respectively)	(75,485)		(220,482)	
End of Period	2,037,935		2,037,935	
Accumulated Other Comprehensive Income (Loss) (net of tax)				
Beginning of Period	(52,969)		(41,639)	
Foreign Currency Translation	12,681		1,850	
Exchange of KKR Holdings Units	(793)		(1,292)	
End of Period	(41,081)		(41,081)	
Total KKR & Co. Inc. Stockholders' Equity	12,197,656		12,197,656	
Noncontrolling Interests (See Note 15)	21,845,974		21,845,974	
Total Equity	$ 34,043,630		$ 34,043,630	

See notes to financial statements.

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Amounts in Thousands)

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Operating Activities		
Net Income (Loss)	$ 697,513	$ 3,325,388
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Equity-Based and Other Non-Cash Compensation	196,644	225,320
Net Realized (Gains) Losses on Investments	(281,378)	(407,120)
Change in Unrealized (Gains) Losses on Investments	460,411	(1,830,153)
Capital Allocation-Based (Income) Loss	(888,342)	(1,849,623)
Other Non-Cash Amounts	(12,656)	(16,662)
Cash Flows Due to Changes in Operating Assets and Liabilities:		
Change in Consolidation and Other	8,624	(137,498)
Change in Due from / to Affiliates	(115,895)	(34,582)
Change in Other Assets	(300,660)	555,933
Change in Accounts Payable, Accrued Expenses and Other Liabilities	521,877	657,922
Investments Purchased	(27,838,469)	(25,617,969)
Proceeds from Investments	23,404,986	21,616,258
Net Cash Provided (Used) by Operating Activities	(4,147,345)	(3,512,786)
Investing Activities		
Purchases of Fixed Assets	(100,341)	(160,579)
Development of Oil and Natural Gas Properties	(11,128)	(3,246)
Net Cash Provided (Used) by Investing Activities	(111,469)	(163,825)
Financing Activities		
Series A and B Preferred Stock Dividends	(25,023)	(25,023)
Common Stock Dividends	(220,482)	(202,709)
Distributions to Noncontrolling Interests	(3,412,058)	(2,350,628)
Contributions from Noncontrolling Interests	5,586,977	3,364,097
Issuance of Series C Mandatory Convertible Preferred Stock (net of issuance costs)	1,115,792	—
Net Delivery of Common Stock (Equity Incentive Plans)	(40,590)	(53,414)
Repurchases of Common Stock	(246,160)	(28,566)
Proceeds from Debt Obligations	11,708,358	10,993,685
Repayment of Debt Obligations	(7,547,703)	(6,976,084)
Financing Costs Paid	(31,754)	(41,308)
Net Cash Provided (Used) by Financing Activities	6,887,357	4,680,050
Effect of exchange rate changes on cash, cash equivalents and restricted cash	21,968	(19,381)
Net Increase/(Decrease) in Cash, Cash Equivalents and Restricted Cash	2,650,511	984,058
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	3,237,416	2,641,512
Cash, Cash Equivalents and Restricted Cash, End of Period	$ 5,887,927	$ 3,625,570

See notes to financial statements.

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Continued)
(Amounts in Thousands)

	Nine Months Ended September 30,	
	2020	2019
Supplemental Disclosures of Cash Flow Information		
Payments for Interest	$ 775,848	$ 764,975
Payments for Income Taxes	$ 145,097	$ 114,577
Payments for Operating Lease Liabilities	$ 40,467	$ 37,274
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Equity-Based and Other Non-Cash Contributions	$ 197,020	$ 225,320
Common Stock Issued in Connection with the Purchase of an Investment	$ —	$ 82,677
Non-Cash Contribution from Noncontrolling Interests	$ 209,703	$ —
Debt Obligations - Net Gains (Losses), Translation and Other	$ (39,894)	$ (8,572)
Transfer of Oil and Gas Interests (See Note 2)	$ (69,027)	$ —
Tax Effects - Exchange of KKR Holdings L.P. Units and Other	$ (10,197)	$ 7,776
Right-of-Use Assets obtained in Exchange for new Operating Lease Liabilities	$ 68,700	$ 9,672
Change in Consolidation and Other		
Investments	$ 3,480	$ (2,061,328)
Due From Affiliates	$ —	$ 1,642
Other Assets	$ 46,892	$ (19,703)
Debt Obligations	$ 259,822	$ (1,046,515)
Accounts Payable, Accrued Expenses and Other Liabilities	$ 32,494	$ (47,731)
Noncontrolling Interests	$ (239,258)	$ —
Redeemable Noncontrolling Interests	$ —	$ (1,122,641)

	September 30, 2020	December 31, 2019
Reconciliation to the Condensed Consolidated Statements of Financial Condition		
Cash and Cash Equivalents	$ 4,363,105	$ 2,346,713
Cash and Cash Equivalents Held at Consolidated Entities	1,380,976	816,441
Restricted Cash and Cash Equivalents	143,846	74,262
Cash, Cash Equivalents and Restricted Cash, End of Period	$ 5,887,927	$ 3,237,416

See notes to financial statements.

KKR & CO. INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
(All Amounts in Thousands, Except Share and Per Share Data, and Except Where Noted)

1. ORGANIZATION

KKR & Co. Inc. (NYSE: KKR), through its subsidiaries (collectively, "KKR"), is a leading global investment firm that manages multiple alternative asset classes including private equity, credit and real assets, with strategic partners that manage hedge funds. KKR aims to generate attractive investment returns for its fund investors by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR's portfolio companies. KKR invests its own capital alongside the capital it manages for fund investors and provides financing solutions and investment opportunities through its capital markets business.

KKR & Co. Inc. is the parent company of KKR Group Holdings Corp., which is the general partner of KKR Group Partnership L.P. ("KKR Group Partnership"). KKR & Co. Inc. both indirectly controls KKR Group Partnership and indirectly holds Class A partner interests in KKR Group Partnership ("KKR Group Partnership Units") representing economic interests in KKR's business. The remaining KKR Group Partnership Units are held by KKR Holdings L.P. ("KKR Holdings"), which is not a subsidiary of KKR & Co. Inc. As of September 30, 2020, KKR & Co. Inc. held approximately 67.0% of the KKR Group Partnership Units and KKR Holdings held approximately 33.0% of the KKR Group Partnership Units. The percentage ownership in KKR Group Partnership will continue to change as KKR Holdings exchanges its KKR Group Partnership Units for shares of common stock of KKR & Co. Inc. or when KKR & Co. Inc. otherwise issues or repurchases shares of common stock of KKR & Co. Inc. KKR Group Partnership also has outstanding limited partner interests that provide for a carry pool and preferred units with economic terms that mirror the Series A Preferred Stock, Series B Preferred Stock and Series C Mandatory Convertible Preferred Stock issued by KKR & Co. Inc.

On May 8, 2020 (the "Effective Date"), KKR & Co. Inc. amended and restated its Certificate of Incorporation to, among other changes, rename its Class A common stock as common stock and reclassify its Class B common stock and Class C common stock into Series I preferred stock and Series II preferred stock, respectively. Common stock, Series I preferred stock and Series II preferred stock have the same rights and powers that Class A common stock, Class B common stock and Class C common stock had, respectively, prior to the Effective Date. References to "common stock" for periods prior to the Effective Date mean Class A common stock of KKR & Co. Inc. and references to "Series I preferred stock" and "Series II preferred stock" for periods prior to the Effective Date mean Class B common stock and Class C common stock of KKR & Co. Inc., respectively. See Note 15 "Equity."

Reorganization and Acquisition of KKR Capstone

On January 1, 2020, KKR completed an internal reorganization (the "Reorganization"), in which (i) KKR Management Holdings L.P. ("Management Holdings") and KKR International Holdings L.P. ("International Holdings") were combined with KKR Fund Holdings L.P. ("Fund Holdings"), which changed its name to KKR Group Partnership L.P. and became the sole intermediate holding company for KKR's business, (ii) the issuers of each series of KKR’s outstanding senior notes were contributed to KKR Group Partnership and the guarantees by International Holdings and Management Holdings under the senior notes were automatically and unconditionally released and discharged pursuant to the terms of the indentures governing such senior notes, with KKR Group Partnership remaining as a guarantor, and (iii) the ownership interests of certain operating subsidiaries of KKR Group Partnership were reorganized. References to "KKR Group Partnerships" for periods prior to the Reorganization mean Fund Holdings, Management Holdings and International Holdings, collectively, and references to "KKR Group Partnership" for periods following the Reorganization mean KKR Group Partnership L.P. References to a "KKR Group Partnership Unit" mean (i) one Class A partner interest in each of Fund Holdings, Management Holdings and International Holdings, collectively, for periods prior to the Reorganization and (ii) one Class A partner interest in KKR Group Partnership for periods following the Reorganization.

Contemporaneously with the Reorganization, KKR acquired KKR Capstone Americas LLC and its affiliates ("KKR Capstone") on January 1, 2020. KKR Capstone was consolidated prior to January 1, 2020 and consequently, this transaction was accounted for as an equity transaction. This transaction resulted in an increase to the KKR Group Partnership equity. Accordingly, both KKR's equity and noncontrolling interests held by KKR Holdings increased for their proportionate share of the KKR Capstone equity based on their ownership in KKR Group Partnership on January 1, 2020.

Pending Acquisition of Global Atlantic Financial Group

On July 8, 2020, KKR and Global Atlantic Financial Group Limited ("Global Atlantic") announced a strategic transaction whereby KKR agreed to acquire Global Atlantic, a leading retirement and life insurance company. The transaction, which is expected to close in early 2021, is subject to required regulatory approvals and certain other customary closing conditions.

KKR expects to finance the Global Atlantic acquisition, net of potential equity roll-over participation, with a combination of: (i) cash on hand (including cash generated by the monetization of investments prior to the acquisition closing), (ii) proceeds from potential syndication of the equity interests in Global Atlantic to minority co-investors, (iii) proceeds from the offering of $1,150 million of 6.00% Series C Mandatory Convertible Preferred Stock by KKR & Co. Inc. and (iv) proceeds from the offering of $750 million aggregate principal amount of 3.500% Senior Notes due 2050 by KKR Group Finance Co. VIII LLC. Refer to Note 10 "Debt Obligations" and Note 15 "Equity" for additional information related to the debt and equity offerings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited financial statements of KKR & Co. Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the instructions to Form 10-Q. The condensed consolidated financial statements (referred to hereafter as the "financial statements"), including these notes, are unaudited and exclude some of the disclosures required in annual financial statements. Management believes it has made all necessary adjustments (consisting of only normal recurring items) such that the financial statements are presented fairly and that estimates made in preparing the financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. The consolidated balance sheet data as of December 31, 2019 was derived from audited financial statements included in KKR's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission (the "SEC") on February 18, 2020, and the financial statements should be read in conjunction with the audited financial statements included therein. Additionally, in the accompanying financial statements, the condensed consolidated statements of financial condition are referred to hereafter as the "consolidated statements of financial condition"; the condensed consolidated statements of operations are referred to hereafter as the "consolidated statements of operations"; the condensed consolidated statements of comprehensive income (loss) are referred to hereafter as the "consolidated statements of comprehensive income (loss)"; the condensed consolidated statements of changes in equity are referred to hereafter as the "consolidated statements of changes in equity"; and the condensed consolidated statements of cash flows are referred to hereafter as the "consolidated statements of cash flows."

KKR consolidates the financial results of KKR Group Partnership and its consolidated entities, which include the accounts of KKR's investment management and capital markets companies, the general partners of certain unconsolidated investment funds, general partners of consolidated investment funds and their respective consolidated investment funds and certain other entities including CFEs. References in the accompanying financial statements to "principals" are to KKR's senior employees who hold interests in KKR's business through KKR Holdings.

All intercompany transactions and balances have been eliminated.

COVID-19 and Global Economic and Market Conditions

The outbreak of a novel strain of coronavirus ("COVID-19") continues to impact the United States and other countries throughout the world. In March 2020, the World Health Organization declared COVID-19 to be a pandemic and the United States declared a national emergency due to the outbreak. In connection with these declarations, various governments around the world have instituted measures to slow the transmissions of COVID-19, which substantially restrict individual and business activities. These measures have included, for example, closures of non-essential businesses, limitations of crowd size, stay-at-home orders, quarantines, heightened border controls and limitations on travel. Governments in the United States and around the world have responded with fiscal and monetary stimuli that aim to provide emergency assistance to individuals and businesses negatively impacted by COVID-19. The outbreak of COVID-19 and the actions taken in response have had far reaching impact on the U.S. and global economies, contributing to significant volatility in the financial markets, resulting in increased volatility in equity prices (including our common stock) and lower interest rates, and causing furloughs and layoffs in the labor market. While COVID-19 cases have declined temporarily in some parts of the United States, many states in the Southern, Midwestern and Western regions saw sharp increases in infection rates as they began to allow businesses to reopen.

COVID-19 cases have also continued to surge in certain countries outside the United States, and certain countries that were initially successful at containing the virus have experienced renewed outbreaks in recent months.

Given the ongoing nature of the outbreak, at this time we cannot reasonably predict the magnitude of the ultimate impact that COVID-19 will have on KKR's business, financial performance and operating results. We believe COVID-19's adverse impact on KKR's business, financial performance and operating results will be significantly driven by a number of factors that we are unable to predict or control, including, for example: the severity and duration of the pandemic; the pandemic's impact on the U.S. and global economies; the timing, scope and effectiveness of additional governmental responses to the pandemic; the timing and speed of economic recovery, including the availability of a treatment or vaccination for COVID-19; and the negative impact on our fund investors, vendors and other business partners that may indirectly adversely affect KKR.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and investment income (loss) during the reporting periods. Such estimates include but are not limited to (i) the determination of the income tax provision and (ii) the valuation of investments and financial instruments. Actual results could differ from those estimates, and such differences could be material to the financial statements.

Principles of Consolidation

The types of entities KKR assesses for consolidation include (i) subsidiaries, including management companies, broker-dealers and general partners of investment funds that KKR manages, (ii) entities that have all the attributes of an investment company, like investment funds, (iii) CFEs and (iv) other entities. Each of these entities is assessed for consolidation on a case by case basis depending on the specific facts and circumstances surrounding that entity.

Pursuant to its consolidation policy, KKR first considers whether an entity is considered a VIE and therefore whether to apply the consolidation guidance under the VIE model. Entities that do not qualify as VIEs are assessed for consolidation as voting interest entities ("VOEs") under the voting interest model.

KKR's funds are, for GAAP purposes, investment companies and therefore are not required to consolidate their investments in portfolio companies even if majority-owned and controlled. Rather, the consolidated funds and vehicles reflect their investments at fair value as described below in "Fair Value Measurements."

An entity in which KKR holds a variable interest is a VIE if any one of the following conditions exist: (a) the total equity investment at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support, (b) the holders of the equity investment at risk (as a group) lack either the direct or indirect ability through voting rights or similar rights to make decisions about a legal entity's activities that have a significant effect on the success of the legal entity or the obligation to absorb the expected losses or right to receive the expected residual returns, or (c) the voting rights of some investors are disproportionate to their obligation to absorb the expected losses of the legal entity, their rights to receive the expected residual returns of the legal entity, or both and substantially all of the legal entity's activities either involve or are conducted on behalf of an investor with disproportionately few voting rights. Limited partnerships and other similar entities where unaffiliated limited partners have not been granted (i) substantive participatory rights or (ii) substantive rights to either dissolve the partnership or remove the general partner ("kick-out rights") are VIEs under condition (b) above. KKR's investment funds that are not CFEs (i) are generally limited partnerships, (ii) generally provide KKR with operational discretion and control, and (iii) generally have fund investors with no substantive rights to impact ongoing governance and operating activities of the fund, including the ability to remove the general partner, and, as such, the limited partners do not hold kick-out rights. Accordingly, most of KKR's investment funds are categorized as VIEs.

KKR consolidates all VIEs in which it is the primary beneficiary. A reporting entity is determined to be the primary beneficiary if it holds a controlling financial interest in a VIE. A controlling financial interest is defined as (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The consolidation guidance requires an analysis to determine (i) whether an entity in which KKR holds a variable interest is a VIE and (ii) whether KKR's involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests (for example, management and performance related fees), would give it a controlling financial interest. Performance of that analysis requires the exercise of judgment. Fees earned by KKR that are customary and commensurate with the level of effort required to provide those services, and where KKR does not hold other economic interests in the entity that would absorb more than an insignificant amount of the expected losses or returns of the entity, would not be considered variable interests. KKR factors in all economic interests including interests held through related parties, to determine if it holds a variable interest. KKR determines whether it is the primary beneficiary of a VIE at the time it becomes involved with a VIE and reconsiders that conclusion when facts and circumstances change.

For entities that are determined not to be VIEs, these entities are generally considered VOEs and are evaluated under the voting interest model. KKR consolidates VOEs it controls through a majority voting interest or through other means.

The consolidation assessment, including the determination as to whether an entity qualifies as a VIE or VOE depends on the facts and circumstances surrounding each entity and therefore certain of KKR's investment funds may qualify as VIEs whereas others may qualify as VOEs.

With respect to CLOs (which are generally VIEs), in its role as collateral manager, KKR generally has the power to direct the activities of the CLO that most significantly impact the economic performance of the entity. In some, but not all cases, KKR, through its residual interest in the CLO may have variable interests that represent an obligation to absorb losses of, or a right to receive benefits from, the CLO that could potentially be significant to the CLO. In cases where KKR has both the power to direct the activities of the CLO that most significantly impact the CLO's economic performance and the obligation to absorb losses of the CLO or the right to receive benefits from the CLO that could potentially be significant to the CLO, KKR is deemed to be the primary beneficiary and consolidates the CLO.

With respect to CMBS vehicles (which are generally VIEs), KKR holds unrated and non-investment grade rated securities issued by the CMBS, which are the most subordinate tranche of the CMBS vehicle. The economic performance of the CMBS is most significantly impacted by the performance of the underlying assets. Thus, the activities that most significantly impact the CMBS economic performance are the activities that most significantly impact the performance of the underlying assets. The special servicer has the ability to manage the CMBS assets that are delinquent or in default to improve the economic performance of the CMBS. KKR generally has the right to unilaterally appoint and remove the special servicer for the CMBS and as such is considered the controlling class of the CMBS vehicle. These rights give KKR the ability to direct the activities that most significantly impact the economic performance of the CMBS. Additionally, as the holder of the most subordinate tranche, KKR is in a first loss position and has the right to receive benefits, including the actual residual returns of the CMBS, if any. In these cases, KKR is deemed to be the primary beneficiary and consolidates the CMBS vehicle.

Investments

Investments consist primarily of private equity, credit, investments of consolidated CFEs, real assets, equity method and other investments. Investments denominated in currencies other than the entity's functional currency are valued based on the spot rate of the respective currency at the end of the reporting period with changes related to exchange rate movements reflected in the consolidated statements of operations. Security and loan transactions are recorded on a trade date basis. Further disclosure on investments is presented in Note 4 "Investments."

The following describes the types of securities held within each investment class.

Private Equity - Consists primarily of equity investments in operating businesses, including growth equity investments.

Credit - Consists primarily of investments in below investment grade corporate debt securities (primarily high yield bonds and syndicated bank loans), originated, distressed and opportunistic credit, real estate mortgage loans, and interests in unconsolidated CLOs.

Investments of Consolidated CFEs - Consists primarily of (i) investments in below investment grade corporate debt securities (primarily high yield bonds and syndicated bank loans) held directly by the consolidated CLOs and (ii) investments in originated, fixed-rate real estate mortgage loans held directly by the consolidated CMBS vehicles.

Real Assets - Consists primarily of investments in (i) energy related assets, principally oil and natural gas properties, (ii) infrastructure assets, and (iii) real estate, principally residential and commercial real estate assets and businesses.

Equity Method - *Other* - Consists primarily of (i) certain direct interests in operating companies in which KKR is deemed to exert significant influence under GAAP and (ii) certain interests in partnerships and joint ventures that hold private equity and real assets investments.

Equity Method - Capital Allocation-Based Income - Consists primarily of (i) the capital interest KKR holds as the general partner in certain investment funds, which are not consolidated and (ii) the carried interest component of the general partner interest, which are accounted for as a single unit of account.

Other - Consists primarily of investments in common stock, preferred stock, warrants and options of companies that are not private equity, real assets, credit or investments of consolidated CFEs.

Investments held by Consolidated Investment Funds

The consolidated investment funds are, for GAAP purposes, investment companies and reflect their investments and other financial instruments, including portfolio companies that are majority-owned and controlled by KKR's investment funds, at fair value. KKR has retained this specialized accounting for the consolidated investment funds in consolidation. Accordingly, the unrealized gains and losses resulting from changes in fair value of the investments and other financial instruments held by the consolidated investment funds are reflected as a component of Net Gains (Losses) from Investment Activities in the consolidated statements of operations.

Certain energy investments are made through consolidated investment funds, including investments in working and royalty interests in oil and natural gas properties as well as investments in operating companies that operate in the energy industry. Since these investments are held through consolidated investment funds, such investments are reflected at fair value as of the end of the reporting period.

Investments in operating companies that are held through KKR's consolidated investment funds are generally classified within private equity investments and investments in working and royalty interests in oil and natural gas properties are generally classified as real asset investments.

Energy Investments held by KKR

On August 18, 2020, KKR transferred all the working and royalty interests in oil and natural gas properties, which were directly held by KKR and not held through investment funds, into a consolidated investment fund. Before the transfer, oil and natural gas activities were accounted for under the successful efforts method of accounting and such working and royalty interests were consolidated based on the proportion of the working and royalty interests held by KKR. Subsequent to the transfer, such working and royalty interests are carried at fair value in accordance with ASC 946, Financial Services - Investment Companies, and recorded within investments in the consolidated statements of financial condition. Any changes in fair value are recorded within Net Gains (Losses) from Investment Activities in the consolidated statements of operations. No gain or loss has been recorded in the consolidated statement of operations as result of the transfer. KKR recognized the differential between the net carrying value of such working and royalty interests and the fair value at the time of the transfer within stockholders' equity. This transaction resulted in an adjustment to the KKR Group Partnership equity, and accordingly, both KKR's equity and noncontrolling interests held by KKR Holdings were adjusted for their proportionate share based on their ownership in the KKR Group Partnership at the time of transfer. See the consolidated statements of changes in equity and Note 15 "Equity". The fair value has been determined in accordance with KKR’s Level III Valuation Methodologies.

Fair Value Option

For certain investments and other financial instruments, KKR has elected the fair value option. Such election is irrevocable and is applied on a financial instrument by financial instrument basis at initial recognition. KKR has elected the fair value option for certain private equity, real assets, credit, investments of consolidated CFEs, equity method - other and other financial instruments not held through a consolidated investment fund. Accounting for these investments at fair value is consistent with how KKR accounts for its investments held through consolidated investment funds. Changes in the fair value of such instruments are recognized in Net Gains (Losses) from Investment Activities in the consolidated statements of operations. Interest income on interest bearing credit securities on which the fair value option has been elected is based on stated coupon rates adjusted for the accretion of purchase discounts and the amortization of purchase premiums. This interest income is recorded within Interest Income in the consolidated statements of operations.

Equity Method

For certain investments in entities over which KKR exercises significant influence but which do not meet the requirements for consolidation and for which KKR has not elected the fair value option, KKR uses the equity method of accounting. The carrying value of equity method investments, for which KKR has not elected the fair value option, is determined based on the amounts invested by KKR, adjusted for the equity in earnings or losses of the investee allocated based on KKR's respective ownership percentage, less distributions.

For equity method investments for which KKR has not elected the fair value option, KKR records its proportionate share of the investee's earnings or losses based on the most recently available financial information of the investee, which in certain cases may lag the date of KKR's financial statements by no more than three calendar months. As of September 30, 2020, equity method investees for which KKR reports financial results on a lag include Marshall Wace LLP ("Marshall Wace").

KKR evaluates its equity method investments for which KKR has not elected the fair value option for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable.

The carrying value of investments classified as Equity Method - Capital Allocation-Based Income approximates fair value, because the underlying investments of the unconsolidated investment funds are reported at fair value.

Financial Instruments held by Consolidated CFEs

KKR measures both the financial assets and financial liabilities of the consolidated CFEs in its financial statements using the more observable of the fair value of the financial assets and the fair value of the financial liabilities which results in KKR's consolidated net income (loss) reflecting KKR's own economic interests in the consolidated CFEs including (i) changes in the fair value of the beneficial interests retained by KKR and (ii) beneficial interests that represent compensation for services rendered.

For the consolidated CLOs, KKR has determined that the fair value of the financial assets of the consolidated CLOs is more observable than the fair value of the financial liabilities of the consolidated CLOs. As a result, the financial assets of the consolidated CLOs are being measured at fair value and the financial liabilities are being measured in consolidation as: (1) the sum of the fair value of the financial assets and the carrying value of any nonfinancial assets that are incidental to the operations of the CLOs less (2) the sum of the fair value of any beneficial interests retained by KKR (other than those that represent compensation for services) and KKR's carrying value of any beneficial interests that represent compensation for services. The resulting amount is allocated to the individual financial liabilities (other than the beneficial interests retained by KKR).

For the consolidated CMBS vehicles, KKR has determined that the fair value of the financial liabilities of the consolidated CMBS vehicles is more observable than the fair value of the financial assets of the consolidated CMBS vehicles. As a result, the financial liabilities of the consolidated CMBS vehicles are being measured at fair value and the financial assets are being measured in consolidation as: (1) the sum of the fair value of the financial liabilities (other than the beneficial interests retained by KKR), the fair value of the beneficial interests retained by KKR and the carrying value of any nonfinancial liabilities that are incidental to the operations of the CMBS vehicles less (2) the carrying value of any nonfinancial assets that are incidental to the operations of the CMBS vehicles. The resulting amount is allocated to the individual financial assets.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Except for certain of KKR's equity method investments (see "Equity Method" above) and debt obligations (as described in Note 10 "Debt Obligations"), KKR's investments and other financial instruments are recorded at fair value or at amounts whose carrying values approximate fair value. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation techniques are applied. These valuation techniques involve varying levels of management estimation and judgment, the degree of which is dependent on a variety of factors.

GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments and financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

Level I - Pricing inputs are unadjusted, quoted prices in active markets for identical assets or liabilities as of the measurement date. The types of financial instruments included in this category are publicly-listed equities and securities sold short.

Level II - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies. The types of financial instruments included in this category are credit investments, investments and debt obligations of consolidated CLO entities, convertible debt securities indexed to publicly-listed securities, less liquid and restricted equity securities and certain over-the-counter derivatives such as foreign currency option and forward contracts.

Level III - Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation. The types of financial instruments generally included in this category are private portfolio companies, real assets investments, credit investments, equity method investments for which the fair value option was elected and investments and debt obligations of consolidated CMBS entities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. KKR's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the asset.

A significant decrease in the volume and level of activity for the asset or liability is an indication that transactions or quoted prices may not be representative of fair value because in such market conditions there may be increased instances of transactions that are not orderly. In those circumstances, further analysis of transactions or quoted prices is needed, and a significant adjustment to the transactions or quoted prices may be necessary to estimate fair value.

The availability of observable inputs can vary depending on the financial asset or liability and is affected by a wide variety of factors, including, for example, the type of instrument, whether the instrument has recently been issued, whether the instrument is traded on an active exchange or in the secondary market, and current market conditions. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by KKR in determining fair value is greatest for instruments categorized in Level III. The variability and availability of the observable inputs affected by the factors described above may cause transfers between Levels I, II, and III, which KKR recognizes at the beginning of the reporting period.

Investments and other financial instruments that have readily observable market prices (such as those traded on a securities exchange) are stated at the last quoted sales price as of the reporting date. KKR does not adjust the quoted price for these investments, even in situations where KKR holds a large position and a sale could reasonably affect the quoted price.

Management's determination of fair value is based upon the methodologies and processes described below and may incorporate assumptions that are management's best estimates after consideration of a variety of internal and external factors.

Level II Valuation Methodologies

Credit Investments: These financial instruments generally have bid and ask prices that can be observed in the marketplace. Bid prices reflect the highest price that KKR and others are willing to pay for an instrument. Ask prices represent the lowest price that KKR and others are willing to accept for an instrument. For financial instruments whose inputs are based on bid-ask prices obtained from third party pricing services, fair value may not always be a predetermined point in the bid-ask range. KKR's policy is generally to allow for mid-market pricing and adjusting to the point within the bid-ask range that meets KKR's best estimate of fair value.

Investments and Debt Obligations of Consolidated CLO Vehicles: Investments of consolidated CLO vehicles are reported within Investments of Consolidated CFEs and are valued using the same valuation methodology as described above for credit investments. Under ASU 2014-13, KKR measures CLO debt obligations on the basis of the fair value of the financial assets of the CLO.

Securities Indexed to Publicly-Listed Securities: These securities are typically valued using standard convertible security pricing models. The key inputs into these models that require some amount of judgment are the credit spreads utilized and the volatility assumed. To the extent the company being valued has other outstanding debt securities that are publicly-traded, the implied credit spread on the company's other outstanding debt securities would be utilized in the valuation. To the extent the company being valued does not have other outstanding debt securities that are publicly-traded, the credit spread will be estimated based on the implied credit spreads observed in comparable publicly-traded debt securities. In certain cases, an additional spread will be added to reflect an illiquidity discount due to the fact that the security being valued is not publicly-traded. The volatility assumption is based upon the historically observed volatility of the underlying equity security into which the convertible debt security is convertible and/or the volatility implied by the prices of options on the underlying equity security.

Equity Securities: The valuation of certain equity securities is based on an observable price for an identical security adjusted for the effect of a restriction or leverage that collateralized the equity securities.

Derivatives: The valuation incorporates observable inputs comprising yield curves, foreign currency rates and credit spreads.

Level III Valuation Methodologies

Private Equity Investments: KKR generally employs two valuation methodologies when determining the fair value of a private equity investment. The first methodology is typically a market comparables analysis that considers key financial inputs and recent public and private transactions and other available measures. The second methodology utilized is typically a discounted cash flow analysis, which incorporates significant assumptions and judgments. Estimates of key inputs used in this methodology include the weighted average cost of capital for the investment and assumed inputs used to calculate terminal values, such as exit EBITDA multiples. In certain cases the results of the discounted cash flow approach can be significantly impacted by these estimates. Other inputs are also used in both methodologies. In addition, when a definitive agreement has been executed to sell an investment, KKR generally considers a significant determinant of fair value to be the consideration to be received by KKR pursuant to the executed definitive agreement.

Upon completion of the valuations conducted using these methodologies, a weighting is ascribed to each method, and an illiquidity discount is typically applied where appropriate. The ultimate fair value recorded for a particular investment will generally be within a range suggested by the two methodologies, except that the value may be higher or lower than such range in the case of investments being sold pursuant to an executed definitive agreement.

When determining the weighting ascribed to each valuation methodology, KKR considers, among other factors, the availability of direct market comparables, the applicability of a discounted cash flow analysis, the expected hold period and manner of realization for the investment, and in the case of investments being sold pursuant to an executed definitive agreement, an estimated probability of such sale being completed. These factors can result in different weightings among investments in the portfolio and in certain instances may result in up to a 100% weighting to a single methodology.

When an illiquidity discount is to be applied, KKR seeks to take a uniform approach across its portfolio and generally applies a minimum 5% discount to all private equity investments. KKR then evaluates such private equity investments to determine if factors exist that could make it more challenging to monetize the investment and, therefore, justify applying a higher illiquidity discount. These factors generally include (i) whether KKR is unable to freely sell the portfolio company or conduct an initial public offering of the portfolio company due to the consent rights of a third party or similar factors, (ii) whether the portfolio company is undergoing significant restructuring activity or similar factors, and (iii) characteristics about the portfolio company regarding its size and/or whether the portfolio company is experiencing, or expected to experience, a significant decline in earnings. These factors generally make it less likely that a portfolio company would be sold or publicly offered in the near term at a price indicated by using just a market multiples and/or discounted cash flow analysis, and these factors tend to reduce the number of opportunities to sell an investment and/or increase the time horizon over which an investment may be monetized. Depending on the applicability of these factors, KKR determines the amount of any incremental illiquidity discount to be applied above the 5% minimum, and during the time KKR holds the investment, the illiquidity discount may be increased or decreased, from time to time, based on changes to these factors. The amount of illiquidity discount applied at any time requires considerable judgment about what a market participant would consider and is based on the facts and circumstances of each individual investment. Accordingly, the illiquidity discount ultimately considered by a market participant upon the realization of any investment may be higher or lower than that estimated by KKR in its valuations.

In the case of growth equity investments, enterprise values may be determined using the market comparables analysis and discounted cash flow analysis described above. A scenario analysis may also be conducted to subject the estimated enterprise values to a downside, base and upside case, which involves significant assumptions and judgments. A milestone analysis may also be conducted to assess the current level of progress towards value drivers that we have determined to be important, which involves significant assumptions and judgments. The enterprise value in each case may then be allocated across the investment's capital structure to reflect the terms of the security and subjected to probability weightings. In certain cases, the values of growth equity investments may be based on recent or expected financings.

Real Asset Investments: Real asset investments in infrastructure, energy and real estate are valued using one or a combination of the discounted cash flow analysis, market comparables analysis and direct income capitalization, which in each case incorporates significant assumptions and judgments.

Infrastructure investments are generally valued using the discounted cash flow analysis. Key inputs used in this methodology can include the weighted average cost of capital and assumed inputs used to calculate terminal values, such as exit EBITDA multiples.

Energy investments are generally valued using a discounted cash flow approach, and where applicable, a market approach using comparable companies and transactions. Key inputs used in our valuations include (i) the weighted average cost of capital, (ii) future commodity prices, as quoted on indices, and long-term commodity price forecasts, and (iii) the asset’s future operating performance.

Real estate investments are generally valued using a combination of direct income capitalization and discounted cash flow analysis. Certain real estate investments are valued by KKR based on ranges of valuations determined by an independent valuation firm. Key inputs used in such methodologies that require estimates include an unlevered discount rate and current capitalization rate. The valuations of real assets investments also use other inputs.

Credit Investments: Credit investments are valued using values obtained from dealers or market makers, and where these values are not available, credit investments are generally valued by KKR based on ranges of valuations determined by an independent valuation firm. Valuation models are based on discounted cash flow analyses, for which the key inputs are determined based on market comparables, which incorporate similar instruments from similar issuers.

Real Estate Mortgage Loans: Real estate mortgage loans are illiquid, structured investments that are specific to the property and its operating performance. KKR engages an independent valuation firm to estimate the fair value of each loan. KKR reviews the quarterly loan valuation estimates provided by the independent valuation firm. These loans are generally valued using a discounted cash flow model using discount rates derived from observable market data applied to the capital structure of the respective sponsor and estimated property value. In the event that KKR's estimate of fair value differs from the fair value estimate provided by the independent valuation firm, KKR ultimately relies solely upon the valuation prepared by the investment personnel of KKR.

Other Investments: With respect to other investments including equity method investments for which the fair value election has been made, KKR generally employs the same valuation methodologies as described above for private equity and real assets investments when valuing these other investments.

Investments and Debt Obligations of Consolidated CMBS Vehicles: Under ASU 2014-13, KKR measures CMBS investments, which are reported within Investments of Consolidated CFEs on the basis of the fair value of the financial liabilities of the CMBS. Debt obligations of consolidated CMBS vehicles are valued based on discounted cash flow analyses. The key input is the expected yield of each CMBS security using both observable and unobservable factors, which may include recently offered or completed trades and published yields of similar securities, security-specific characteristics (e.g. securities ratings issued by nationally recognized statistical rating organizations, credit support by other subordinate securities issued by the CMBS and coupon type) and other characteristics.

Key unobservable inputs that have a significant impact on KKR's Level III investment valuations as described above are included in Note 5 "Fair Value Measurements." KKR utilizes several unobservable pricing inputs and assumptions in determining the fair value of its Level III investments. These unobservable pricing inputs and assumptions may differ by investment and in the application of KKR's valuation methodologies. KKR's reported fair value estimates could vary materially if KKR had chosen to incorporate different unobservable pricing inputs and other assumptions or, for applicable investments, if KKR only used either the discounted cash flow methodology or the market comparables methodology instead of assigning a weighting to both methodologies.

There is inherent uncertainty involved in the valuation of Level III investments and there is no assurance that, upon liquidation, KKR will realize the values reflected in our valuations. Our valuations may differ significantly from the values that would have been used had an active market for the investments existed, and it is reasonably possible that the difference could be material. Furthermore, the recent market volatility caused by COVID-19 and the uncertainty surrounding its full impact have amplified the possibility that our future valuations may materially change from those reflected as of September 30, 2020.

Revenues

For the three and nine months ended September 30, 2020 and 2019, respectively, revenues consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Management Fees	$ 254,467	$ 216,733	$ 696,892	$ 611,238
Fee Credits	(89,487)	(57,470)	(185,746)	(252,809)
Transaction Fees	300,805	165,212	561,259	658,304
Monitoring Fees	28,824	27,546	86,875	79,621
Incentive Fees	63	—	731	—
Expense Reimbursements	44,553	34,356	100,779	121,157
Oil and Gas Revenue	6,687	11,264	21,054	36,714
Consulting Fees	17,428	18,576	55,541	53,981
Total Fees and Other	563,340	416,217	1,337,385	1,308,206
Carried Interest	1,077,932	335,219	626,338	1,581,045
General Partner Capital Interest	253,966	39,049	262,004	268,578
Total Capital Allocation-Based Income (Loss)	1,331,898	374,268	888,342	1,849,623
Total Revenues	**$ 1,895,238**	**$ 790,485**	**$ 2,225,727**	**$ 3,157,829**

Fees and Other

Fees and Other, as detailed above, are accounted for as contracts with customers. Under ASC 606, Revenue from Contracts with Customers ("ASC 606"), KKR is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) KKR satisfies its performance obligation. In determining the transaction price, KKR has included variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

The following table summarizes KKR's revenues from contracts with customers:

Revenue Type	Customer	Performance Obligation	Performance Obligation Satisfied Over Time or Point In Time (1)	Variable or Fixed Consideration	Payment Terms	Subject to Return Once Recognized	Classification of Uncollected Amounts (2)
Management Fees	Investment funds, CLOs and other vehicles	Investment management services	Over time as services are rendered	Variable consideration since varies based on fluctuations in the basis of the management fee over time	Typically quarterly or annually in arrears	No	Due from Affiliates
Transaction Fees	Portfolio companies and third party companies	Advisory services and debt and equity arranging and underwriting	Point in time when the transaction (e.g. underwriting) is completed	Fixed consideration	Typically paid on or shortly after transaction closes	No	Due from Affiliates (portfolio companies) Other Assets (third parties)
Monitoring Fees							
Recurring Fees	*Portfolio companies*	*Monitoring services*	*Over time as services are rendered*	*Variable consideration since varies based on fluctuations in the basis of the recurring fee*	*Typically quarterly in arrears*	*No*	*Due from Affiliates*
Termination Fees	*Portfolio companies*	*Monitoring services*	*Point in time when the termination is completed*	*Fixed consideration*	*Typically paid on or shortly after termination occurs*	*No*	*Due from Affiliates*
Incentive Fees	Investment funds and other vehicles	Investment management services that result in achievement of minimum investment return levels	Point in time at the end of the performance measurement period (quarterly or annually) if investment performance is achieved	Variable consideration since contingent upon the investment fund and other vehicles achieving more than stipulated investment return hurdles	Typically paid shortly after the end of the performance measurement period	No	Due from Affiliates
Expense Reimbursements	Investment funds and portfolio companies	Investment management and monitoring services	Point in time when the related expense is incurred	Fixed consideration	Typically shortly after expense is incurred	No	Due from Affiliates
Oil and Gas Revenues	Oil and gas wholesalers	Delivery of oil liquids and gas	Point in time when delivery has occurred and title has transferred	Fixed consideration	Typically shortly after delivery	No	Other Assets
Consulting Fees	Portfolio companies and other companies	Consulting and other services	Over time as services are rendered	Fixed consideration	Typically quarterly in arrears	No	Due from Affiliates

(1) For performance obligations satisfied at a point in time, there were no significant judgments made in evaluating when a customer obtains control of the promised service.

(2) For amounts classified in Other Assets, see Note 8 "Other Assets and Accounts Payable, Accrued Expenses and Other Liabilities." For amounts classified in Due from Affiliates, see Note 13 "Related Party Transactions."

Management Fees

KKR provides investment management services to investment funds, CLOs, and other vehicles in exchange for a management fee. Management fees are determined quarterly based on an annual rate and are generally based upon a percentage of the capital committed or capital invested during the investment period. Thereafter, management fees are generally based on a percentage of remaining invested capital, net asset value, gross assets or as otherwise defined in the respective contractual agreements. Since some of the factors that cause the fees to fluctuate are outside of KKR's control, management fees are considered to be constrained and are therefore not included in the transaction price. Additionally, after the contract is established there are no significant judgments made when determining the transaction price.

Management fees earned from KKR's consolidated investment funds, CLOs, and other vehicles are eliminated in consolidation. However, because these amounts are funded by, and earned from, noncontrolling interests, KKR's allocated share of the net income from the consolidated investment funds, CLOs, and other vehicles is increased by the amount of fees that are eliminated. Accordingly, the elimination of these fees does not impact the net income (loss) attributable to KKR or KKR stockholders' equity.

Fee Credits

Under the terms of the management agreements with certain of its investment funds, KKR is required to share with such funds an agreed upon percentage of certain fees, including monitoring and transaction fees earned from portfolio companies ("Fee Credits"). Investment funds earn Fee Credits only with respect to monitoring and transaction fees that are allocable to the fund's investment in the portfolio company and not, for example, any fees allocable to capital invested through co-investment vehicles. Fee Credits are calculated after deducting certain costs incurred in connection with pursuing potential investments that do not result in completed transactions ("broken-deal expenses") and generally amount to 80% for older funds, or 100% for newer funds, of allocable monitoring and transaction fees after broken-deal expenses are recovered, although the actual percentage may vary from fund to fund. Fee Credits are recognized and owed to investment funds concurrently with the recognition of monitoring fees, transaction fees and broken-deal expenses. Since Fee Credits are payable to investment funds, amounts owed are generally applied as a reduction of the management fee that is otherwise billed to the investment fund. Fee credits are recorded as a reduction of revenues in the consolidated statement of operations. Fee Credits owed to investment funds are recorded in Due to Affiliates on the consolidated statements of financial condition. See Note 13 "Related Party Transactions."

Transaction Fees

KKR (i) arranges debt and equity financing, places and underwrites securities offerings, and provides other types of capital markets services for companies seeking financing in its Capital Markets business line and (ii) provides advisory services in connection with successful Private Markets and Public Markets business line portfolio company investment transactions, in each case, in exchange for a transaction fee. Transaction fees are separately negotiated for each transaction and are generally based on (i) for Capital Markets business line transactions, a percentage of the overall transaction size and (ii) for Private Markets and Public Markets business line transactions, a percentage of either total enterprise value of an investment or a percentage of the aggregate price paid for an investment. After the contract is established, there are no significant judgments made when determining the transaction price.

Monitoring Fees

KKR provides services in connection with monitoring portfolio companies in exchange for a fee. Recurring monitoring fees are separately negotiated for each portfolio company. In addition, certain monitoring fee arrangements may provide for a termination payment following an initial public offering or change of control as defined in the contractual terms of the related agreement. These termination payments are recognized in the period when the related transaction closes. After the contract is established, there are no significant judgments made when determining the transaction price.

Incentive Fees

KKR provides investment management services to certain investment funds, CLOs and other vehicles in exchange for a management fee as discussed above and, in some cases an incentive fee when KKR is not entitled to a carried interest. Incentive fee rates generally range from 5% to 20% of investment gains. Incentive fees are considered a form of variable consideration as these fees are subject to reversal, and therefore the recognition of such fees is deferred until the end of each fund's measurement period when the performance-based incentive fees become fixed and determinable. Incentive fees are generally paid within 90 days of the end of the investment vehicles' measurement period. After the contract is established, there are no significant judgments made when determining the transaction price.

Incentive fees earned from KKR's consolidated investment funds, CLOs, and other vehicles are eliminated in consolidation. However, because these amounts are funded by, and earned from, noncontrolling interests, KKR's allocated share of the net income from the consolidated investment funds, CLOs, and other vehicles is increased by the amount of fees that are eliminated. Accordingly, the elimination of these fees does not impact the net income (loss) attributable to KKR or KKR stockholders' equity.

Expense Reimbursements

Providing investment management services to investment funds and monitoring KKR's portfolio companies require KKR to arrange for services on behalf of them. In those situations where KKR is acting as an agent on behalf of its investment funds or portfolio companies, it presents the cost of services on a net basis as a reduction of Revenues. In all other situations, KKR is primarily responsible for fulfilling the services and is therefore acting as a principal for those arrangements for accounting purposes. As a result, the expense and related reimbursement associated with those services is presented on a gross basis. Costs incurred are classified within Expenses and reimbursements of such costs are classified as Expense Reimbursements within Revenues on the consolidated statements of operations. After the contract is established, there are no significant judgments made when determining the transaction price.

Oil and Gas Revenue

On August 18, 2020, KKR transferred all the working and royalty interests in oil and natural gas properties, which were directly held by KKR and not held through investment funds, into a consolidated investment fund. Before the transfer, oil and gas revenue was recognized when the performance obligations were satisfied, which occurred at the point in time when control of the product transferred to the customer. Performance obligations were typically satisfied through the monthly delivery of production. Revenue was recognized based on KKR's proportionate share of production from non-operated properties as marketed by the operator. After the contract was established, there were no significant judgments made when determining the transaction price. As result of the transfer of all the working and royalty interests into a consolidated investment fund, no oil and gas revenue has been recognized since the date of the transfer.

Consulting Fees

KKR provides consulting and other services to portfolio companies and other companies in exchange for a consulting fee. Consulting fees are separately negotiated with each portfolio company for which services are provided. After the contract is established, there are no significant judgments made when determining the transaction price.

Capital Allocation-Based Income (Loss)

Capital allocation-based income (loss) is earned from those arrangements where KKR has a general partner capital interest and is entitled to a disproportionate allocation of investment income (referred to hereafter as "carried interest"). KKR accounts for its general partner interests in capital allocation-based arrangements as financial instruments under ASC 323, Investments - Equity Method and Joint Ventures ("ASC 323") since the general partner has significant governance rights in the investment funds in which it invests, which demonstrates significant influence. In accordance with ASC 323, KKR records equity method income based on the proportionate share of the income of the investment fund, including carried interest, assuming the investment fund was liquidated as of each reporting date pursuant to each investment fund's governing agreements. Accordingly, these general partner interests are accounted for outside of the scope of ASC 606. Other arrangements surrounding contractual incentive fees through an advisory contract are separate and distinct and accounted for in accordance with ASC 606. In these incentive fee arrangements, accounted for in accordance with ASC 606, KKR's economics in the entity do not involve an allocation of capital. See "Incentive Fees" above.

Carried interest is allocated to the general partner based on cumulative fund performance to date, and where applicable, subject to a preferred return to the funds' limited partners. At the end of each reporting period, KKR calculates the carried interest that would be due to KKR for each investment fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make adjustments to amounts recorded as carried interest to reflect either (a) positive performance resulting in an increase in the carried interest allocated to the general partner or (b) negative performance that would cause the amount due to KKR to be less than the amount previously recognized, resulting in a negative adjustment to carried interest allocated to the general partner. In each case, it is necessary to calculate the carried interest on cumulative results compared to the carried interest recorded to date and to make the required positive or negative adjustments. KKR ceases to record negative carried interest allocations once previously recognized carried interest allocations for an investment fund have been fully reversed. KKR is not obligated to make payments for guaranteed returns or hurdles and, therefore, cannot have negative carried interest over the life of an investment fund. Accrued but unpaid carried interest as of the reporting date is reflected in Investments in the consolidated statements of financial condition.

Compensation and Benefits

Compensation and Benefits expense includes (i) cash compensation consisting of salaries, bonuses, and benefits, (ii) equity based compensation consisting of charges associated with the vesting of equity-based awards (see Note 12 "Equity Based Compensation") and (iii) carry pool allocations.

All KKR employees receive a base salary that is paid by KKR or its consolidated entities, and is accounted for as Compensation and Benefits expense in the consolidated statements of operations. These employees are also eligible to receive discretionary cash bonuses based on performance, overall profitability and other matters. While cash bonuses paid to most employees are borne by KKR and certain consolidated entities and result in customary compensation and benefits expense, certain cash bonuses that are paid to certain of KKR's principals can be borne by KKR Holdings. These bonuses are funded with distributions that KKR Holdings receives on KKR Group Partnership Units held by KKR Holdings but are not then passed on to holders of unvested units of KKR Holdings. Because KKR principals are not entitled to receive distributions on units that are unvested, any amounts allocated to principals in excess of a principal's vested equity interests are reflected as employee compensation and benefits expense. These compensation charges, if any, are currently recorded based on the amount of cash expected to be paid by KKR Holdings.

Carry Pool Allocation

With respect to KKR's funds that provide for carried interest, KKR allocates to its employees a portion of the carried interest earned in relation to these funds as part of its carry pool. KKR allocates 40% or 43%, depending on the fund's vintage, of the carry it earns from these funds and vehicles to its carry pool. These amounts are accounted for as compensatory profit-sharing arrangements in Accounts Payable, Accrued Expenses and Other Liabilities within the accompanying consolidated statements of financial condition in conjunction with the related carried interest income and recorded as compensation expense. Upon a reversal of carried interest income, the related carry pool allocation, if any, is also reversed. Accordingly, such compensation expense is subject to both positive and negative adjustments.

Profit Sharing Plan

KKR provides certain profit sharing programs for KKR employees. In particular, KKR provides a 401(k) plan for eligible employees in the United States. For certain professionals who are participants in the 401(k) plan, KKR may, in its discretion, contribute an amount after the end of the plan year.

General, Administrative and Other

General, administrative and other expense consists primarily of professional fees paid to legal advisors, accountants, advisors and consultants, insurance costs, travel and related expenses, communications and information services, depreciation and amortization charges, expenses (including impairment charges) incurred by oil and gas entities that are consolidated, broken-deal expenses, placement fees and other general operating expenses. A portion of these general administrative and other expenses, in particular broken-deal expenses, are borne by fund investors.

Investment Income

Investment income consists primarily of the net impact of:

(i) Realized and unrealized gains and losses on investments, securities sold short, derivatives and debt obligations of consolidated CFEs which are recorded in Net Gains (Losses) from Investment Activities. Upon disposition of an investment, previously recognized unrealized gains or losses are reversed and a realized gain or loss is recognized.

(ii) Foreign exchange gains and losses relating to mark-to-market activity on foreign exchange forward contracts, foreign currency options and foreign denominated debt which are recorded in Net Gains (Losses) from Investment Activities.

(iii) Dividends, which are recognized on the ex-dividend date, or, in the absence of a formal declaration of a record date, on the date it is received.

(iv) Interest income, which is recognized as earned.

(v) Interest expense, which is recognized as incurred.

Income Taxes

KKR & Co. Inc. is a corporation for U.S. federal income tax purposes and thus is subject to U.S. federal, state and local corporate income taxes at the entity level on KKR's share of net taxable income. In addition, KKR Group Partnership and certain of its subsidiaries operate in the United States as partnerships for U.S. federal income tax purposes and as corporate entities in certain non-U.S. jurisdictions. These entities, in some cases, are subject to U.S. state or local income taxes or non-U.S. income taxes.

Deferred Income Taxes

Income taxes are accounted for using the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis, using tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred assets and liabilities of a change in tax rates is recognized in the consolidated statements of operations in the period when the change is enacted.

Deferred tax assets, which are recorded in Other Assets within the statement of financial condition, are reduced by a valuation allowance when, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. When evaluating the realizability of the deferred tax assets, all evidence, both positive and negative, is considered. Items considered when evaluating the need for a valuation allowance include the ability to carry back losses, future reversals of existing temporary differences, tax planning strategies, and expectations of future earnings.

For a particular tax-paying component of an entity and within a particular tax jurisdiction, deferred tax assets and liabilities are offset and presented as a single amount within Other Assets or Accounts Payable, Accrued and Other Liabilities, as applicable, in the accompanying statements of financial condition.

Uncertain Tax Positions

KKR analyzes its tax filing positions in all of the U.S. federal, state and local tax jurisdictions and foreign tax jurisdictions where it is required to file income tax returns, as well as for all open tax years in these jurisdictions. If, based on this analysis, KKR determines that uncertainties in tax positions exist, a reserve is established. The reserve for uncertain tax positions is recorded in Accounts Payable, Accrued and Other Liabilities in the accompanying statements of financial condition. KKR recognizes accrued interest and penalties related to uncertain tax positions within the provision for income taxes in the consolidated statements of operations.

KKR records uncertain tax positions on the basis of a two-step process: (a) determination is made whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (b) those tax positions that meet the more-likely-than-not threshold are recognized as the largest amount of tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Cash and Cash Equivalents

KKR considers all highly liquid short-term investments with original maturities of 90 days or less when purchased to be cash equivalents.

Cash and Cash Equivalents Held at Consolidated Entities

Cash and cash equivalents held at consolidated entities represents cash that, although not legally restricted, is not available to fund general liquidity needs of KKR as the use of such funds is generally limited to the investment activities of KKR's investment funds and CFEs.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents primarily represent amounts that are held by third parties under certain of KKR's financing and derivative transactions. The duration of this restricted cash generally matches the duration of the related financing or derivative transaction.

Due from and Due to Affiliates

KKR considers its principals and their related entities, unconsolidated investment funds and the portfolio companies of its funds to be affiliates for accounting purposes. Receivables from and payables to affiliates are recorded at their current settlement amount.

Fixed Assets, Depreciation and Amortization

Fixed assets consist primarily of corporate real estate, leasehold improvements, furniture and computer hardware. Such amounts are recorded at cost less accumulated depreciation and amortization and are included in Other Assets within the accompanying consolidated statements of financial condition. Depreciation and amortization are calculated using the straight-line method over the assets' estimated economic useful lives, which for leasehold improvements are the lesser of the lease terms or the life of the asset, and three to seven years for other fixed assets.

Freestanding Derivatives

Freestanding derivatives are instruments that KKR and certain of its consolidated funds have entered into as part of their overall risk management and investment strategies. These derivative contracts are not designated as hedging instruments for accounting purposes. Such contracts may include forward, swap and option contracts related to foreign currencies and interest rates to manage foreign exchange risk and interest rate risk arising from certain assets and liabilities. All derivatives are recognized in Other Assets or Accounts Payable, Accrued Expenses and Other Liabilities and are presented on a gross basis in the consolidated statements of financial condition and measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying consolidated statements of operations. KKR's derivative financial instruments contain credit risk to the extent that its counterparties may be unable to meet the terms of the agreements. KKR attempts to reduce this risk by limiting its counterparties to major financial institutions with strong credit ratings.

Goodwill

Goodwill represents the excess of acquisition cost over the fair value of net tangible and intangible assets acquired in connection with an acquisition. Goodwill is assessed for impairment annually in the third quarter of each fiscal year or more frequently if circumstances indicate impairment may have occurred. Goodwill is recorded in Other Assets in the accompanying consolidated statements of financial condition.

Securities Sold Short

Whether part of a hedging transaction or a transaction in its own right, securities sold short represent obligations of KKR to deliver the specified security at the contracted price at a future point in time, and thereby create a liability to repurchase the security in the market at the prevailing prices. The liability for such securities sold short, which is recorded in Accounts Payable, Accrued Expenses and Other Liabilities in the statement of financial condition, is marked to market based on the current fair value of the underlying security at the reporting date with changes in fair value recorded as unrealized gains or losses in Net Gains (Losses) from Investment Activities in the accompanying consolidated statements of operations. These transactions may involve market risk in excess of the amount currently reflected in the accompanying consolidated statements of financial condition.

Comprehensive Income (Loss)

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances, excluding those resulting from contributions from and distributions to owners. In the accompanying consolidated financial statements, comprehensive income is comprised of (i) Net Income (Loss), as presented in the consolidated statements of operations and (ii) net foreign currency translation.

Foreign Currency

Consolidated entities which have a functional currency that differs from KKR's reporting currency are primarily KKR's investment management and capital markets companies located outside the United States and certain CFEs. Foreign currency denominated assets and liabilities are translated using the exchange rates prevailing at the end of each reporting period. Results of foreign operations are translated at the weighted average exchange rate for each reporting period. Translation adjustments are included as a component of accumulated other comprehensive income (loss) until realized. Foreign currency income or expenses resulting from transactions outside of the functional currency of a consolidated entity are recorded as incurred in general, administrative and other expense in the consolidated statements of operations.

Leases

At contract inception, KKR determines if an arrangement contains a lease by evaluating whether (i) the identified asset has been deployed in the contract explicitly or implicitly and (ii) KKR obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. Additionally, at contract inception KKR will evaluate whether the lease is an operating or finance lease. Right-of-use (“ROU”) assets represent KKR’s right to use an underlying asset for the lease term and lease liabilities represent KKR’s obligation to make lease payments arising from the lease.

ROU assets and the associated lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. The discount rate implicit in the lease is generally not readily determinable. Consequently, KKR uses its incremental borrowing rate based on the information available including, but not limited to, collateral assumptions, the term of the lease, and the economic environment in which the lease is denominated at the commencement date in determining the present value of the future lease payments. The ROU assets are recognized as the initial measurement of the lease liabilities plus any initial direct costs and any prepaid lease payments less lease incentives received, if any. The lease terms may include options to extend or terminate the lease which are accounted for when it is reasonably certain that KKR will exercise that option. Certain leases that include lease and non-lease components are accounted for as one single lease component. In addition to contractual rent payments, occupancy lease agreements generally include additional payments for certain costs incurred by the landlord, such as building expenses and utilities. To the extent these are fixed or determinable, they are included as part of the lease payments used to measure the Operating Lease Liability.

Operating lease expense is recognized on a straight-line basis over the lease term and is recorded within Occupancy and Related Charges in the accompanying consolidated statements of operations. The ROU assets are included in Other Assets and the lease liabilities are included in Accounts Payable, Accrued Expenses and Other Liabilities in the accompanying consolidated statements of financial condition. See Note 8 "Other Assets and Accounts Payable, Accrued Expenses and Other Liabilities."

Recently Issued Accounting Pronouncements

Adopted in 2020

Measurement of Credit Losses on Financial Instruments

In June 2016, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"), which has subsequently been amended by ASU No. 2018-19, ASU No. 2019-04, ASU No. 2019-05, and ASU No. 2019-11. The amended guidance requires a company to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Prior to ASU 2016-13, GAAP required an "incurred loss" methodology that delayed recognition until it was probable a loss had been incurred. Under ASU 2016-13, the allowance for credit losses must be deducted from the amortized cost of the financial asset to present the net amount expected to be collected and the income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period.

This guidance has been adopted as of January 1, 2020. Financial instruments measured at fair value are not within the scope of this guidance. Consequently, the adoption of ASU 2016-13 did not result in a cumulative-effect adjustment in retained earnings and did not have a material impact to KKR.

Goodwill

In January 2017, the FASB issued ASU No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This guidance simplifies the accounting for goodwill impairments by eliminating the second step from the goodwill impairment test. The ASU requires goodwill impairments to be measured on the basis of the fair value of a reporting unit relative to the reporting unit's carrying amount rather than on the basis of the implied amount of goodwill relative to the goodwill balance of the reporting unit. The ASU also (i) clarifies the requirements for excluding and allocating foreign currency translation adjustments to reporting units related to an entity's testing of reporting units for goodwill impairment and (ii) clarifies that an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. This guidance has been adopted as of January 1, 2020 and this guidance will impact KKR's accounting for any future goodwill impairments.

Implementation Costs Incurred in a Cloud Computing Arrangement

In August 2018, the FASB issued ASU No. 2018-15, which addresses a customer’s accounting for implementation costs incurred in a cloud computing arrangement ("CCA") that is a service contract. The ASU aligns the accounting for costs incurred to implement a CCA that is a service arrangement with the guidance on capitalizing costs associated with developing or obtaining internal-use software. This guidance has been adopted as of January 1, 2020, on a prospective basis, and the impact to KKR was not material.

Effective on January 1, 2021 and Thereafter

Simplifying the Accounting for Income Taxes

On December 18, 2019, the FASB issued ASU No. 2019-12, which modifies ASC 740 to simplify the accounting for income taxes. The ASU, among other changes, (i) provides a policy election to not allocate consolidated income taxes when a member of a consolidated tax return is not subject to income tax and (ii) provides guidance to evaluate whether a step-up in tax basis of goodwill relates to a business combination in which book goodwill was recognized or a separate transaction. The guidance is effective for fiscal periods beginning after December 15, 2020. KKR is currently evaluating the impact of this guidance on the financial statements.

Facilitation of the Effects of Reference Rate Reform on Financial Reporting

On March 12, 2020, the FASB issued ASU No. 2020-04, which provides temporary optional expedients and exceptions to the guidance in GAAP on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. The temporary optional expedients and exceptions can be elected through December 31, 2022. For the quarter ended September 30, 2020, KKR has not elected to apply the temporary optional expedients and exceptions and will be reevaluating the application each quarter.

3. NET GAINS (LOSSES) FROM INVESTMENT ACTIVITIES

Net Gains (Losses) from Investment Activities in the consolidated statements of operations consist primarily of the realized and unrealized gains and losses on investments (including foreign exchange gains and losses attributable to foreign denominated investments and related activities) and other financial instruments, including those for which the fair value option has been elected. Unrealized gains or losses result from changes in the fair value of these investments and other financial instruments during a period. Upon disposition of an investment or financial instrument, previously recognized unrealized gains or losses are reversed and an offsetting realized gain or loss is recognized in the current period.

The following table summarizes total Net Gains (Losses) from Investment Activities:

	Three Months Ended September 30, 2020			Three Months Ended September 30, 2019		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Private Equity (1)	$ 660,216	$ 930,918	$ 1,591,134	$ 84,903	$ (30,416)	$ 54,487
Credit (1)	(70,391)	385,850	315,459	27,297	(203,735)	(176,438)
Investments of Consolidated CFEs (1)	(33,373)	425,660	392,287	(6,874)	(94,137)	(101,011)
Real Assets (1)	(22,040)	273,639	251,599	25,760	(123,618)	(97,858)
Equity Method - Other (1)	(20,899)	456,563	435,664	(2,905)	126,165	123,260
Other Investments (1)	(13,630)	71,438	57,808	84,086	(158,591)	(74,505)
Foreign Exchange Forward Contracts and Options (2)	15,281	(295,687)	(280,406)	29,935	166,813	196,748
Securities Sold Short (2)	34,461	(119,780)	(85,319)	(10,465)	28,751	18,286
Other Derivatives (2)	(10,291)	(46,522)	(56,813)	—	(12,572)	(12,572)
Debt Obligations and Other (3)	9,233	(346,044)	(336,811)	(28,575)	93,588	65,013
Net Gains (Losses) From Investment Activities	**$ 548,567**	**$ 1,736,035**	**$ 2,284,602**	**$ 203,162**	**$ (207,752)**	**$ (4,590)**

	Nine Months Ended September 30, 2020			Nine Months Ended September 30, 2019		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Private Equity (1)	$ 721,009	$ 735,245	$ 1,456,254	$ 177,969	$ 1,827,599	$ 2,005,568
Credit (1)	(118,851)	(422,537)	(541,388)	(44,653)	(165,143)	(209,796)
Investments of Consolidated CFEs (1)	(127,175)	(424,918)	(552,093)	(20,545)	203,141	182,596
Real Assets (1)	36,027	(257,589)	(221,562)	72,404	(53,622)	18,782
Equity Method - Other (1)	(166,178)	410,371	244,193	64,445	368,510	432,955
Other Investments (1)	(267,166)	(330,621)	(597,787)	75,567	(221,603)	(146,036)
Foreign Exchange Forward Contracts and Options (2)	134,427	(196,095)	(61,668)	74,996	219,825	294,821
Securities Sold Short (2)	60,502	(168,220)	(107,718)	34,087	(36,065)	(1,978)
Other Derivatives (2)	(9,481)	(91,044)	(100,525)	1,465	(35,179)	(33,714)
Debt Obligations and Other (3)	18,264	284,997	303,261	(28,615)	(277,310)	(305,925)
Net Gains (Losses) From Investment Activities	**$ 281,378**	**$ (460,411)**	**$ (179,033)**	**$ 407,120**	**$ 1,830,153**	**$ 2,237,273**

(1) See Note 4 "Investments."
(2) See Note 8 "Other Assets and Accounts Payable, Accrued Expenses and Other Liabilities."
(3) See Note 10 "Debt Obligations."

4. INVESTMENTS

Investments consist of the following:

	September 30, 2020	December 31, 2019
Private Equity	$ 15,749,633	$ 12,923,600
Credit	11,158,058	10,538,139
Investments of Consolidated CFEs	16,647,431	14,948,237
Real Assets	4,601,774	3,567,944
Equity Method - Other	5,281,515	4,846,949
Equity Method - Capital Allocation-Based Income	5,142,463	5,329,368
Other Investments	2,409,288	2,782,031
Total Investments	**$ 60,990,162**	**$ 54,936,268**

As of September 30, 2020 and December 31, 2019, there were no investments which represented greater than 5% of total investments.

KKR evaluates its equity method investments for which KKR has not elected the fair value option for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. During the nine months ended September 30, 2020, KKR recognized an $88.3 million impairment charge in Net Gains (Losses) from Investment Activities to reduce the carrying value of one of its equity method investments that is accounted for under the equity method of accounting to its fair value. KKR determined that the growth expectations of the investment had declined significantly and the estimated fair value of the investment had declined meaningfully. Therefore, KKR performed a valuation to determine whether the fair value of the investment had declined below its carrying value using a discounted cash flow analysis, a Level III fair value methodology. Based on the discounted cash flow analysis, KKR concluded that the fair value of its investment had declined below is carrying value and that the decline was other-than temporary.

5. FAIR VALUE MEASUREMENTS

The following tables summarize the valuation of assets and liabilities measured and reported at fair value by the fair value hierarchy. Investments classified as Equity Method - Other, for which the fair value option has not been elected, and Equity Method - Capital Allocation-Based Income have been excluded from the tables below.

Assets, at fair value:

	September 30, 2020			
	Level I	Level II	Level III	Total
Private Equity	$ 1,397,686	$ 1,724,968	$ 12,626,979	$ 15,749,633
Credit	—	2,434,080	8,723,978	11,158,058
Investments of Consolidated CFEs	—	16,647,431	—	16,647,431
Real Assets	—	161,669	4,440,105	4,601,774
Equity Method - Other	368,563	45,295	1,932,859	2,346,717
Other Investments	463,552	51,407	1,894,329	2,409,288
Total Investments	2,229,801	21,064,850	29,618,250	52,912,901
Foreign Exchange Contracts and Options	—	234,358	—	234,358
Other Derivatives	27,747	1,363	12,608 (1)	41,718
Total Assets	**$ 2,257,548**	**$ 21,300,571**	**$ 29,630,858**	**$ 53,188,977**

	December 31, 2019			
	Level I	Level II	Level III	Total
Private Equity	$ 1,393,654	$ 1,658,264	$ 9,871,682	$ 12,923,600
Credit	—	1,320,380	9,217,759	10,538,139
Investments of Consolidated CFEs	—	14,948,237	—	14,948,237
Real Assets	—	—	3,567,944	3,567,944
Equity Method - Other	228,999	49,511	1,656,045	1,934,555
Other Investments	431,084	196,192	2,154,755	2,782,031
Total Investments	2,053,737	18,172,584	26,468,185	46,694,506
Foreign Exchange Contracts and Options	—	188,572	—	188,572
Other Derivatives	—	1,333	21,806 (1)	23,139
Total Assets	**$ 2,053,737**	**$ 18,362,489**	**$ 26,489,991**	**$ 46,906,217**

(1) Includes derivative assets that were valued using a third-party valuation firm. The approach used to estimate the fair value of these derivative assets was generally the discounted cash flow method, which includes consideration of the current portfolio, projected portfolio construction, projected portfolio realizations, portfolio volatility (based on the volatility, correlation, and size of each underlying asset class), and the discounting of future cash flows to the reporting date.

Notes to Financial Statements (Continued)

Liabilities, at fair value:

	September 30, 2020			
	Level I	Level II	Level III	Total
Securities Sold Short	$ 434,598	$ —	$ —	$ 434,598
Foreign Exchange Contracts and Options	—	263,927	—	263,927
Unfunded Revolver Commitments	—	—	56,085 (1)	56,085
Other Derivatives	58,770	56,451	—	115,221
Debt Obligations of Consolidated CFEs	—	16,279,747	—	16,279,747
Total Liabilities	**$ 493,368**	**$ 16,600,125**	**$ 56,085**	**$ 17,149,578**

	December 31, 2019			
	Level I	Level II	Level III	Total
Securities Sold Short	$ 251,223	$ —	$ —	$ 251,223
Foreign Exchange Contracts and Options	—	39,364	—	39,364
Unfunded Revolver Commitments	—	—	75,842 (1)	75,842
Other Derivatives	—	34,174	—	34,174
Debt Obligations of Consolidated CFEs	—	14,658,137	—	14,658,137
Total Liabilities	**$ 251,223**	**$ 14,731,675**	**$ 75,842**	**$ 15,058,740**

(1) These unfunded revolver commitments are classified as Level III within the fair value hierarchy and valued using the same valuation methodologies as KKR's Level III credit investments.

Notes to Financial Statements (Continued)

The following tables summarize changes in investments and debt obligations measured and reported at fair value for which Level III inputs have been used to determine fair value for the three and nine months ended September 30, 2020 and 2019, respectively:

Three Months Ended September 30, 2020

	Level III Investments					
	Private Equity	Credit	Real Assets	Equity Method - Other	Other Investments	Total
Balance, Beg. of Period	$ 10,810,113	$ 8,721,478	$ 3,223,540	$ 1,622,885	$ 1,694,797	$ 26,072,813
Transfers In / (Out) Due to Changes in Consolidation	—	231,872	(230,163)	(20,523)	—	(18,814)
Transfers In	—	—	197,972 (1)	136,374	—	334,346
Transfers Out	(18,315)	—	—	(58,475)	(2,473)	(79,263)
Asset Purchases	1,266,063	272,854	994,130	79,079	127,365	2,739,491
Sales / Paydowns	(846,038)	(642,056)	(2,847)	(2,642)	(17,264)	(1,510,847)
Settlements	—	9,355	—	—	—	9,355
Net Realized Gains (Losses)	622,773	(158,211)	(23,109)	(26,069)	1,128	416,512
Net Unrealized Gains (Losses)	792,383	267,100	280,582	202,230	90,776	1,633,071
Change in Other Comprehensive Income	—	21,586	—	—	—	21,586
Balance, End of Period	**$ 12,626,979**	**$ 8,723,978**	**$ 4,440,105**	**$ 1,932,859**	**$ 1,894,329**	**$ 29,618,250**
Changes in Net Unrealized Gains (Losses) Included in Net Gains (Losses) from Investment Activities related to Level III Assets and Liabilities still held as of the Reporting Date	$ 1,180,782	$ 127,060	$ 280,582	$ 175,898	$ 90,711	$ 1,855,033

(1) Includes working and royalty interests that were held directly by KKR, which have been transferred into a consolidated investment fund on August 18, 2020 as discussed in Note 2 "Summary of Significant Accounting Policies".

Notes to Financial Statements (Continued)

	Three Months Ended September 30, 2019							
	Level III Investments							Level III Debt Obligations
	Private Equity	Credit	Investments of Consolidated CFEs	Real Assets	Equity Method - Other	Other Investments	Total	Debt Obligations of Consolidated CFEs
Balance, Beg. of Period	$ 7,397,892	$ 7,844,862	$ 2,088,657	$ 3,246,055	$ 1,669,322	$ 2,295,334	$ 24,542,122	$ 1,922,303
Transfers In / (Out) Due to Changes in Consolidation	—	958,000	(2,015,130)	—	—	—	(1,057,130)	(1,046,515)
Transfers In	8,602	149,804	—	18,429	—	—	176,835	—
Transfers Out	—	—	—	—	(134,133)	(36,018)	(170,151)	—
Asset Purchases / Debt Issuances	75,979	811,891	—	408,852	5,409	148,376	1,450,507	—
Sales / Paydowns	(60,080)	(329,310)	—	(139,879)	(82,268)	(178,916)	(790,453)	—
Settlements	—	(2,047)	—	—	—	—	(2,047)	—
Net Realized Gains (Losses)	33	(1,539)	(2,759)	25,760	1,777	57,056	80,328	—
Net Unrealized Gains (Losses)	198,243	(142,160)	(70,768)	(123,618)	(10,137)	(113,952)	(262,392)	(73,097)
Change in Other Comprehensive Income	—	(8,836)	—	—	—	—	(8,836)	—
Balance, End of Period	**$ 7,620,669**	**$ 9,280,665**	**$ —**	**$ 3,435,599**	**$ 1,449,970**	**$ 2,171,880**	**$ 23,958,783**	**$ 802,691**
Changes in Net Unrealized Gains (Losses) Included in Net Gains (Losses) from Investment Activities related to Level III Assets and Liabilities still held as of the Reporting Date	$ 198,243	$ (141,880)	$ —	$ (95,843)	$ (12,905)	$ (83,556)	$ (135,941)	$ 831

	Nine Months Ended September 30, 2020					
	Level III Investments					
	Private Equity	Credit	Real Assets	Equity Method - Other	Other Investments	Total
Balance, Beg. of Period	$ 9,871,682	$ 9,217,759	$ 3,567,944	$ 1,656,045	$ 2,154,755	$ 26,468,185
Transfers In / (Out) Due to Changes in Consolidation	—	231,872	(230,163)	(20,523)	—	(18,814)
Transfers In	—	—	197,972 (1)	136,374	—	334,346
Transfers Out	(18,315)	—	(113,770)	(58,475)	(2,473)	(193,033)
Asset Purchases	1,950,875	1,792,397	1,502,382	161,147	309,358	5,716,159
Sales / Paydowns	(879,646)	(1,732,825)	(262,274)	(2,710)	(68,677)	(2,946,132)
Settlements	—	(22,805)	—	—	—	(22,805)
Net Realized Gains (Losses)	616,451	(193,003)	34,339	(82,648)	(255,721)	119,418
Net Unrealized Gains (Losses)	1,085,932	(571,430)	(256,325)	143,649	(242,913)	158,913
Change in Other Comprehensive Income	—	2,013	—	—	—	2,013
Balance, End of Period	**$ 12,626,979**	**$ 8,723,978**	**$ 4,440,105**	**$ 1,932,859**	**$ 1,894,329**	**$ 29,618,250**
Changes in Net Unrealized Gains (Losses) Included in Net Gains (Losses) from Investment Activities related to Level III Assets and Liabilities still held as of the Reporting Date	$ 1,466,074	$ (733,768)	$ (247,961)	$ 60,926	$ (484,905)	$ 60,366

(1) Includes working and royalty interests that were held directly by KKR, which have been transferred into a consolidated investment fund on August 18, 2020 as discussed in Note 2 "Summary of Significant Accounting Policies".

Notes to Financial Statements (Continued)

	Nine Months Ended September 30, 2019							
	Level III Investments							Level III Debt Obligations
	Private Equity	Credit	Investments of Consolidated CFEs	Real Assets	Equity Method - Other	Other Investments	Total	Debt Obligations of Consolidated CFEs
Balance, Beg. of Period	$ 6,128,583	$ 6,764,730	$ 2,082,545	$ 3,157,954	$ 1,503,022	$ 2,116,586	$ 21,753,420	$ 1,876,783
Transfers In / (Out) Due to Changes in Consolidation	—	956,402	(2,015,130)	—	—	(42,864)	(1,101,592)	(1,046,515)
Transfers In	16,558	149,804	—	18,429	26,520	—	211,311	—
Transfers Out	(491,723)	—	—	—	(134,133)	(36,018)	(661,874)	—
Asset Purchases / Debt Issuances	1,404,508	3,467,617	—	583,138	189,925	638,416	6,283,604	—
Sales / Paydowns	(309,199)	(1,893,162)	(62,334)	(342,704)	(227,773)	(339,566)	(3,174,738)	—
Settlements	—	35,294	—	—	—	—	35,294	(26,770)
Net Realized Gains (Losses)	83,264	(35,312)	(2,759)	72,404	12,455	58,360	188,412	—
Net Unrealized Gains (Losses)	788,678	(151,869)	(2,322)	(53,622)	79,954	(223,034)	437,785	(807)
Change in Other Comprehensive Income	—	(12,839)	—	—	—	—	(12,839)	—
Balance, End of Period	**$ 7,620,669**	**$ 9,280,665**	**$ —**	**$ 3,435,599**	**$ 1,449,970**	**$ 2,171,880**	**$ 23,958,783**	**$ 802,691**
Changes in Net Unrealized Gains (Losses) Included in Net Gains (Losses) from Investment Activities related to Level III Assets and Liabilities still held as of the Reporting Date	$ 850,839	$ (159,040)	$ —	$ (25,133)	$ 87,578	$ (204,408)	$ 549,836	$ 2,345

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Notes to Financial Statements (Continued)

Total realized and unrealized gains and losses recorded for Level III assets and liabilities are reported in Net Gains (Losses) from Investment Activities in the accompanying consolidated statements of operations.

The following table presents additional information about valuation methodologies and significant unobservable inputs used for investments that are measured and reported at fair value and categorized within Level III as of September 30, 2020:

	Fair Value September 30, 2020		Valuation Methodologies	Unobservable Input(s) (1)	Weighted Average (2)	Range	Impact to Valuation from an Increase in Input (3)
Private Equity	**$ 12,626,979**						
Private Equity	**$ 10,510,089**		Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	7.1%	5.0% - 15.0%	Decrease
				Weight Ascribed to Market Comparables	27.1%	0.0% - 100.0%	(4)
				Weight Ascribed to Discounted Cash Flow	59.9%	0.0% - 100.0%	(5)
				Weight Ascribed to Transaction Price	13.0%	0.0% - 100.0%	(6)
			Market comparables	Enterprise Value/LTM EBITDA Multiple	16.0x	8.2x - 24.6x	Increase
				Enterprise Value/Forward EBITDA Multiple	15.4x	6.5x - 20.6x	Increase
			Discounted cash flow	Weighted Average Cost of Capital	9.6%	6.4% - 18.2%	Decrease
				Enterprise Value/LTM EBITDA Exit Multiple	13.1x	6.0x - 17.5x	Increase
Growth Equity	**$ 2,116,890**		Inputs to market comparables, discounted cash flow and milestones	Illiquidity Discount	11.3%	10.0% - 20.0%	Decrease
				Weight Ascribed to Market Comparables	41.3%	0.0% - 100.0%	(4)
				Weight Ascribed to Discounted Cash Flow	10.7%	0.0% - 50.0%	(5)
				Weight Ascribed to Milestones	48.0%	0.0% - 100.0%	(6)
			Scenario Weighting	Base	59.8%	25.0% - 70.0%	Increase
				Downside	12.9%	5.0% - 75.0%	Decrease
				Upside	27.3%	0.0% - 45.0%	Increase
Credit	**$ 8,723,978**		Yield Analysis	Yield	8.3%	5.2% - 37.5%	Decrease
				Net Leverage	5.1x	0.3x - 19.3x	Decrease
				EBITDA Multiple	9.6x	1.0x - 28.6x	Increase
Real Assets	**$ 4,440,105**						
Energy	**$ 1,728,637**		Discounted cash flow	Weighted Average Cost of Capital	10.6%	9.1% - 14.5%	Decrease
				Average Price Per BOE (8)	$32.09	$25.21 - $34.88	Increase
Infrastructure	**$ 743,212**	(10)	Inputs to market comparables, discounted cash flow and transaction price	Weight Ascribed to Market Comparables	6.5%	0.0% - 25.0%	(4)
				Weight Ascribed to Discounted Cash Flow	19.6%	0.0% - 75.0%	(5)
				Weight Ascribed to Transaction Price	73.9%	0.0% - 100.0%	(6)
Real Estate	**$ 1,968,256**		Inputs to direct income capitalization and discounted cash flow	Weight Ascribed to Direct Income Capitalization	23.3%	0.0% - 100.0%	(7)
				Weight Ascribed to Discounted Cash Flow	76.7%	0.0% - 100.0%	(5)
			Direct income capitalization	Current Capitalization Rate	5.8%	4.3% - 7.8%	Decrease
			Discounted cash flow	Unlevered Discount Rate	7.1%	4.9% - 18.0%	Decrease
Equity Method - Other	**$ 1,932,859**		Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	9.3%	5.0% - 15.0%	Decrease
				Weight Ascribed to Market Comparables	42.6%	0.0% - 100.0%	(4)
				Weight Ascribed to Discounted Cash Flow	46.5%	0.0% - 100.0%	(5)
				Weight Ascribed to Transaction Price	10.9%	0.0% - 100.0%	(6)
			Market comparables	Enterprise Value/LTM EBITDA Multiple	13.7x	9.4x - 28.1x	Increase
				Enterprise Value/Forward EBITDA Multiple	14.4x	7.2x - 22.4x	Increase
			Discounted cash flow	Weighted Average Cost of Capital	8.4%	5.5% - 17.5%	Decrease
				Enterprise Value/LTM EBITDA Exit Multiple	11.0x	6.0x - 18.0x	Increase

Notes to Financial Statements (Continued)

	Fair Value September 30, 2020		Valuation Methodologies	Unobservable Input(s) (1)	Weighted Average (2)	Range	Impact to Valuation from an Increase in Input (3)
Other Investments	$ **1,894,329**	(9)	Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	8.5%	5.0% - 20.0%	Decrease
				Weight Ascribed to Market Comparables	35.0%	0.0% - 100.0%	(4)
				Weight Ascribed to Discounted Cash Flow	40.6%	0.0% - 100.0%	(5)
				Weight Ascribed to Transaction Price	24.4%	0.0% - 100.0%	(6)
			Market comparables	Enterprise Value/LTM EBITDA Multiple	14.2x	1.4x - 28.5x	Increase
				Enterprise Value/Forward EBITDA Multiple	14.0x	1.3x - 26.5x	Increase
			Discounted cash flow	Weighted Average Cost of Capital	14.7%	8.3% - 25.0%	Decrease
				Enterprise Value/LTM EBITDA Exit Multiple	9.2x	6.9x - 11.0x	Increase

(1) In determining certain of these inputs, management evaluates a variety of factors including economic conditions, industry and market developments, market valuations of comparable companies and company specific developments including exit strategies and realization opportunities. Management has determined that market participants would take these inputs into account when valuing the investments and debt obligations. LTM means last twelve months and EBITDA means earnings before interest, taxes, depreciation and amortization.

(2) Inputs were weighted based on the fair value of the investments included in the range.

(3) Unless otherwise noted, this column represents the directional change in the fair value of the Level III investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.

(4) The directional change from an increase in the weight ascribed to the market comparables approach would increase the fair value of the Level III investments if the market comparables approach results in a higher valuation than the discounted cash flow approach and transaction price. The opposite would be true if the market comparables approach results in a lower valuation than the discounted cash flow approach and transaction price.

(5) The directional change from an increase in the weight ascribed to the discounted cash flow approach would increase the fair value of the Level III investments if the discounted cash flow approach results in a higher valuation than the market comparables approach, transaction price and direct income capitalization approach. The opposite would be true if the discounted cash flow approach results in a lower valuation than the market comparables approach, transaction price and direct income capitalization approach.

(6) The directional change from an increase in the weight ascribed to the transaction price or milestones would increase the fair value of the Level III investments if the transaction price or milestones results in a higher valuation than the market comparables and discounted cash flow approach. The opposite would be true if the transaction price or milestones results in a lower valuation than the market comparables approach and discounted cash flow approach.

(7) The directional change from an increase in the weight ascribed to the direct income capitalization approach would increase the fair value of the Level III investments if the direct income capitalization approach results in a higher valuation than the discounted cash flow approach. The opposite would be true if the direct income capitalization approach results in a lower valuation than the discounted cash flow approach.

(8) The total energy fair value amount includes multiple investments (in multiple locations throughout North America) that are held in multiple investment funds and produce varying quantities of oil, condensate, natural gas liquids, and natural gas. Commodity price may be measured using a common volumetric equivalent where one barrel of oil equivalent ("BOE"), is determined using the ratio of six thousand cubic feet of natural gas to one barrel of oil, condensate or natural gas liquids. The price per BOE is provided to show the aggregate of all price inputs for the various investments over a common volumetric equivalent although the valuations for specific investments may use price inputs specific to the asset for purposes of our valuations. The discounted cash flows include forecasted production of liquids (oil, condensate, and natural gas liquids) and natural gas with a forecasted revenue ratio of approximately 83% liquids and 17% natural gas.

(9) Consists primarily of investments in common stock, preferred stock, warrants and options of companies that are not private equity, real assets, credit, equity method - other or investments of consolidated CFEs.

(10) Consists of two infrastructure investments. One infrastructure investment was purchased during the quarter and valued at the acquisition price since this was the best indicator of fair value. Other investment was valued using a market comparables and discounted cash flow analysis. The significant inputs used in the market comparables approach included the Forward EBITDA multiple 10.9x. The significant inputs used in the discounted cash flow approach included the weighted average cost of capital 8.4% and the enterprise value/LTM EBITDA exit multiple 10.0x.

In the table above, certain private equity investments may be valued at cost for a period of time after an acquisition as the best indicator of fair value. In addition, certain valuations of private equity investments may be entirely or partially derived by reference to observable valuation measures for a pending or consummated transaction.

The various unobservable inputs used to determine the Level III valuations may have similar or diverging impacts on valuation. Significant increases and decreases in these inputs in isolation and interrelationships between those inputs could result in significantly higher or lower fair value measurements as noted in the table above.

6. FAIR VALUE OPTION

The following table summarizes the financial instruments for which the fair value option has been elected:

	September 30, 2020	December 31, 2019
Assets		
Private Equity	$ —	$ —
Credit	6,535,237	6,451,765
Investments of Consolidated CFEs	16,647,431	14,948,237
Real Assets	204,664	222,488
Equity Method - Other	2,346,717	1,934,555
Other Investments	172,852	395,637
Total	**$ 25,906,901**	**$ 23,952,682**
Liabilities		
Debt Obligations of Consolidated CFEs	$ 16,279,747	$ 14,658,137
Total	**$ 16,279,747**	**$ 14,658,137**

Notes to Financial Statements (Continued)

The following table presents the net realized and unrealized gains (losses) on financial instruments for which the fair value option was elected:

	Three Months Ended September 30, 2020			Three Months Ended September 30, 2019		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Assets						
Private Equity	$ —	$ —	$ —	$ —	$ —	$ —
Credit	6,105	93,955	100,060	14,704	(141,285)	(126,581)
Investments of Consolidated CFEs	(33,373)	425,660	392,287	(6,874)	(94,137)	(101,011)
Real Assets	—	6,423	6,423	(93)	(11,772)	(11,865)
Equity Method - Other	(26,079)	344,316	318,237	1,654	26,279	27,933
Other Investments	49	7,924	7,973	7,242	(8,545)	(1,303)
Total	**$ (53,298)**	**$ 878,278**	**$ 824,980**	**$ 16,633**	**$ (229,460)**	**$ (212,827)**
Liabilities						
Debt Obligations of Consolidated CFEs	$ —	$ (317,299)	$ (317,299)	$ —	$ 68,604	$ 68,604
Total	**$ —**	**$ (317,299)**	**$ (317,299)**	**$ —**	**$ 68,604**	**$ 68,604**

	Nine Months Ended September 30, 2020			Nine Months Ended September 30, 2019		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Assets						
Private Equity	$ —	$ —	$ —	$ —	$ 194	$ 194
Credit	(42,878)	5,458	(37,420)	(51,836)	(136,786)	(188,622)
Investments of Consolidated CFEs	(127,175)	(424,918)	(552,093)	(20,545)	203,141	182,596
Real Assets	153	(17,882)	(17,729)	1,689	5,598	7,287
Equity Method - Other	(82,671)	271,243	188,572	12,332	64,236	76,568
Other Investments	(60,241)	52,755	(7,486)	8,216	2,674	10,890
Total	**$ (312,812)**	**$ (113,344)**	**$ (426,156)**	**$ (50,144)**	**$ 139,057**	**$ 88,913**
Liabilities						
Debt Obligations of Consolidated CFEs	$ —	$ 337,634	$ 337,634	$ —	$ (257,355)	$ (257,355)
Total	**$ —**	**$ 337,634**	**$ 337,634**	**$ —**	**$ (257,355)**	**$ (257,355)**

7. NET INCOME (LOSS) ATTRIBUTABLE TO KKR & CO. INC. PER SHARE OF COMMON STOCK

For the three and nine months ended September 30, 2020 and 2019, basic and diluted Net Income (Loss) attributable to KKR & Co. Inc. per share of common stock were calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	$ 1,056,502	$ 241,213	$ 466,265	$ 1,456,584
(-) Accumulated Series C Mandatory Convertible Preferred Dividend	8,817	—	8,817	—
Net Income (Loss) Available to KKR & Co. Inc. Common Stockholders - Basic	**$ 1,047,685**	**$ 241,213**	**$ 457,448**	**$ 1,456,584**
(+) Accumulated Series C Mandatory Convertible Preferred Dividend (if dilutive)	8,817	—	—	—
Net Income (Loss) Available to KKR & Co. Inc. Common Stockholders - Diluted	**$ 1,056,502**	**$ 241,213**	**$ 457,448**	**$ 1,456,584**
Basic Net Income (Loss) Per Share of Common Stock				
Weighted Average Shares of Common Stock Outstanding - Basic	**562,425,576**	**546,336,936**	**560,124,947**	**541,631,675**
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Basic	**$ 1.86**	**$ 0.44**	**$ 0.82**	**$ 2.69**
Diluted Net Income (Loss) Per Share of Common Stock				
Weighted Average Shares of Common Stock Outstanding - Basic	562,425,576	546,336,936	560,124,947	541,631,675
Incremental Common Shares:				
Assumed vesting of dilutive equity awards	9,954,502	13,195,129	9,786,034	13,154,681
Assumed conversion of Series C Mandatory Convertible Preferred Stock	16,736,309	—	—	—
Weighted Average Shares of Common Stock Outstanding - Diluted	**589,116,387**	**559,532,065**	**569,910,981**	**554,786,356**
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Diluted	**$ 1.79**	**$ 0.43**	**$ 0.80**	**$ 2.63**

Net Income Available to KKR & Co. Inc. Common Stockholders - Basic reflects the accumulated undeclared dividends on Series C Mandatory Convertible Preferred Stock of $8.8 million for the three and nine months ended September 30, 2020.

For the three months ended September 30, 2020, the impact of Series C Mandatory Convertible Preferred Stock calculated under the if-converted method was dilutive, and as such (i) 16.7 million shares of common stock (assuming a conversion ratio based on the average volume weighted average price per share of common stock over the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately prior to September 30, 2020) were included in the Weighted Average Shares of Common Stock Outstanding - Diluted and (ii) $8.8 million of Accumulated Series C Mandatory Convertible Preferred Dividend were excluded from Net Income (Loss) Available to KKR & Co. Inc. Common Stockholders - Diluted.

For the nine months ended September 30, 2020, the impact of the Series C Mandatory Convertible Preferred Stock calculated under the if-converted method was anti-dilutive, and as such 5.6 million shares underlying Series C Mandatory Convertible Preferred Stock (assuming a conversion ratio based on the average volume weighted average price per share of common stock over the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately prior to September 30, 2020) were excluded from the Weighted Average Shares of Common Stock Outstanding - Diluted.

For the three and nine months ended September 30, 2020 and 2019, Weighted Average Shares of Common Stock Outstanding - Diluted includes unvested equity awards that have been granted under the Amended and Restated KKR & Co. Inc. 2010 Equity Incentive Plan (the "2010 Equity Incentive Plan") and the KKR & Co. Inc. 2019 Equity Incentive Plan (the "2019 Equity Incentive Plan" and, together with the 2010 Equity Incentive Plan, the "Equity Incentive Plans"). Vesting of these equity interests dilute KKR & Co. Inc. and KKR Holdings pro rata in accordance with their respective ownership interests in KKR Group Partnership.

For the three and nine months ended September 30, 2020 and 2019, KKR Holdings units have been excluded from the calculation of Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Diluted since the exchange of these units would not dilute KKR's respective ownership interests in the KKR Group Partnership.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Weighted Average KKR Holdings Units	282,692,900	296,248,180	285,757,397	297,624,035

Additionally, for the three and nine months ended September 30, 2020 and 2019, 5.0 million shares of KKR common stock subject to a market price-based vesting condition were excluded from the calculation of Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Diluted since the vesting conditions have not been satisfied. See Note 12 "Equity Based Compensation."

8. OTHER ASSETS AND ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES

Other Assets consist of the following:

	September 30, 2020	December 31, 2019
Unsettled Investment Sales [(1)]	$ 684,163	$ 86,033
Receivables	58,785	26,893
Due from Broker [(2)]	255,871	65,154
Oil & Gas Assets, net [(3)]	—	215,243
Deferred Tax Assets, net	176,950	158,574
Interest Receivable	188,476	156,026
Fixed Assets, net [(4)]	722,735	633,025
Foreign Exchange Contracts and Options [(5)]	234,358	188,572
Goodwill [(6)]	83,500	83,500
Derivative Assets	41,718	23,139
Prepaid Taxes	78,527	84,462
Prepaid Expenses	29,303	14,596
Operating Lease Right of Use Assets [(7)]	160,139	121,101
Deferred Financing Costs	18,520	12,374
Other	275,312	139,544
Total	**$ 3,008,357**	**$ 2,008,236**

(1) Represents amounts due from third parties for investments sold for which cash settlement has not occurred.

(2) Represents amounts held at clearing brokers resulting from securities transactions.

(3) Includes proved and unproved oil and natural gas properties under the successful efforts method of accounting, which is net of impairment write-downs, accumulated depreciation, depletion and amortization. Depreciation, depletion and amortization of $5.7 million and $4.7 million for the three months ended September 30, 2020 and 2019, respectively, and $18.1 million and $24.7 million for the nine months ended September 30, 2020 and 2019, respectively, are included in General, Administrative and Other in the accompanying consolidated statements of operations. As discussed in Note 2 "Summary of Significant Accounting Policies", all the working and royalty interests in oil and natural gas properties, which were directly held by KKR, were transferred into a consolidated investment fund.

(4) Net of accumulated depreciation and amortization of $146.6 million and $132.7 million as of September 30, 2020 and December 31, 2019, respectively. Depreciation and amortization expense of $4.6 million and $4.3 million for the three months ended September 30, 2020 and 2019, respectively, and $14.2 million and $13.0 million for the nine months ended September 30, 2020 and 2019, respectively, are included in General, Administrative and Other in the accompanying consolidated statements of operations.

(5) Represents derivative financial instruments used to manage foreign exchange risk arising from certain foreign currency denominated investments. Such instruments are measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying consolidated statements of operations. See Note 3 "Net Gains (Losses) from Investment Activities" for the net changes in fair value associated with these instruments.

(6) As of September 30, 2020, the carrying value of goodwill is recorded and assessed for impairment at the reporting unit.

(7) KKR's non-cancelable operating leases consist of leases for office space in North America, Europe, Asia and Australia. KKR is the lessee under the terms of the operating leases. The operating lease cost was $13.9 million and $12.0 million for the three months ended September 30, 2020 and 2019, respectively, and $39.7 million and $35.7 million for the nine months ended September 30, 2020 and 2019, respectively.

Notes to Financial Statements (Continued)

Accounts Payable, Accrued Expenses and Other Liabilities consist of the following:

	September 30, 2020	December 31, 2019
Amounts Payable to Carry Pool [1]	$ 1,393,381	$ 1,448,879
Unsettled Investment Purchases [2]	1,352,482	481,337
Securities Sold Short [3]	434,598	251,223
Derivative Liabilities	115,221	34,174
Accrued Compensation and Benefits	558,179	131,719
Interest Payable	177,434	234,165
Foreign Exchange Contracts and Options [4]	263,927	39,364
Accounts Payable and Accrued Expenses	156,963	118,454
Taxes Payable	36,484	32,682
Uncertain Tax Positions	68,665	65,716
Unfunded Revolver Commitments	56,085	75,842
Operating Lease Liabilities [5]	161,165	125,086
Other Liabilities	86,534	58,922
Total	**$ 4,861,118**	**$ 3,097,563**

(1) Represents the amount of carried interest payable to current and former KKR employees with respect to KKR's active funds and co-investment vehicles that provide for carried interest.

(2) Represents amounts owed to third parties for investment purchases for which cash settlement has not occurred.

(3) Represents the obligations of KKR to deliver a specified security at a future point in time. Such securities are measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying consolidated statements of operations. See Note 3 "Net Gains (Losses) from Investment Activities" for the net changes in fair value associated with these instruments.

(4) Represents derivative financial instruments used to manage foreign exchange risk arising from certain foreign currency denominated investments. Such instruments are measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying consolidated statements of operations. See Note 3 "Net Gains (Losses) from Investment Activities" for the net changes in fair value associated with these instruments.

(5) KKR’s operating leases have remaining lease terms that range from approximately one year to 15 years, some of which include options to extend the leases for up to three years. The weighted average remaining lease terms were 8.78 years and 4.46 years as of September 30, 2020 and December 31, 2019, respectively. The weighted average discount rates were 1.33% and 2.53% as of September 30, 2020 and December 31, 2019, respectively.

9. VARIABLE INTEREST ENTITIES

Consolidated VIEs

KKR consolidates certain VIEs in which it is determined that KKR is the primary beneficiary as described in Note 2 "Summary of Significant Accounting Policies." The consolidated VIEs are predominately CFEs and certain investment funds sponsored by KKR.

The primary purpose of these VIEs is to provide strategy specific investment opportunities to earn investment gains, current income or both in exchange for management and performance based fees or carried interest. KKR's investment strategies differ for these VIEs; however, the fundamental risks have similar characteristics, including loss of invested capital and loss of management and performance based fees or carried interest. KKR does not provide performance guarantees and has no other financial obligation to provide funding to these consolidated VIEs, beyond amounts previously committed, if any.

Unconsolidated VIEs

KKR holds variable interests in certain VIEs which are not consolidated as it has been determined that KKR is not the primary beneficiary. VIEs that are not consolidated predominantly include certain investment funds sponsored by KKR.

KKR's investment strategies differ by investment fund; however, the fundamental risks have similar characteristics, including loss of invested capital and loss of management and performance based fees or carried interest. KKR's maximum exposure to loss as a result of its investments in the unconsolidated investment funds is the carrying value of such investments, including KKR's capital interest and any unrealized carried interest. Accordingly, disaggregation of KKR's involvement by type of unconsolidated investment fund would not provide more useful information. For these unconsolidated investment funds in which KKR is the sponsor, KKR may have an obligation as general partner to provide commitments to such investment funds. As of September 30, 2020, KKR's commitments to these unconsolidated investment funds were $3.3 billion. KKR has not provided any financial support other than its obligated amount as of September 30, 2020.

As of September 30, 2020 and December 31, 2019, the maximum exposure to loss, before allocations to the carry pool and noncontrolling interests, if any, for those VIEs in which KKR is determined not to be the primary beneficiary but in which it has a variable interest is as follows:

	September 30, 2020	December 31, 2019
Investments	$ 5,142,463	$ 5,329,368
Due from (to) Affiliates, net	513,939	439,374
Maximum Exposure to Loss	**$ 5,656,402**	**$ 5,768,742**

10. DEBT OBLIGATIONS

KKR enters into credit agreements and issues debt for its general operating and investment purposes.

KKR consolidates and reports debt obligations of KKR Financial Holdings LLC ("KFN"), which are non-recourse to KKR beyond the assets of KFN.

Certain of KKR's consolidated investment funds borrow to meet financing needs of their operating and investing activities. Fund financing facilities have been established for the benefit of certain investment funds. When an investment fund borrows from the facility in which it participates, the proceeds from the borrowings are limited for their intended use by the borrowing investment fund. KKR's obligations with respect to these financing arrangements are generally limited to KKR's pro rata equity interest in such investment funds.

In certain other cases, KKR has majority-owned consolidated investment vehicles and other entities that make investments and purchase other assets with borrowings that are collateralized only by the investments and assets they own.

In addition, consolidated CFE vehicles issue debt securities to third-party investors which are collateralized by assets held by the CFE vehicle. Debt securities issued by CFEs are supported solely by the assets held at the CFEs and are not collateralized by assets of any other KKR entity. CFEs also may have warehouse facilities with banks to provide liquidity to the CFE. The CFE's debt obligations are non-recourse to KKR beyond the assets of the CFE.

KKR's borrowings consisted of the following:

	September 30, 2020			December 31, 2019		
	Financing Available	Borrowing Outstanding	Fair Value	Financing Available	Borrowing Outstanding	Fair Value
Revolving Credit Facilities:						
Corporate Credit Agreement	$ 1,000,000	$ —	$ —	$ 1,000,000	$ —	$ —
KCM Credit Agreement	455,014	—	—	444,904	—	—
KCM 364-Day Revolving Credit Agreement	750,000	—	—	750,000	—	—
Notes Issued:						
KKR Issued 0.509% Notes Due 2023 (1)	—	236,006	236,769 (14)	—	228,280	228,026 (14)
KKR Issued 0.764% Notes Due 2025 (2)	—	46,840	47,635 (14)	—	45,255	45,856 (14)
KKR Issued 1.625% Notes Due 2029 (3)	—	752,541	809,005 (15)	—	718,478	758,903 (15)
KKR Issued 3.750% Notes Due 2029 (4)	—	741,967	863,460 (14)	—	493,962	533,505 (14)
KKR Issued 1.595% Notes Due 2038 (5)	—	96,462	102,638 (14)	—	93,325	98,524 (14)
KKR Issued 5.500% Notes Due 2043 (6)	—	492,429	636,235 (14)	—	492,175	613,415 (14)
KKR Issued 5.125% Notes Due 2044 (7)	—	991,380	1,249,730 (14)	—	991,106	1,186,670 (14)
KKR Issued 3.625% Notes Due 2050 (8)	—	492,056	516,180 (14)	—	—	—
KKR Issued 3.500% Notes Due 2050 (9)	—	735,036	760,508 (14)	—	—	—
KFN Issued 5.500% Notes Due 2032 (10)	—	494,419	496,028	—	494,054	504,807
KFN Issued 5.200% Notes Due 2033 (11)	—	118,502	115,802	—	118,411	117,834
KFN Issued 5.400% Notes Due 2033 (12)	—	68,843	68,774	—	68,774	70,059
KFN Issued Junior Subordinated Notes (13)	—	234,472	156,740	—	233,473	185,485
	2,205,014	5,500,953	6,059,504	2,194,904	3,977,293	4,343,084
Other Debt Obligations	5,715,560	25,950,688	25,943,788	3,865,495	23,035,991	23,035,991
	$ 7,920,574	**$ 31,451,641**	**$ 32,003,292**	**$ 6,060,399**	**$ 27,013,284**	**$ 27,379,075**

(1) ¥25 billion (or $237.5 million) aggregate principal amount of 0.509% senior notes of KKR due 2023. Borrowing outstanding is presented net of unamortized debt issuance costs of $0.7 million and $1.0 million as of September 30, 2020 and December 31, 2019, respectively. These senior notes are denominated in Japanese Yen ("JPY").

(2) ¥5.0 billion (or $47.5 million) aggregate principal amount of 0.764% senior notes of KKR due 2025. Borrowing outstanding is presented net of unamortized debt issuance costs of $0.5 million and $0.6 million as of September 30, 2020 and December 31, 2019, respectively. These senior notes are denominated in JPY.

(3) €650 million (or $760.5 million) aggregate principal amount of 1.625% senior notes of KKR due 2029. Borrowing outstanding is presented net of (i) unamortized note discount and (ii) unamortized debt issuance costs of $5.3 million and $6.3 million as of September 30, 2020 and December 31, 2019, respectively. These senior notes are denominated in euro.

(4) $750 million aggregate principal amount of 3.750% senior notes of KKR due 2029. Borrowing outstanding is presented net of (i) unamortized note discount and (ii) unamortized debt issuance costs of $5.9 million and $4.7 million as of September 30, 2020 and December 31, 2019, respectively.

(5) ¥10.3 billion (or $97.9 million) aggregate principal amount of 1.595% senior notes of KKR due 2038. Borrowing outstanding is presented net of unamortized debt issuance costs of $1.1 million and $1.1 million as of September 30, 2020 and December 31, 2019, respectively. These senior notes are denominated in JPY.

(6) $500 million aggregate principal amount of 5.500% senior notes of KKR due 2043. Borrowing outstanding is presented net of (i) unamortized note discount and (ii) unamortized debt issuance costs of $3.3 million and $3.4 million as of September 30, 2020 and December 31, 2019, respectively.

(7) $1.0 billion aggregate principal amount of 5.125% senior notes of KKR due 2044. Borrowing outstanding is presented net of (i) unamortized note discount (net of premium) and (ii) unamortized debt issuance costs of $7.4 million and $7.7 million as of September 30, 2020 and December 31, 2019, respectively.

(8) $500 million aggregate principal amount of 3.625% senior notes of KKR due 2050. Borrowing outstanding is presented net of (i) unamortized note discount and (ii) unamortized debt issuance costs of $5.4 million as of September 30, 2020.

(9) $750 million aggregate principal amount of 3.500% senior notes of KKR due 2050. Borrowing outstanding is presented net of (i) unamortized note discount and (ii) unamortized debt issuance costs of $8.2 million as of September 30, 2020.

(10) KKR consolidates KFN and thus reports KFN's outstanding $500.0 million aggregate principal amount of 5.500% senior notes due 2032. Borrowing outstanding is presented net of (i) unamortized note discount and (ii) unamortized debt issuance costs of $3.8 million and $4.0 million as of September 30, 2020 and December 31, 2019, respectively. These debt obligations are classified as Level III within the fair value hierarchy and valued using the same valuation methodologies as KKR's Level III credit investments.

(11) KKR consolidates KFN and thus reports KFN's outstanding $120.0 million aggregate principal amount of 5.200% senior notes due 2033. Borrowing outstanding is presented net of unamortized debt issuance costs of $1.5 million and $1.6 million as of September 30, 2020 and December 31, 2019, respectively. These debt obligations are classified as Level III within the fair value hierarchy and valued using the same valuation methodologies as KKR's Level III credit investments.

(12) KKR consolidates KFN and thus reports KFN's outstanding $70.0 million aggregate principal amount of 5.400% senior notes due 2033. Borrowing outstanding is presented net of unamortized debt issuance costs of $1.2 million and $1.2 million as of September 30, 2020 and December 31, 2019, respectively. These debt obligations are classified as Level III within the fair value hierarchy and valued using the same valuation methodologies as KKR's Level III credit investments.

(13) KKR consolidates KFN and thus reports KFN's outstanding $258.5 million aggregate principal amount of junior subordinated notes. The weighted average interest rate is 2.7% and 4.4% and the weighted average years to maturity is 16.0 years and 16.8 years as of September 30, 2020 and December 31, 2019, respectively. These debt obligations are classified as Level III within the fair value hierarchy and valued using the same valuation methodologies as KKR's Level III credit investments.

(14) The notes are classified as Level II within the fair value hierarchy and fair value is determined by third party broker quotes.

(15) The notes are classified as Level I within the fair value hierarchy and fair value is determined by quoted prices in active markets since the debt is publicly listed.

Revolving Credit Facilities

KCM Credit Agreement

On March 20, 2020, KKR Capital Markets Holdings L.P. and certain other capital market subsidiaries (collectively, the “KCM Borrowers”) of KKR & Co. Inc. entered into a third amended and restated 5-year revolving credit agreement (the “KCM Credit Agreement”) with a major financial institution, as administrative agent, and the lenders party thereto. The KCM Credit Agreement provides for revolving borrowings of up to $500 million with a $500 million sublimit for letters of credit, expires on March 20, 2025 and ranks pari passu with the existing $750 million 364-day revolving credit facility provided by them for KKR’s capital markets business. The prior second amended and restated 5-year revolving credit agreement, dated as of March 30, 2016, between the KCM Borrowers, the administrative agent, and the lenders party thereto, was terminated according to its terms on March 20, 2020 and replaced by the KCM Credit Agreement.

If a borrowing is made on the KCM Credit Agreement, the interest rate will vary depending on the type of drawdown requested. If the loan is a Eurocurrency loan, it will be based on LIBOR plus the applicable margin which ranges initially between 1.75% and 3.00%, depending on the amount and nature of the loan. If the loan is an ABR Loan, it will be based on the prime rate plus the applicable margin which ranges initially between 0.75% and 2.00% depending on the amount and nature of the loan. Borrowings under this facility may only be used for KKR’s capital markets business, and its only obligors are entities involved in KKR’s capital markets business, and its liabilities are non-recourse to other parts of KKR.

As of September 30, 2020, no amounts were outstanding under the KCM Credit Agreement; however various letters of credit were outstanding in the amount of $45.0 million, which reduce the overall borrowing capacity of the KCM Credit Agreement. On November 3, 2020, the KCM Credit Agreement was amended to increase the total borrowing capacity to $750 million.

The KCM Credit Agreement contains customary representations and warranties, events of default, and affirmative and negative covenants, including a financial covenant providing for a maximum debt to equity ratio for the KCM Borrowers. The KCM Borrowers' obligations under the KCM Credit Agreement are secured by certain assets of the KCM Borrowers, including a pledge of equity interests of certain subsidiaries of the KCM Borrowers.

KCM Short-Term Credit Agreement

On April 10, 2020, the KCM Borrowers entered into a 364-day revolving credit agreement (the "KCM Short-Term Credit Agreement") with a major financial institution, as administrative agent, and the lenders party thereto. The KCM Short-Term Credit Agreement provides for revolving borrowings of up to $750 million, expires on April 9, 2021, and ranks pari passu with the existing KCM Credit Agreement provided by them for KKR's capital markets business. The prior 364-day revolving credit agreement, dated as of June 27, 2019, between the KCM Borrowers and a major financial institution, as administrative agent, and the lenders party thereto, was terminated according to its terms on April 10, 2020 and replaced by the KCM Revolver Agreement.

If a borrowing is made under the KCM Short-Term Credit Agreement, the interest rate will vary depending on the type of drawdown requested. If the borrowing is a Eurocurrency loan, it will be based on a LIBOR rate plus an applicable margin ranging between 1.50% and 2.75%, depending on the duration of the loan. If the borrowing is an ABR loan, it will be based on a base rate plus an applicable margin ranging between 0.50% and 1.75%, depending on the duration of the loan. Borrowings under the KCM Short-Term Credit Agreement may only be used to facilitate the settlement of debt transactions syndicated by KKR's capital markets business. Obligations under the KCM Short-Term Credit Agreement are limited to the KCM Borrowers, which are solely entities involved in KKR's capital markets business, and liabilities under the KCM Short-Term Credit Agreement are non-recourse to other parts of KKR.

The KCM Short-Term Credit Agreement contains customary representations and warranties, events of default, and affirmative and negative covenants, including a financial covenant providing for a maximum debt to equity ratio for the KCM Borrowers. The KCM Borrowers' obligations under the KCM Short-Term Credit Agreement are secured by certain assets of the KCM Borrowers, including a pledge of equity interests of certain subsidiaries of the KCM Borrowers.

Notes Issuance

KKR Issued 3.625% Senior Notes Due 2050

On February 25, 2020, KKR Group Finance Co. VII LLC, an indirect subsidiary of KKR & Co. Inc., issued $500 million aggregate principal amount of its 3.625% Senior Notes due 2050 (the "3.625% 2050 Senior Notes"). The 3.625% 2050 Senior Notes are guaranteed by KKR & Co. Inc. and KKR Group Partnership.

The 3.625% 2050 Senior Notes bear interest at a rate of 3.625% per annum and will mature on February 25, 2050, unless earlier redeemed. Interest on the 3.625% 2050 Senior Notes accrues from February 25, 2020 and is payable semi-annually in arrears on February 25 and August 25 of each year, commencing on August 25, 2020 and ending on the applicable maturity date. The 3.625% 2050 Senior Notes are unsecured and unsubordinated obligations of the issuer. The 3.625% 2050 Senior Notes are fully and unconditionally guaranteed, jointly and severally, by each of the guarantors. The guarantees are unsecured and unsubordinated obligations of the guarantors.

The indenture, as supplemented by the first supplemental indenture, related to the 3.625% 2050 Senior Notes includes covenants, including limitations on the issuer's and the guarantors' ability to, subject to exceptions, incur indebtedness secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or lease assets. The indenture, as supplemented, also provides for events of default and further provides that the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding 3.625% 2050 Senior Notes may declare the 3.625% 2050 Senior Notes immediately due and payable upon the occurrence and during the continuance of any event of default after expiration of any applicable grace period. In the case of specified events of bankruptcy, insolvency, receivership or reorganization, the principal amount of the 3.625% 2050 Senior Notes and any accrued and unpaid interest on the 3.625% 2050 Senior Notes automatically become due and payable. Prior to August 25, 2049, the issuer may redeem the 3.625% 2050 Senior Notes at its option, in whole or in part, at any time and from time to time, prior to their stated maturity, at the make-whole redemption price set forth in the 3.625% 2050 Senior Notes. On or after August 25, 2049, the issuer may redeem the 3.625% 2050 Senior Notes at its option, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 3.625% 2050 Senior Notes to be redeemed, together with interest accrued and unpaid to, but excluding, the date of redemption. If a change of control repurchase event occurs, the 3.625% 2050 Senior Notes are subject to repurchase by the issuer at a repurchase price in cash equal to 101% of the aggregate principal amount of the 3.625% 2050

Senior Notes repurchased plus any accrued and unpaid interest on the 3.625% 2050 Senior Notes repurchased to, but not including, the date of repurchase.

KKR Issued additional 3.750% Senior Notes Due 2029

On April 21, 2020, KKR Group Finance Co. VI LLC, an indirect subsidiary of KKR & Co. Inc., issued an additional $250 million aggregate principal amount of its 3.750% Senior Notes due 2029 (the "New 3.750% Senior Notes"). The New 3.750% Senior Notes are guaranteed by KKR & Co. Inc. and KKR Group Partnership. The New 3.750% Senior Notes constitute an issuance of additional notes under the indenture governing the notes. The New 3.750% Senior Notes have substantially the same terms as, and are treated as a single series with, the existing $500 million aggregate principal amount of 3.750% Senior Notes issued on July 1, 2019.

KKR Issued 3.500% Senior Notes Due 2050

On August 25, 2020, KKR Group Finance Co. VIII LLC, an indirect subsidiary of KKR & Co. Inc., issued $750 million aggregate principal amount of its 3.500% Senior Notes due 2050 (the "3.500% 2050 Senior Notes"). The 3.500% 2050 Senior Notes are guaranteed by KKR & Co. Inc. and KKR Group Partnership.

The 3.500% 2050 Senior Notes bear interest at a rate of 3.500% per annum and will mature on August 25, 2050, unless earlier redeemed. Interest on the 3.500% 2050 Senior Notes accrues from August 25, 2020 and is payable semi-annually in arrears on February 25 and August 25 of each year, commencing on February 25, 2021 and ending on the applicable maturity date. The 3.500% 2050 Senior Notes are unsecured and unsubordinated obligations of the issuer. The 3.500% 2050 Senior Notes are fully and unconditionally guaranteed, jointly and severally, by each of the guarantors. The guarantees are unsecured and unsubordinated obligations of the guarantors.

The indenture includes covenants, including limitations on the issuer’s and the guarantors’ ability to, subject to exceptions, incur indebtedness secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or convey all or substantially all of their assets. The indenture also provides for events of default and further provides that the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding 3.500% 2050 Senior Notes may declare the 3.500% 2050 Senior Notes immediately due and payable upon the occurrence and during the continuance of any event of default after expiration of any applicable grace period. In the case of specified events of bankruptcy, insolvency, receivership or reorganization, the principal amount of the 3.500% 2050 Senior Notes and any accrued and unpaid interest on the 3.500% 2050 Senior Notes automatically become due and payable. Prior to February 25, 2050, the issuer may redeem the 3.500% 2050 Senior Notes at its option, in whole or in part, at any time and from time to time, prior to their stated maturity, at the make-whole redemption price set forth in the 3.500% 2050 Senior Notes. On or after February 25, 2050, the issuer may redeem the 3.500% 2050 Senior Notes at its option, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 3.500% 2050 Senior Notes to be redeemed, together with interest accrued and unpaid to, but excluding, the date of redemption. If a change of control repurchase event occurs, the 3.500% 2050 Senior Notes are subject to repurchase by the issuer at a repurchase price in cash equal to 101% of the aggregate principal amount of the 3.500% 2050 Senior Notes repurchased plus any accrued and unpaid interest on the 3.500% 2050 Senior Notes repurchased to, but not including, the date of repurchase.

If KKR's acquisition of Global Atlantic has not closed on or prior to May 7, 2021 (or any later date as extended pursuant to the merger agreement relating to the acquisition), or if such merger agreement is terminated or KKR determines in its reasonable judgment that the acquisition will not occur (each such event, a "Special Mandatory Redemption Event"), the issuer will be required to redeem all of the outstanding 3.500% 2050 Senior Notes on the 20th day (or if such day is not a business day, the first business day thereafter) after the occurrence of a Special Mandatory Redemption Event at a special mandatory redemption price equal to 101% of the aggregate principal amount of the 3.500% 2050 Senior Notes, plus accrued and unpaid interest thereon, if any, to, but excluding, the special mandatory redemption date.

Other Debt Obligations

As of September 30, 2020, other debt obligations consisted of the following:

	Financing Available	Borrowing Outstanding	Fair Value	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Financing Facilities of Consolidated Funds and Other	$ 5,715,560	$ 9,670,941	$ 9,664,041	2.8%	3.8
Debt Obligations of Consolidated CLOs	—	16,279,747	16,279,747	(1)	10.4
	$ 5,715,560	**$ 25,950,688**	**$ 25,943,788**		

(1) The senior notes of the consolidated CLOs had a weighted average interest rate of 1.9%. The subordinated notes of the consolidated CLOs do not have contractual interest rates but instead receive a pro rata amount of the net distributions from the excess cash flows of the respective CLO vehicle. Accordingly, weighted average borrowing rates for the subordinated notes are based on cash distributions during the period, if any.

Debt obligations of consolidated CFEs are collateralized by assets held by each respective CFE vehicle and assets of one CFE vehicle may not be used to satisfy the liabilities of another. As of September 30, 2020, the fair value of the consolidated CFE assets was $17.9 billion. This collateral consisted of Cash and Cash Equivalents Held at Consolidated Entities, Investments, and Other Assets.

Debt Covenants

Borrowings of KKR contain various debt covenants. These covenants do not, in management's opinion, materially restrict KKR's operating business or investment strategies as of September 30, 2020. KKR is in compliance with its debt covenants in all material respects as of September 30, 2020.

11. INCOME TAXES

KKR & Co. Inc. is a corporation for U.S. federal income tax purposes and thus is subject to U.S. federal, state and local corporate income taxes at the entity level on KKR’s share of net taxable income. In addition, KKR Group Partnership and certain of its subsidiaries operate in the United States as partnerships for U.S. federal income tax purposes and as corporate entities in certain non-U.S. jurisdictions. These entities, in some cases, are subject to U.S. state or local income taxes or non-U.S. income taxes.

The effective tax rates were 10.8% and 13.6% for the three months ended September 30, 2020 and 2019, respectively and 22.7% and 10.4% for the nine months ended September 30, 2020 and 2019, respectively. The effective tax rate differs from the statutory rate primarily because a substantial portion of the reported net income (loss) before taxes is not attributable to KKR but rather is attributable to noncontrolling interests held in KKR’s consolidated entities by KKR Holdings or by third parties.

Future realization of deferred tax assets is dependent on KKR generating sufficient taxable income before the tax benefits are expected to expire. KKR considers projections of taxable income in evaluating its ability to utilize those deferred tax assets. In projecting its taxable income, KKR begins with historical results and incorporates assumptions concerning the amount and timing of future pretax operating income. Those assumptions require significant judgment and are consistent with the plans and estimates that KKR uses to manage its business. As of September 30, 2020, $18.6 million of deferred tax assets are not considered to be more likely than not to be realized prior to the expiration of the related loss carryforwards. For that portion of the total deferred tax asset, a valuation allowance has been recorded.

During the three and nine months ended September 30, 2020, there were no material changes to KKR’s uncertain tax positions and KKR believes there will be no significant increase or decrease to the uncertain tax positions within 12 months of the reporting date.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law. The CARES Act, among other things, includes certain income tax provisions for individuals and corporations; however, it did not have a material impact on KKR's financial statements for the current period.

12. EQUITY BASED COMPENSATION

The following table summarizes the expense associated with equity-based compensation for the three and nine months ended September 30, 2020 and 2019, respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Equity Incentive Plans	$ 42,488	$ 54,395	$ 133,424	$ 157,891
KKR Holdings Principal Awards	21,759	22,539	63,358	69,008
Total (1)	**$ 64,247**	**$ 76,934**	**$ 196,782**	**$ 226,899**

(1) Includes approximately $26.4 thousand and $0.4 million of equity based compensation for the three and nine months ended September 30, 2020, respectively, and $0.6 million and $1.1 million of equity based compensation for the three and nine months ended September 30, 2019, respectively, related to employees of equity method investees. Such amounts are included in Net Gains (Losses) from Investment Activities in the consolidated statements of operations.

Equity Incentive Plans

Under the 2019 Equity Incentive Plan, KKR is permitted to grant equity awards representing ownership interests in KKR & Co. Inc. common stock. The total number of shares of common stock that may be issued under the 2019 Equity Incentive Plan is equivalent to 15% of the aggregate number of the shares of common stock and KKR Group Partnership Units (excluding KKR Group Partnership Units held by KKR & Co. Inc. or its wholly-owned subsidiaries), subject to annual adjustment. Vested awards under the Equity Incentive Plans dilute KKR & Co. Inc. common stockholders and KKR Holdings pro rata in accordance with their respective percentage interests in KKR Group Partnership.

Equity awards have been granted under the Equity Incentive Plans and are generally subject to service-based vesting, typically over a three to five year period from the date of grant. In certain cases, these awards are subject to transfer restrictions and/or minimum retained ownership requirements. The transfer restriction period, if applicable, lasts for (i) one year with respect to one-half of the interests vesting on any vesting date and (ii) two years with respect to the other one-half of the interests vesting on such vesting date. While providing services to KKR, if applicable, certain of these awards are also subject to minimum retained ownership rules requiring the award recipient to continuously hold shares of common stock equivalents equal to at least 15% of their cumulatively vested awards that have the minimum retained ownership requirement.

Expense associated with the vesting of these awards is based on the closing price of the KKR & Co. Inc. common stock on the date of grant, discounted for the lack of participation rights in the expected dividends on unvested shares.

The following table presents information regarding the discount for the lack of participation rights in the expected dividends by grant date:

Date of Grant	Discount per share (1)
January 1, 2016 to December 31, 2016	$ 0.64
January 1, 2017 to December 31, 2017	$ 0.68
January 1, 2018 to June 30, 2018	$ 0.68
July 1, 2018 to December 31, 2019	$ 0.50
January 1, 2020 to Present	$ 0.54

(1) Represents the annual discount for the lack of participation rights on expected dividends. The total discount on any given tranche of unvested shares is calculated as the discount per share multiplied by the number of years in the applicable vesting period.

Expense is recognized on a straight line basis over the life of the award and assumes a forfeiture rate of up to 7% annually based upon expected turnover by class of recipient.

Market Condition Awards

On November 2, 2017, KKR's Co-Presidents and Co-Chief Operating Officers were each granted equity awards representing 2.5 million shares of KKR common stock subject to a market price-based vesting condition ("Market Condition Awards"). These awards were granted under the 2010 Equity Incentive Plan. All of such awards will vest upon the market price of KKR common stock reaching and maintaining a closing market price of $40 per share for 10 consecutive trading days on or prior to December 31, 2022, subject to the employee's continued service to the time of such vesting. If the $40 price target is not achieved by the close of business on December 31, 2022, the unvested Market Condition Awards will be automatically canceled and forfeited. These Market Condition Awards are subject to additional transfer restrictions and minimum retained ownership requirements after vesting. Due to the existence of the market condition, the vesting period for the Market Condition Awards is not explicit, and as such, compensation expense will be recognized over the period derived from the valuation technique used to estimate the grant-date fair value of the award (the "Derived Vesting Period"). The fair value of the Market Condition Awards at the date of grant was $4.02 per share based on a Monte-Carlo simulation valuation model due to the existence of the market condition described above.

Below is a summary of the significant assumptions used to estimate the grant date fair value of the Market Condition Awards:

Closing KKR share price as of valuation date	$19.90
Risk Free Rate	2.02%
Volatility	25.00%
Dividend Yield	3.42%
Expected Cost of Equity	11.02%

In addition, the grant date fair value assumes that holders of the Market Condition Awards will not participate in dividends until such awards have met their vesting requirements. Compensation expense is recognized over the Derived Vesting Period, which was estimated to be 3 years from the date of grant, on a straight-line basis. As of September 30, 2020, there was approximately $0.6 million of estimated unrecognized compensation expense related to unvested Market Condition Awards and such awards did not meet their market-price based vesting condition.

As of September 30, 2020, there was approximately $168.8 million of total estimated unrecognized expense related to unvested awards, including Market Condition Awards. That cost is expected to be recognized as follows:

Year	Unrecognized Expense (in millions)	
Remainder of 2020	$	31.6
2021		86.4
2022		39.7
2023		9.1
2024		1.7
2025		0.3
Total	**$**	**168.8**

A summary of the status of unvested awards granted under the Equity Incentive Plans, excluding Market Condition Awards as described above, from January 1, 2020 through September 30, 2020 is presented below:

	Shares	Weighted Average Grant Date Fair Value	
Balance, January 1, 2020	22,697,645	$	18.46
Granted	437,942		25.91
Vested	(6,687,215)		15.57
Forfeitures	(798,170)		19.21
Balance, September 30, 2020	**15,650,202**	**$**	**19.87**

The weighted average remaining vesting period over which unvested awards are expected to vest is 0.9 years.

A summary of the remaining vesting tranches of awards granted under the Equity Incentive Plans is presented below:

Vesting Date	Shares
October 1, 2020	4,013,270
April 1, 2021	4,639,350
October 1, 2021	2,648,552
April 1, 2022	1,620,660
October 1, 2022	1,402,618
April 1, 2023	837,401
October 1, 2023	168,537
April 1, 2024	187,970
October 1, 2024	5,133
April 1, 2025	126,711
	15,650,202

KKR Holdings Awards

KKR Holdings units are exchangeable for KKR Group Partnership Units and allow for their exchange into common stock of KKR & Co. Inc. on a one-for-one basis. As of September 30, 2020 and 2019, KKR Holdings owned approximately 33.0% or 278,781,478 units and 35.1% or 295,746,147 units, respectively, of outstanding KKR Group Partnership Units. Awards for KKR Holdings units that have been granted are generally subject to service based vesting, typically over a three to five year period from the date of grant. They are also generally subject to transfer restrictions which last for (i) one year with respect to one-half of the interests vesting on any vesting date and (ii) two years with respect to the other one-half of the interests vesting on such vesting date. While providing services to KKR, the recipients are also subject to minimum retained ownership rules requiring them to continuously hold 25% of their vested interests. Upon separation from KKR, award recipients are subject to the terms of a confidentiality and restrictive covenants agreement that would require the forfeiture of certain vested and unvested units should the terms of the agreement be violated. Holders of KKR Holdings units are not entitled to participate in distributions made on KKR Group Partnership Units underlying their KKR Holdings units until such units are vested. All of the KKR Holdings units (except for less than 1.2% of the outstanding KKR Holdings units) have been granted as of September 30, 2020, and certain Holdings units remain subject to vesting.

The fair value of awards granted out of KKR Holdings is generally based on the closing price of KKR & Co. Inc. common stock on the date of grant discounted for the lack of participation rights in the expected distributions on unvested units. KKR determined this to be the best evidence of fair value as KKR & Co. Inc. common stock is traded in an active market and has an observable market price. Additionally, a KKR Holdings unit is an instrument with terms and conditions similar to those of KKR & Co. Inc. common stock. Specifically, units in KKR Holdings and shares of KKR & Co. Inc. represent ownership interests in KKR Group Partnership Units and, subject to any vesting, minimum retained ownership requirements and transfer restrictions, each KKR Holdings unit is exchangeable into a KKR Group Partnership Unit and then into a share of KKR & Co. Inc. common stock on a one-for-one basis.

In February 2016, approximately 28.9 million KKR Holdings units were granted that were originally subject to market condition and service-based vesting that were subsequently modified in November 2016 to eliminate the market condition vesting and instead require only service-based vesting in equal annual installments over a five year period. At the date of modification, total future compensation expense amounted to $320.9 million, net of estimated forfeitures, to be recognized over the remaining vesting period of the modified awards.

The awards described above were granted from outstanding but previously unallocated units of KKR Holdings, and consequently these grants did not increase the number of KKR Holdings units outstanding or outstanding KKR & Co. Inc. common stock on a fully-diluted basis. If and when vested, these awards will not dilute KKR's respective ownership interests in KKR Group Partnership.

KKR Holdings awards give rise to equity-based compensation in the consolidated statements of operations based on the grant-date fair value of the award discounted for the lack of participation rights in the expected distributions on unvested units. This discount is consistent with that noted above for shares issued under the Equity Incentive Plans.

Notes to Financial Statements (Continued)

Expense is recognized on a straight line basis over the life of the award and assumes a forfeiture rate of up to 7% annually based on expected turnover by class of recipient.

As of September 30, 2020, there was approximately $87.1 million of estimated unrecognized expense related to unvested KKR Holdings awards. That cost is expected to be recognized as follows:

Year	Unrecognized Expense (in millions)
Remainder of 2020	$ 16.5
2021	44.8
2022	25.8
Total	**$ 87.1**

A summary of the status of unvested awards granted under the KKR Holdings Plan from January 1, 2020 through September 30, 2020 is presented below:

	Units	Weighted Average Grant Date Fair Value
Balance, January 1, 2020	16,569,479	$ 14.43
Granted	—	—
Vested	(3,029,479)	11.86
Forfeitures	(360,000)	11.19
Balance, September 30, 2020	**13,180,000**	**$ 15.12**

The weighted average remaining vesting period over which unvested awards are expected to vest is 1.0 years.

A summary of the remaining vesting tranches of awards granted under the KKR Holdings Plan is presented below:

Vesting Date	Units
October 1, 2020	2,940,000
May 1, 2021	2,905,000
October 1, 2021	3,425,000
October 1, 2022	3,910,000
	13,180,000

13. RELATED PARTY TRANSACTIONS

Due from Affiliates consists of:

	September 30, 2020	December 31, 2019
Amounts due from portfolio companies	$ 139,561	$ 120,391
Amounts due from unconsolidated investment funds	626,356	594,184
Amounts due from related entities	2,970	2,824
Due from Affiliates	**$ 768,887**	**$ 717,399**

Due to Affiliates consists of:

	September 30, 2020	December 31, 2019
Amounts due to KKR Holdings - tax receivable agreement	$ 186,527	$ 131,288
Amounts due to unconsolidated investment funds	112,417	154,810
Due to Affiliates	**$ 298,944**	**$ 286,098**

14. SEGMENT REPORTING

KKR operates through one operating and reportable segment. This single reportable segment reflects how the chief operating decision makers allocate resources and assess performance under KKR's "one-firm approach," which includes operating collaboratively across business lines, with predominantly a single expense pool.

15. EQUITY

Stockholders' Equity

Common Stock

Our common stock is entitled to vote as provided by our certificate of incorporation, Delaware law and the rules of the NYSE. Subject to preferences that apply to shares of Series A Preferred Stock and Series B Preferred Stock and any other shares of preferred stock outstanding at the time on which dividends are payable, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to declare dividends and then only at the times and in the amounts that our board of directors may determine. Our common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions.

Series I and Series II Preferred Stock

Except for any distribution required by Delaware law to be made upon a dissolution event, the holders of Series I preferred stock and Series II preferred stock do not have any economic rights to receive dividends. Series I preferred stock is entitled to vote on any matter that is submitted to vote of the stockholders. For matters on which our common stock is entitled to vote, so long as the ratio at which KKR Group Partnership Units are exchangeable for shares of common stock remains on a one-for-one basis, Series II preferred stock will vote together with common stock as a single class and on an equivalent basis, except Series II preferred stock will vote separately as a class on any amendment to the certificate of incorporation that changes certain terms, rights or preferences of Series II preferred stock. Upon a dissolution event, each holder of Series I preferred stock will be entitled to a payment equal to $0.01 per share of Series I preferred stock and each holder of Series II preferred stock will be entitled to a payment equal to $0.000000001 per share of Series II Preferred Stock.

Series A and Series B Preferred Stock

The board of directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers (including voting powers), preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further vote or action by the stockholders (except as may be required by the terms of any preferred stock then outstanding).

KKR & Co. Inc. has outstanding 13,800,000 shares of Series A Preferred Stock and 6,200,000 shares of Series B Preferred Stock. Series A Preferred Stock and Series B Preferred Stock trade on the NYSE under the symbols "KKR PR A" and "KKR PR B", respectively, and were originally issued on March 17, 2016 and June 20, 2016, respectively. The terms of the preferred stock are set forth in our certificate of incorporation.

If declared, dividends on the Series A Preferred Stock and Series B Preferred Stock are payable quarterly on March 15, June 15, September 15 and December 15 of each year, at a rate per annum equal to 6.75%, in the case of Series A Preferred Stock, and 6.50%, in the case of Series B Preferred Stock. Dividends on the Series A Preferred Stock and Series B Preferred Stock are discretionary and non-cumulative. Holders of the Series A Preferred Stock and Series B Preferred Stock will only receive dividends on such shares when, as and if declared by the board of directors. KKR has no obligation to declare or pay any dividends for any dividend period, whether or not dividends on any series of preferred stock are declared or paid for any other dividend period.

Unless dividends have been declared and paid (or declared and set apart for payment) on Series A Preferred Stock and Series B Preferred Stock for a quarterly distribution period, KKR & Co. Inc. may not declare or pay dividends on, or repurchase, any of its shares that are junior to Series A Preferred Stock and Series B Preferred Stock, including common stock, during such dividend period. A dividend period begins on a dividend payment date and extends to, but excludes, the next dividend payment date.

If KKR & Co. Inc. dissolves, then the holders of the Series A Preferred Stock and Series B Preferred Stock are entitled to receive payment of a $25.00 liquidation preference per share, plus declared and unpaid dividends, if any, to the extent that KKR has sufficient gross income (excluding any gross income attributable to the sale or exchange of capital assets) such that holders of such preferred stock have capital account balances equal to such liquidation preference, plus declared and unpaid dividends, if any.

The Series A Preferred Stock and Series B Preferred Stock do not have a maturity date. However, Series A Preferred Stock may be redeemed at KKR & Co. Inc.'s option, in whole or in part, at any time on or after June 15, 2021, at a price of $25.00 per share, plus declared and unpaid dividends, if any. Series B Preferred Stock may be redeemed at KKR & Co. Inc.'s option, in whole or in part, at any time on or after September 15, 2021, at a price of $25.00 per share, plus declared and unpaid dividends, if any. Holders of Series A Preferred Stock and Series B Preferred Stock have no right to require the redemption of such stock.

If a certain change of control event with a ratings downgrade occurs prior to June 15, 2021, in the case of Series A Preferred Stock, and September 15, 2021, in the case of Series B Preferred Stock, then Series A Preferred Stock or Series B Preferred Stock, as applicable, may be redeemed at KKR & Co. Inc.'s option, in whole but not in part, upon at least 30 days' notice, within 60 days of the occurrence of such change of control event, at a price of $25.25 per share, plus declared and unpaid dividends, if any. If such a change of control event occurs (whether before, on or after June 15, 2021, in the case of the Series A Preferred Stock, or September 15, 2021, in the case of the Series B Preferred Stock) and we do not give such notice, the dividend rate per annum on the applicable series of preferred stock will increase by 5.00%, beginning on the 31st day following such change of control event.

Series A Preferred Stock and Series B Preferred Stock are not convertible into common stock of KKR & Co. Inc. and have no voting rights, except that holders of Series A Preferred Stock and Series B Preferred Stock have certain voting rights in limited circumstances relating to the election of directors following the failure to declare and pay dividends, certain amendments to the terms of the preferred stock, and the creation of preferred stock that are senior to the Series A Preferred Stock and Series B Preferred Stock.

In connection with the issuance of the Series A Preferred Stock and Series B Preferred Stock, KKR Group Partnership issued for the benefit of KKR & Co. Inc. corresponding series of preferred units with economic terms that mirror those of the Series A Preferred Stock and Series B Preferred Stock, as applicable.

Series C Mandatory Convertible Preferred Stock

On August 14, 2020, KKR & Co. Inc. issued 23,000,000 shares, or $1.15 billion aggregate liquidation preference, of its 6.00% Series C Mandatory Convertible Preferred Stock (the "Series C Mandatory Convertible Preferred Stock").

Unless converted or redeemed earlier in accordance with the terms of the Series C Mandatory Convertible Preferred Stock, each share of Series C Mandatory Convertible Preferred Stock will automatically convert on the mandatory conversion date, which is expected to be September 15, 2023, into between 1.1662 shares and 1.4285 shares of common stock, in each case, subject to customary anti-dilution adjustments described in the certificate of designations related to the Series C Mandatory Convertible Preferred Stock. The number of shares of common stock issuable upon conversion will be determined based on the average volume weighted average price per share of common stock over the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately prior to September 15, 2023.

Dividends on the Series C Mandatory Convertible Preferred Stock will be payable on a cumulative basis when, as and if declared by our board of directors, or an authorized committee thereof, at an annual rate of 6.00% on the liquidation preference of $50.00 per share of Series C Mandatory Convertible Preferred Stock, and may be paid in cash or, subject to certain limitations, in shares of common stock or, subject to certain limitations, any combination of cash and shares of common stock. If declared, dividends on the Series C Mandatory Convertible Preferred Stock will be payable quarterly on March 15, June 15, September 15 and December 15 of each year to, and including, September 15, 2023, commencing on December 15, 2020.

Upon KKR & Co. Inc.'s voluntary or involuntary liquidation, winding-up or dissolution, each holder of the Series C Mandatory Convertible Preferred Stock would be entitled to receive a liquidation preference in the amount of $50.00 per share of Series C Mandatory Convertible Preferred Stock, plus an amount equal to accumulated and unpaid dividends on such shares, whether or not declared, to, but excluding, the date fixed for liquidation, winding-up or dissolution, to be paid out of KKR & Co. Inc.'s assets legally available for distribution to its stockholders after satisfaction of debt and other liabilities owed to KKR & Co. Inc.'s creditors and holders of shares of its stock ranking senior to the Series C Mandatory Convertible Preferred Stock and before any payment or distribution is made to holders of any stock ranking junior to the Series C Mandatory Convertible Preferred Stock, including, without limitation, common stock.

If KKR's acquisition of Global Atlantic has not closed on or prior to May 7, 2021 (or any later date as extended pursuant to the merger agreement relating to the acquisition), or if such merger agreement is terminated or KKR determines in its reasonable judgment that the acquisition will not occur, KKR & Co. Inc. will have the right, but not the obligation, to redeem the Series C Mandatory Convertible Preferred Stock, in whole but not in part, at a redemption amount equal to $50.00 per share of the Series C Mandatory Convertible Preferred Stock plus accumulated and unpaid dividends (whether or not declared) to, but excluding, the date of redemption (or, where the average of the volume-weighted average price per share for each trading day in the relevant measurement period exceeds $35.00, at a redemption amount that includes a make-whole adjustment for the lost option value and lost dividends as a result of the redemption), each as more fully described in the certificate of designations.

In connection with the issuance of the Series C Mandatory Convertible Preferred Stock, the limited partnership agreement of KKR Group Partnership was amended to provide for preferred units with economic terms designed to mirror those of the Series C Mandatory Convertible Preferred Stock.

Share Repurchase Program

Under KKR's repurchase program, shares of common stock of KKR & Co. Inc. may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing, manner, price and amount of any repurchases will be determined by KKR in its discretion and will depend on a variety of factors, including legal requirements, price and economic and market conditions. In addition to the repurchases of common stock, the repurchase program will be used for the retirement (by cash settlement or the payment of tax withholding amounts upon net settlement) of equity awards granted pursuant to our Equity Incentive Plans representing the right to receive common stock. KKR expects that the program, which has no expiration date, will be in effect until the maximum approved dollar amount has been used. The program does not require KKR to repurchase or retire any specific number of shares of common stock or equity awards, respectively, and the program may be suspended, extended, modified or discontinued at any time. The remaining amount available under the repurchase program is $462.0 million as of October 23, 2020.

The following table presents KKR & Co. Inc. common stock that has been repurchased or equity awards retired under the repurchase program:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Shares of common stock repurchased	—	—	10,209,673	1,370,289
Equity Awards for common stock retired	—	—	1,728,914	2,273,112

Noncontrolling Interests

Noncontrolling interests represent (i) noncontrolling interests in consolidated entities and (ii) noncontrolling interests held by KKR Holdings.

Noncontrolling Interests in Consolidated Entities

Noncontrolling interests in consolidated entities represent the non-redeemable ownership interests in KKR that are held primarily by:

(i) third party fund investors in KKR's consolidated funds and certain other entities;

(ii) third parties entitled to up to 1% of the carried interest received by certain general partners of KKR's funds that have made investments on or prior to December 31, 2015;

(iii) certain former principals and their designees representing a portion of the carried interest received by the general partners of KKR's private equity funds that was allocated to them with respect to private equity investments made during such former principals' tenure with KKR prior to October 1, 2009;

(iv) certain principals and former principals representing all of the capital invested by or on behalf of the general partners of KKR's private equity funds prior to October 1, 2009 and any returns thereon; and

(v) third parties in KKR's capital markets business line.

Noncontrolling Interests held by KKR Holdings

Noncontrolling interests held by KKR Holdings include economic interests held by principals indirectly in KKR Group Partnership Units. Such principals receive financial benefits from KKR's business in the form of distributions received from KKR Holdings and through their direct and indirect participation in the value of KKR Group Partnership Units held by KKR Holdings. These financial benefits are not paid by KKR & Co. Inc. and are borne by KKR Holdings.

The following tables present the calculation of total noncontrolling interests:

	Three Months Ended September 30, 2020		
	Noncontrolling Interests in Consolidated Entities	Noncontrolling Interests Held by KKR Holdings	Total Noncontrolling Interests
Balance at the beginning of the period	$ 14,217,950	$ 5,221,844	$ 19,439,794
Net income (loss) attributable to noncontrolling interests (1)	1,217,728	691,730	1,909,458
Other comprehensive income (loss), net of tax (2)	2,121	7,121	9,242
Exchange of KKR Holdings Units to Common Stock (3)	—	(140,794)	(140,794)
Equity-based and other non-cash compensation	—	21,802	21,802
Capital contributions	3,486,352	25	3,486,377
Capital distributions	(2,531,637)	(85,652)	(2,617,289)
Transfer of Oil and Gas Interests (See Note 2)	—	(23,358)	(23,358)
Changes in consolidation	(239,258)	—	(239,258)
Balance at the end of the period	**$ 16,153,256**	**$ 5,692,718**	**$ 21,845,974**

	Nine Months Ended September 30, 2020		
	Noncontrolling Interests in Consolidated Entities	Noncontrolling Interests Held by KKR Holdings	Total Noncontrolling Interests
Balance at the beginning of the period	$ 13,966,250	$ 5,728,634	$ 19,694,884
Net income (loss) attributable to noncontrolling interests (1)	(95,721)	301,946	206,225
Other comprehensive income (loss), net of tax (2)	(5,053)	249	(4,804)
Exchange of KKR Holdings Units to Common Stock(3)	—	(221,548)	(221,548)
Equity-based and other non-cash compensation	—	63,596	63,596
Capital contributions	5,796,607	73	5,796,680
Capital distributions	(3,247,739)	(164,319)	(3,412,058)
Transfer of interests under common control (4)	(21,830)	7,445	(14,385)
Transfer of Oil and Gas Interests (See Note 2)	—	(23,358)	(23,358)
Changes in consolidation	(239,258)	—	(239,258)
Balance at the end of the period	**$ 16,153,256**	**$ 5,692,718**	**$ 21,845,974**

	Three Months Ended September 30, 2019		
	Noncontrolling Interests in Consolidated Entities	Noncontrolling Interests Held by KKR Holdings	Total Noncontrolling Interests
Balance at the beginning of the period	$ 13,050,893	$ 5,355,692	$ 18,406,585
Net income (loss) attributable to noncontrolling interests (1)	(88,173)	175,231	87,058
Other comprehensive income (loss), net of tax (2)	(3,877)	(6,481)	(10,358)
Exchange of KKR Holdings Units to Common Stock (3)	—	(22,237)	(22,237)
Equity-based and other non-cash compensation	—	22,539	22,539
Capital contributions	713,166	23	713,189
Capital distributions	(692,224)	(37,109)	(729,333)
Balance at the end of the period	**$ 12,979,785**	**$ 5,487,658**	**$ 18,467,443**

	Nine Months Ended September 30, 2019		
	Noncontrolling Interests in Consolidated Entities	Noncontrolling Interests Held by KKR Holdings	Total Noncontrolling Interests
Balance at the beginning of the period	$ 10,984,910	$ 4,625,448	$ 15,610,358
Net income (loss) attributable to noncontrolling interests [(1)]	825,954	1,017,827	1,843,781
Other comprehensive income (loss), net of tax [(2)]	(2,966)	(6,645)	(9,611)
Exchange of KKR Holdings Units to Common Stock [(3)]	—	(59,014)	(59,014)
Equity-based and other non-cash compensation	—	68,460	68,460
Capital contributions	3,362,478	1,619	3,364,097
Capital distributions	(2,190,591)	(160,037)	(2,350,628)
Balance at the end of the period	**$ 12,979,785**	**$ 5,487,658**	**$ 18,467,443**

(1) Refer to the table below for calculation of net income (loss) attributable to noncontrolling interests held by KKR Holdings.

(2) With respect to noncontrolling interests held by KKR Holdings, calculated on a pro rata basis based on the weighted average KKR Group Partnership Units held by KKR Holdings during the reporting period.

(3) Calculated based on the proportion of KKR Holdings units exchanged for KKR & Co. Inc. common stock. The exchange agreement with KKR Holdings provides for the exchange of KKR Group Partnership Units held by KKR Holdings for KKR & Co. Inc. common stock.

(4) KKR acquired KKR Capstone on January 1, 2020. KKR Capstone was consolidated prior to January 1, 2020 and consequently, this transaction was accounted for as an equity transaction. This transaction resulted in an increase to the KKR Group Partnership equity. Accordingly, both KKR's equity and noncontrolling interests held by KKR Holdings increased for their proportionate share of the KKR Capstone equity based on their ownership in KKR Group Partnership on January 1, 2020.

Net income (loss) attributable to each of KKR & Co. Inc. common stockholders and KKR Holdings, with the exception of certain tax assets and liabilities that are directly allocable to KKR & Co. Inc., is attributed based on the percentage of the weighted average KKR Group Partnership Units directly or indirectly held by KKR & Co. Inc. and KKR Holdings, each of which directly or indirectly hold the equity of the KKR Group Partnership. However, primarily because of the (i) contribution of certain expenses borne entirely by KKR Holdings, (ii) the periodic exchange of KKR Holdings units for KKR & Co. Inc. common stock pursuant to the exchange agreement and (iii) the contribution of certain expenses borne entirely by KKR associated with the Equity Incentive Plans, equity allocations shown in the consolidated statement of changes in equity differ from their respective pro rata ownership interests in KKR's net assets.

The following table presents net income (loss) attributable to noncontrolling interests held by KKR Holdings:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	$ 2,974,301	$ 336,612	$ 697,513	$ 3,325,388
(-) Net income (loss) attributable to Noncontrolling Interests in consolidated entities	1,217,728	(88,173)	(95,721)	825,954
(-) Series A and B Preferred Stock Dividends	8,341	8,341	25,023	25,023
(+) Income tax expense (benefit) attributable to KKR & Co. Inc.	319,717	81,970	159,855	387,255
Net income (loss) attributable to KKR & Co. Inc. Common Stockholders and KKR Holdings	**$ 2,067,949**	**$ 498,414**	**$ 928,066**	**$ 2,861,666**
Net income (loss) attributable to Noncontrolling Interests held by KKR Holdings	**$ 691,730**	**$ 175,231**	**$ 301,946**	**$ 1,017,827**

16. COMMITMENTS AND CONTINGENCIES

Funding Commitments

As of September 30, 2020, KKR had unfunded commitments consisting of $5,744.0 million to its active investment vehicles. In addition to the uncalled commitments to KKR's investment funds, KKR has entered into contractual commitments with respect to (i) the purchase of investments and other assets in its Principal Activities business line and (ii) underwriting transactions, debt financing, and syndications in KKR's Capital Markets business line. As of September 30, 2020, these commitments amounted to $449.0 million and $748.5 million, respectively.

Whether these amounts are actually funded, in whole or in part, depends on the contractual terms of such commitments, including the satisfaction or waiver of any conditions to closing or funding. KKR's capital markets business has an arrangement with third parties, which reduce its risk when underwriting certain debt transactions, and thus our unfunded commitments as of September 30, 2020 have been reduced to reflect the amount to be funded by such third parties. In the case of purchases of investments or assets in KKR's Principal Activities business line, the amount to be funded includes amounts that are intended to be syndicated to third parties, and the actual amounts to be funded may be less than shown.

Non-cancelable Operating Leases

KKR's non-cancelable operating leases consist of leases of office space around the world. There are no material rent holidays, contingent rent, rent concessions or leasehold improvement incentives associated with any of these property leases. In addition to base rentals, certain lease agreements are subject to escalation provisions and rent expense is recognized on a straight-line basis over the term of the lease agreement.

Contingent Repayment Guarantees

The partnership documents governing KKR's carry-paying investment funds and vehicles generally include a "clawback" provision that, if triggered, may give rise to a contingent obligation requiring the general partner to return amounts to the fund for distribution to the fund investors at the end of the life of the fund. Under a clawback obligation, upon the liquidation of a fund, the general partner is required to return, typically on an after-tax basis, previously distributed carry to the extent that, due to the diminished performance of later investments, the aggregate amount of carry distributions received by the general partner during the term of the fund exceed the amount to which the general partner was ultimately entitled, including the effects of any performance thresholds. As of September 30, 2020, approximately $100.0 million of carried interest was subject to this clawback obligation, assuming that all applicable carry-paying funds and their alternative investment vehicles were liquidated at their September 30, 2020 fair values. Of this amount, approximately $40.0 million is the obligation of certain current and former KKR employees, and approximately $60.0 million is the obligation of KKR. If the investments in all of our funds were to be liquidated at zero value, the clawback obligation would be approximately $2.4 billion. Of this amount, approximately $1.0 billion would be the obligation of certain current and former KKR employees, and approximately $1.4 billion would be the obligation of KKR. Carried interest is recognized in the consolidated statements of operations based on the contractual conditions set forth in the agreements governing the fund as if the fund were terminated and liquidated at the reporting date and the fund's investments were realized at the then estimated fair values. Amounts earned pursuant to carried interest are earned by the general partner of those funds to the extent that cumulative investment returns are positive and where applicable, preferred return thresholds have been met. If these investment amounts earned decrease or turn negative in subsequent periods, recognized carried interest will be reversed and to the extent that the aggregate amount of carry distributions received by the general partner during the term of the fund exceed the amount to which the general partner was ultimately entitled, a clawback obligation would be recorded. For funds that are consolidated, this clawback obligation, if any, is reflected as an increase in noncontrolling interests in the consolidated statements of financial condition. For funds that are not consolidated, this clawback obligation, if any, is reflected as a reduction of KKR's investment balance as this is where carried interest is initially recorded.

Indemnifications and Other Guarantees

KKR may incur contingent liabilities for claims that may be made against it in the future. KKR enters into contracts that contain a variety of representations, warranties and covenants, including indemnifications. For example, KKR, certain of KKR's investment funds and KFN have provided certain indemnities relating to environmental and other matters and have provided non-recourse carve-out guarantees for fraud, willful misconduct and other customary wrongful acts, each in connection with the financing of KKR's corporate real estate and certain real estate investments and for certain investment vehicles that KKR manages.

KKR provides credit support to certain of its subsidiaries' obligations in connection with a limited number of investment vehicles that KKR manages. For example, KKR has guaranteed the obligations of a general partner to post collateral on behalf of its investment vehicle in connection with such vehicle's derivative transactions. KKR has also (i) provided credit support regarding repayment and funding obligations to third-party lenders to certain of its employees, excluding its executive officers, in connection with their personal investments in KKR investment funds and in an investment vehicle that includes third party investors and invests in KKR funds and side-by-side alongside KKR funds and (ii) provided credit support to a hedge fund partnership. KKR is not a guarantor for any borrowings, credit facilities or debt securities of its Indian debt financing company.

Additionally, KKR has agreed to be liable for certain investment losses and/or for providing liquidity in the events specified in the governing documents of other investment vehicles. KKR may also become liable for certain fees payable to sellers of businesses or assets if a transaction does not close, subject to certain conditions, if any, specified in the acquisition agreements for such businesses or assets.

KKR's maximum exposure under these arrangements is currently unknown and KKR's liabilities for these matters would require a claim to be made against KKR in the future.

In May 2020, KKR entered into an agreement with a financial institution pursuant to which KKR provided a $100.0 million contingent guarantee for a revolving credit facility for an investment fund it manages within its Public Markets business line. The outstanding balance is secured by the investments of the fund. KKR has not funded any amounts under the contingent guarantee to date and believes the likelihood of any funding under this contingent guarantee to be remote.

Litigation

From time to time, KKR is involved in various legal proceedings, lawsuits and claims incidental to the conduct of KKR's business. KKR's business is also subject to extensive regulation, which may result in regulatory proceedings against it.

In December 2017, KKR & Co. L.P. and its Co-Chief Executive Officers were named as defendants in a lawsuit pending in Kentucky state court alleging, among other things, the violation of fiduciary and other duties in connection with certain separately managed accounts that Prisma Capital Partners LP, a former subsidiary of KKR, manages for the Kentucky Retirement Systems. Also named as defendants in the lawsuit are certain current and former trustees and officers of the Kentucky Retirement Systems, Prisma Capital Partners LP, and various other service providers to the Kentucky Retirement Systems and their related persons. KKR and other defendants' motions to dismiss were denied by the trial court in November 2018, but in April 2019 the Kentucky Court of Appeals vacated the trial court's opinion and order denying the motions to dismiss the case for lack of standing. The decision of the Court of Appeals has been appealed by plaintiffs to the Supreme Court of Kentucky. On July 9, 2020, the Supreme Court of Kentucky reversed the trial court's order and remanded the case to the trial court with direction to dismiss the complaint for lack of constitutional standing. On July 20, 2020, the Office of the Attorney General, on behalf of the Commonwealth of Kentucky, filed a motion to intervene as a plaintiff in the lawsuit and filed a new lawsuit in the same Kentucky trial court making essentially the same allegations against the defendants, including KKR and Messrs. Kravis and Roberts. On July 29, 2020, certain private plaintiffs in the original lawsuit filed a motion to amend their original complaint and to add new plaintiffs. On July 30, 2020, KKR and other defendants filed objections to the Attorney General's motion to intervene.

KKR currently is and expects to continue to become, from time to time, subject to examinations, inquiries and investigations by various U.S. and non-U.S. governmental and regulatory agencies, including but not limited to the SEC, Department of Justice, state attorney generals, Financial Industry Regulatory Authority, or FINRA, and the U.K. Financial Conduct Authority. Such examinations, inquiries and investigations may result in the commencement of civil, criminal or administrative proceedings or fines against KKR or its personnel.

Moreover, in the ordinary course of business, KKR is and can be both the defendant and the plaintiff in numerous lawsuits with respect to acquisitions, bankruptcy, insolvency and other types of proceedings. Such lawsuits may involve claims that adversely affect the value of certain investments owned by KKR's funds.

KKR establishes an accrued liability for legal proceedings only when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. No loss contingency is recorded for matters where such losses are either not probable or reasonably estimable (or both) at the time of determination. Such matters may be subject to many uncertainties, including among others: (i) the proceedings may be in early stages; (ii) damages sought may be unspecified, unsupportable, unexplained or uncertain; (iii) discovery may not have been started or is incomplete; (iv) there may be uncertainty as to the outcome of pending appeals or motions; (v) there may be significant factual issues to be resolved or (vi) there may be novel legal issues or unsettled legal theories to be presented or a large number of parties. Consequently, management is unable to estimate a range of potential loss, if any, related to these matters. In addition, loss contingencies may be, in part or in whole, subject to insurance or other payments such as contributions and/or indemnity, which may reduce any ultimate loss.

It is not possible to predict the ultimate outcome of all pending legal proceedings, and some of the matters discussed above seek or may seek potentially large and/or indeterminate amounts. As of such date, based on information known by management, management has not concluded that the final resolutions of the matters above will have a material effect upon the financial statements. However, given the potentially large and/or indeterminate amounts sought or may be sought in certain of these matters and the inherent unpredictability of investigations and litigations, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on KKR's financial results in any particular period.

17. SUBSEQUENT EVENTS

Common Stock Dividend

A dividend of $0.135 per share of common stock of KKR & Co. Inc. was announced on October 30, 2020, and will be paid on December 1, 2020 to common stockholders of record as of the close of business on November 16, 2020. KKR Holdings will receive its pro rata share of the distribution from KKR Group Partnership.

Preferred Stock Dividend

A dividend of $0.421875 per share of Series A Preferred Stock has been declared as announced on October 30, 2020 and set aside for payment on December 15, 2020 to holders of record of Series A Preferred Stock as of the close of business on December 1, 2020.

A dividend of $0.406250 per share of Series B Preferred Stock has been declared as announced on October 30, 2020 and set aside for payment on December 15, 2020 to holders of record of Series B Preferred Stock as of the close of business on December 1, 2020.

A dividend of $1.0083 per share of Series C Preferred Stock has been declared as announced on October 30, 2020 and set aside for payment on December 15, 2020 to holders of record of Series C Mandatory Convertible Preferred Stock as of the close of business on December 1, 2020.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements of KKR & Co. Inc., together with its consolidated subsidiaries, and the related notes included elsewhere in this report and our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on February 18, 2020 (our "Annual Report"), including the audited consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein. In addition, this discussion and analysis contains forward-looking statements and involves numerous risks and uncertainties, including those described under "Cautionary Note Regarding Forward-looking Statements," "Business Environment" and "Risk Factors" in this report, our Annual Report, and our other filings with the SEC. Actual results may differ materially from those contained in any forward-looking statements.

The unaudited condensed consolidated financial statements and the related notes included elsewhere in this report are hereafter referred to as the "financial statements." Additionally, the condensed consolidated statements of financial condition are referred to herein as the "consolidated statements of financial condition"; the condensed consolidated statements of operations are referred to herein as the "consolidated statements of operations"; the condensed consolidated statements of comprehensive income (loss) are referred to herein as the "consolidated statements of comprehensive income (loss)"; the condensed consolidated statements of changes in equity are referred to herein as the "consolidated statements of changes in equity"; and the condensed consolidated statements of cash flows are referred to herein as the "consolidated statements of cash flows."

Overview

We are a leading global investment firm that manages multiple alternative asset classes including private equity, credit and real assets, with strategic partners that manage hedge funds. We aim to generate attractive investment returns for our fund investors by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with our portfolio companies. We invest our own capital alongside the capital we manage for fund investors and provide financing solutions and investment opportunities through our capital markets business.

Our business offers a broad range of investment management services to our fund investors and provides capital markets services to our firm, our portfolio companies and third parties. Throughout our history, we have consistently been a leader in the private equity industry, having completed more than 370 private equity investments in portfolio companies with a total transaction value in excess of $640 billion as of September 30, 2020. We have grown our firm by expanding our geographical presence and building businesses in areas such as leveraged credit, alternative credit, capital markets, infrastructure, energy, real estate, growth equity, core and impact investments. Our balance sheet has provided a significant source of capital in the growth and expansion of our business, and has allowed us to further align our interests with those of our fund investors. Building on these efforts and leveraging our industry expertise and intellectual capital have allowed us to capitalize on a broader range of the opportunities we source. Additionally, we have increased our focus on meeting the needs of our existing fund investors and in developing relationships with new investors in our funds.

We seek to work proactively and collaboratively as one-firm across business lines, departments, and geographies, as appropriate, to achieve what we believe are the best results for our funds and the firm. Through our offices around the world, we have a pre-eminent global integrated platform for sourcing transactions, raising capital and carrying out capital markets activities. Our growth has been driven by value that we have created through our operationally focused investment approach, the expansion of our existing businesses, our entry into new lines of business, innovation in the products that we offer investors in our funds, an increased focus on providing tailored solutions to our clients and the integration of capital markets distribution activities.

As a global investment firm, we earn management, monitoring, transaction and incentive fees and carried interest for providing investment management, monitoring and other services to our funds, vehicles, CLOs, managed accounts and portfolio companies, and we generate transaction-specific income from capital markets transactions. We earn additional investment income by investing our own capital alongside that of our fund investors, from other assets on our balance sheet and from the carried interest we receive from our funds and certain of our other investment vehicles. A carried interest entitles the sponsor of a fund to a specified percentage of investment gains that are generated on third-party capital that is invested.

Our investment teams have deep industry knowledge and are supported by a substantial and diversified capital base; an integrated global investment platform; the expertise of operating professionals, senior advisors and other advisors; and a worldwide network of business relationships that provide a significant source of investment opportunities, specialized knowledge during due diligence and substantial resources for creating and realizing value for stakeholders. These teams invest capital, a substantial portion of which is of a long duration and not subject to redemption. As of September 30, 2020, approximately 80% of our capital is committed for an average of 8 years or more, providing us with significant flexibility to increase the value of the investments and select exit opportunities. We believe that these aspects of our business will help us continue to expand and grow our business and deliver strong investment performance in a variety of economic and financial conditions.

Our Business Lines

Private Markets

Through our Private Markets business line, we manage and sponsor a group of private equity funds that invest capital for long-term appreciation, either through controlling ownership of a company or strategic minority positions. In addition to our traditional private equity funds, we sponsor investment funds that invest in growth equity, core and impact investments. We also manage and sponsor investment funds that invest capital in real assets, such as infrastructure, energy and real estate. Our Private Markets business line includes separately managed accounts that invest in multiple strategies, which may include our credit strategies as well as our private equity and real assets strategies. These funds and accounts are managed by Kohlberg Kravis Roberts & Co. L.P., an SEC-registered investment adviser. As of September 30, 2020, our Private Markets business line had $135.8 billion of AUM, consisting of $91.6 billion in private equity (including growth equity, core, and impact investments), $31.4 billion in real assets (including infrastructure, energy, and real estate) and $12.8 billion in other related strategies.

The table below presents information as of September 30, 2020, relating to our investment vehicles in our Private Markets business line for which we have the ability to earn carried interest. This data does not reflect additional capital raised, acquisitions or disposals of investments, changes in investment values, or distributions occurring after September 30, 2020.

	Investment Period (1)		Amount ($ in millions)							
	Start Date	End Date	Commitment (2)	Uncalled Commitments	Percentage Committed by General Partner	Invested	Realized	Remaining Cost (3)	Remaining Fair Value	Gross Accrued Carried Interest
Private Equity and Growth Equity Funds										
Americas Fund XII	1/2017	1/2023	$ 13,500.0	$ 6,433.0	5.8%	$ 7,174.4	$ 192.3	$ 7,072.3	$ 11,226.3	$ 625.2
North America Fund XI	9/2012	1/2017	8,718.4	546.1	2.9%	9,609.9	11,986.8	4,866.9	8,848.3	741.1
2006 Fund (4)	9/2006	9/2012	17,642.2	247.4	2.1%	17,309.3	31,683.5	2,926.1	4,730.6	358.7
Millennium Fund (4)	12/2002	12/2008	6,000.0	—	2.5%	6,000.0	14,123.1	—	6.1	1.3
European Fund V	3/2019	7/2025	6,401.0	4,362.6	1.8%	2,038.4	—	2,038.4	2,401.8	34.1
European Fund IV	12/2014	3/2019	3,516.6	266.2	5.7%	3,372.9	3,024.0	2,172.1	3,404.4	218.7
European Fund III (4)	3/2008	3/2014	5,513.1	153.3	5.2%	5,359.8	10,524.4	336.7	284.5	(17.2)
European Fund II (4)	11/2005	10/2008	5,750.8	—	2.1%	5,750.8	8,507.4	—	34.3	(0.2)
Asian Fund IV	7/2020	7/2026	13,096.3	13,096.3	7.6%	—	—	—	—	—
Asian Fund III	4/2017	7/2020	9,000.0	3,719.3	5.6%	5,640.1	1,238.1	5,266.8	6,977.3	324.4
Asian Fund II	4/2013	4/2017	5,825.0	36.5	1.3%	6,802.5	4,779.1	4,107.5	5,159.6	214.0
Asian Fund (4)	7/2007	4/2013	3,983.3	—	2.5%	3,974.3	8,723.3	17.1	29.8	4.4
China Growth Fund (4)	11/2010	11/2016	1,010.0	—	1.0%	1,010.0	831.9	531.1	428.2	(16.5)
Next Generation Technology Growth Fund II	12/2019	12/2025	2,088.3	1,463.6	7.2%	624.7	—	624.7	697.9	7.9
Next Generation Technology Growth Fund	3/2016	12/2019	658.9	6.8	22.5%	658.3	290.7	545.8	986.4	47.3
Health Care Strategic Growth Fund	12/2016	12/2021	1,331.0	917.9	11.3%	503.9	95.9	410.7	771.0	40.8
Global Impact Fund	2/2019	2/2025	1,242.2	804.7	8.1%	437.5	—	437.5	482.1	1.6
Private Equity and Growth Equity Funds			105,277.1	32,053.7		76,266.8	96,000.5	31,353.7	46,468.6	2,585.6
Co-Investment Vehicles and Other	Various	Various	10,494.0	3,232.7	Various	7,535.3	5,299.5	4,957.7	6,463.0	582.0
Total Private Equity and Growth Equity Funds			115,771.1	35,286.4		83,802.1	101,300.0	36,311.4	52,931.6	3,167.6
Core Investment Vehicles	Various	Various	9,900.3	3,512.2	35.6%	6,388.1	—	6,388.1	8,852.3	91.4
Real Assets										
Energy Income and Growth Fund II	6/2018	6/2021	994.2	587.6	20.1%	416.3	9.6	407.1	396.5	—
Energy Income and Growth Fund	9/2013	6/2018	1,974.2	54.8	12.9%	1,967.9	785.9	1,288.3	995.0	—
Natural Resources Fund (4)	Various	Various	887.4	0.9	Various	886.5	123.2	194.2	71.2	—
Global Energy Opportunities	Various	Various	914.1	170.3	Various	518.4	138.1	347.6	216.6	—
Global Infrastructure Investors III	6/2018	6/2024	7,191.2	4,503.9	3.8%	2,856.8	169.5	2,799.2	2,891.7	—
Global Infrastructure Investors II	10/2014	6/2018	3,040.6	161.1	4.1%	3,119.4	2,667.7	2,067.1	2,425.0	36.8
Global Infrastructure Investors	9/2011	10/2014	1,040.2	25.1	4.8%	1,046.7	2,096.7	129.3	110.4	1.4
Asia Pacific Infrastructure Investors	1/2020	1/2026	2,805.6	2,805.6	8.9%	—	—	—	—	—
Real Estate Partners Americas II	5/2017	12/2020	1,921.2	787.7	7.8%	1,311.4	421.7	1,106.8	1,265.2	40.0
Real Estate Partners Americas	5/2013	5/2017	1,229.1	148.2	16.3%	1,010.7	1,354.5	199.9	98.1	0.2
Real Estate Partners Europe	9/2015	12/2019	713.1	198.5	9.6%	586.3	154.0	506.4	621.5	12.7
Real Estate Credit Opportunity Partners II	4/2019	6/2022	950.0	626.0	5.3%	324.0	5.9	324.0	318.4	—
Real Estate Credit Opportunity Partners	2/2017	4/2019	1,130.0	122.2	4.4%	1,007.8	210.9	1,007.8	937.1	—
Property Partners Americas	12/2019	(5)	2,012.5	1,686.7	24.8%	325.8	—	325.8	356.4	1.4
Co-Investment Vehicles and Other	Various	Various	6,791.9	4,029.4	Various	2,762.5	900.2	2,758.8	3,233.4	19.3
Real Assets			33,595.3	15,908.0		18,140.5	9,037.9	13,462.3	13,936.5	111.8
Other										
Unallocated Commitments (6)			1,068.7	1,068.7	Various	—	—	—	—	—
Private Markets Total			$ 160,335.4	$ 55,775.3		$ 108,330.7	$ 110,337.9	$ 56,161.8	$ 75,720.4	$ 3,370.8

(1) The start date represents the date on which the general partner of the applicable fund commenced investment of the fund's capital or the date of the first closing. The end date represents the earlier of (i) the date on which the general partner of the applicable fund was or will be required by the fund's governing agreement to cease making investments on behalf of the fund, unless extended by a vote of the fund investors, and (ii) the date on which the last investment was made.

(2) The commitment represents the aggregate capital commitments to the fund, including capital commitments by third-party fund investors and the general partner. Foreign currency commitments have been converted into U.S. dollars based on (i) the foreign exchange rate at the date of purchase for each investment and (ii) the exchange rate that prevailed on September 30, 2020, in the case of uncalled commitments.

(3) The remaining cost represents the initial investment of the general partner and limited partners, reduced for returns of capital, with the limited partners' investment further reduced for any realized gains from which the general partner did not receive a carried interest.

(4) The "Invested" and "Realized" columns do not include the amounts of any realized investments that restored the unused capital commitments of the fund investors, if any.

(5) Open ended fund.

(6) "Unallocated Commitments" represent unallocated commitments from our strategic investor partnerships.

The table below presents information as of September 30, 2020, relating to the historical performance of certain of our Private Markets investment vehicles since inception, which we believe illustrates the benefits of our investment approach. This data does not reflect additional capital raised since September 30, 2020, or acquisitions or disposals of investments, changes in investment values or distributions occurring after that date. However, the information presented below is not intended to be representative of any past or future performance for any particular period other than the period presented below. Past performance is no guarantee of future results.

	Amount		Fair Value of Investments					
Private Markets Investment Funds	**Commitment**	**Invested**	**Realized (4)**	**Unrealized**	**Total Value**	**Gross IRR (5)**	**Net IRR (5)**	**Gross Multiple of Invested Capital (5)**
	($ in millions)							
Legacy Funds (1)								
1976 Fund	$ 31.4	$ 31.4	$ 537.2	$ —	$ 537.2	39.5 %	35.5 %	17.1
1980 Fund	356.8	356.8	1,827.8	—	1,827.8	29.0 %	25.8 %	5.1
1982 Fund	327.6	327.6	1,290.7	—	1,290.7	48.1 %	39.2 %	3.9
1984 Fund	1,000.0	1,000.0	5,963.5	—	5,963.5	34.5 %	28.9 %	6.0
1986 Fund	671.8	671.8	9,080.7	—	9,080.7	34.4 %	28.9 %	13.5
1987 Fund	6,129.6	6,129.6	14,949.2	—	14,949.2	12.1 %	8.9 %	2.4
1993 Fund	1,945.7	1,945.7	4,143.3	—	4,143.3	23.6 %	16.8 %	2.1
1996 Fund	6,011.6	6,011.6	12,476.9	—	12,476.9	18.0 %	13.3 %	2.1
Subtotal - Legacy Funds	16,474.5	16,474.5	50,269.3	—	50,269.3	26.1 %	19.9 %	3.1
Included Funds								
European Fund (1999) (2)	3,085.4	3,085.4	8,757.7	—	8,757.7	26.9 %	20.2 %	2.8
Millennium Fund (2002)	6,000.0	6,000.0	14,123.1	6.1	14,129.2	22.0 %	16.1 %	2.4
European Fund II (2005) (2)	5,750.8	5,750.8	8,507.4	34.3	8,541.7	6.1 %	4.5 %	1.5
2006 Fund (2006)	17,642.2	17,309.3	31,683.5	4,730.6	36,414.1	11.8 %	9.2 %	2.1
Asian Fund (2007)	3,983.3	3,974.3	8,723.3	29.8	8,753.1	18.9 %	13.7 %	2.2
European Fund III (2008) (2)	5,513.1	5,359.8	10,524.4	284.5	10,808.9	16.6 %	11.5 %	2.0
E2 Investors (Annex Fund) (2009) (2)	195.8	195.8	199.6	—	199.6	0.6 %	0.5 %	1.0
China Growth Fund (2010)	1,010.0	1,010.0	831.9	428.2	1,260.1	6.0 %	1.9 %	1.2
Natural Resources Fund (2010)	887.4	886.5	123.2	71.2	194.4	(27.0)%	(28.9)%	0.2
Global Infrastructure Investors (2011) (2)	1,040.2	1,046.7	2,096.7	110.4	2,207.1	17.5 %	15.5 %	2.1
North America Fund XI (2012)	8,718.4	9,609.9	11,986.8	8,848.3	20,835.1	23.0 %	18.3 %	2.2
Asian Fund II (2013)	5,825.0	6,802.5	4,779.1	5,159.6	9,938.7	12.6 %	9.0 %	1.5
Real Estate Partners Americas (2013)	1,229.1	1,010.7	1,354.5	98.1	1,452.6	16.7 %	11.9 %	1.4
Energy Income and Growth Fund (2013)	1,974.2	1,967.9	785.9	995.0	1,780.9	(3.0)%	(5.6)%	0.9
Global Infrastructure Investors II (2014) (2)	3,040.6	3,119.4	2,667.7	2,425.0	5,092.7	18.3 %	15.7 %	1.6
European Fund IV (2015) (2)	3,516.6	3,372.9	3,024.0	3,404.4	6,428.4	26.0 %	20.3 %	1.9
Real Estate Partners Europe (2015) (2)	713.1	586.3	154.0	621.5	775.5	14.3 %	9.9 %	1.3
Next Generation Technology Growth Fund (2016)	658.9	658.3	290.7	986.4	1,277.1	31.8 %	25.9 %	1.9
Health Care Strategic Growth Fund (2016)	1,331.0	503.9	95.9	771.0	866.9	52.6 %	30.2 %	1.7
Americas Fund XII (2017)	13,500.0	7,174.4	192.3	11,226.3	11,418.6	28.9 %	21.6 %	1.6
Real Estate Credit Opportunity Partners (2017)	1,130.0	1,007.8	210.9	937.1	1,148.0	5.2 %	5.0 %	1.1
Core Investment Vehicles (2017)	9,900.3	6,388.1	—	8,852.3	8,852.3	20.2 %	18.6 %	1.4
Asian Fund III (2017)	9,000.0	5,640.1	1,238.1	6,977.3	8,215.4	33.7 %	24.0 %	1.5
Real Estate Partners Americas II (2017)	1,921.2	1,311.4	421.7	1,265.2	1,686.9	22.3 %	16.8 %	1.3
Global Infrastructure Investors III (2018) (2)	7,191.2	2,856.8	169.5	2,891.7	3,061.2	7.0 %	2.3 %	1.1
European Fund V (2019) (2)(3)	6,401.0	2,038.4	—	2,401.8	2,401.8	—	—	—
Energy Income and Growth Fund II (2019) (3)	994.2	416.3	—	396.5	396.5	—	—	—
Next Generation Technology Growth Fund II (2019) (3)	2,088.3	624.7	—	697.9	697.9	—	—	—
Global Impact Fund (2019) (3)	1,242.2	437.5	—	482.1	482.1	—	—	—
Asia Pacific Infrastructure Investors (2019) (3)	2,805.6	—	—	—	—	—	—	—
Property Partners Americas (2019) (3)	2,012.5	325.8	—	356.4	356.4	—	—	—

Real Estate Credit Opportunity Partners II (2019) [3]	950.0	324.0	—	318.4	318.4	—	—	—
Asian Fund IV (2020) [3]	13,096.3	—	—	—	—	—	—	—
Subtotal - Included Funds	144,347.9	100,795.7	112,941.9	65,807.4	178,749.3	15.9 %	11.9 %	1.8
All Funds	$ 160,822.4	$ 117,270.2	$ 163,211.2	$ 65,807.4	$ 229,018.6	25.6 %	18.8 %	2.0

(1) These funds were not contributed to KKR as part of the acquisition of the assets and liabilities of KKR & Co. (Guernsey) L.P. (formerly known as KKR Private Equity Investors, L.P.) on October 1, 2009 (the "KPE Transaction").

(2) The following table presents information regarding investment funds with euro-denominated commitments. Such amounts have been converted into U.S. dollars based on (i) the foreign exchange rate at the date of purchase for each investment and (ii) the exchange rate prevailing on September 30, 2020, in the case of unfunded commitments.

Private Markets Investment Funds	Commitment (€ in millions)	
European Fund	€	196.5
European Fund II	€	2,597.5
European Fund III	€	2,882.8
E2 Investors (Annex Fund)	€	55.5
Global Infrastructure Investors	€	30.0
Global Infrastructure Investors II	€	243.8
European Fund IV	€	1,626.1
Real Estate Partners Europe	€	276.6
Global Infrastructure Investors III	€	987.0
European Fund V	€	2,144.2

(3) The gross IRR, net IRR and gross multiple of invested capital are calculated for our investment funds that made their first investment at least 24 months prior to September 30, 2020. None of the European Fund V, Energy Income and Growth Fund II, Next Generation Technology Growth Fund II, Global Impact Fund, Asia Pacific Infrastructure Investors, Property Partners Americas, Real Estate Credit Opportunities Partners II, or Asian Fund IV has invested for at least 24 months as of September 30, 2020. We therefore have not calculated gross IRRs, net IRRs and gross multiples of invested capital with respect to those funds.

(4) An investment is considered realized when it has been disposed of or has otherwise generated disposition proceeds or current income that has been distributed by the relevant fund. In periods prior to the three months ended September 30, 2015, realized proceeds excluded current income such as dividends and interest. Realizations have not been shown for those investment funds that have either made their first investment more recently than 24 months prior to September 30, 2020 or have not had any realizations.

(5) IRRs measure the aggregate annual compounded returns generated by a fund's investments over a holding period. Net IRRs are calculated after giving effect to the allocation of realized and unrealized carried interest and the payment of any applicable management fees and organizational expenses. Gross IRRs are calculated before giving effect to the allocation of realized and unrealized carried interest and the payment of any applicable management fees and organizational expenses.

The gross multiples of invested capital measure the aggregate value generated by a fund's investments in absolute terms. Each multiple of invested capital is calculated by adding together the total realized and unrealized values of a fund's investments and dividing by the total amount of capital invested by the fund. Such amounts do not give effect to the allocation of realized and unrealized carried interest or the payment of any applicable management fees or organizational expenses.

KKR's Private Markets funds may utilize third-party financing facilities to provide liquidity to such funds. The above net and gross IRRs are calculated from the time capital contributions are due from fund investors to the time fund investors receive a related distribution from the fund, and the use of such financing facilities generally decreases the amount of time that would otherwise be used to calculate IRRs, which tends to increase IRRs when fair value grows over time and decrease IRRs when fair value decreases over time. KKR's Private Markets funds also generally provide in certain circumstances, which vary depending on the relevant fund documents, for a portion of capital returned to investors to be restored to unused commitments as recycled capital. For KKR's Private Markets funds that have a preferred return, we take into account recycled capital in the calculation of IRRs and multiples of invested capital because the calculation of the preferred return includes the effect of recycled capital. For KKR's Private Markets funds that do not have a preferred return, we do not take recycled capital into account in the calculation of IRRs and multiples of invested capital. The inclusion of recycled capital generally causes invested and realized amounts to be higher and IRRs and multiples of invested capital to be lower than had recycled capital not been included. The inclusion of recycled capital would reduce the composite net IRR of all Included Funds by 0.1% and the composite net IRR of all Legacy Funds by 0.5% and would reduce the composite multiple of invested capital of Included Funds by less than 0.1 and the composite multiple of invested capital of Legacy Funds by 0.4.

Public Markets

Through our Public Markets business line, we operate our credit and hedge funds platforms. Our credit business invests capital in (i) leveraged credit strategies, including leveraged loans, high-yield bonds, opportunistic credit and revolving credit strategies, and (ii) alternative credit strategies, including special situations and private credit strategies such as direct lending and private opportunistic credit (or mezzanine) investment strategies. The funds, CLOs, separately managed accounts, investment companies registered under the Investment Company Act of 1940 (the "Investment Company Act") and alternative investment funds ("AIFs") in our leveraged credit and alternative credit strategies are managed by KKR Credit Advisors (US) LLC, which is an SEC-registered investment adviser, KKR Credit Advisors (Ireland) Unlimited Company, which is regulated by the Central Bank of Ireland ("CBI"), and KKR Credit Advisors (Singapore) Pte. Ltd., which is regulated by the Monetary Authority of Singapore. Our business development company ("BDC") platform consists of BDCs advised by FS/KKR Advisor, LLC ("FS/KKR Advisor"), which is an investment adviser jointly owned by KKR and Franklin Square Holdings, L.P. ("FS Investments") following the completion of our strategic partnership with FS Investments on April 9, 2018. Our Public Markets business line also includes our hedge funds platform, which consists of strategic partnerships with third-party hedge fund managers in which KKR owns a minority stake (which we refer to as "hedge fund partnerships"). Our hedge fund partnerships offer a variety of investment strategies, including equity hedge funds, hedge fund-of-funds and credit hedge funds.

We intend to continue to grow the Public Markets business line by leveraging our global investment platform, experienced investment professionals and the ability to adapt our investment strategies to different market conditions to capitalize on investment opportunities that may arise at various levels of the capital structure and across market cycles.

As of September 30, 2020, our Public Markets business line had $98.1 billion of AUM, comprised of $43.7 billion of assets managed in our leveraged credit strategies (which include $5.9 billion of assets managed in our opportunistic credit strategy and $1.9 billion of assets managed in our revolving credit strategy), $7.1 billion of assets managed in our special situations strategy, $22.8 billion of assets managed in our private credit strategies, $23.5 billion of assets managed through our hedge fund platform, and $1.0 billion of assets managed in other strategies. Our private credit strategies include $16.0 billion of assets managed in our direct lending strategy and $6.8 billion of assets managed in our private opportunistic credit strategy. Our BDC platform has approximately $14.7 billion in combined assets under management, which are reflected in the AUM of our leveraged credit strategies and alternative credit strategies above. We report all of the assets under management of the BDCs in our BDC platform. We report only a pro rata portion of the AUM in our strategic partnership with third-party hedge fund managers based on KKR's percentage ownership in them.

Credit

Performance

We generally review our performance in our credit business by investment strategy.

Our leveraged credit strategies principally invest through separately managed accounts, BDCs, CLOs and investment funds. In certain cases, these strategies have meaningful track records and may be compared to widely-known indices. The following table presents information regarding larger leveraged credit strategies managed by KKR from inception to September 30, 2020. However, the information presented below is not intended to be representative of any past or future performance for any particular period other than the period presented below. Past performance is no guarantee of any future result.

Leveraged Credit Strategies: Inception-to-Date Annualized Gross Performance vs. Benchmark by Strategy

Leveraged Credit Strategy	Inception Date	Gross Returns	Net Returns	Benchmark [(1)]	Benchmark Gross Returns
Bank Loans Plus High Yield	Jul 2008	7.31%	6.70%	65% S&P/LSTA Loan Index, 35% BoAML HY Master II Index [(2)]	5.70%
Opportunistic Credit [(3)]	May 2008	11.21%	9.39%	50% S&P/LSTA Loan Index, 50% BoAML HY Master II Index [(3)]	5.98%
Bank Loans	Apr 2011	4.84%	4.26%	S&P/LSTA Loan Index [(4)]	3.88%
High-Yield	Apr 2011	6.78%	6.20%	BoAML HY Master II Index [(5)]	5.85%
Bank Loans Conservative	Apr 2011	4.28%	3.70%	S&P/LSTA BB-B Loan Index [(6)]	3.94%
European Leveraged Loans [(7)]	Sep 2009	4.53%	4.01%	CS Inst West European Leveraged Loan Index [(8)]	3.41%
High-Yield Conservative	Apr 2011	6.23%	5.66%	BoAML HY BB-B Constrained [(9)]	5.96%
European Credit Opportunities [(7)]	Sept 2007	5.12%	4.18%	S&P European Leveraged Loans (All Loans) [(10)]	3.88%
Revolving Credit [(11)]	May 2015	N/A	N/A	N/A	N/A

(1) The benchmarks referred to herein include the S&P/LSTA Leveraged Loan Index (the "S&P/LSTA Loan Index"), S&P/LSTA U.S. B/BB Ratings Loan Index (the "S&P/LSTA BB-B Loan Index"), the Bank of America Merrill Lynch High Yield Master II Index (the "BoAML HY Master II Index"), the BofA Merrill Lynch BB-B US High Yield Index (the "BoAML HY BB-B Constrained"), the Credit Suisse Institutional Western European Leveraged Loan Index (the "CS Inst West European Leveraged Loan Index"), and S&P European Leveraged Loans (All Loans). The S&P/LSTA Loan Index is a daily tradable index for the U.S. loan market that seeks to mirror the market-weighted performance of the largest institutional loans that meet certain criteria. The S&P/ LSTA BB-B Loan Index is comprised of loans in the S&P/LSTA Loan Index, whose rating is BB+, BB, BB-, B+, B or B-. The BoAML HY Master II Index is an index for high-yield corporate bonds. It is designed to measure the broad high-yield market, including lower-rated securities. The BoAML HY BB-B Constrained is a subset of the BoAML HY Master II Index including all securities rated BB1 through B3, inclusive. The CS Inst West European Leveraged Loan Index contains only institutional loan facilities priced above 90, excluding TL and TLa facilities and loans rated CC, C or are in default. The S&P European Leveraged Loan Index reflects the market-weighted performance of institutional leveraged loan portfolios investing in European credits. While the returns of our leveraged credit strategies reflect the reinvestment of income and dividends, none of the indices presented in the chart above reflect such reinvestment, which has the effect of increasing the reported relative performance of these strategies as compared to the indices. Furthermore, these indices are not subject to management fees, incentive allocations, or expenses.

(2) Performance is based on a blended composite of Bank Loans Plus High Yield strategy accounts. The benchmark used for purposes of comparison for the Bank Loans Plus High Yield strategy is based on 65% S&P/LSTA Loan Index and 35% BoAML HY Master II Index.

(3) The Opportunistic Credit strategy invests in high-yield securities and corporate loans with no preset allocation. The benchmark used for purposes of comparison for the Opportunistic Credit strategy presented herein is based on 50% S&P/LSTA Loan Index and 50% BoAML HY Master II Index. Funds within this strategy may utilize third-party financing facilities to enhance investment returns. In cases where financing facilities are used, the amounts drawn on the facility are deducted from the assets of the fund in the calculation of net asset value, which tends to increase returns when net asset value grows over time and decrease returns when net asset value decreases over time.

(4) Performance is based on a composite of portfolios that primarily invest in leveraged loans. The benchmark used for purposes of comparison for the Bank Loans strategy is based on the S&P/LSTA Loan Index.

(5) Performance is based on a composite of portfolios that primarily invest in high-yield securities. The benchmark used for purposes of comparison for the High Yield strategy is based on the BoAML HY Master II Index.

(6) Performance is based on a composite of portfolios that primarily invest in leveraged loans rated B-/Baa3 or higher. The benchmark used for purposes of comparison for the Bank Loans Conservative strategy is based on the S&P/LSTA BB-B Loan Index.

(7) The returns presented are calculated based on local currency.

(8) Performance is based on a composite of portfolios that primarily invest in higher quality leveraged loans. The benchmark used for purposes of comparison for the European Leveraged Loans strategy is based on the CS Inst West European Leveraged Loan Index.

(9) Performance is based on a composite of portfolios that primarily invest in high-yield securities rated B or higher. The benchmark used for purposes of comparison for the High-Yield Conservative strategy is based on the BoAML HY BB-B Constrained Index.

(10) Performance is based on a composite of portfolios that primarily invest in European institutional leveraged loans. The benchmark used for purposes of comparison for the European Credit Opportunities strategy is based on the S&P European Leveraged Loans (All Loans) Index.

(11) This strategy has not called any capital as of September 30, 2020. As a result, the gross and net return performance measures are not meaningful and are not included above.

Our alternative credit strategies primarily invest in more illiquid instruments through private investment funds, BDCs and separately managed accounts. The following table presents information regarding our Public Markets alternative credit commingled funds where investors are subject to capital commitments from inception to September 30, 2020. Some of these funds have been investing for less than 24 months, and thus their performance is less meaningful and not included below. In addition, the information presented below is not intended to be representative of any past or future performance for any particular period other than the period presented below. Past performance is no guarantee of any future result.

Alternative Credit Strategies: Fund Performance

		Amount		Fair Value of Investments						
Public Markets Investment Funds	**Inception Date**	**Commitment**	**Invested (1)**	**Realized (1)**	**Unrealized**	**Total Value**	**Gross IRR (2)**	**Net IRR (2)**	**Multiple of Invested Capital (3)**	**Gross Accrued Carried Interest**
				($ in Millions)						
Dislocation Opportunities Fund	May 2020	$ 2,797.3	$ 356.0	$ 7.2	$ 431.1	$ 438.3	N/A	N/A	N/A	$ 9.9
Special Situations Fund II	Dec 2014	3,524.7	2,996.3	769.8	2,127.0	2,896.8	(1.2)%	(3.4)%	1.0	—
Special Situations Fund	Dec 2012	2,274.3	2,273.0	1,552.4	509.1	2,061.5	(2.5)%	(4.7)%	0.9	—
Mezzanine Partners	Mar 2010	1,022.8	920.1	1,092.1	153.3	1,245.4	9.9 %	6.7 %	1.4	(20.0)
Private Credit Opportunities Partners II	Dec 2015	2,245.1	1,576.4	138.3	1,574.6	1,712.9	5.0 %	3.4 %	1.1	—
Lending Partners III	Apr 2017	1,497.8	661.4	167.8	669.6	837.4	15.9 %	12.8 %	1.3	13.6
Lending Partners II	Jun 2014	1,335.9	1,179.1	1,100.7	219.3	1,320.0	4.5 %	3.3 %	1.1	—
Lending Partners	Dec 2011	460.2	407.2	450.7	17.3	468.0	4.2 %	2.5 %	1.1	—
Lending Partners Europe II	Jun 2019	836.6	—	—	—	—	N/A	N/A	N/A	—
Lending Partners Europe	Mar 2015	847.6	635.3	229.8	372.6	602.4	(2.4)%	(5.3)%	0.9	—
Other Alternative Credit Vehicles	Various	10,769.4	6,003.7	3,616.3	3,887.9	7,504.2	N/A	N/A	N/A	28.6
Unallocated Commitments(4)	Various	124.3	—	—	—	—	N/A	N/A	N/A	—
All Funds		$ 27,736.0	$ 17,008.5	$ 9,125.1	$ 9,961.8	$ 19,086.9				$ 32.1

(1) Recycled capital is excluded from the amounts invested and realized.

(2) These credit funds utilize third-party financing facilities to provide liquidity to such funds, and in such event, IRRs are calculated from the time capital contributions are due from fund investors to the time fund investors receive a related distribution from the fund. The use of such financing facilities generally decreases the amount of invested capital that would otherwise be used to calculate IRRs, which tends to increase IRRs when fair value grows over time and decrease IRRs when fair value decreases over time. IRRs measure the aggregate annual compounded returns generated by a fund's investments over a holding period and are calculated taking into account recycled capital. Net IRRs presented are calculated after giving effect to the allocation of realized and unrealized carried interest and the payment of any applicable management fees. Gross IRRs are calculated before giving effect to the allocation of carried interest and the payment of any applicable management fees.

(3) The multiples of invested capital measure the aggregate value generated by a fund's investments in absolute terms. Each multiple of invested capital is calculated by adding together the total realized and unrealized values of a fund's investments and dividing by the total amount of capital invested by the investors. The use of financing facilities generally decreases the amount of invested capital that would otherwise be used to calculate multiples of invested capital, which tends to increase multiples when fair value grows over time and decrease multiples when fair value decreases over time. Such amounts do not give effect to the allocation of any realized and unrealized returns on a fund's investments to the fund's general partner pursuant to a carried interest or the payment of any applicable management fees and are calculated without taking into account recycled capital.

(4) "Unallocated Commitments" represent unallocated commitments from our strategic investor partnerships.

Public Markets AUM and Vehicle Structures

The table below presents information as of September 30, 2020, based on the investment funds, vehicles or accounts offered by our Public Markets business line. Our funds, vehicles and accounts have been sorted based upon their primary investment strategies. However, the AUM and FPAUM presented for each line in the table includes certain investments from non-primary investment strategies, which are permitted by their investment mandates, for purposes of presenting the fees and other terms for such funds, vehicles and accounts.

($ in millions)	AUM	FPAUM	Typical Management Fee Rate	Incentive Fee / Carried Interest	Preferred Return	Duration of Capital
Leveraged Credit:						
Leveraged Credit SMAs/Funds	$ 24,274	$ 22,840	0.10% - 1.10%	Various (1)	Various (1)	Subject to redemptions
CLOs	17,186	17,186	0.40% - 0.50%	Various (1)	Various (1)	10-14 Years (2)
Total Leveraged Credit	41,460	40,026				
Alternative Credit: (3)						
Special Situations	7,358	4,096	0.50% - 1.75% (4)	10.00 - 20.00%	7.00 - 12.00%	7-15 Years (2)
Private Credit	11,013	6,593	0.50% - 1.50%	10.00 - 20.00%	5.00 - 8.00%	8-15 Years (2)
Total Alternative Credit	18,371	10,689				
Hedge Funds (5)	23,470	21,475	0.50% - 2.00%	Various (1)	Various (1)	Subject to redemptions
BDCs (6)	14,749	14,749	0.60%	8.00%	7.00%	Indefinite
Total	$ 98,050	$ 86,939				

(1) Certain funds and CLOs are subject to a performance fee in which the manager or general partner of the funds share up to 20% of the net profits earned by investors in excess of performance hurdles (generally tied to a benchmark or index) and subject to a provision requiring the funds and vehicles to regain prior losses before any performance fee is earned.

(2) Duration of capital is measured from inception. Inception dates for CLOs were between 2013 and 2020 and for separately managed accounts and funds investing in alternative credit strategies from 2009 through 2020.

(3) Our alternative credit funds generally have investment periods of three to five years and our newer alternative credit funds generally earn fees on invested capital during the investment period.

(4) Lower fees on uninvested capital in certain vehicles.

(5) Hedge Funds represent KKR's pro rata portion of AUM and FPAUM of our hedge fund partnerships.

(6) Consists of our BDC platform advised by FS/KKR Advisor. We report all of the AUM of the BDCs in our AUM and FPAUM.

Capital Markets

Our Capital Markets business line is comprised of our global capital markets business, which is integrated with KKR's other business lines, and serves our firm, our portfolio companies and third-party clients by developing and implementing both traditional and non-traditional capital solutions for investments or companies seeking financing. These services include arranging debt and equity financing, placing and underwriting securities offerings, and providing other types of capital markets services that may result in the firm receiving fees, including underwriting, placement, transaction and syndication fees, commissions, underwriting discounts, interest payments and other compensation, which may be payable in cash or securities, in respect of the activities described above.

Our capital markets business underwrites credit facilities and arranges loan syndications and participations. When we are sole arrangers of a credit facility, we may advance amounts to the borrower on behalf of other lenders, subject to repayment. When we underwrite an offering of securities on a firm commitment basis, we commit to buy and sell an issue of securities and generate revenue by purchasing the securities at a discount or for a fee. When we act in an agency capacity or best efforts basis, we generate revenue for arranging financing or placing securities with capital markets investors. We may also provide issuers with capital markets advice on security selection, access to markets, marketing considerations, securities pricing, and other aspects of capital markets transactions in exchange for a fee. Our capital markets business also provides syndication services in respect of co-investments in transactions participated in by KKR funds or third-party clients, which may entitle the firm to receive syndication fees, management fees and/or a carried interest.

The capital markets business has a global footprint, with local presence and licenses to carry out certain broker-dealer activities in various countries in North America, Europe, Asia-Pacific and the Middle East. Our flagship capital markets subsidiary is KKR Capital Markets LLC, an SEC-registered broker-dealer and a member of the Financial Industry Regulatory Authority ("FINRA").

Principal Activities

Through our Principal Activities business line, we manage the firm's own assets on our balance sheet and deploy capital to support and grow our business lines. Typically, the funds in our Private Markets and Public Markets business lines contractually require us, as general partner of the funds, to make sizable capital commitments from time to time. We believe making general partner commitments assists us in raising new funds from limited partners by demonstrating our conviction in a given fund's strategy. We also use our balance sheet to acquire investments in order to help establish a track record for fundraising purposes in new strategies. We may also use our own capital to seed investments for new funds, to bridge capital selectively for our funds' investments or finance strategic acquisitions and partnerships, although the financial results of an acquired business or hedge fund partnership may be reported in our other business lines.

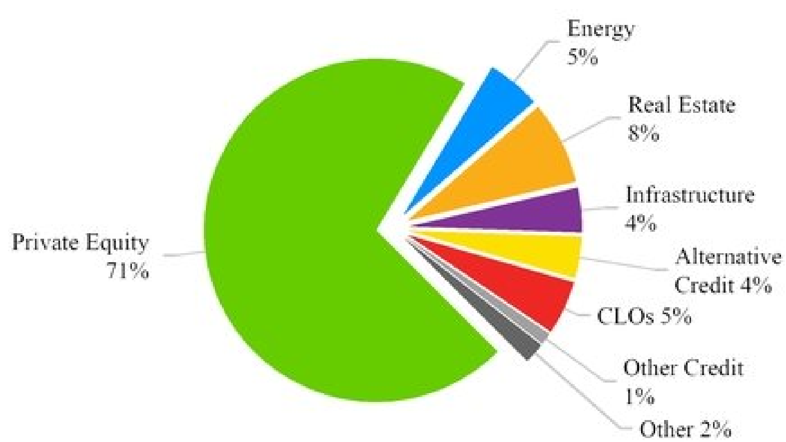
Our Principal Activities business line also provides the required capital to fund the various commitments of our Capital Markets business line when underwriting or syndicating securities, or when providing term loan commitments for transactions involving our portfolio companies and for third parties. Our Principal Activities business line also holds assets that may be utilized to satisfy regulatory requirements for our Capital Markets business line and risk retention requirements for our CLOs.

We also make opportunistic investments through our Principal Activities business line, which include co-investments alongside our Private Markets and Public Markets funds as well as Principal Activities investments that do not involve our Private Markets or Public Markets funds.

We endeavor to use our balance sheet strategically and opportunistically to generate an attractive risk-adjusted return on equity in a manner that is consistent with our fiduciary duties, in compliance with applicable laws, and consistent with our one-firm approach.

The chart below presents the holdings of our Principal Activities business line by asset class as of September 30, 2020:

Holdings by Asset Class (1)



(1) General partner commitments in our funds are included in the various asset classes shown above. Assets and revenues of other asset managers with which KKR has formed strategic partnerships where KKR does not hold more than 50% ownership interest are not included in our Principal Activities business line but are reported in the financial results of our other business lines. Private Equity includes KKR private equity funds, co-investments alongside such KKR-sponsored private equity funds, certain core equity investments, and other opportunistic investments. Equity investments in other asset classes, such as real estate, special situations and energy appear in these other asset classes. Other Credit consists of certain leveraged credit and specialty finance strategies.

Business Environment

Economic and Market Conditions

Impact of COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") continues to impact the United States and other countries throughout the world. In March 2020, the World Health Organization declared COVID-19 to be a pandemic and the United States declared a national emergency due to the outbreak. In connection with these declarations, various governments around the world have instituted measures to slow the transmissions of COVID-19, which substantially restrict individual and business activities. These measures have included, for example, closures of non-essential businesses, limitations of crowd size, stay-at-home orders, quarantines, heightened border controls and limitations on travel. Governments in the United States and around the world have responded with fiscal and monetary stimuli that aim to provide emergency assistance to individuals and businesses negatively impacted by COVID-19. The outbreak of COVID-19 and the actions taken in response have had far reaching impact on the U.S. and global economies, contributing to significant volatility in the financial markets, resulting in increased volatility in equity prices (including our common stock) and lower interest rates, and causing furloughs and layoffs in the labor market. While COVID-19 cases have temporarily declined in some parts of the United States, many states in the Southern, Midwestern and Western regions saw sharp increases in the infection rates as they began to allow businesses to reopen. COVID-19 cases have also continued to surge in certain countries outside the United States, and certain countries that were initially successful at containing the virus have experienced renewed outbreaks in recent months.

We are monitoring developments relating to the global spread of COVID-19 and continuing to assess the potential for adverse impact on our business, including the investment funds we manage and the portfolio companies owned by us and our funds. In addition, we have implemented various initiatives intended to reduce the impact of COVID-19, such as employees working remotely from home, while also seeking to maintain business continuity.

The scale and scope of the COVID-19 pandemic may heighten the potential adverse effects on our business, financial performance and operating results for the quarterly periods and full fiscal year of 2020 and likely beyond, and may be material and affect us in ways that we cannot foresee at this time. Many of the adverse ways in which COVID-19 may impact us have already materialized and adversely affected (or may in the future materialize and adversely affect) our stock price, our portfolio valuations, and the operations of our business and the businesses of our portfolio companies, as well as the businesses of entities of which we or our funds are creditors, and our and their other counterparties, including suppliers and customers. These risks may, in the future, become even more significant than is currently the case or than is currently anticipated. Although it is impossible to predict with certainty the potential full magnitude of the business and economic ramifications, COVID-19 has impacted, and may further impact, our business in various ways, including but not limited to:

- Difficult market and economic conditions may adversely impact the valuations of our and our funds' investments, particularly if the value of an investment is determined in whole or in part by reference to public equity markets. Valuations of our and our funds' investments are generally correlated to the performance of the relevant equity and debt markets. Although valuations across our investments generally improved after the first quarter of 2020, driven by a strong rebound in equity and fixed income markets, the continuing existence and resurgence of COVID-19 cases, which among other things could result in a second shutdown of businesses, may negatively affect the value of our investment portfolio in the future and thereby adversely impact our book value per share, accrued carried interest and assets under management;

- COVID-19 significantly increases the challenges associated with business planning, strategy, execution, portfolio management, fundraising, and other aspects of our business operations, the operation of our portfolio companies' businesses, and the operation of entities to whom we or our funds have loaned money or otherwise do business through supply or customer relationships. None of us, our portfolio companies or our and their respective counterparties, vendors, or advisors have previously faced a situation that we view as comparable to the current COVID-19 crisis, which, among other factors, involves a major simultaneous supply and demand shock to global, regional and national economies and significant outsize effects on particular business sectors. The future trajectory of the COVID-19 crisis is subject to a complex interplay of epidemiological, technological, social, psychological, economic and political factors that are generally beyond our ability to forecast or control. In this environment, historical comparisons may be of little or no value, while the risk and uncertainty associated with a large number of business decisions are materially increased;

- Limitation on travel and social distancing requirements implemented in response to COVID-19 challenge our ability to market new or successor funds as anticipated prior to COVID-19, potentially resulting in reduced or delayed revenues. In addition, fund investors may become restricted by their asset allocation policies to invest in new or successor funds that we provide, because these policies often restrict the amount that they are permitted to invest in alternative assets like the strategies of our investment funds when there is a decline in public equity markets. Further, the COVID-19 crisis may cause fund investors to change their investment strategies in manners that we cannot now foresee, and that may additionally and negatively affect our ability to raise funds from traditional or other sources;

- While the market dislocation caused by COVID-19 would expect to present attractive investment opportunities, due to increased volatility in the financial markets, we may not be able to complete those investments;
- If the impact of COVID-19 continues, we and our funds may have more limited opportunities to successfully exit existing investments, due to, among other reasons, lower valuations, decreased revenues and earnings, lack of potential buyers with financial resources to pursue an acquisition, or limited or no ability to conduct initial public offerings in equity capital markets, resulting in a reduced ability to realize value from such investments;
- Our portfolio companies are facing or may face in the future increased credit and liquidity risk due to volatility in financial markets, reduced revenue streams, and limited or higher cost of access to preferred sources of funding, which may result in potential impairment of our or our funds' equity investments. Changes in the debt financing markets are impacting, or, if the volatility in financial market continues, may in the future impact, the ability of our portfolio companies to meet their respective financial obligations. We and our funds may experience similar difficulties, and certain funds have been subject to margin calls when the value of securities that collateralize their margin loan decreased substantially;
- Borrowers of loans, notes and other credit instruments in our credit funds' portfolio are more likely to be unable to meet their principal or interest payment obligations or satisfy financial covenants, and tenants leasing real estate properties owned by our funds are more likely not to be able to pay rents in a timely manner or at all, resulting in a decrease in value of our funds' credit and real estate investments and lower than expected return. In addition, for variable interest instruments, lower reference rates resulting from government stimulus programs in response to COVID-19 could lead to lower interest income for our credit funds;
- While the impact of COVID-19 on our portfolio companies has varied depending on the location and industry in which they operate, many of our portfolio companies operate in industries that have been, and continue to be, materially affected by COVID-19, including but not limited to healthcare, travel, entertainment, hospitality, senior living, energy and retail industries. Many of these companies are facing operational and financial hardships resulting from the spread of COVID-19 and related governmental measures, such as the closure of stores, limitations on business operations, restrictions on travel, quarantines or stay-at-home orders. If the disruptions caused by COVID-19 continue and the restrictions put in place are not lifted or reinstated, the businesses of these portfolio companies could suffer materially or become insolvent, which would decrease the value of our funds' investments. For a discussion of the pandemic's impact on our energy investments, see "—Commodity Markets";
- COVID-19 may generate workplace, consumer, insurance, contract and other forms of litigation that exposes us, our portfolio companies, suppliers, customers, debtors and other counterparties to risks and claims of a magnitude and nature that we cannot now anticipate;
- An extended period of remote working by our employees could strain our technology resources and introduce operational risks, including heightened cybersecurity risk. Remote working environments are less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that seek to exploit the COVID-19 pandemic; and
- COVID-19 presents a significant threat to our employees' well-being and morale. While we have implemented a business continuity plan to protect the health of our employees and have contingency plans in place for key employees or executive officers who may become sick or otherwise unable to perform their duties for an extended period of time, such plans cannot anticipate all scenarios, and we may experience potential loss of productivity or a delay in the roll out of certain strategic plans.

Given the ongoing nature of the outbreak, at this time we cannot reasonably predict the magnitude of the ultimate impact that COVID-19 will have on our business, financial performance and operating results. Economic downturn caused by COVID-19 may be prolonged and extend beyond the timeframe of the pandemic itself. We believe COVID-19's adverse impact on our business, financial performance and operating results will be significantly driven by a number of factors that we are unable to predict or control, including, for example: the severity and duration of the pandemic; the pandemic's impact on the U.S. and global economies; the timing, scope and effectiveness of additional governmental responses to the pandemic; the timing and speed of economic recovery, including the availability of a treatment or vaccination for COVID-19; and the negative impact on our fund investors, vendors and other business partners that may indirectly adversely affect us.

See "Item 1A. Risk Factors—Risks Related to the Assets We Manage—Our investments are impacted by various economic conditions and events outside of our control that are difficult to quantify or predict, which may have a significant impact on the valuation of our investments and, therefore, on the investment income we realize and our results of operations and financial condition." in our Annual Report. The impact of COVID-19 may also exacerbate the other risks discussed in our Annual Report.

Economic Conditions. As a global investment firm, we are affected by financial and economic conditions globally. Global and regional economic conditions, including those caused by the COVID-19 pandemic, have substantial impact on our financial condition and results of operations, impacting the values of the investments we make, our ability to exit these investments profitably, our ability to raise capital from investors, and our ability to make new investments. Financial and economic conditions in the United States, European Union, Japan, China, and other major economies are significant contributors to the global economy.

The U.S. economy expanded significantly in the third quarter of 2020, driven largely by consumer spending as states began to reopen, as COVID-19 cases declined temporarily. In the United States, real GDP expanded by 33.1%, on a seasonally adjusted annualized basis, for the quarter ended September 30, 2020, compared to contraction of 31.4% for the quarter ended June 30, 2020; the U.S. unemployment rate was 7.9% as of September 30, 2020, down from 11.1% as of June 30, 2020; the U.S. core consumer price index was 1.7% on a year-over-year basis as of September 30, 2020, up from 1.2% on a year-over-year basis as of June 30, 2020; and the effective federal funds rate set by the U.S. Federal Reserve was 0.1% as of September 30, 2020, unchanged from June 30, 2020.

The European Union's economy also experienced a rebound in the third quarter of 2020, although certain countries in Europe, including France, Germany, Belgium, Ireland and England, reimposed restrictions and lock-downs as the number of COVID-19 cases surged across Europe after the third quarter. In the Euro Area, real GDP expanded by 12.7%, on a seasonally adjusted quarter-over-quarter basis, for the quarter ended September 30, 2020, compared to a contraction of 11.8%, on a seasonally adjusted quarter-over-quarter basis, for the quarter ended June 30, 2020; the Euro Area unemployment rate was 8.3% as of September 30, 2020, up from 7.9% as of June 30, 2020; Euro Area core inflation was 0.2% on a year-over-year basis as of September 30, 2020, down from 0.8% on a year-over-year basis as of June 30, 2020; and the short-term benchmark interest rate set by the European Central Bank was 0.0% as of September 30, 2020, unchanged from June 30, 2020.

Japan's economy grew 16.6% on a seasonally adjusted annualized basis in the third quarter of 2020 following its record 28.1% decline in the second quarter. China reported steady economic growth in the third quarter of 2020, fueled by strong retail sales and industrial production. In Japan, the short-term benchmark interest rate set by the Bank of Japan was -0.1% as of September 30, 2020, unchanged from June 30, 2020; and in China, reported real GDP growth was 2.7%, on a seasonally adjusted quarter-over-quarter basis, for the quarter ended September 30, 2020, compared to 11.7% in the quarter ended June 30, 2020.

These and other key issues could have repercussions across regional and global financial markets, which could adversely affect the valuations of our investments. Other key issues include (i) political uncertainty caused by, among other things, populist political parties, economic nationalist sentiments, tensions surrounding socioeconomic inequality issues, and the 2020 U.S. Presidential election, (ii) geopolitical uncertainty such as U.S.-China relations, (iii) regulatory changes regarding, for example, taxation, international trade, cross-border investments, immigration, and austerity programs, (iv) volatility or downturn in stock and credit markets, (v) any unexpected shift in the central banks' monetary policies, (vi) technological advancements and innovations that may disrupt marketplaces and businesses, and (vii) further developments regarding COVID-19 as discussed above. For a further discussion of how market conditions may affect our businesses, see "Risk Factors—Risks Related to Our Business—Difficult market and economic conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments that we manage or by reducing the ability of our funds to raise or deploy capital, each of which could negatively impact our net income and cash flow and adversely affect our financial condition" in our Annual Report.

Equity and Credit Markets. Global equity and credit markets have a substantial effect on our financial condition and results of operations. In general, a climate of reasonable interest rates and high levels of liquidity in the debt and equity capital markets provide a positive environment for us to generate attractive investment returns, which also impacts our ability to generate incentive fees and carried interest. Periods of volatility and dislocation in the capital markets, such as the present, raise substantial risks, but also can present us with opportunities to invest at reduced valuations that position us for future growth and investment returns. Low interest rates related to monetary stimulus and economic stagnation may negatively impact expected returns on all types of investments. Higher interest rates in conjunction with slower growth or weaker currencies in some emerging market economies have caused, and may further cause, the default risk of these countries to increase, and this could impact the operations or value of our investments that operate in these regions. Areas that have ongoing central bank quantitative easing campaigns and comparatively low interest rates relative to the United States could potentially experience further currency volatility and weakness relative to the U.S. dollar.

Many of our investments are in equities, so a change in global equity prices or in market volatility directly impacts the value of our investments and our profitability as well as our ability to realize investment gains and the receptiveness of fund investors to our investment products. For the quarter ended September 30, 2020, global equity markets were positive, with the S&P 500 Index up 8.9% and the MSCI World Index up 8.0% on a total return basis including dividends. Equity market volatility as evidenced by the Chicago Board Options Exchange Market Volatility Index (the "VIX"), a measure of volatility, ended at 26.4 as of September 30, 2020, decreasing from 30.4 as of June 30, 2020. For a discussion of our valuation methods, see "Risk Factors—Risks Related to the Assets We Manage—Our investments are impacted by various economic conditions that are difficult to quantify or predict, which may have a significant impact on the valuation of our investments and, therefore, on the investment income we realize and our results of operations and financial condition" in our Annual Report and see also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Fair Value Measurements—Level III Valuation Methodologies" in our Annual Report.

Many of our investments are also in non-investment grade credit instruments, and our funds and our portfolio companies also rely on credit financing and the ability to refinance existing debt. Consequently, any decrease in the value of credit instruments that we have invested in or any increase in the cost of credit financing reduces our returns and decreases our net income. In particular due in part to holdings of credit instruments such as CLOs on our balance sheet, the performance of the credit markets has had an amplified impact on our financial results, as we directly bear the full extent of losses from credit instruments on our balance sheet. Credit markets can also impact valuations because a discounted cash flow analysis is generally used as one of the methodologies to ascertain the fair value of our investments that do not have readily observable market prices. In addition, with respect to our credit instruments, tightening credit spreads are generally expected to lead to an increase, and widening credit spreads are generally expected to lead to a decrease, in the value of these credit investments, if not offset by hedging or other factors. In addition, the significant widening of credit spreads is also typically expected to negatively impact equity markets, which in turn would negatively impact our portfolio and us as noted above.

During the quarter ended September 30, 2020, U.S. investment grade corporate bond spreads (BofA Merrill Lynch US Corporate Index) contracted by 16 basis points and U.S. high-yield corporate bond spreads (BofAML HY Master II Index) contracted by 103 basis points. The non-investment grade credit indices were up during the quarter ended September 30, 2020, with the S&P/LSTA Leveraged Loan Index up 4.1% and the BAML US High Yield Index up 4.7%. During the quarter ended September 30, 2020, 10-year government bond yields rose 3 basis points in the United States, rose 6 basis points in the United Kingdom, fell 7 basis points in Germany, rose 30 basis points in China, and fell 1 basis point in Japan. For a further discussion of how market conditions may affect our businesses, see "Risk Factors—Risks Related to Our Business—Difficult market and economic conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments that we manage or by reducing the ability of our funds to raise or deploy capital, each of which could negatively impact our net income and cash flow and adversely affect our financial condition" and "Risk Factors—Risks Related to the Assets We Manage—Our investments are impacted by various economic conditions that are difficult to quantify or predict, which may have a significant impact on the valuation of our investments and, therefore, on the investment income we realize and our results of operations and financial condition" in our Annual Report.

For further discussion of the impact of global credit markets on our financial condition and results of operations, see "Risk Factors—Risks Related to the Assets We Manage—Changes in the debt financing markets may negatively impact the ability of our investment funds, their portfolio companies and strategies pursued with our balance sheet assets to obtain attractive financing for their investments or to refinance existing debt and may increase the cost of such financing or refinancing if it is obtained, which could lead to lower-yielding investments and potentially decrease our net income," "Risk Factors—Risks Related to the Assets We Manage—Our investments are impacted by various economic conditions that are difficult to quantify or predict, which may have a significant impact on the valuation of our investments and, therefore, on the investment income we realize and our results of operations and financial condition" and "Risk Factors—Risks Related to the Assets We Manage—Our funds and our firm through our balance sheet may make a limited number of investments, or investments that are concentrated in certain issuers, geographic regions or asset types, which could negatively affect our performance or the performance of our funds to the extent those concentrated assets perform poorly" in our Annual Report. For a further discussion of our valuation methods, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Fair Value Measurements—Level III Valuation Methodologies" in our Annual Report.

Foreign Exchange Rates. Foreign exchange rates have a substantial impact on the valuations of our investments that are denominated in currencies other than the U.S. dollar. Currency volatility can also affect our businesses and investments that deal in cross-border trade. The appreciation or depreciation of the U.S. dollar is expected to contribute to a decrease or increase, respectively, in the U.S. dollar value of our non-U.S. investments to the extent unhedged. In addition, an appreciating U.S. dollar would be expected to make the exports of U.S. based companies less competitive, which may lead to a decline in their export revenues, if any, while a depreciating U.S. dollar would be expected to have the opposite effect. Moreover, when selecting investments for our investment funds that are denominated in U.S. dollars, an appreciating U.S. dollar may create opportunities to invest at more attractive U.S. dollar prices in certain countries outside of the United States, while a depreciating U.S. dollar would be expected to have the opposite effect. For our investments denominated in currencies other than the U.S. dollar, the depreciation in such currencies will generally contribute to the decrease in the valuation of such investments, to the extent unhedged, and adversely affect the U.S. dollar equivalent revenues of portfolio companies with substantial revenues denominated in such currencies, while the appreciation in such currencies would be expected to have the opposite effect. For the quarter ended September 30, 2020, the euro rose 4.3%, the British pound rose 4.2%, the Japanese yen rose 2.3%, and the Chinese renminbi rose 4.0%, respectively, relative to the U.S. dollar. For additional information regarding our foreign exchange rate risk, see "Quantitative and Qualitative Disclosure About Market Risk—Exchange Rate Risk" in our Annual Report.

Commodity Markets. Our Private Markets portfolio contains energy real asset investments, and certain of our other Private Markets and Public Markets strategies and products, including private equity, direct lending, special situations and CLOs, also have meaningful investments in the energy sector. The value of these investments is heavily influenced by the price of natural gas and oil. During the quarter ended September 30, 2020, the 3-year forward price of WTI crude oil increased approximately 4%, and the 3-year forward price of natural gas increased approximately 5%. The 3-year forward price of WTI crude oil increased from approximately $43 per barrel to $44 per barrel, and the 3-year forward price of natural gas increased from approximately $2.38 per mcf to $2.49 per mcf as of June 30, 2020 and September 30, 2020, respectively. When commodity prices decline or if a decline is not offset by other factors, we would expect the value of our energy real asset investments to be adversely impacted, to the extent unhedged. In addition, because we hold certain energy real asset investments, which had a fair value of $0.7 billion as of September 30, 2020 on our balance sheet, these price movements would have an amplified impact on our financial results, to the extent unhedged, as we would directly bear the full extent of such gains or losses. For additional information regarding our energy real assets, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Fair Value Measurements—Level III Valuation Methodologies—Real Asset Investments" in our Annual Report and see also "Risk Factors—Risks Related to the Assets We Manage—Our funds and our firm through our balance sheet may make a limited number of investments, or investments that are concentrated in certain issuers, geographic regions or asset types, which could negatively affect our performance or the performance of our funds to the extent those concentrated assets perform poorly" in our Annual Report.

Following significant volatility in the first half of 2020, due in large part to the COVID-19 pandemic, oil prices remained relatively stable during the third quarter albeit at prices meaningfully lower than pre-COVID-19 levels. If demand stays depressed, we expect significant volatility in oil prices to continue. While the impact to longer-term prices of crude oil and natural gas has been less pronounced, we expect downward price movements to have a negative impact on the fair value of our energy portfolio, all other things being equal, given those commodity prices are an input in our valuation models. However, we expect the impact of the decline will be mitigated by the existence of our near-term commodity price hedges, which make long-term oil and natural gas prices a more significant driver of the valuation of our energy investments than spot prices. As of September 30, 2020, energy strategies make up approximately 1% of our assets under management, 2% of our total GAAP assets and 3% of our book assets.

Business Conditions

Our operating revenues consist of fees, performance income and investment income. Our ability to grow our revenues depends in part on our ability to attract new capital and investors, our successful deployment of capital including from our balance sheet and our ability to realize investments at a profit.

Our ability to attract new capital and investors. Our ability to attract new capital and investors in our funds is driven, in part, by the extent to which they continue to see the alternative asset management industry generally, and our investment products specifically, as an attractive vehicle for capital appreciation or income. Since 2010, we have expanded into strategies such as real assets, credit, core, impact and, through hedge fund partnerships, hedge funds. In several of these strategies, our first time funds have begun raising successor funds, and we expect the cost of raising such successor funds to be lower. We have also reached out to new fund investors, including retail and high net worth investors. However, fundraising continues to be competitive. While our Americas Fund XII, Asian Fund III, European Fund V, Real Estate Partners Americas II, Global Infrastructure Investors III and Next Generation Technology Growth Fund II exceeded the size of their respective predecessor funds, there is no assurance that fundraises for our other flagship private equity funds or for our newer strategies and their successor funds will experience similar success. If we are unable to successfully raise comparably sized or larger funds, our AUM, FPAUM, and associated fees attributable to new capital raised in future periods may be lower than in prior years. See "Risk Factors—Risks Related to Our Business—Our inability to raise additional or successor funds (or raise successor funds of a comparable size as our predecessor funds) could have a material adverse impact on our business" in our Annual Report

Our ability to successfully deploy capital. Our ability to maintain and grow our revenue base is dependent upon our ability to successfully deploy the capital available to us and participate in capital markets transactions. Greater competition, high valuations, increased overall cost of credit and other general market conditions may impact our ability to identify and execute attractive investments. Additionally, because we seek to make investments that have an ability to achieve our targeted returns while taking on a reasonable level of risk, we may experience periods of reduced investment activity. We have a long-term investment horizon and the capital deployed in any one quarter may vary significantly from the capital deployed in any other quarter or the quarterly average of capital deployed in any given year. Reduced levels of transaction activity also tends to result in reduced potential future investment gains, lower transaction fees and lower fees for our Capital Markets business line, which may earn fees in the syndication of equity or debt.

Our ability to realize investments. Challenging market and economic conditions may adversely affect our ability to exit and realize value from our investments and result in lower-than-expected returns. Although the equity markets are not the only means by which we exit investments, the strength and liquidity of the U.S. and relevant global equity markets generally, and the initial public offering market specifically, affect the valuation of, and our ability to successfully exit, our equity positions in our private equity portfolio companies in a timely manner. We may also realize investments through strategic sales. When financing is not available or becomes too costly, it may be more difficult to find a buyer that can successfully raise sufficient capital to purchase our investments.

Basis of Accounting

We consolidate the financial results of KKR Group Partnership and their consolidated entities, which include the accounts of our investment management and capital markets companies, the general partners of unconsolidated funds and vehicles, general partners of certain funds and vehicles that are consolidated and their respective consolidated funds and certain other entities including certain CLOs and CMBS. We refer to CLOs and CMBS as collateralized financing entities ("CFEs").

When an entity is consolidated, we reflect the accounts of the consolidated entity, including its assets, liabilities, revenues, expenses, investment income, cash flows and other amounts, on a gross basis. While the consolidation of a consolidated fund or entity does not have an effect on the amounts of Net Income Attributable to KKR or KKR's stockholders' capital that KKR reports, the consolidation does significantly impact the financial statement presentation under GAAP. This is due to the fact that the accounts of the consolidated entities are reflected on a gross basis while the allocable share of those amounts that are attributable to third parties are reflected as single line items. The single line items in which the accounts attributable to third parties are recorded are presented as noncontrolling interests on the consolidated statements of financial condition and net income (loss) attributable to noncontrolling interests on the consolidated statements of operations.

For a further discussion of our consolidation policies, see Note 2 "Summary of Significant Accounting Policies" to the financial statements included elsewhere in this report.

Key Financial Measures Under GAAP

Revenues

Fees and Other

Fees and other consist primarily of (i) management and incentive fees from providing investment management services to unconsolidated funds, CLOs, other vehicles, and separately managed accounts; (ii) transaction fees earned in connection with successful investment transactions and from capital markets activities; (iii) monitoring fees from providing services to portfolio companies; (iv) expense reimbursements from certain investment funds and portfolio companies; (v) revenue earned by oil and gas entities that are consolidated; and (vi) consulting fees. These fees are based on the contractual terms of the governing agreements and are recognized when earned, which coincides with the period during which the related services are performed and in the case of transaction fees, upon closing of the transaction. Monitoring fees may provide for a termination payment following an initial public offering or change of control. These termination payments are recognized in the period when the related transaction closes.

Capital Allocation-Based Income (Loss)

Capital allocation-based income (loss) 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.

For a further discussion of our revenue policies, see Note 2 "Summary of Significant Accounting Policies" to the financial statements included elsewhere in this report.

Expenses

Compensation and Benefits

Compensation and benefits expense includes (i) cash compensation consisting of salaries, bonuses, and benefits, (ii) equity-based compensation consisting of charges associated with the vesting of equity-based awards and (iii) carry pool allocations. The amounts allocated to the carry pool are accounted for as compensatory profit-sharing arrangements and recorded as compensation and benefits expenses.

All employees receive a base salary that is paid by KKR or its consolidated entities, and is accounted for as compensation and benefits expense. These employees are also eligible to receive discretionary cash bonuses based on performance, overall profitability, and other matters. While cash bonuses paid to most employees are borne by KKR and certain consolidated entities and result in customary compensation and benefits expense, in the past cash bonuses that are paid to certain employees have been borne by KKR Holdings. These bonuses have historically been funded with distributions that KKR Holdings receives on KKR Group Partnership Units held by KKR Holdings but are not then passed on to holders of unvested units of KKR Holdings. Because employees are not entitled to receive distributions on units that are unvested, any amounts allocated to employees in excess of an employee's vested equity interests are reflected as employee compensation and benefits expense. These compensation charges are currently recorded based on the amount of cash expected to be paid by KKR Holdings. Because KKR makes only fixed quarterly dividends, the distributions made on KKR Group Partnership Units underlying any unvested KKR Holdings units are generally insufficient to fund annual cash bonus compensation to the same extent as in periods prior to the fourth quarter of 2015. In addition, substantially all remaining units in KKR Holdings have been allocated and, while subject to a 5 year vesting period, will become fully vested by 2021, thus decreasing the amount of distributions received by KKR Holdings that are available for annual cash bonus compensation. We, therefore, expect to pay all or substantially all of the cash bonus payments from KKR's cash from operations and the carry pool, although, from time to time, KKR Holdings may contribute to the cash bonus payments in the future. See "Risk Factors—Risks Related to Our Business—If we cannot retain and motivate our principals and other key personnel and recruit, retain and motivate new principals and other key personnel, our business, results and financial condition could be adversely affected" in our Annual Report regarding the adequacy of such distributions to fund future discretionary cash bonuses.

KKR uses several methods, which are designed to yield comparable results, to allocate carried interest. With respect to KKR's funds that provide for carried interest, KKR allocates 40% or 43%, depending on the fund's vintage, of the carry it earns from these funds and vehicles to its carry pool. Upon a reversal of carried interest income, the related carry pool allocation, if any, is also reversed. Accordingly, such compensation expense is subject to both positive and negative adjustments. The percentage of carried interest allocable to the carry pool is subject to change from time to time. See "—Fair Value Measurements—Recognition of Carried Interest in the Statement of Operations" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Financial Measures Under GAAP—Expenses—Compensation and Benefits" in our Annual Report.

General, Administrative and Other

General, administrative and other expense consists primarily of professional fees paid to legal advisors, accountants, advisors and consultants, insurance costs, travel and related expenses, communications and information services, depreciation and amortization charges, expenses (including impairment charges) incurred by oil and gas entities that are consolidated, costs incurred in connection with pursuing potential investments that do not result in completed transactions ("broken-deal expenses"), and other general operating expenses. A portion of these general administrative and other expenses, in particular broken-deal expenses, are borne by fund investors.

Investment Income (Loss)

Net Gains (Losses) from Investment Activities

Net gains (losses) from investment activities consist of realized and unrealized gains and losses arising from our investment activities as well as income earned from certain equity method investments. Fluctuations in net gains (losses) from investment activities between reporting periods is driven primarily by changes in the fair value of our investment portfolio as well as the realization of investments. The fair value of, as well as the ability to recognize gains from, our investments is significantly impacted by the global financial markets, which, in turn, affects the net gains (losses) from investment activities recognized in any given period. Upon the disposition of an investment, previously recognized unrealized gains and losses are reversed and an offsetting realized gain or loss is recognized in the current period. Since our investments are carried at fair value, fluctuations between periods could be significant due to changes to the inputs to our valuation process over time. For a further discussion of our fair value measurements and fair value of investments, see "—Critical Accounting Policies—Fair Value Measurements."

Dividend Income

Dividend income consists primarily of distributions that we and our consolidated investment funds receive from portfolio companies in which they invest. Dividend income is recognized primarily in connection with (i) dispositions of operations by portfolio companies, (ii) distributions of cash generated from operations from portfolio investments, and (iii) other significant refinancings undertaken by portfolio investments.

Interest Income

Interest income consists primarily of interest that is received on our credit instruments in which we and our consolidated funds and other entities invest as well as interest on our cash and other investments.

Interest Expense

Interest expense is incurred from debt issued by KKR, including debt issued by KFN, credit facilities entered into by KKR, debt securities issued by consolidated CFEs, and financing arrangements at our consolidated funds entered into primarily with the objective of managing cash flow. KFN's debt obligations are non-recourse to KKR beyond the assets of KFN. Debt securities issued by consolidated CFEs are supported solely by the investments held at the CFE and are not collateralized by assets of any other KKR entity. Our obligations under financing arrangements at our consolidated funds are generally limited to our pro rata equity interest in such funds. However, in some circumstances, we may provide limited guarantees of the obligations of our general partners in an amount equal to its pro rata equity interest in such funds. Our management companies bear no obligations with respect to financing arrangements at our consolidated funds. We also may provide other kinds of guarantees. See "—Liquidity."

Income Taxes

KKR & Co. Inc. is a corporation for U.S. federal income tax purposes and thus is subject to U.S. federal, state and local corporate income taxes at the entity level on KKR’s share of net taxable income. In addition, KKR Group Partnership and certain of its subsidiaries operate in the United States as partnerships for U.S. federal income tax purposes and as corporate entities in certain non-U.S. jurisdictions. These entities, in some cases, are subject to U.S. state or local income taxes or non-U.S. income taxes.

Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining tax expense and in evaluating tax positions including evaluating uncertainties. We review our tax positions quarterly and adjust our tax balances as new information becomes available.

For a further discussion of our income tax policies, see Note 2 "Summary of Significant Accounting Policies" and Note 11 "Income Taxes" to the financial statements included elsewhere in this report.

Net Income (Loss) Attributable to Noncontrolling Interests

Net income (loss) attributable to noncontrolling interests primarily represents the ownership interests that certain third parties hold in entities that are consolidated in the financial statements as well as the ownership interests in KKR Group Partnership that are held by KKR Holdings. The allocable share of income and expense attributable to these interests is accounted for as net income (loss) attributable to noncontrolling interests. Given the consolidation of certain of our investment funds and the significant ownership interests in KKR Group Partnership held by KKR Holdings, we expect a portion of net income (loss) will continue to be attributed to noncontrolling interests in our business.

For a further discussion of our noncontrolling interests policies, see Note 15 "Equity" to the financial statements included elsewhere in this report.

Key Non-GAAP and Other Operating and Performance Measures

The key non-GAAP and other operating and performance measures that follow are used by management in making operational and resource deployment decisions as well as assessing the overall performance of KKR's businesses. They include certain financial measures that are calculated and presented using methodologies other than in accordance with GAAP. These non-GAAP measures, including after-tax distributable earnings, distributable revenues, distributable expenses, distributable operating earnings, fee related earnings, book assets, book liabilities, book value and book value per adjusted shares, are presented prior to giving effect to the allocation of income (loss) between KKR & Co. Inc. and KKR Holdings L.P. and as such represent the business in total. In addition, these non-GAAP measures are presented without giving effect to the consolidation of the investment funds and CFEs that KKR manages as well as other consolidated entities that are not subsidiaries of KKR & Co. Inc.

We believe that providing these non-GAAP measures on a supplemental basis to our GAAP results is helpful to stockholders in assessing the overall performance of KKR's businesses. These non-GAAP measures should not be considered as a substitute for, or superior to, financial measures calculated in accordance with GAAP. We caution readers that these non-GAAP 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. These non-GAAP measures are presented in this report as KKR's operating results, which were previously referred to as KKR's segment results.

Reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP, where applicable, are included under "—Reconciliations to GAAP Measures."

Adjusted Shares

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 the number of assumed shares of common stock issuable upon conversion of our Series C Mandatory Convertible Preferred Stock. We believe providing adjusted shares is useful to stockholders as it provides insight into the calculation of amounts available for distribution as dividends on a per adjusted share basis assuming all units of KKR Holdings L.P. and all shares of Series C Mandatory Convertible Preferred Stock are exchanged and converted, respectively, to shares of common 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.

After-tax Distributable Earnings

After-tax distributable earnings is a non-GAAP performance measure of KKR’s earnings after interest expense, Series A and B preferred dividends, noncontrolling interests and income taxes paid. After -tax distributable earnings excludes mark-to-market gains (losses) and is used by management to assess the net realized earnings of KKR for a given reporting period, after deducting equity-based compensation under the Equity Incentive Plans and adjusting to exclude the impact of strategic corporate transaction-related charges and non-recurring items, if any. KKR believes that after-tax distributable earnings is useful to stockholders as it aligns KKR’s net realization performance with the manner in which KKR receives its revenues and determines the compensation of its employees. 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. After-tax distributable earnings does not represent and is not used to calculate actual dividends under KKR’s dividend policy. 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. 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, which would occur following an exchange of all KKR Holdings units for common stock of KKR & Co. Inc. Income taxes paid also includes amounts paid pursuant to the tax receivable agreement.

Assets Under Management ("AUM")

Assets under management represent the assets managed or advised by KKR from which KKR is entitled to receive fees or a carried interest (either currently or upon deployment of capital), general partner capital, and assets managed or advised by our strategic BDC partnership and the hedge fund and other managers in which KKR holds an ownership interest. We believe this measure is useful to stockholders as it provides additional insight into the capital raising activities of KKR and its hedge fund and other managers and the overall activity in their investment funds and other managed capital. KKR calculates the amount of AUM as of any date as the sum of: (i) the fair value of the investments of KKR's investment funds; (ii) uncalled capital commitments from these funds, including uncalled capital commitments from which KKR is currently not earning management fees or carried interest; (iii) the fair value of investments in KKR's co-investment vehicles; (iv) the par value of outstanding CLOs (excluding CLOs wholly-owned by KKR); (v) KKR's pro rata portion of the AUM of hedge fund and other managers in which KKR holds an ownership interest; (vi) all AUM of the strategic BDC partnership with FS Investments; and (vii) the fair value of other assets managed by KKR. The pro rata portion of the AUM of hedge fund and other managers is calculated based on KKR’s percentage ownership interest in such entities multiplied by such entity’s respective AUM. KKR's definition of AUM is not based on any definition of AUM that may be set forth in the agreements governing the investment funds, vehicles or accounts that it manages or calculated pursuant to any regulatory definitions.

Book Assets

Book assets is a non-GAAP performance measure that represents cash and short-term investments, investments, net unrealized carried interest, tax assets, and other assets of KKR presented on a basis that deconsolidates (i) KKR's investment funds and collateralized financing entities that KKR manages and (ii) other consolidated entities that are not subsidiaries of KKR & Co. Inc. We believe this measure is useful to stockholders as it provides additional insight into the assets of KKR that are used to operate its business lines. As used in this definition, cash and short-term investments represent cash and liquid short-term investments in high-grade, short-duration cash management strategies used by KKR to generate additional yield.

Book Liabilities

Book liabilities is a non-GAAP performance measure that represents the debt obligations of KKR (including KFN), tax liabilities, and other liabilities of KKR presented on a basis that deconsolidates (i) KKR's investment funds and collateralized financing entities that KKR manages and (ii) other consolidated entities that are not subsidiaries of KKR & Co. Inc. We believe this measure is useful to stockholders as it provides additional insight into the liabilities of KKR excluding the liabilities that are allocated to noncontrolling interest holders and to the holders of the Series A and Series B Preferred Stock.

Book Value

Book value is a non-GAAP performance measure of the net assets of KKR and is used by management primarily in assessing the unrealized value of KKR’s book assets after deducting for book liabilities, noncontrolling interests and Series A and B Preferred Stock. We believe this measure is useful to stockholders as it provides additional insight into the net assets of KKR excluding those net assets that are allocated to noncontrolling interest holders and to the holders of the Series A and B Preferred Stock. KKR's book value includes the net impact of KKR's tax assets and liabilities as prepared under GAAP. Series C Mandatory Convertible Preferred Stock has been included in book value, because the definition of adjusted shares used to calculate book value per adjusted share assumes that all shares of Series C Mandatory Convertible Preferred Stock have been converted to shares of common stock.

Capital Invested

Capital invested is the aggregate amount of capital invested by (i) KKR’s investment funds, (ii) KKR's Principal Activities business line as a co-investment, if any, alongside KKR’s investment funds, and (iii) KKR's Principal Activities business line in connection with a syndication transaction conducted by KKR's Capital Markets business line, if any. Capital invested is used as a measure of investment activity at KKR during a given period. We believe this measure is useful to stockholders as it provides a measure of capital deployment across KKR’s business lines. Capital invested includes investments made using investment financing arrangements like credit facilities, as applicable. Capital invested excludes (i) investments in certain leveraged credit strategies, (ii) capital invested by KKR’s Principal Activities business line that is not a co-investment alongside KKR’s investment funds, and (iii) capital invested by KKR’s Principal Activities business line that is not invested in connection with a syndication transaction by KKR’s Capital Markets business line. Capital syndicated by KKR's Capital Markets business line to third parties other than KKR’s investment funds or Principal Activities business line is not included in capital invested. See also syndicated capital.

Distributable Revenues

Distributable revenues is a non-GAAP performance measure that represents the realized revenues (which excludes unrealized carried interest and unrealized net gains (losses)) generated by KKR and is the sum of (i) fees and other, net, (ii) realized performance income (loss) and (iii) realized investment income (loss). KKR believes that distributable revenues is useful to stockholders as it provides insight into the realized revenue generated by KKR's business lines.

Distributable Expenses

Distributable expenses is a non-GAAP performance measure that represents the expenses of KKR and is the sum of (i) compensation and benefits (excluding unrealized performance income compensation), (ii) occupancy and related charges and (iii) other operating expenses. KKR believes that distributable expenses is useful to stockholders as it provides insight into the costs expended in connection with generating KKR's distributable revenues.

Distributable Operating Earnings

Distributable operating earnings is a non-GAAP performance measure that represents after-tax distributable earnings before interest expense, preferred dividends, income (loss) attributable to noncontrolling interests and income taxes paid. We believe distributable operating earnings is useful to stockholders as it provides a supplemental measure of our operating performance without taking into account items that we do not believe relate directly to KKR's operations.

Fee Paying AUM ("FPAUM")

Fee paying AUM represents only the AUM from which KKR is entitled to receive management fees. We believe this measure is useful to stockholders as it provides additional insight into the capital base upon which KKR earns management fees. FPAUM is the sum of all of the individual fee bases that are used to calculate KKR's and its hedge fund and BDC partnership management fees and differs from AUM in the following respects: (i) assets and commitments from which KKR is not entitled to receive a management fee are excluded (e.g., assets and commitments with respect to which it is entitled to receive only carried interest or is otherwise not currently entitled to receive a management fee) and (ii) certain assets, primarily in its private equity funds, are reflected based on capital commitments and invested capital as opposed to fair value because fees are not impacted by changes in the fair value of underlying investments.

Fee Related Earnings ("FRE")

Fee related earnings is a non-GAAP supplemental performance measure of earnings of KKR before performance income and investment income. KKR believes this measure may be useful to stockholders as it may provide additional insight into the profitability of KKR’s fee generating management companies and capital markets businesses. Fee related earnings is calculated as KKR’s total Fees and Other, Net, multiplied by KKR’s distributable operating margin. For purposes of the fee related earnings calculation, distributable operating margin is calculated as distributable operating earnings, before equity-based compensation, divided by total distributable revenues.

Syndicated Capital

Syndicated capital is the aggregate amount of capital in transactions originated by KKR and its investment funds and carry-yielding co-investment vehicles, which has been distributed to third parties, generally in exchange for a fee. It does not include (i) capital invested in such transactions by KKR investment funds and carry-yielding co-investment vehicles, which is instead reported in capital invested, (ii) debt capital that is arranged as part of the acquisition financing of transactions originated by KKR investment funds, and (iii) debt capital that is either underwritten or arranged on a best efforts basis. Syndicated capital is used as a measure of investment activity for KKR during a given period, and we believe that this measure is useful to stockholders as it provides additional insight into levels of syndication activity in KKR's Capital Markets business line and across KKR's investment platform.

Uncalled Commitments

Uncalled commitments is the aggregate amount of unfunded capital commitments that KKR’s investment funds and carry-paying co-investment vehicles have received from partners to contribute capital to fund future investments. We believe this measure is useful to stockholders as it provides additional insight into the amount of capital that is available to KKR’s investment funds to make future investments. Uncalled commitments are not reduced for investments completed using fund-level investment financing arrangements.

Unaudited Consolidated Results of Operations (GAAP Basis)

The following is a discussion of our consolidated results of operations for the three months ended September 30, 2020 and 2019. You should read this discussion in conjunction with the financial statements and related notes included elsewhere in this report. For a more detailed discussion of the factors that affected our non-GAAP operating results in these periods, see "—Analysis of Non-GAAP Operating Results." See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

	Three Months Ended		
	September 30, 2020	September 30, 2019	Change
	($ in thousands)		
Revenues			
Fees and Other	$ 563,340	$ 416,217	$ 147,123
Capital Allocation-Based Income (Loss)	1,331,898	374,268	957,630
Total Revenues	1,895,238	790,485	1,104,753
Expenses			
Compensation and Benefits	882,339	427,527	454,812
Occupancy and Related Charges	17,321	14,894	2,427
General, Administrative and Other	194,039	177,112	16,927
Total Expenses	1,093,699	619,533	474,166
Investment Income (Loss)			
Net Gains (Losses) from Investment Activities	2,284,602	(4,590)	2,289,192
Dividend Income	116,379	147,989	(31,610)
Interest Income	354,865	344,140	10,725
Interest Expense	(223,709)	(268,747)	45,038
Total Investment Income (Loss)	2,532,137	218,792	2,313,345
Income (Loss) Before Taxes	3,333,676	389,744	2,943,932
Income Tax Expense (Benefit)	359,375	53,132	306,243
Net Income (Loss)	2,974,301	336,612	2,637,689
Net Income (Loss) Attributable to Noncontrolling Interests	1,909,458	87,058	1,822,400
Net Income (Loss) Attributable to KKR & Co. Inc.	1,064,843	249,554	815,289
Series A Preferred Stock Dividends	5,822	5,822	—
Series B Preferred Stock Dividends	2,519	2,519	—
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	$ 1,056,502	$ 241,213	$ 815,289

Revenues

For the three months ended September 30, 2020 and 2019, revenues consisted of the following:

	Three Months Ended		
	September 30, 2020	September 30, 2019	Change
		($ in thousands)	
Management Fees	$ 254,467	$ 216,733	$ 37,734
Fee Credits	(89,487)	(57,470)	(32,017)
Transaction Fees	300,805	165,212	135,593
Monitoring Fees	28,824	27,546	1,278
Incentive Fees	63	—	63
Expense Reimbursements	44,553	34,356	10,197
Oil and Gas Revenue	6,687	11,264	(4,577)
Consulting Fees	17,428	18,576	(1,148)
Total Fees and Other	563,340	416,217	147,123
Carried Interest	1,077,932	335,219	742,713
General Partner Capital Interest	253,966	39,049	214,917
Total Capital Allocation-Based Income (Loss)	1,331,898	374,268	957,630
Total Revenues	$ 1,895,238	$ 790,485	$ 1,104,753

Total Fees and Other for the three months ended September 30, 2020 increased compared to the three months ended September 30, 2019 primarily as a result of the increase in transaction fees and management fees.

For a more detailed discussion of the factors that affected our transaction fees during the period, see "—Analysis of Non-GAAP Operating Results—Distributable Revenues."

The increase in management fees was primarily due to management fees earned from Asian Fund IV, Asia Pacific Infrastructure Investors and Next Generation Technology Growth Fund II, which entered their investment periods subsequent to September 30, 2019. These increases were partially offset by a decrease in management fees earned from Asian Fund III as it entered its post investment period in the third quarter of 2020.

Fee credits increased compared to the prior period as a result of a higher level of transaction fees in our Private Markets business line. Fee credits owed to consolidated investment funds are eliminated upon consolidation under GAAP. Transaction fees earned from KKR portfolio companies are not eliminated upon consolidation because those fees are earned from companies which are not consolidated. Furthermore, transaction fees earned in our Capital Markets business line are not shared with fund investors. Accordingly, certain transaction fees are reflected in revenues without a corresponding fee credit.

Capital Allocation-Based Income (Loss) for the three months ended September 30, 2020 increased compared to the three months ended September 30, 2019 primarily due to the higher level of net appreciation in the value of our investment portfolio resulting from the recovery in the financial markets that occurred in the three months ended September 30, 2020.

Compensation and Benefits Expenses

The increase in compensation and benefits expenses during the three months ended September 30, 2020 compared to the prior period was primarily due to (i) an increase in accrued carried interest compensation from the higher level of accrued carried interest as compared to the prior period and (ii) a higher level of cash compensation and benefits resulting from a higher level of fees. These increases were partially offset by lower equity-based compensation charges resulting from a decrease in the weighted average number of unvested shares outstanding.

General, Administrative and Other Expenses

The increase in general, administrative and other expenses during the three months ended September 30, 2020 compared to the prior period was primarily due to (i) strategic corporate transaction-related charges incurred in the third quarter of 2020 and (ii) a higher level of expenses reimbursable by investment funds. These increases were partially offset by (i) a decrease in corporate travel-related expenses as a result of the COVID-19 pandemic and (ii) a lower level of expenses that are creditable to our investment funds, in particular a lower level of broken-deal expense. The level of broken-deal expenses can vary significantly period to period based upon a number of factors, the most significant of which are the number of potential investments being pursued for our investment funds, the size and complexity of investments being pursued and the number of investment funds currently in their investment period.

Net Gains (Losses) from Investment Activities

The following is a summary of net gains (losses) from investment activities:

	Three Months Ended	
	September 30, 2020	September 30, 2019
	($ in thousands)	
Private Equity	$ 1,591,134	$ 54,487
Credit	315,459	(176,438)
Investments of Consolidated CFEs	392,287	(101,011)
Real Assets	251,599	(97,858)
Equity Method - Other	435,664	123,260
Other Investments	57,808	(74,505)
Debt Obligations and Other	(336,811)	65,013
Other Net Gains (Losses) from Investment Activities	(422,538)	202,462
Net Gains (Losses) from Investment Activities	$ 2,284,602	$ (4,590)

Net Gains (Losses) from Investment Activities for the three months ended September 30, 2020

The net gains from investment activities for the three months ended September 30, 2020 were comprised of net realized gains of $548.6 million and net unrealized gains of $1,736.0 million.

Investment gains and losses relating to our general partner capital interest in our unconsolidated funds are not reflected in our discussion and analysis of Net Gains (Losses) from Investment Activities. Our economics associated with these gains and losses are reflected in Capital Allocation-Based Income (Loss) as described above. For a discussion and analysis of the primary investment gains or losses relating to individual investments in our unconsolidated funds, see "—Analysis of Non-GAAP Operating Results—Distributable Revenues."

Realized Gains and Losses from Investment Activities

For the three months ended September 30, 2020, net realized gains related primarily to (i) the sale of our investment in The Hut Group Limited (LSE: THG), (ii) the sale of our investment in Ivalua SAS (technology sector) and (iii) a partial sale of our investment in Fiserv Inc. (NASDAQ: FISV). Partially offsetting these realized gains were realized losses primarily relating to our consolidated CLOs and special situations funds.

Unrealized Gains and Losses from Investment Activities

For the three months ended September 30, 2020, net unrealized gains were driven primarily by (i) mark-to-market gains in our private equity and core investments held by KKR and certain consolidated entities, the most significant of which were Arnott's Biscuits Limited (consumer products sector) and PetVet Care Centers, LLC (healthcare sector), and (ii) mark-to-market gains in certain investments held through our consolidated real asset funds and through our consolidated credit funds and CLOs. These unrealized gains were partially offset by the reversal of unrealized gain positions due to the sales of The Hut Group Limited and Ivalua SAS.

For a discussion of other factors that affected KKR's realized investment income, see "—Analysis of Non-GAAP Operating Results."

Net Gains (Losses) from Investment Activities for the three months ended September 30, 2019

The net gains from investment activities for the three months ended September 30, 2019 were comprised of net realized gains of $203.2 million and net unrealized losses of $(207.8) million.

Realized Gains and Losses from Investment Activities

For the three months ended September 30, 2019, net realized gains related primarily to realized gains on (i) the sales of assets in our consolidated special situations funds, (ii) the sale of our investment in Trainline PLC (LSE: TRN), and (iii) the sale of real estate investments held through certain consolidated entities.

Unrealized Gains and Losses from Investment Activities

For the three months ended September 30, 2019, unrealized losses were driven primarily by (i) mark-to-market losses in our growth equity investments held by KKR and certain consolidated entities, the most significant of which was BridgeBio Pharma, Inc. (NASDAQ: BBIO), (ii) reversal of previously recognized unrealized gains resulting from the sale of assets in our consolidated special situations funds, (iii) mark-to-market losses in our energy investments held through certain consolidated entities and (iv) mark-to-market losses on investments held at our India debt financing company. For more details regarding investments held at our India debt financing company, see "—Analysis of Non-GAAP Operating Results—Non-GAAP Balance Sheet Measures." Partially offsetting the unrealized losses above were unrealized gains relating to (i) mark-to-market gains in portfolio companies in our core investment strategy, the most significant of which were USI, Inc. (financial services sector), Exact Group B.V. (technology sector), and The Bay Clubs Company, LLC (hotels/leisure sector), (ii) mark-to-market gains on our investment in Fiserv, Inc., which is held in our funds and as a co-investment by KKR, and (iii) mark-to market gains on real estate investments held through certain consolidated entities.

For a discussion of other factors that affected KKR's realized investment income, see "—Analysis of Non-GAAP Operating Results."

Dividend Income

During the three months ended September 30, 2020, the most significant dividends received included $46.5 million from our consolidated real estate funds and $48.9 million from our investment in Epicor Software Corporation (technology sector). During the three months ended September 30, 2019, the most significant dividends received included $99.4 million from our investment in Fiserv, Inc. which is held as a co-investment by KKR, $7.3 million from our consolidated real estate funds and $6.7 million from our consolidated energy funds. Significant dividends from portfolio companies and consolidated funds are generally not recurring quarterly dividends, and while they may occur in the future, their size and frequency are variable. For a discussion of other factors that affected KKR's dividend income, see "—Analysis of Non-GAAP Operating Results—Distributable Revenues—Principal Activities —Realized Investment Income."

Interest Income

The increase in interest income during the three months ended September 30, 2020 compared to the three months ended September 30, 2019 was primarily due to (i) the interest income earned by the investments held in our Dislocation Opportunities Fund, (ii) the impact of closing additional consolidated CLOs subsequent to September 30, 2019 and (iii) an increase in interest income from certain of our consolidated direct lending funds, primarily related to an increase in the amount of capital deployed. Partially offsetting these increases was the lower level of interest income earned from loans held by KKR Real Estate Finance Trust Inc. ("KREF"), a NYSE-listed real estate investment trust.

For a discussion of other factors that affected KKR's interest income, see "—Analysis of Non-GAAP Operating Results—Distributable Revenues—Principal Activities—Realized Investment Income."

Interest Expense

The decrease in interest expense during the three months ended September 30, 2020 compared to the three months ended September 30, 2019 was primarily due to (i) a lower level of interest expense on debt obligations of the consolidated CLOs and KREF due to a decrease in interest rates subsequent to September 30, 2019 and (ii) the redemption of our $500 million aggregate principal amount of 6.375% Senior Notes due 2020 in the third quarter of 2019. The decrease was partially offset by the impact of multiple issuances of senior notes subsequent to September 30, 2019, including the issuance of $750 million aggregate principal amount of 3.500% Senior Notes due 2050. For a discussion of other factors that affected KKR's interest expense, see "—Analysis of Non-GAAP Operating Results—Distributable Expenses—Interest Expense."

Income (Loss) Before Taxes

Income before taxes for the three months ended September 30, 2020 increased compared to the prior period due primarily to a higher level of (i) net gains from investment activities and (ii) capital allocation-based income during the three months ended September 30, 2020. These increases were partially offset by an increase in accrued carried interest compensation.

Income Tax Expense (Benefit)

For the three months ended September 30, 2020, income tax expense was $359.4 million compared to $53.1 million for the prior period. Our effective tax rate under GAAP for the three months ended September 30, 2020 was 10.8%. For a discussion of factors that impacted KKR's tax provision, see Note 11 "Income Taxes" to the financial statements included elsewhere in this report.

Net Income (Loss) Attributable to Noncontrolling Interests

Net Income attributable to noncontrolling interests for the three months ended September 30, 2020 relates primarily to net income attributable to KKR Holdings representing its ownership interests in the KKR Group Partnership as well as third-party limited partner interests in those investment funds that we consolidate. Net income attributable to noncontrolling interests for the three months ended September 30, 2020 increased compared to the prior period due primarily to a higher level of net gains from investment activities recorded for the three months ended September 30, 2020, as described above.

Net Income (Loss) Attributable to KKR & Co. Inc.

Net income attributable to KKR & Co. Inc. for the three months ended September 30, 2020 increased compared to the prior period due primarily to a higher level of (i) net gains from investment activities and (ii) capital allocation-based income during the three months ended September 30, 2020. These increases were partially offset by an increase in accrued carried interest compensation and income tax expense, as described above.

Unaudited Consolidated Results of Operations (GAAP Basis)

The following is a discussion of our consolidated results of operations for the nine months ended September 30, 2020 and 2019. You should read this discussion in conjunction with the financial statements and related notes included elsewhere in this report. For a more detailed discussion of the factors that affected our non-GAAP operating results in these periods, see "—Analysis of Non-GAAP Operating Results." See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

	Nine Months Ended		
	September 30, 2020	September 30, 2019	Change
	($ in thousands)		
Revenues			
Fees and Other	$ 1,337,385	$ 1,308,206	$ 29,179
Capital Allocation-Based Income (Loss)	888,342	1,849,623	(961,281)
Total Revenues	2,225,727	3,157,829	(932,102)
Expenses			
Compensation and Benefits	1,211,526	1,581,056	(369,530)
Occupancy and Related Charges	51,222	46,777	4,445
General, Administrative and Other	491,327	529,278	(37,951)
Total Expenses	1,754,075	2,157,111	(403,036)
Investment Income (Loss)			
Net Gains (Losses) from Investment Activities	(179,033)	2,237,273	(2,416,306)
Dividend Income	295,047	187,744	107,303
Interest Income	1,040,052	1,068,378	(28,326)
Interest Expense	(725,245)	(782,601)	57,356
Total Investment Income (Loss)	430,821	2,710,794	(2,279,973)
Income (Loss) Before Taxes	902,473	3,711,512	(2,809,039)
Income Tax Expense (Benefit)	204,960	386,124	(181,164)
Net Income (Loss)	697,513	3,325,388	(2,627,875)
Net Income (Loss) Attributable to Noncontrolling Interests	206,225	1,843,781	(1,637,556)
Net Income (Loss) Attributable to KKR & Co. Inc.	491,288	1,481,607	(990,319)
Series A Preferred Stock Dividends	17,466	17,466	—
Series B Preferred Stock Dividends	7,557	7,557	—
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	$ 466,265	$ 1,456,584	$ (990,319)

Revenues

For the nine months ended September 30, 2020 and 2019, revenues consisted of the following:

	Nine Months Ended		
	September 30, 2020	September 30, 2019	Change
		($ in thousands)	
Management Fees	$ 696,892	$ 611,238	$ 85,654
Fee Credits	(185,746)	(252,809)	67,063
Transaction Fees	561,259	658,304	(97,045)
Monitoring Fees	86,875	79,621	7,254
Incentive Fees	731	—	731
Expense Reimbursements	100,779	121,157	(20,378)
Oil and Gas Revenue	21,054	36,714	(15,660)
Consulting Fees	55,541	53,981	1,560
Total Fees and Other	1,337,385	1,308,206	29,179
Carried Interest	626,338	1,581,045	(954,707)
General Partner Capital Interest	262,004	268,578	(6,574)
Total Capital Allocation-Based Income (Loss)	888,342	1,849,623	(961,281)
Total Revenues	$ 2,225,727	$ 3,157,829	$ (932,102)

Total Fees and Other for the nine months ended September 30, 2020 increased compared to the nine months ended September 30, 2019 primarily as a result of (i) an increase in management fees and (ii) a reduction in fee credits, partially offset by a decrease in transaction fees.

For a more detailed discussion of the factors that affected our transaction fees during the period, see "—Analysis of Non-GAAP Operating Results—Distributable Revenues."

The increase in management fees was primarily due to management fees earned from Next Generation Technology Growth Fund II, Asian Fund IV, and Asia Pacific Infrastructure Investors which entered their investment periods subsequent to September 30, 2019. These increases were partially offset by (i) a decrease in management fees earned from Asian Fund III as it entered its post investment period in the third quarter of 2020, in which it pays fees based on capital invested rather than capital committed and pays fees at a lower rate and (ii) a decrease in management fees earned from European Fund IV as it entered its post investment period in the second quarter of 2019, in which it pays fees based on capital invested rather than remaining commitments and capital invested during the investment period.

Fee credits decreased compared to the prior period as a result of a lower level of transaction fees in our Private Markets and Public Markets business lines. Fee credits owed to consolidated investment funds are eliminated upon consolidation under GAAP. Transaction fees earned from KKR portfolio companies are not eliminated upon consolidation because those fees are earned from companies which are not consolidated. Furthermore, transaction fees earned in our Capital Markets business line are not shared with fund investors. Accordingly, certain transaction fees are reflected in revenues without a corresponding fee credit.

Capital Allocation-Based Income (Loss) for the nine months ended September 30, 2020 decreased compared to the nine months ended September 30, 2019 primarily due to the lower overall appreciation in value of our investment portfolio driven by the impact of COVID-19 on the economic outlook and financial markets.

Compensation and Benefits Expenses

The decrease in compensation and benefits expenses during the nine months ended September 30, 2020 compared to the prior period was primarily due to (i) a decrease in carried interest compensation resulting from a lower level of appreciation in the value of our private equity portfolio as compared to the prior period and (ii) lower equity-based compensation charges resulting from a decrease in the weighted average number of unvested shares outstanding. Partially offsetting these decreases was a higher level of cash compensation and benefits resulting from a higher level of fees.

General, Administrative and Other Expenses

The decrease in general, administrative and other expenses for the nine months ended September 30, 2020 compared to the prior period was primarily due to a decrease in capital raising costs, corporate travel-related expenses and broken-deal expenses. Partially offsetting these decreases were strategic corporate transaction-related charges incurred in connection with the planned acquisition of Global Atlantic. The level of broken-deal expense can vary significantly period to period based upon a number of factors, the most significant of which are the number of potential investments being pursued for our investment funds, the size and complexity of investments being pursued and the number of investment funds currently in their investment period.

Net Gains (Losses) from Investment Activities

The following is a summary of net gains (losses) from investment activities:

	Nine Months Ended	
	September 30, 2020	September 30, 2019
	($ in thousands)	
Private Equity	$ 1,456,254	$ 2,005,568
Credit	(541,388)	(209,796)
Investments of Consolidated CFEs	(552,093)	182,596
Real Assets	(221,562)	18,782
Equity Method - Other	244,193	432,955
Other Investments	(597,787)	(146,036)
Debt Obligations and Other	303,261	(305,925)
Other Net Gains (Losses) from Investment Activities	(269,911)	259,129
Net Gains (Losses) from Investment Activities	$ (179,033)	$ 2,237,273

Net Gains (Losses) from Investment Activities for the nine months ended September 30, 2020

The net losses from investment activities for the nine months ended September 30, 2020 were comprised of net realized gains of $281.4 million and net unrealized losses of $(460.4) million.

Investment gains and losses relating to our general partner capital interest in our unconsolidated funds are not reflected in our discussion and analysis of Net Gains (Losses) from Investment Activities. Our economics associated with these gains and losses are reflected in Capital Allocation-Based Income (Loss) as described above. For a discussion and analysis of the primary investment gains or losses relating to individual investments in our unconsolidated funds, see "—Analysis of Non-GAAP Operating Results—Distributable Revenues."

Realized Gains and Losses from Investment Activities

For the nine months ended September 30, 2020, net realized gains related primarily to (i) the sale of our investment in Hut Group Limited, (ii) the sale of our investment in Ivalua SAS, (iii) a partial sale of our investment in BridgeBio Pharma, Inc. and (iv) a partial sale of our investment in Fiserv Inc. Partially offsetting these realized gains were realized losses primarily relating to (i) an $88.3 million impairment charge taken on one of our investments that is accounted for under the equity method of accounting, (ii) a realized loss on the partial sale of our investment in LCI Helicopters Limited (financial services sector) and (iii) realization of losses on certain investments held through consolidated CLOs.

Unrealized Gains and Losses from Investment Activities

For the nine months ended September 30, 2020, net unrealized losses were driven primarily by (i) the reversal of previously recognized unrealized gains relating to the realization activity described above (ii) mark-to-market losses on our investment in Fiserv, Inc., which is held in our funds and as a co-investment by KKR (iii) mark-to-market losses on investments held in consolidated credit, real estate and energy funds and (iv) mark-to-market losses on certain investments held through consolidated CLOs. Partially offsetting these unrealized losses were unrealized gains relating to (i) mark-to-market gains in our private equity, growth equity, and core investments held by KKR and certain consolidated entities, the most significant of which were FanDuel Inc. (technology sector), Arnott's Biscuits Limited and PetVet Care Centers, LLC.

For a discussion of other factors that affected KKR's realized investment income, see "—Analysis of Non-GAAP Operating Results."

Net Gains (Losses) from Investment Activities for the nine months ended September 30, 2019

The net gains from investment activities for the nine months ended September 30, 2019 were comprised of net realized gains of $407.1 million and net unrealized gains of $1,830.2 million.

Realized Gains and Losses from Investment Activities

For the nine months ended September 30, 2019, net realized gains related primarily to realized gains on (i) the sales of assets in our consolidated special situations funds, (ii) the sale of our investment in Trainline PLC, and (iii) the sale of our investment in Sedgwick Claims Management Services, Inc. (financial services sector). Partially offsetting these realized gains were realized losses, the most significant of which related to the sale of DoubleDutch, Inc. (technology sector).

Unrealized Gains and Losses from Investment Activities

For the nine months ended September 30, 2019, net unrealized gains were driven primarily by (i) mark-to-market gains on our investment in Fiserv, Inc., which is held in our funds and as a co-investment by KKR, (ii) mark-to-market gains in portfolio companies in our core investment strategy, the most significant of which were PetVet Care Centers, LLC, Heartland Dental LLC, (health care sector) and USI, Inc. and (iii) mark-to-market gains on our growth equity investments held by KKR and certain consolidated entities, the most significant of which was BridgeBio Pharma, Inc. Partially offsetting the unrealized gains above were unrealized losses relating to (i) mark-to-market losses in our energy investments held through certain consolidated entities, (ii) mark-to-market losses on investments held at our India debt financing company, and (iii) the reversal of previously recognized unrealized gains relating to the realization activity described above. For more details regarding investments held at our India debt financing company, see "—Analysis of Non-GAAP Operating Results—Non-GAAP Balance Sheet Measures."

Dividend Income

During the nine months ended September 30, 2020, the most significant dividends received included $128.8 million from our consolidated real estate funds, $62.5 million from our investment in Fiserv, Inc. and $48.9 million from our investment in Epicor Software Corporation. During the nine months ended September 30, 2019, the most significant dividends received included $99.4 million from our investment in Fiserv, Inc. which is held as a co-investment by KKR, $23.0 million from our consolidated real estate funds, $12.6 million from our consolidated special situations funds, and $12.3 million from our consolidated energy funds. Significant dividends from portfolio companies or consolidated funds are generally not recurring quarterly dividends, and while they may occur in the future, their size and frequency are variable. For a discussion of other factors that affected KKR's dividend income, see "—Analysis of Non-GAAP Operating Results—Distributable Revenues—Principal Activities Distributable Revenues—Realized Investment Income."

Interest Income

The decrease in interest income during the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 was primarily due to a lower level of interest earned from (i) investments held at our consolidated special situations funds and (ii) loans held by KREF. These decreases were partially offset by (i) the impact of closing additional consolidated CLOs subsequent to September 30, 2019 and (ii) an increase in interest income from certain of our consolidated direct lending funds, primarily related to an increase in the amount of capital deployed. For a discussion of other factors that affected KKR's interest income, see "—Analysis of Non-GAAP Operating Results—Distributable Revenues—Principal Activities Distributable Revenues—Realized Investment Income."

Interest Expense

The decrease in interest expense during the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 was primarily due to (i) a lower level of interest expense on debt obligations of the consolidated CLOs and KREF due to a decrease in interest rates subsequent to September 30, 2019 and (ii) the redemption of our $500 million aggregate principal amount of 6.375% Senior Notes due 2020 in the third quarter of 2019. These decreases were partially offset by the impact of multiple issuances of senior notes subsequent to September 30, 2019, including the issuance of $750 million aggregate principal amount of 3.500% Senior Notes due 2050. For a discussion of other factors that affected KKR's interest expense, see "—Analysis of Non-GAAP Operating Results—Distributable Expenses—Interest Expense."

Income (Loss) Before Taxes

The decrease in income before taxes during the nine months ended September 30, 2020 was due primarily to (i) a lower level of net investment income and (ii) a lower level of capital allocation-based income. These decreases were partially offset by (i) lower accrued carried interest compensation, (ii) lower level of General, Administrative and Other Expenses and (iii) an increase in management fees, in each case as described above.

Income Tax Expense (Benefit)

For the nine months ended September 30, 2020, income tax expense was $204.9 million compared to $386.1 million for the prior period. Our effective tax rate under GAAP for the nine months ended September 30, 2020 was 22.7%. For a discussion of factors that impacted KKR's tax provision, see Note 11 "Income Taxes" to the financial statements included elsewhere in this report.

Net Income (Loss) Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the nine months ended September 30, 2020 relates primarily to net income attributable to KKR Holdings representing its ownership interests in the KKR Group Partnership as well as third-party limited partner interests in those investment funds that we consolidate. The decrease from the prior period is due primarily to (i) net losses recorded for the nine months ended September 30, 2020 by certain consolidated fund entities that are attributable to third-party limited partners and (ii) lower net income attributable to KKR Holdings in connection with a lower level of income recognized for the nine months ended September 30, 2020.

Net Income (Loss) Attributable to KKR & Co. Inc.

The decrease in net income attributable to KKR & Co. Inc. for the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019, was primarily due to (i) lower level of net investment income and (ii) lower accrued carried interest. These decreases were partially offset by (i) lower accrued carried interest compensation, (ii) lower level of General, Administrative and Other Expenses and (iii) an increase in management fees, in each case as described above.

Unaudited Consolidated Statements of Financial Condition (GAAP Basis)

The following table provides the Consolidated Statements of Financial Condition on a GAAP basis as of September 30, 2020 and December 31, 2019.

(Amounts in thousands, except per share amounts)

	As of September 30, 2020	As of December 31, 2019
Assets		
Cash and Cash Equivalents	$ 4,363,105	$ 2,346,713
Investments	60,990,162	54,936,268
Other Assets	5,302,066	3,616,338
Total Assets	**$ 70,655,333**	**$ 60,899,319**
Liabilities and Equity		
Debt Obligations	$ 31,451,641	$ 27,013,284
Other Liabilities	5,160,062	3,383,661
Total Liabilities	**36,611,703**	**30,396,945**
Stockholders' Equity		
KKR & Co. Inc. Stockholders' Equity - Series A and B Preferred Stock	482,554	482,554
KKR & Co. Inc. Stockholders' Equity - Series C Mandatory Convertible Preferred Stock	1,115,792	—
KKR & Co. Inc. Stockholders' Equity - Series I and II Preferred Stock, Common Stock	10,599,310	10,324,936
Noncontrolling Interests	21,845,974	19,694,884
Total Equity	**34,043,630**	**30,502,374**
Total Liabilities and Equity	**$ 70,655,333**	**$ 60,899,319**
KKR & Co. Inc. Stockholders' Equity - Common Stock Per Outstanding Share of Common Stock	**$ 18.72**	**$ 18.44**

KKR & Co. Inc. Stockholders' Equity - Common Stock per Outstanding Share of Common Stock was $18.72 as of September 30, 2020, up from $18.44 as of December 31, 2019. The increase was primarily attributable to the net appreciation in the value of our investment portfolio that is attributable to KKR & Co. Inc. net of dividends to common stockholders.

Unaudited Consolidated Statements of Cash Flows (GAAP Basis)

The accompanying consolidated statements of cash flows include the cash flows of our consolidated entities which include certain consolidated investment funds and CFEs notwithstanding the fact that we may hold only a minority economic interest in those investment funds and CFEs.

The assets of our consolidated investment funds and CFEs, on a gross basis, can be substantially larger than the assets of our business and, accordingly, could have a substantial effect on the cash flows reflected in our consolidated statements of cash flows. The primary cash flow activities of our consolidated funds and CFEs involve: (i) capital contributions from fund investors; (ii) using the capital of fund investors to make investments; (iii) financing certain investments with indebtedness; (iv) generating cash flows through the realization of investments; and (v) distributing cash flows from the realization of investments to fund investors. Because our consolidated funds are treated as investment companies for accounting purposes, certain of these cash flow amounts are included in our cash flows from operations.

Net Cash Provided (Used) by Operating Activities

Our net cash provided (used) by operating activities was $(4.1) billion and $(3.5) billion during the nine months ended September 30, 2020 and 2019, respectively. These amounts primarily included: (i) proceeds from investments net of investments purchased of $(4.4) billion and $(4.0) billion during the nine months ended September 30, 2020 and 2019, respectively; (ii) net realized gains (losses) on investments of $281.4 million and $407.1 million during the nine months ended September 30, 2020 and 2019, respectively; (iii) change in unrealized gains (losses) on investments of $(0.5) billion and $1.8 billion during the nine months ended September 30, 2020 and 2019, respectively; and (iv) capital allocation-based income (loss) of $0.9 billion and $1.8 billion during the nine months ended September 30, 2020 and 2019, respectively. Investment funds are, for GAAP purposes, investment companies and reflect their investments and other financial instruments at fair value.

Net Cash Provided (Used) by Investing Activities

Our net cash provided (used) by investing activities was $(111.5) million and $(163.8) million during the nine months ended September 30, 2020 and 2019, respectively. Our investing activities included: (i) the purchase of fixed assets of $(100.3) million and $(160.6) million during the nine months ended September 30, 2020 and 2019, respectively and (ii) development of oil and natural gas properties of $(11.1) million and $(3.2) million for the nine months ended September 30, 2020 and 2019, respectively.

Net Cash Provided (Used) by Financing Activities

Our net cash provided (used) by financing activities was $6.9 billion and $4.7 billion during the nine months ended September 30, 2020 and 2019, respectively. Our financing activities primarily included: (i) distributions to, net of contributions by, our noncontrolling interests of $2.2 billion and $1.0 billion during the nine months ended September 30, 2020 and 2019, respectively; (ii) proceeds received net of repayment of debt obligations of $4.2 billion and $4.0 billion during the nine months ended September 30, 2020 and 2019, respectively; (iii) common stock dividends of $(220.5) million and $(202.7) million during the nine months ended September 30, 2020 and 2019, respectively; (iv) net delivery of common stock of $(40.6) million and $(53.4) million during the nine months ended September 30, 2020 and 2019, respectively; (v) repurchases of common stock of $(246.2) million and $(28.6) million during the nine months ended September 30, 2020 and 2019, respectively; (vi) Series A and B Preferred Stock dividends of $(25.0) million during each of the nine months ended September 30, 2020 and 2019 and (vii) issuance of Series C Mandatory Convertible Preferred Stock (net of issuance costs) of $1.1 billion during the nine months ended September 30, 2020.

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Analysis of Non-GAAP Operating Results

The following is a discussion of the results of our business on a non-GAAP basis for the three and nine months ended September 30, 2020 and 2019. You should read this discussion in conjunction with the information included under "—Basis of Accounting—Key Non-GAAP and Other Operating and Performance Measures" and the financial statements and related notes included elsewhere in this report. See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

The following tables set forth information regarding KKR's operating results and certain key operating metrics as of and for the three months ended September 30, 2020 and 2019:

DISTRIBUTABLE REVENUES

	Three Months Ended		
	September 30, 2020	**September 30, 2019**	**Change**
		($ in thousands)	
Distributable Revenues			
Fees and Other, Net			
Management Fees	$ 359,831	$ 314,793	$ 45,038
Transaction Fees	300,645	164,892	135,753
Monitoring Fees	28,824	27,546	1,278
Fee Credits	(115,442)	(61,308)	(54,134)
Total Fees and Other, Net	**573,858**	**445,923**	**127,935**
Realized Performance Income (Loss)			
Carried Interest	217,978	296,344	(78,366)
Incentive Fees	16,223	11,184	5,039
Total Realized Performance Income (Loss)	**234,201**	**307,528**	**(73,327)**
Realized Investment Income (Loss)			
Net Realized Gains (Losses)	172,224	26,529	145,695
Interest Income and Dividends	88,191	183,705	(95,514)
Total Realized Investment Income (Loss)	**260,415**	**210,234**	**50,181**
Total Distributable Revenues	**$ 1,068,474**	**$ 963,685**	**$ 104,789**

DISTRIBUTABLE EXPENSES

	Three Months Ended		
	September 30, 2020	**September 30, 2019**	**Change**
		($ in thousands)	
Distributable Expenses			
Compensation and Benefits [(1)]	$ 427,396	$ 385,237	$ 42,159
Occupancy and Related Charges	13,639	14,141	(502)
Other Operating Expenses	76,163	77,532	(1,369)
Total Distributable Expenses	**$ 517,198**	**$ 476,910**	**$ 40,288**

AFTER-TAX DISTRIBUTABLE EARNINGS

	Three Months Ended		
	September 30, 2020	**September 30, 2019**	**Change**
		($ in thousands)	
After-tax Distributable Earnings			
(+) Total Distributable Revenues	$ 1,068,474	$ 963,685	$ 104,789
(-) Total Distributable Expenses	517,198	476,910	40,288
(=) Total Distributable Operating Earnings	**551,276**	**486,775**	**64,501**
(-) Interest Expense	54,458	48,326	6,132
(-) Series A and B Preferred Dividends	8,341	8,341	—
(-) Income (Loss) Attributable to Noncontrolling Interests	2,709	881	1,828

(-) Income Taxes Paid		75,413		40,429		34,984
After-tax Distributable Earnings	**$**	**410,355**	**$**	**388,798**	**$**	**21,557**

(1) Includes equity-based compensation of $42.5 million and $54.4 million for the three months ended September 30, 2020 and 2019, respectively.

Distributable Revenues

The following sections discuss distributable revenues for each of our business lines on a disaggregated basis for the three months ended September 30, 2020 and 2019.

Private Markets

The following table presents Fees and Other, Net, and Realized Performance Income (Loss) in the Private Markets business line for the three months ended September 30, 2020 and 2019:

	Three Months Ended		
	September 30, 2020	September 30, 2019	Change
	($ in thousands)		
Fees and Other, Net			
Management Fees	$ 241,788	$ 202,632	$ 39,156
Transaction Fees	133,943	63,580	70,363
Monitoring Fees	28,824	27,546	1,278
Fee Credits	(107,275)	(44,625)	(62,650)
Total Fees and Other, Net	**$ 297,280**	**$ 249,133**	**$ 48,147**
Realized Performance Income (Loss)			
Carried Interest	$ 217,978	$ 281,494	$ (63,516)
Incentive Fees	701	—	701
Total Realized Performance Income (Loss)	**$ 218,679**	**$ 281,494**	**$ (62,815)**

Fees and Other, Net

The increase for the three months ended September 30, 2020 as compared to the three months ended September 30, 2019 was primarily due to an increase in management fees and transaction fees, net of associated fee credits.

The increase in management fees was primarily due to management fees earned from Asian Fund IV, Next Generation Technology Growth Fund II and Asia Pacific Infrastructure Investors, which entered their investment periods subsequent to September 30, 2019. These increases were partially offset by a decrease in management fees earned from Asian Fund III as it entered its post-investment period in the third quarter of 2020. During Asian Fund III's post-investment period, we earn fees based on capital invested rather than capital committed and at a lower fee rate.

The increase in transaction fees was primarily attributable to an increase in the average size of transaction fees earned. During the three months ended September 30, 2020, there were 19 transaction fee-generating investments that paid an average fee of $7.0 million compared to 20 transaction fee-generating investments that paid an average fee of $3.2 million during the three months ended September 30, 2019. For the three months ended September 30, 2020, approximately 57% of these transaction fees were paid by companies in Europe, 39% were paid from companies in the Asia-Pacific region, and 4% of these transaction fees were paid from companies located in North America. Transaction fees vary by investment based upon a number of factors, the most significant of which are transaction size, the particular agreements as to the amount of the fees, the complexity of the transaction, and KKR's role in the transaction. Additionally, transaction fees are generally not earned with respect to energy and real estate investments. The increase in fee credits is due primarily to a greater level of transaction fees which are shared with fund investors.

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Realized Performance Income (Loss)

The following table presents realized carried interest by investment vehicle for the three months ended September 30, 2020 and 2019:

	Three Months Ended September 30,	
	2020	2019
	($ in thousands)	
Co-Investment Vehicles and Other	$ 76,950	$ 12,876
2006 Fund	55,846	78,475
North America Fund XI	42,807	96,910
European Fund IV	27,980	32,138
Next Generation Technology Growth Fund	13,964	—
Asian Fund	431	—
Asian Fund II	—	56,633
Real Estate Partners Americas	—	3,703
China Growth fund	—	759
Total Realized Carried Interest [(1)]	**$ 217,978**	**$ 281,494**

(1) The above table excludes any funds for which there was no realized carried interest during both of the periods presented.

Realized carried interest for the three months ended September 30, 2020 consisted primarily of (i) realized gains from the sale of our investment in The Hut Group Limited and a partial sale of our investment in SoftwareOne Holding AG (technology sector) and (ii) dividends received from our investment in Epicor Software Corporation.

Realized carried interest for the three months ended September 30, 2019 consisted primarily of dividends received from our investment in Fiserv, Inc., and realized gains from the final sales of our investment in PRA Health Sciences, Inc. (NASDAQ: PRAH) and National Vision Holdings, Inc.(NASDAQ: EYE), and the partial sale of our investment in Trainline PLC.

Public Markets

The following table presents Fees and Other, Net, and Realized Performance Income (Loss) in the Public Markets business line for the three months ended September 30, 2020 and 2019:

	Three Months Ended		
	September 30, 2020	September 30, 2019	Change
		($ in thousands)	
Fees and Other, Net			
Management Fees	$ 118,043	$ 112,161	$ 5,882
Transaction Fees	8,436	17,313	(8,877)
Fee Credits	(8,167)	(16,683)	8,516
Total Fees and Other, Net	**$ 118,312**	**$ 112,791**	**$ 5,521**
Realized Performance Income (Loss)			
Carried Interest	$ —	$ 14,850	$ (14,850)
Incentive Fees	15,522	11,184	4,338
Total Realized Performance Income (Loss)	**$ 15,522**	**$ 26,034**	**$ (10,512)**

Fees and Other, Net

The increase for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 was primarily due to an increase in management fees.

The increase in management fees was primarily attributable to management fees earned from the issuance of new CLOs subsequent to September 30, 2019 and greater overall FPAUM at our direct lending and leveraged credit strategies.

The decrease in transaction fees was primarily attributable to a decrease in both the number and average size of transaction fees earned during the period. During the three months ended September 30, 2020, there were 7 transaction fee generating investments that paid an average fee of $1.2 million, compared to 10 transaction fee generating investments that paid an average fee of $1.7 million during the three months ended September 30, 2019. Transaction fees vary by investment based upon a number of factors, the most significant of which are transaction size, the particular agreements as to the amount of the fees, the complexity of the transaction, and KKR's role in the transaction. The decrease in fee credits is due primarily to a lower level of transaction fees which are shared with fund investors.

Realized Performance Income (Loss)

The decrease for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 was primarily attributable to no realized carried interest earned from our Public Markets investments funds, partially offset by a higher level of incentive fees earned from our hedge fund partnership, Marshall Wace, during the three months ended September 30, 2020.

Capital Markets

The following table presents Transaction Fees in the Capital Markets business line for the three months ended September 30, 2020 and 2019:

	Three Months Ended		
	September 30, 2020	**September 30, 2019**	**Change**
		($ in thousands)	
Transaction Fees	**$ 158,266**	**$ 83,999**	**$ 74,267**

The increase in transaction fees was primarily due to an increase in the average size of capital markets transactions for the three months ended September 30, 2020, compared to the three months ended September 30, 2019. Overall, we completed 47 capital markets transactions for the three months ended September 30, 2020, of which 12 represented equity offerings and 35 represented debt offerings, as compared to 48 transactions for the three months ended September 30, 2019, of which 9 represented equity offerings and 39 represented debt offerings. We earned fees in connection with underwriting, syndication and other capital markets services. While each of the capital markets transactions that we undertake in this business line is separately negotiated, our fee rates are generally higher with respect to underwriting or syndicating equity offerings than with respect to debt offerings, and the amount of fees that we earn for similar transactions generally correlates with overall transaction sizes.

Our capital markets fees are generated in connection with our Private Markets and Public Markets business lines as well as from third-party companies. For the three months ended September 30, 2020, approximately 10% of our transaction fees were earned from unaffiliated third parties as compared to approximately 25% for the three months ended September 30, 2019. Our transaction fees are comprised of fees earned from North America, Europe, and the Asia-Pacific region. For the three months ended September 30, 2020, approximately 78% of our transaction fees were generated outside of North America as compared to approximately 43% for the three months ended September 30, 2019. Our Capital Markets business line is dependent on the overall capital markets environment, which is influenced by equity prices, credit spreads, and volatility. Our Capital Markets business line does not generate management or monitoring fees.

Principal Activities

The following table presents Realized Investment Income (Loss) in the Principal Activities business line for the three months ended September 30, 2020 and 2019:

	Three Months Ended		
	September 30, 2020	**September 30, 2019**	**Change**
		($ in thousands)	
Realized Investment Income (Loss)			
Net Realized Gains (Losses)	$ 172,224	$ 26,529	$ 145,695
Interest Income and Dividends	88,191	183,705	(95,514)
Total Realized Investment Income (Loss)	**$ 260,415**	**$ 210,234**	**$ 50,181**

Realized Investment Income (Loss)

The increase in realized investment income for the three months ended September 30, 2020 compared to the prior period is primarily due to a higher level of net realized gains, partially offset by a decrease in interest income and dividends. The amount of realized investment income (loss) depends on the transaction activity of our funds and balance sheet, which can vary from period to period.

For the three months ended September 30, 2020, net realized gains were comprised of realized gains primarily from the sale of our Private Markets investments in The Hut Group Limited and Ivalua SAS, and the partial sale of our investment in Fiserv, Inc. Partially offsetting these realized gains were realized losses, the most significant of which was a realized loss on our investment in Yorktown Center (real estate).

For the three months ended September 30, 2019, net realized gains were comprised of realized gains primarily from the sale of our Private Markets investments including the sales or partial sales of our investment in PRA Health Sciences, Inc., Trainline PLC, and National Vision Holdings, Inc., and from the sale of certain investments in our special situations funds. Partially offsetting these realized gains were realized losses, the most significant of which was a realized loss on Santanol Pty Ltd. (forestry sector).

For the three months ended September 30, 2020, interest income and dividends were comprised of (i) $57.1 million of dividend income from our investment in Epicor Software Corporation and distributions received through our real estate investments including our investment in KREF and (ii) $31.1 million of interest income from our investments held at our Capital Markets business line, investments in CLOs and our cash balances.

For the three months ended September 30, 2019, interest income and dividends were comprised of (i) $117.0 million of dividend income from our investment in Fiserv, Inc. and $34.8 million of dividend income from distributions received primarily through our real estate investments including our investment in KREF and (ii) $31.9 million of interest income which consists primarily of interest that is received from our Public Markets investments including CLOs and other credit investments and to a lesser extent our cash balances and investments held at our India debt finance company which included a reversal of interest income on certain investments as a result of an increase in non-performing loans.

See "—Analysis of Non-GAAP Operating Results—Non-GAAP Balance Sheet Measures."

We expect realized performance income and realized investment income to be greater than $250 million in the fourth quarter of 2020 relating to realized incentive fees from Marshall Wace and realized performance fees and realized investment income from completed, or signed and expected to be completed sales, partial sales or secondary sales subsequent to September 30, 2020 with respect to certain private equity portfolio companies and other investments. Some of these transactions are not complete, and are subject to the satisfaction of closing conditions, including but not limited to regulatory approvals; there can be no assurance if or when any of these transactions will be completed.

On January 1, 2020, KKR Capstone was acquired by KKR and became a wholly-owned subsidiary of KKR. For GAAP purposes, KKR Capstone was consolidated prior to January 1, 2020 and as such the fees and expenses attributable to KKR Capstone were included in KKR's consolidated revenues and expenses. Additionally, prior to January 1, 2020, KKR excluded the results of KKR Capstone from KKR's non-GAAP financial measures since KKR presents these financial measures prior to giving effect to the consolidation of certain entities that are not legal subsidiaries of KKR.

Following this acquisition, KKR's after-tax distributable earnings includes the net income (loss) from KKR Capstone within realized investment income (loss). For the quarter ended September 30, 2020, total fees attributable to KKR Capstone were $17.4 million and total expenses attributable to KKR Capstone were $14.4 million. For KKR Capstone-related adjustments in reconciling distributable revenues and distributable expenses to GAAP revenues and expenses, respectively, see "—Non-GAAP Balance Sheet Measures—Reconciliations to GAAP Measures".

Distributable Expenses

Compensation and Benefits

The increase for the three months ended September 30, 2020 compared to the prior period is primarily due to higher compensation expense recorded in connection with the higher level of total distributable revenues. Equity-based compensation charges were lower compared to the prior period resulting from a decrease in the weighted average number of unvested shares outstanding.

Occupancy and Other Operating Expenses

The decrease for the three months ended September 30, 2020 compared to the prior period is primarily due to a lower level of expenses that are creditable to our investment funds, in particular a lower level of broken-deal expenses as well as a decrease in travel related expenses as a result of the COVID-19 pandemic. These decreases were partially offset by a higher level of professional fees and other administrative costs in connection with the growth of the firm. The level of broken-deal expenses can vary significantly period to period based upon a number of factors, the most significant of which are the number of potential investments being pursued for our investment funds, the size and complexity of investments being pursued and the number of investment funds currently in their investment period.

Other Components of After-tax Distributable Earnings

Interest Expense

For the three months ended September 30, 2020 and 2019, interest expense relates primarily to the senior notes outstanding for KKR and KFN. The increase in interest expense for the three months ended September 30, 2020 compared to the prior period is due primarily to the issuances of (i) $500 million aggregate principal amount of 3.625% Senior Notes due 2050, (ii) $250 million aggregate principal amount of $3.750% Senior Notes due 2029 and (iii) $750 million aggregate principal amount of 3.500% Senior Notes due 2050 subsequent to September 30, 2019. This increase was partially offset by the redemption of our $500 million aggregate principal amount of 6.375% Senior Notes due 2020 in the third quarter of 2019.

Income Taxes Paid

The increase in income taxes paid is primarily due to a higher level of total distributable operating earnings.

After-tax Distributable Earnings

The increase in after-tax distributable earnings for the three months ended September 30, 2020 compared to the prior period was due primarily to a higher level of distributable revenues, partially offset by an increase in distributable expenses, interest expense and income taxes paid.

Other Operating and Performance Measures

The following table presents certain key operating and performance metrics as of September 30, 2020 and June 30, 2020:

	As of		
	September 30, 2020	June 30, 2020	Change
		($ in thousands)	
Assets Under Management	$ 233,808,800	$ 221,756,700	$ 12,052,100
Fee Paying Assets Under Management	$ 177,290,200	$ 160,329,800	$ 16,960,400
Uncalled Commitments	$ 67,077,600	$ 66,818,800	$ 258,800

The following table presents one of our key performance metrics for the three months ended September 30, 2020 and 2019:

	Three Months Ended		
	September 30, 2020	September 30, 2019	Change
		($ in thousands)	
Capital Invested and Syndicated Capital	$ 10,019,100	$ 5,043,800	$ 4,975,300

Assets Under Management

Private Markets

The following table reflects the changes in our Private Markets AUM from June 30, 2020 to September 30, 2020:

	($ in thousands)
June 30, 2020	$ 124,828,200
New Capital Raised	5,754,000
Distributions and Other	(2,447,100)
Change in Value	7,623,400
September 30, 2020	$ 135,758,500

AUM for the Private Markets business line was $135.8 billion at September 30, 2020, an increase of $11.0 billion, compared to $124.8 billion at June 30, 2020.

The increase was primarily attributable to an increase in value of our Private Markets portfolio and new capital raised in Asian Fund IV, Real Estate Partners Americas III, and various real asset co-investment vehicles. These increases were partially offset by distributions to Private Markets fund investors, primarily as a result of realizations, most notably in North America Fund XI, 2006 Fund, European Fund IV, and Asian Fund II.

The increase in the value of our Private Markets portfolio was driven primarily by net gains of $2.3 billion in Americas Fund XII, $1.1 billion in North America Fund XI, $0.6 billion in our core investment strategy, $0.5 billion in 2006 Fund, and $0.4 billion in both European Fund V and Asian Fund III.

For the three months ended September 30, 2020, the value of our private equity investment portfolio increased 12.4%. This was comprised of a 13.7% increase in value of our privately held investments and a 7.1% increase in share prices of various publicly held or publicly indexed investments. See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

The most significant increase in value of our privately held investments related to AppLovin Corporation (technology sector), The Nature's Bounty Co. (consumer products sector), and Inkling Holdings LLC (media sector). These increases in value were partially offset by decreases in value relating primarily to Ticket Monster Inc. (technology sector), Novaria Group (industrial sector), and The Bay Clubs Company, LLC. The increased valuations of individual companies in our privately held investments, in the aggregate, generally related to an increase in the value of market comparables and individual company performance. The decreased valuations of individual companies in our privately held investments, in the aggregate, generally related to (i) an unfavorable business outlook and (ii) a decrease in the value of market comparables, both influenced from the impact of COVID-19 on the economic outlook and overall market environment.

The most significant increases in share prices of various publicly held or publicly indexed investments were increases in Fiserv, Inc., Ingersoll Rand Inc. (NYSE: IR), and Max Healthcare Institute Limited (NSE: MAXHEALTH). These increases were partially offset by decreases in share prices of various publicly held investments, the most significant of which were decreases in Fujian Sunner Development Co. Ltd. (SZ: 002299) and Bharti Infratel (BHIN:IN).

For the three months ended September 30, 2019, the value of our private equity investment portfolio increased 2.7%. This was comprised of a 3.1% increase in shares prices of various publicly held or publicly indexed investments and a 2.6% increase in value of our privately held investments.

The most significant increases in share prices of various publicly held or publicly indexed investments were increases in Fiserv, Inc., Sonos, Inc. (NASDAQ: SONO), and Laureate Education, Inc. (NASDAQ: LAUR). These increases were partially offset by decreases in share prices of various publicly held investments, the most significant of which were decreases in Gardner Denver Holdings, Inc. (renamed Ingersoll Rand Inc. in connection with the merger transaction with Ingersoll Rand Inc.), BrightView Holdings, Inc. (NYSE: BV), and Fujian Sunner Development Co. Ltd.

The most significant increases in value of our privately held investments related to KCF Technologies Co. Ltd. (industrial sector), Internet Brands, Inc. (technology sector), and Kokusai Electric Corporation (manufacturing sector). These increases in value on our privately held investments were partially offset by decreases in value relating primarily to Envision Healthcare Corporation (healthcare sector), our energy income and growth portfolio, and A-Gas Limited (services sector). The increased valuations of individual companies in our privately held investments, in the aggregate, generally related to (i) individual company performance and (ii) an increase in the value of market comparables, and with respect to KCF Technologies Co. Ltd. and Kokusai Electric Corporation, increases in valuation reflecting agreements to exit these investments. The consummation of such exits are subject to the satisfaction or waiver of closing conditions, the satisfaction or waiver of which cannot be guaranteed. The decreased valuations of individual companies in our privately held investments, in the aggregate, generally related to individual company performance or, in certain cases, an unfavorable business outlook.

Certain investments included in our AUM are denominated in currencies other than the U.S. dollar. Those investments expose our AUM to the risk that the value of the investments will be affected by changes in exchange rates between the currency in which the investments are denominated and the currency in which the investments are made. We generally seek to reduce these risks by employing hedging transactions in connection with certain investments, including using foreign currency options and foreign exchange forward contracts to reduce exposure to changes in exchange rates when a meaningful amount of capital has been invested in currencies other than the currencies in which the investments are denominated. We do not, however, hedge our currency exposure in all currencies or for all investments. See "Quantitative and Qualitative Disclosures about Market Risk—Exchange Rate Risk" and "Risk Factors—Risks Related to the Assets We Manage—We make investments in companies that are based outside of the United States, which may expose us to additional risks not typically associated with investing in companies that are based in the United States" in our Annual Report.

Public Markets

The following table reflects the changes in our Public Markets AUM from June 30, 2020 to September 30, 2020:

	($ in thousands)
June 30, 2020	$ 96,928,500
New Capital Raised	2,916,700
Distributions and Other	(1,385,400)
Redemptions	(4,270,300)
Change in Value	3,860,800
September 30, 2020	$ 98,050,300

AUM in our Public Markets business line totaled $98.1 billion at September 30, 2020, an increase of $1.2 billion compared to $96.9 billion at June 30, 2020. The increase was primarily due to (i) an increase in the value of our Public Markets portfolio and (ii) new capital raised across multiple strategies. Partially offsetting these increases were redemptions, primarily in our hedge fund partnerships and distributions to our fund investors.

The increase in new capital raised came from multiple strategies, most notably $0.9 billion in our hedge fund partnerships, $0.8 billion in alternative credit strategies, and $0.7 billion in CLOs and certain other leveraged credit strategies.

The increase in the value of our Public Markets portfolio was driven primarily by net gains of $1.8 billion in our hedge fund partnerships, $1.1 billion in certain leveraged credit strategies, and $0.7 billion in alternative credit strategies. Partially offsetting these increases were redemptions and distributions, most notably $3.8 billion of redemptions from our hedge fund partnerships. See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

Fee Paying Assets Under Management

Private Markets

The following table reflects the changes in our Private Markets FPAUM from June 30, 2020 to September 30, 2020:

	($ in thousands)
June 30, 2020	$ 77,356,100
New Capital Raised	15,370,800
Distributions and Other	(771,900)
Net Changes in Fee Base of Certain Funds	(2,177,800)
Change in Value	573,800
September 30, 2020	$ 90,351,000

FPAUM in our Private Markets business line was $90.4 billion at September 30, 2020, an increase of $13.0 billion, compared to $77.4 billion at June 30, 2020.

The increase was primarily attributable to new capital raised of $12.0 billion in Asian Fund IV, $2.0 billion in our real assets funds and $0.9 billion in our core investment strategy. This increase was partially offset by (i) net changes in the fee base of Asian Fund III as a result of it entering into its post-investment period, during which we earn fees on invested capital rather than committed capital, and (ii) distributions relating to realizations in North America Fund XI, 2006 Fund, and Asian Fund II.

Uncalled capital commitments from Private Markets investment funds from which KKR is currently not earning management fees amounted to approximately $12.8 billion at September 30, 2020, which includes capital commitments reserved for follow-on investments for funds that have completed their investment periods. This capital will generally begin to earn management fees upon deployment of the capital or upon the commencement of the fund's investment period. The average annual management fee rate associated with this capital is approximately 1.1%. We will not begin earning fees on this capital until it is deployed or the related investment period commences, neither of which is guaranteed to occur. If and when such management fees are earned, which will occur over an extended period of time, a portion of existing FPAUM may cease paying fees or pay lower fees, thus offsetting a portion of any new management fees earned.

Public Markets

The following table reflects the changes in our Public Markets FPAUM from June 30, 2020 to September 30, 2020:

	($ in thousands)
June 30, 2020	$ 82,973,700
New Capital Raised	3,194,200
Distributions and Other	(660,900)
Redemptions	(1,828,800)
Change in Value	3,261,000
September 30, 2020	$ 86,939,200

FPAUM in our Public Markets business line was $86.9 billion at September 30, 2020, an increase of $3.9 billion, compared to $83.0 billion at June 30, 2020. The increase was primarily due to (i) an increase in the value of our Public Markets portfolio and (ii) new capital raised across multiple strategies. Partially offsetting these increases were redemptions primarily in our hedge fund partnerships and distributions to fund investors.

The increase in new capital raised came from multiple strategies, most notably $1.0 billion in alternative credit strategies, $0.9 billion in our hedge fund partnerships, and $0.7 billion in both certain leveraged credit strategies and CLOs. These increases were partially offset by redemptions and distributions, most notably $1.4 billion of redemptions from our hedge fund partnerships.

The increase in the value of our Public Markets portfolio was driven primarily by net gains of $1.8 billion in our hedge fund partnerships and $1.1 billion in certain leveraged credit strategies. See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

Uncalled capital commitments from Public Markets investment funds from which KKR is currently not earning management fees amounted to approximately $7.1 billion at September 30, 2020. This capital will generally begin to earn management fees upon deployment of the capital or upon the commencement of the fund's investment period. The average annual management fee rate associated with this capital is approximately 0.9%. We will not begin earning fees on this capital until it is deployed or the related investment period commences, neither of which is guaranteed to occur. If and when such management fees are earned, which will occur over an extended period of time, a portion of existing FPAUM may cease paying fees or pay lower fees, thus offsetting a portion of any new management fees earned.

Uncalled Commitments

Private Markets

As of September 30, 2020, our Private Markets business line had $56.2 billion of remaining uncalled capital commitments that could be called for investments in new transactions as compared to $55.4 billion as of June 30, 2020. The increase was primarily attributable to new capital raised, which was partially offset by capital called from fund investors to make investments during the period. See "—Analysis of Non-GAAP Operating Results—Other Operating and Performance Measures—Assets Under Management—Private Markets" for a detailed discussion on new capital raised for the three months ended September 30, 2020.

Public Markets

As of September 30, 2020, our Public Markets business line had $10.9 billion of remaining uncalled capital commitments that could be called for investments in new transactions, as compared to $11.4 billion as of June 30, 2020. The decrease was primarily attributable to capital called from fund investors to make investments during the period, which was partially offset by new capital raised in various alternative credit strategies.

Capital Invested and Syndicated Capital

Private Markets Capital Invested

For the three months ended September 30, 2020, Private Markets had $6.2 billion of capital invested as compared to $2.4 billion for the three months ended September 30, 2019. The increase was driven primarily by a $2.5 billion increase in capital invested in our private equity strategies (including core, growth equity, and impact investments) and a $1.3 billion increase in capital invested in our real asset strategies. Generally, the portfolio companies acquired through our private equity funds have higher transaction values and result in higher capital invested relative to transactions in our real assets funds. The number of large private equity investments made in any quarter is volatile and consequently, a significant amount of capital invested in one quarter or a few quarters may not be indicative of a similar level of capital deployment in future quarters. During the three months ended September 30, 2020, 58% of capital deployed in private equity, which includes core, growth equity, and impact investments, was in transactions in Europe, 38% was in the Asia-Pacific region, and 4% was in North America.

Public Markets Capital Invested

For the three months ended September 30, 2020, Public Markets had $1.7 billion of capital invested as compared to $2.0 billion for the three months ended September 30, 2019. The decrease was primarily due to a lower level of capital deployed in our direct lending strategies, partially offset by a higher level of capital deployed in our dislocation opportunities strategies. During the three months ended September 30, 2020, 59% of capital deployed was in transactions in Europe, 39% of capital deployed was North America, and 2% was in Asia-Pacific region.

Capital Markets Syndicated Capital

For the three months ended September 30, 2020, Capital Markets syndicated $2.1 billion of capital as compared to $0.7 billion for the three months ended September 30, 2019. The increase was primarily due to an increase in the size and number of syndication transactions in the three months ended September 30, 2020 as compared to the three months ended September 30, 2019. Overall, we completed six syndication transactions for the three months ended September 30, 2020 as compared to four

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syndications for the three months ended September 30, 2019. The size and frequency of syndication transactions depend in large part on market conditions and other factors that are unpredictable and outside our control, which may negatively impact the fees generated by our capital markets business from syndication transactions.

The following tables set forth information regarding KKR's operating results and certain key operating metrics as of and for the nine months ended September 30, 2020 and 2019.

DISTRIBUTABLE REVENUES

	Nine Months Ended		
	September 30, 2020	September 30, 2019	Change
	($ in thousands)		
Distributable Revenues			
Fees and Other, Net			
Management Fees	$ 1,024,450	$ 910,105	$ 114,345
Transaction Fees	560,404	655,421	(95,017)
Monitoring Fees	86,875	79,621	7,254
Fee Credits	(226,167)	(274,278)	48,111
Total Fees and Other, Net	**1,445,562**	**1,370,869**	**74,693**
Realized Performance Income (Loss)			
Carried Interest	924,974	838,608	86,366
Incentive Fees	36,913	52,485	(15,572)
Total Realized Performance Income (Loss)	**961,887**	**891,093**	**70,794**
Realized Investment Income (Loss)			
Net Realized Gains (Losses)	215,430	146,334	69,096
Interest Income and Dividends	280,474	312,969	(32,495)
Total Realized Investment Income (Loss)	**495,904**	**459,303**	**36,601**
Total Distributable Revenues	**$ 2,903,353**	**$ 2,721,265**	**$ 182,088**

DISTRIBUTABLE EXPENSES

	Nine Months Ended		
	September 30, 2020	September 30, 2019	Change
	($ in thousands)		
Distributable Expenses			
Compensation and Benefits [(1)]	$ 1,161,240	$ 1,088,552	$ 72,688
Occupancy and Related Charges	41,717	44,586	(2,869)
Other Operating Expenses	227,842	235,285	(7,443)
Total Distributable Expenses	**$ 1,430,799**	**$ 1,368,423**	**$ 62,376**

AFTER-TAX DISTRIBUTABLE EARNINGS

	Nine Months Ended		
	September 30, 2020	September 30, 2019	Change
	($ in thousands)		
After-tax Distributable Earnings			
(+) Total Distributable Revenues	$ 2,903,353	$ 2,721,265	$ 182,088
(-) Total Distributable Expenses	1,430,799	1,368,423	62,376
(=) Total Distributable Operating Earnings	**1,472,554**	**1,352,842**	**119,712**
(-) Interest Expense	152,676	139,315	13,361
(-) Series A and B Preferred Dividends	25,023	25,023	—
(-) Income (Loss) Attributable to Noncontrolling Interests	4,800	3,104	1,696
(-) Income Taxes Paid	198,763	155,237	43,526
After-tax Distributable Earnings	**$ 1,091,292**	**$ 1,030,163**	**$ 61,129**

(1) Includes equity-based compensation of $133.4 million and $157.9 million for the nine months ended September 30, 2020 and September 30, 2019, respectively.

Distributable Revenues

The following sections discuss distributable revenues for each of our business lines on a disaggregated basis for the nine months ended September 30, 2020 and 2019.

Private Markets

The following table presents Fees and Other, Net and Realized Performance Income (Loss) in the Private Markets business line for the nine months ended September 30, 2020 and 2019:

	Nine Months Ended		
	September 30, 2020	September 30, 2019	Change
	($ in thousands)		
Fees and Other, Net			
Management Fees	$ 682,269	$ 578,494	$ 103,775
Transaction Fees	236,289	298,893	(62,604)
Monitoring Fees	86,875	79,621	7,254
Fee Credits	(192,027)	(224,546)	32,519
Total Fees and Other, Net	**$ 813,406**	**$ 732,462**	**$ 80,944**
Realized Performance Income (Loss)			
Carried Interest	$ 889,334	$ 813,858	$ 75,476
Incentive Fees	2,723	1,485	1,238
Total Realized Performance Income (Loss)	**$ 892,057**	**$ 815,343**	**$ 76,714**

Fees and Other, Net

The increase for the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019 was primarily due to an increase in management fees, partially offset by a decrease in transaction fees, net of associated fee credits.

The increase in management fees was primarily due to (i) management fees earned from Next Generation Technology Growth Fund II, Asian Fund IV, and Asia Pacific Infrastructure Investors which entered their investment periods subsequent to September 30, 2019 and (ii) higher management fees earned from European Fund V in the current period since it entered its investment period in the second quarter of 2019. These increases were partially offset by (i) a decrease in management fees earned from Asian Fund III as it entered its post-investment period in the third quarter of 2020, in which it pays fees based on capital invested rather than capital committed and pays fees at a lower rate, and (ii) a decrease in management fees earned from European IV as it entered its post investment period in the second quarter of 2019, in which it pays fees based on capital invested rather than remaining commitments and capital invested during the investment period.

The decrease in transaction fees was primarily attributable to a decrease in the average size of transaction fee generating investments. During the nine months ended September 30, 2020, there were 48 transaction fee-generating investments that paid an average fee of $4.9 million compared to 46 transaction fee-generating investments that paid an average fee of $6.5 million during the nine months ended September 30, 2019. For the nine months ended September 30, 2020, approximately 42% of these transaction fees were paid by companies in the Europe, 32% were paid from companies in Asia-Pacific region, and 26% were paid by companies located in North America. Transaction fees vary by investment based upon a number of factors, the most significant of which are transaction size, the particular agreements as to the amount of the fees, the complexity of the transaction and KKR's role in the transaction. Additionally, transaction fees are generally not earned with respect to energy and real estate investments. The decrease in fee credits is due primarily to a lower level of transaction fees which are shared with fund investors.

Realized Performance Income (Loss)

The following table presents realized carried interest by investment vehicle for the nine months ended September 30, 2020 and 2019:

	Nine Months Ended	
	September 30, 2020	September 30, 2019
	($ in thousands)	
North America Fund XI	$ 165,202	$ 341,602
Global Infrastructure Investors II	148,882	—
European Fund IV	134,853	92,731
2006 Fund	113,555	107,186
Co-Investment Vehicles and Other	88,263	61,529
Asian Fund II	60,647	117,418
Core Investment Vehicles	57,484	14,449
Global Infrastructure Investors	54,729	—
Asian Fund III	46,347	—
Next Generation Technology Growth Fund	13,964	—
Real Estate Partners Americas	4,977	6,488
Asian Fund	431	10,912
European Fund III	—	58,505
China Growth Fund	—	3,038
Total Realized Carried Interest [(1)]	**$ 889,334**	**$ 813,858**

(1) The above table excludes any funds for which there was no realized carried interest during both of the periods presented.

Realized carried interest for the nine months ended September 30, 2020 consisted primarily of realized gains from the sales of our investments in Deutsche Glasfaser (telecom sector), Privilege Underwriters, Inc. (financial services sector), LGC Science Group Limited (health care sector), The Hut Group Limited and the partial sales of our investment in SoftwareOne Holding AG.

Realized carried interest for the nine months ended September 30, 2019 consisted primarily of realized gains from the sale of our investment in Sedgwick Claims Management Services, Inc., and the partial sale of our investment in Trainline PLC, and dividends received from our investment in Fiserv, Inc.

Public Markets

The following table presents Fees and Other, Net and Realized Performance Income (Loss) in the Public Markets business line for the nine months ended September 30, 2020 and 2019:

	Nine Months Ended		
	September 30, 2020	September 30, 2019	Change
	($ in thousands)		
Fees and Other, Net			
Management Fees	$ 342,181	$ 331,611	$ 10,570
Transaction Fees	36,228	53,241	(17,013)
Fee Credits	(34,140)	(49,732)	15,592
Total Fees and Other, Net	**$ 344,269**	**$ 335,120**	**$ 9,149**
Realized Performance Income (Loss)			
Carried Interest	$ 35,640	$ 24,750	$ 10,890
Incentive Fees	34,190	51,000	(16,810)
Total Realized Performance Income (Loss)	**$ 69,830**	**$ 75,750**	**$ (5,920)**

Fees and Other, Net

The increase for the nine months ended September 30, 2020 was primarily due to an increase in management fees partially offset by a decrease in transaction fees, net of associated fee credits.

The increase in management fees was primarily attributable to management fees earned from the issuance of new CLOs subsequent to September 30, 2019 and greater overall FPAUM at our direct lending and leveraged credit strategies, partially offset by a lower level of management fees earned in certain alternative credit strategies, most notably special situations.

The decrease in transaction fees was primarily attributable to a decrease in both the number and average size of transaction fee-generating investments during the period. During the nine months ended September 30, 2020, there were 24 transaction fee-generating investments that paid an average fee of $1.5 million compared to 34 transaction fee-generating investments that paid an average fee of $1.6 million during the nine months ended September 30, 2019. Transaction fees vary by investment based upon a number of factors, the most significant of which are transaction size, the particular agreements as to the amount of the fees, the complexity of the transaction, and KKR's role in the transaction. The decrease in fee credits is due primarily to a lower level of transaction fees which are shared with fund investors.

Realized Performance Income (Loss)

The decrease for the nine months ended September 30, 2020 compared to the prior period was primarily attributable to a lower level of incentive fees earned from BDCs advised by FS/KKR Advisor, partially offset by an increased level of realized carried interest earned in certain of our alternative credit funds.

Capital Markets

The following table presents Transaction Fees in the Capital Markets business line for the nine months ended September 30, 2020 and 2019:

	Nine Months Ended		
	September 30, 2020	**September 30, 2019**	**Change**
		($ in thousands)	
Transaction Fees	**$ 287,887**	**$ 303,287**	**$ (15,400)**

The decrease in transaction fees was primarily due to a decrease in the number of capital markets transactions for the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019. Overall, we completed 125 capital markets transactions for the nine months ended September 30, 2020, of which 21 represented equity offerings and 104 represented debt offerings, as compared to 151 transactions for the nine months ended September 30, 2019, of which 24 represented equity offerings and 127 represented debt offerings.

Our capital markets fees are generated in connection with our Private Markets and Public Markets business lines as well as from third-party companies. For the nine months ended September 30, 2020, approximately 22% of our transaction fees were earned from unaffiliated third parties as compared to approximately 24% for the nine months ended September 30, 2019. Our transaction fees are comprised of fees earned from North America, Europe and Asia-Pacific. For the nine months ended September 30, 2020, approximately 59% of our transaction fees were generated outside of North America as compared to approximately 56% for the nine months ended September 30, 2019. Our Capital Markets business line is dependent on the overall capital markets environment, which is influenced by equity prices, credit spreads and volatility. Our Capital Markets business line does not generate management or monitoring fees.

Principal Activities

The following table presents Realized Investment Income (Loss) in the Principal Activities business line for the nine months ended September 30, 2020 and 2019:

	Nine Months Ended		
	September 30, 2020	September 30, 2019	Change
	($ in thousands)		
Realized Investment Income (Loss)			
Net Realized Gains (Losses)	$ 215,430	$ 146,334	$ 69,096
Interest Income and Dividends	280,474	312,969	(32,495)
Total Realized Investment Income (Loss)	**$ 495,904**	**$ 459,303**	**$ 36,601**

Realized Investment Income (Loss)

The increase in realized investment income for the nine months ended September 30, 2020 compared to the prior period is primarily due to a higher level of net realized gains, partially offset by a decrease in interest income and dividends. The amount of realized investment income (loss) depends on the transaction activity of our funds and balance sheet, which can vary from period to period.

For the nine months ended September 30, 2020, net realized gains were comprised of realized gains primarily from the sale of our Private Markets investments in The Hut Group Limited, Deutsche Glasfaser and Ivalua SAS, and the partial sales in our investments in Fiserv, Inc. and BridgeBio Pharma, Inc. Partially offsetting these realized gains were realized losses, the most significant of which were realized losses on our investment in LCI Helicopters Limited, Yorktown Center and various alternative credit strategy investments.

For the nine months ended September 30, 2019, net realized gains were comprised primarily of gains from the sale of our investment in GEG German Estate Group AG (financial services sector), the sales or partial sales of our investments in Trainline PLC and Sedgwick Claims Management Services, Inc., and the sale of certain investments in our special situations funds. Partially offsetting these realized gains were realized losses, the most significant of which was a realized loss on the sale of DoubleDutch, Inc.

For the nine months ended September 30, 2020, interest income and dividends were comprised of (i) $178.8 million of dividend income from our investment in Fiserv, Inc. of $62.5 million and Epicor Software Corporation as well as distributions received primarily through our real assets investments, including our real estate investment in KREF and (ii) $101.7 million of interest income from our Public Markets investments, including CLOs and other credit investments, and to a lesser extent our cash balances and investments held at our Capital Markets business line.

For the nine months ended September 30, 2019, interest income and dividends were comprised of (i) $120.3 million of interest income which consists primarily of interest that is received from our Public Markets investments, including CLOs and other credit investments and, to a lesser extent, our Capital Markets business and our cash balances, (ii) $117.0 million of dividend income from our investment in Fiserv, Inc., and $75.7 million of dividend income from distributions received primarily through our real assets investments, including our real estate investment in KREF and our energy investments, as well as certain of our credit investments.

On January 1, 2020, KKR Capstone was acquired by KKR and became a wholly-owned subsidiary of KKR. For GAAP purposes, KKR Capstone was consolidated prior to January 1, 2020 and as such the fees and expenses attributable to KKR Capstone were included in KKR's consolidated revenues and expenses. Additionally, prior to January 1, 2020, KKR excluded the results of KKR Capstone from KKR's non-GAAP financial measures since KKR presents these financial measures prior to giving effect to the consolidation of certain entities that are not legal subsidiaries of KKR.

Following this acquisition, KKR's after-tax distributable earnings includes the net income (loss) from KKR Capstone within realized investment income (loss). For the nine months ended September 30, 2020, total fees attributable to KKR Capstone were $55.5 million and total expenses attributable to KKR Capstone were $46.3 million. For KKR Capstone-related adjustments in reconciling distributable revenues and distributable expenses to GAAP revenues and expenses, respectively, see "—Non-GAAP Balance Sheet Measures—Reconciliations to GAAP Measures".

Distributable Expenses

Compensation and Benefits

The increase for the nine months ended September 30, 2020 compared to the prior period is primarily due to higher compensation expense recorded in connection with the higher level of distributable revenues. Equity-based compensation charges were lower compared to the prior period resulting from a decrease in the weighted average number of unvested shares outstanding.

Occupancy and Other Operating Expenses

The decrease for the nine months ended September 30, 2020 compared to the prior period is primarily due to a lower level of expenses that are creditable to our investment funds, in particular a lower level of broken-deal expenses as well as a decrease in travel related expenses as a result of the COVID-19 pandemic. These decreases were partially offset by a higher level of professional fees and other administrative costs in connection with the growth of the firm. The level of broken-deal expenses can vary significantly period to period based upon a number of factors, the most significant of which are the number of potential investments being pursued for our investment funds, the size and complexity of investments being pursued and the number of investment funds currently in their investment period.

Other Components of After-tax Distributable Earnings

Interest Expense

For the nine months ended September 30, 2020 and 2019, interest expense relates primarily to the senior notes outstanding for KKR and KFN. The increase in interest expense for the nine months ended September 30, 2020 compared to the prior period is due primarily to the (i) issuances of $500 million aggregate principal amount of 3.625% Senior Notes due 2050, $250 million aggregate principal amount of $3.750% Senior Notes due 2029 and $750 million aggregate principal amount of 3.500% Senior Notes due 2050 subsequent to September 30, 2019 and (ii) the issuance of the €650 million aggregate principal amount of 1.625% Senior Notes due 2029 in the second quarter of 2019 and $500 million aggregate principal amount of $3.750% Senior Notes due 2029 in the third quarter of 2019, which were both outstanding for all nine months of 2020. This increase was partially offset by the redemption of our $500 million aggregate principal amount of 6.375% Senior Notes due 2020 in the third quarter of 2019.

Income Taxes Paid

The increase in income taxes paid is primarily due to a higher level of total distributable operating earnings.

After-tax Distributable Earnings

The increase in after-tax distributable earnings for the nine months ended September 30, 2020 compared to the prior period was due primarily to a higher level of distributable revenues, partially offset by an increase in distributable expenses, interest expense and income taxes paid.

Other Operating and Performance Measures

The following table presents certain key operating and performance metrics as of September 30, 2020 and December 31, 2019:

	As of		
	September 30, 2020	December 31, 2019	Change
		($ in thousands)	
Assets Under Management	$ 233,808,800	$ 218,355,100	$ 15,453,700
Fee Paying Assets Under Management	$ 177,290,200	$ 161,209,800	$ 16,080,400
Uncalled Commitments	$ 67,077,600	$ 56,920,600	$ 10,157,000

The following table presents one of our key performance metrics for the nine months ended September 30, 2020 and 2019:

	Nine Months Ended		
	September 30, 2020	September 30, 2019	Change
		($ in thousands)	
Capital Invested and Syndicated Capital	$ 22,059,000	$ 18,222,900	$ 3,836,100

Assets Under Management

Private Markets

The following table reflects the changes in our Private Markets AUM from December 31, 2019 to September 30, 2020:

	($ in thousands)
December 31, 2019	$ 119,274,700
New Capital Raised	20,193,000
Distributions and Other	(10,253,900)
Change in Value	6,544,700
September 30, 2020	$ 135,758,500

AUM for the Private Markets business line was $135.8 billion at September 30, 2020, an increase of $16.5 billion, compared to $119.3 billion at December 31, 2019.

The increase was primarily attributable to new capital raised primarily in Asian Fund IV, Property Partners America, Asia Pacific Infrastructure Investors, and Real Estate Partners Americas III, and to a lesser extent, an increase in the value of our Private Markets portfolio. This increase was partially offset by distributions to Private Markets fund investors primarily as a result of realizations, most notably in Global Infrastructure Investors II, North America Fund XI, 2006 Fund, European Fund IV, Global Infrastructure Investors, and Asian Fund II.

The increase in the value of our Private Markets portfolio was driven primarily by net gains of $3.1 billion in Americas Fund XII, $0.9 billion in Global Infrastructure Investors II, $0.8 billion in our core investment strategy, $0.7 billion in North America Fund XI and $0.6 billion in Asian Fund III. These net gains were partially offset by net losses of $0.8 billion in Asian Fund II and $0.6 billion in 2006 Fund.

For the nine months ended September 30, 2020, the value of our private equity investment portfolio increased 7.3%. This was comprised of a 13.1% increase in value of our privately held investments and a 9.8% decrease in share prices of various publicly held or publicly indexed investments. See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

The most significant increases in value of our privately held investments related to increases in AppLovin Corporation, Internet Brands, Inc., and Inkling Holdings LLC. These increases in value on our privately held investments were partially offset by decreases in value relating primarily to Magneti Marelli (industrial sector), Ramky Enviro Engineers Limited (industrial sector), and Envision Healthcare Corporation. The increased valuations of individual companies in our privately held investments, in the aggregate, generally related to an increase in the value of market comparables and individual company performance. The decreased valuations of individual companies in our privately held investments, in the aggregate, generally related to (i) an unfavorable business outlook and (ii) a decrease in the value of market comparables, both influenced by the impact of COVID-19 on the economic outlook and overall market environment.

The most significant decreases in share prices of various publicly held or publicly indexed investments were decreases in Fiserv, Inc., Ingersoll Rand Inc., and BrightView Holdings Inc. These decreases were partially offset by increases in share prices of various publicly held investments, the most significant of which was Focus Financial Partners, LLC (NASDAQ: FOCS).

For the nine months ended September 30, 2019, the value of our private equity investment portfolio increased 20.4%. This was comprised of a 45.5% increase in share prices of various publicly held or publicly indexed investments and a 13.2% increase in value of our privately held investments.

The most significant increases in share prices of various publicly held or publicly indexed investments were increases in Fiserv, Inc., Trainline PLC, Gardner Denver Holdings, Inc., and BrightView Holdings Inc. These increases were partially offset by decreases in share prices of various publicly held investments, the most significant of which were decreases in Coffee Day Resorts Private Limited (NSE: CCD), Tarena International, Inc. (NASDAQ: TEDU), and Focus Financial Partners, LLC.

The most significant increases in value of our privately held investments related to increases in KCF Technologies Co. Ltd., Kokusai Electric Corporation, AppLovin Corporation, and Internet Brands, Inc. These increases in value on our privately held investments were partially offset by decreases in value relating primarily to Envision Healthcare Corporation, our energy income and growth portfolio, and Academy Ltd. (retail sector). The increased valuations of individual companies in our privately held investments, in the aggregate, generally related to (i) individual company performance and (ii) an increase in the value of market comparables, and with respect to KCF Technologies Co. Ltd. and Kokusai Electric Corporation, increases in valuation reflecting agreements to exit these investments. The consummation of such exits are the subject to the satisfaction or waiver of closing conditions, the satisfaction or waiver of which cannot be guaranteed. The decreased valuations of individual companies in our privately held investments, in the aggregate, generally related to individual company performance or, in certain cases, an unfavorable business outlook.

Public Markets

The following table reflects the changes in our Public Markets AUM from December 31, 2019 to September 30, 2020:

	($ in thousands)
December 31, 2019	$ 99,080,400
New Capital Raised	11,999,400
Distributions and Other	(3,005,900)
Redemptions	(8,816,900)
Change in Value	(1,206,700)
September 30, 2020	$ 98,050,300

AUM in our Public Markets business line totaled $98.1 billion at September 30, 2020, a decrease of $1.0 billion compared to AUM of $99.1 billion at December 31, 2019.

The decrease was primarily attributable to (i) redemptions and distributions from our hedge fund partnerships and our alternative and leveraged credit strategies and (ii) a decrease in the value of our Public Markets Portfolio, most notably across our alternative strategies and BDCs. These decreases were partially offset by new capital raised related to multiple strategies, most notably $3.9 billion in alternative credit strategies, $3.3 billion in our hedge fund partnerships, $2.3 billion in leveraged credit strategies, and $1.8 billion in CLOs. See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

Fee Paying Assets Under Management

Private Markets

The following table reflects the changes in our Private Markets FPAUM from December 31, 2019 to September 30, 2020:

		($ in thousands)
December 31, 2019	$	76,918,100
New Capital Raised		18,773,900
Distributions and Other		(4,747,500)
Net Changes in Fee Base of Certain Funds		(2,177,800)
Change in Value		1,584,300
September 30, 2020	$	90,351,000

FPAUM in our Private Markets business line was $90.4 billion at September 30, 2020, an increase of $13.5 billion, compared to $76.9 billion at December 31, 2019.

The increase was primarily attributable to new capital raised of $12.0 billion in Asian Fund IV, $1.5 billion in Asia Pacific Infrastructure Investors, and $1.1 billion in our core investment strategy, and to a lesser extent, increases in the value of certain infrastructure funds, which are in their post-investment periods and their fee is based on net asset value. These increases were partially offset by (i) distributions primarily relating to realizations of $1.8 billion in Global Infrastructure Investors II, $0.7 billion in Global Infrastructure Investors, $0.5 billion in both North America Fund XI and 2006 Fund, and $0.4 billion in Asian Fund II and (ii) net changes in the fee base of Asian Fund III as a result of it entering into its post-investment period, during which we earn fees on invested capital rather than committed capital.

Public Markets

The following table reflects the changes in our Public Markets FPAUM from December 31, 2019 to September 30, 2020:

		($ in thousands)
December 31, 2019	$	84,291,700
New Capital Raised		11,384,900
Distributions and Other		(3,455,600)
Redemptions		(5,616,300)
Change in Value		334,500
September 30, 2020	$	86,939,200

FPAUM in our Public Markets business line was $86.9 billion at September 30, 2020, an increase of $2.6 billion compared to $84.3 billion at December 31, 2019.

The increase was primarily due to new capital raised related to multiple strategies, most notably $3.3 billion in our hedge fund partnerships, $3.0 billion in alternative credit strategies, $2.6 billion in certain leveraged credit strategies, and $1.8 billion in CLOs. Partially offsetting this increase was redemptions primarily in our hedge fund partnerships and distributions to fund investors in our alternative credit and leverage credit investment funds. See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

Uncalled Commitments

Private Markets

As of September 30, 2020, our Private Markets business line had $56.2 billion of remaining uncalled capital commitments that could be called for investments in new transactions as compared to $46.8 billion as of December 31, 2019. The increase was primarily attributable to new capital raised, which was partially offset by capital called from fund investors to make investments during the period. See "—Analysis of Non-GAAP Operating Results—Other Operating and Performance Measures—Assets Under Management—Private Markets" for a detailed discussion on new capital raised for the six months ended September 30, 2020.

Public Markets

As of September 30, 2020, our Public Markets business line had $10.9 billion of remaining uncalled capital commitments that could be called for investments in new transactions as compared to $10.1 billion as of December 31, 2019. The increase was primarily attributable to new capital raised in various alternative credit strategies, which was partially offset by capital called from fund investors to make investments during the period.

Capital Invested and Syndicated Capital

Private Markets Capital Invested

For the nine months ended September 30, 2020, Private Markets had $13.2 billion of capital invested as compared to $9.6 billion for the nine months ended September 30, 2019. The increase was driven primarily by a $2.7 billion increase in capital invested in our private equity strategies (including core, growth equity, and impact investments) and a $0.9 billion increase in capital invested in our real assets strategies. Generally, the portfolio companies acquired through our private equity funds have higher transaction values and result in higher capital invested relative to transactions in our real assets funds. The number of large private equity investments made in any quarterly or year-to-date period is volatile and, consequently, a significant amount of capital invested in one period or a few periods may not be indicative of a similar level of capital deployment in future periods. During the nine months ended September 30, 2020, 36% of capital deployed in private equity, which includes core, growth equity and impact investments, was in transactions in Europe, 32% was in North America, and 32% was in the Asia-Pacific region.

Public Markets Capital Invested

For the nine months ended September 30, 2020, Public Markets had $6.5 billion of capital invested as compared to $6.0 billion for the nine months ended September 30, 2019. The increase was primarily due to a higher level of capital deployed in our dislocation opportunities strategy, partially offset by a lower level of capital deployed in our private opportunistic credit strategies. During the nine months ended September 30, 2020, 60% of capital deployed was in transactions in North America, 39% was in Europe, and 1% was in the Asia-Pacific region.

Capital Markets Syndicated Capital

For the nine months ended September 30, 2020, Capital Markets syndicated $2.4 billion of capital as compared to $2.6 billion for the nine months ended September 30, 2019. The decrease was primarily due to a decrease in the number of syndication transactions in the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019. Overall, we completed 12 syndication transactions for the nine months ended September 30, 2020 as compared to 19 syndications for the nine months ended September 30, 2019. The size and frequency of syndication transactions depend in large part on market conditions and other factors that are unpredictable and outside our control, which may negatively impact the fees generated by our capital markets business from syndication transactions.

Non-GAAP Balance Sheet Measures

The following tables present information with respect to our book assets, book liabilities, and book value as of September 30, 2020 and December 31, 2019:

BOOK ASSETS

	As of			
	September 30, 2020		December 31, 2019	
	($ in thousands)			
Book Assets				
Cash and Short-term Investments	$	4,994,772	$	2,783,905
Investments		14,042,391		13,026,387
Net Unrealized Carried Interest (1)		1,884,642		1,982,251
Tax Assets		139,605		111,719
Other Assets (2)		4,187,603		3,716,189
Total Book Assets	**$**	**25,249,013**	**$**	**21,620,451**

BOOK LIABILITIES

	As of			
	September 30, 2020		December 31, 2019	
	($ in thousands)			
Book Liabilities				
Debt Obligations - KKR (ex-KFN)	$	4,642,479	$	3,097,460
Debt Obligations - KFN		948,517		948,517
Tax Liabilities		254,211		169,997
Other Liabilities		1,083,694		514,236
Total Book Liabilities	**$**	**6,928,901**	**$**	**4,730,210**

BOOK VALUE

	As of			
	September 30, 2020		December 31, 2019	
	($ in thousands)			
Book Value				
(+) Total Book Assets	$	25,249,013	$	21,620,451
(-) Total Book Liabilities		6,928,901		4,730,210
(-) Noncontrolling Interests		31,089		26,291
(-) Series A and B Preferred Stock		500,000		500,000
Book Value	**$**	**17,789,023**	**$**	**16,363,950**
Book Value Per Adjusted Share	**$**	**20.26**	**$**	**19.24**
Adjusted Shares (3)		**877,876,658**		**850,388,924**

(1) The following table provides net unrealized carried interest by business line:

	As of			
	September 30, 2020		December 31, 2019	
Private Markets Business Line	$	1,865,042	$	1,832,581
Public Markets Business Line		19,600		149,670
Total	**$**	**1,884,642**	**$**	**1,982,251**

(2) Other Assets include KKR's ownership interest in FS/KKR Advisor and minority ownership interests in hedge fund partnerships.

(3) Includes shares of KKR & Co. Inc. common stock assuming conversion of all shares of Series C Mandatory Convertible Preferred Stock as of September 30, 2020.

Book Value Per Adjusted Share

Book value per adjusted share increased 5.3% from December 31, 2019. The increase was primarily attributable to (i) the net appreciation in the value of our investment portfolio, including investments held by KKR as well as investments held through investment funds, such as KKR's private equity, real assets and alternative credit funds, where KKR is entitled to earn carried interest and (ii) after-tax distributable earnings during the period. Partially offsetting this increase is the payment of dividends during the period. For the nine months ended September 30, 2020, the value of KKR's balance sheet portfolio, on a non-GAAP basis, increased 3.5% and KKR's overall private equity portfolio increased 7.3%. The increases in KKR's balance sheet portfolio and net unrealized carried interest was primarily due to mark-to-market net gains in our portfolio companies. For a further discussion, see "—Consolidated Results of Operations—Unrealized Gains and Losses from Investment Activities" and "—Analysis of Non-GAAP Operating Results—Distributable Revenues—Principal Activities." For a discussion of the changes in KKR's private equity portfolio, see "—Analysis of Non-GAAP Operating Results—Other Operating and Performance Measures—AUM." For a discussion of factors that impacted KKR's after-tax distributable earnings, see "—Analysis of Non-GAAP Operating Results" and for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations, see "—Business Environment."

The following table presents the holdings of our investments by asset class as of September 30, 2020. To the extent investments in our book assets are realized at values below their cost in future periods, after-tax distributable earnings would be adversely affected by the amount of such loss, if any, during the period in which the realization event occurs. For example, we recognized net unrealized losses in our credit investment portfolio at our India debt finance company. As of September 30, 2020, KKR’s 51% interest in our India debt finance company had a cost basis of approximately $195 million, comprised of invested capital of $100 million plus reinvested earnings. If the value of our 51% investment is ultimately realized at the current carrying value of $91 million, future realized investment losses of approximately $104 million would be recognized based on valuations as of September 30, 2020, which would reduce after-tax distributable earnings in future periods.

	As of September 30, 2020		
Investments [(1)]	**Cost**	**Fair Value**	**Fair Value as a Percentage of Total Investments**
Private Equity Funds / SMAs	$ 4,005,067	$ 5,939,123	42.3%
Private Equity Co-Investments and Other Equity	2,581,486	4,024,203	28.7%
Private Equity Total	**6,586,553**	**9,963,326**	**71.0%**
Energy	773,375	687,477	4.9%
Real Estate	1,120,881	1,149,910	8.2%
Infrastructure	502,725	566,391	4.0%
Real Assets Total	**2,396,981**	**2,403,778**	**17.1%**
Alternative Credit	786,397	559,823	4.0%
CLOs	869,604	695,471	5.0%
Other Credit	158,199	155,423	1.1%
Credit Total	**1,814,200**	**1,410,717**	**10.1%**
Other	759,528	264,570	1.8%
Total Investments	**$ 11,557,262**	**$ 14,042,391**	**100.0%**

	September 30, 2020		
Significant Investments: [(2)]	**Cost**	**Fair Value**	**Fair Value as a Percentage of Total Investments**
Fiserv, Inc. (NASDAQ: FISV)	$ 758,982	$ 1,468,909	10.5%
USI, Inc.	531,425	884,610	6.3%
BridgeBio Pharma, Inc. (NASDAQ: BBIO)	70,919	514,082	3.7%
PetVet Care Centers, LLC	243,188	486,376	3.5%
Heartland Dental LLC	320,626	473,590	3.4%
Total Significant Investments	**1,925,140**	**3,827,567**	**27.4%**
Other Investments	9,632,122	10,214,824	72.6%
Total Investments	**$ 11,557,262**	**$ 14,042,391**	**100.0%**

(1) Investments is a term used solely for purposes of financial presentation of a portion of KKR's balance sheet and includes majority ownership of subsidiaries that operate KKR's asset management and other businesses, including the general partner interests of KKR's investment funds.

(2) Significant Investments include the top five investments based on their fair values as of September 30, 2020. Significant Investments exclude (i) investments expected to be syndicated, (ii) investments expected to be transferred in connection with a new fundraising, and (iii) investments in funds and other entities that are owned by one or more third parties and established for the purpose of making investments. Accordingly, this list of Significant Investments should not be relied upon as a substitute for the table above for information about the asset class exposure of KKR's balance sheet. The fair value figures include the co-investment and the limited partner and/or general partner interests held by KKR in the underlying investment, if applicable.

Reconciliations to GAAP Measures

The following tables reconcile the most directly comparable financial measures calculated and presented in accordance with GAAP to KKR's non-GAAP financial measures for the three and nine months ended September 30, 2020 and 2019:

Revenues

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	($ in thousands)			
Total GAAP Revenues	**$ 1,895,238**	**$ 790,485**	**$ 2,225,727**	**$ 3,157,829**
(+) Management Fees - Consolidated Funds and Other	121,365	108,922	362,887	348,467
(-) Fee Credits - Consolidated Funds	25,955	3,838	40,422	21,469
(-) Capital Allocation-Based Income (Loss) (GAAP)	1,331,898	374,268	888,342	1,849,623
(+) Realized Carried Interest	217,978	296,344	924,974	838,608
(+) Realized Investment Income (Loss)	260,415	210,234	495,904	459,303
(-) Revenue Earned by Other Consolidated Entities	6,687	29,838	21,054	90,693
(-) Capstone Fees	17,429	—	55,542	—
(-) Expense Reimbursements	44,553	34,356	100,779	121,157
Total Distributable Revenues	**$ 1,068,474**	**$ 963,685**	**$ 2,903,353**	**$ 2,721,265**

Expenses

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	($ in thousands)			
Total GAAP Expenses	**$ 1,093,699**	**$ 619,533**	**$ 1,754,075**	**$ 2,157,111**
(-) Equity-based and Other Compensation - KKR Holdings L.P.	21,802	22,539	63,596	69,085
(-) Unrealized Performance Income Compensation	418,728	9,281	(57,771)	379,181
(-) Amortization of Intangibles	399	383	1,158	1,301
(-) Strategic Corporate Transaction-Related Charges (1)	10,697	—	10,697	—
(-) Reimbursable Expenses	50,382	38,515	123,364	140,241
(-) Expenses relating to Other Consolidated Entities	43,268	38,233	98,726	139,248
(-) Capstone Expenses	14,433	—	46,278	—
(+) Other	(16,792)	(33,672)	(37,228)	(59,632)
Total Distributable Expenses	**$ 517,198**	**$ 476,910**	**$ 1,430,799**	**$ 1,368,423**

(1) Represents transaction costs related to the acquisition of Global Atlantic.

Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	($ in thousands)			
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	**$ 1,056,502**	**$ 241,213**	**$ 466,265**	**$ 1,456,584**
(+) Net Income (Loss) Attributable to Noncontrolling Interests held by KKR Holdings L.P.	691,730	175,231	301,946	1,017,827
(+) Equity-based and Other Compensation - KKR Holdings L.P.	21,802	22,539	63,596	68,460
(+) Amortization of Intangibles and Other, net	11,211	49,659	7,454	131,192
(+) Strategic Corporate Transaction-Related Charges (1)	10,697	—	10,697	—
(+) Non-recurring Items (2)	—	22,839	88,322	22,839
(-) Net Unrealized Carried Interest	995,376	13,695	(186,537)	924,626
(-) Net Unrealized Gains (Losses)	1,088,901	130,972	(18,049)	1,352,181
(+) Unrealized Performance Income Compensation	418,728	9,281	(57,771)	379,181
(+) Income Tax Expense (Benefit)	359,375	53,132	204,960	386,124
(-) Income Taxes Paid	75,413	40,429	198,763	155,237
After-tax Distributable Earnings	**$ 410,355**	**$ 388,798**	**$ 1,091,292**	**$ 1,030,163**

(1) Represents transaction costs related to the acquisition of Global Atlantic.

(2) Represents an $88.3 million non-recurring impairment charge taken on one of our equity method investments during the nine months ended September 30, 2020 and a $22.8 million non-recurring make-whole premium associated with KKR's refinancing of its 6.375% Senior Notes due 2020 during the three and nine months ended September 30, 2019.

The following tables provide reconciliations of certain of KKR's GAAP Consolidated Statements of Financial Condition measures to our non-GAAP balance sheet measures as of September 30, 2020 and December 31, 2019:

Assets

	As of	
	September 30, 2020	December 31, 2019
	($ in thousands)	
Total GAAP Assets	**$ 70,655,333**	**$ 60,899,319**
(-) Impact of Consolidation of Funds and Other Entities	43,250,461	37,453,629
(-) Carry Pool Reclassification	1,393,381	1,448,879
(-) Other Reclassifications	762,478	376,360
Total Book Assets	**$ 25,249,013**	**$ 21,620,451**

Liabilities

	As of	
	September 30, 2020	December 31, 2019
	($ in thousands)	
Total GAAP Liabilities	**$ 36,611,703**	**$ 30,396,945**
(-) Impact of Consolidation of Funds and Other Entities	27,526,943	23,841,496
(-) Carry Pool Reclassification	1,393,381	1,448,879
(-) Other Reclassifications	762,478	376,360
Total Book Liabilities	**$ 6,928,901**	**$ 4,730,210**

KKR & Co. Inc. Stockholders' Equity - Common Stock

	As of	
	September 30, 2020	December 31, 2019
	($ in thousands)	
KKR & Co. Inc. Stockholders' Equity - Series I and II Preferred Stock, Common Stock	**$ 10,599,310**	**$ 10,324,936**
(+) Impact of Consolidation of Funds and Other Entities	398,649	327,826
(-) Other Reclassifications	17,446	17,446
(+) Noncontrolling Interests Held by KKR Holdings L.P.	5,692,718	5,728,634
(+) Series C Mandatory Convertible Preferred Stock	1,115,792	—
Book Value	**$ 17,789,023**	**$ 16,363,950**

The following table provides reconciliations of KKR's GAAP Shares of Common Stock Outstanding to Adjusted Shares:

	As of	
	September 30, 2020	December 31, 2019
GAAP Shares of Common Stock Outstanding	566,334,746	560,007,579
Adjustments:		
KKR Holdings Units (1)	278,781,478	290,381,345
Common Stock - Series C Mandatory Convertible Preferred Stock (2)	32,760,434	—
Adjusted Shares (3)	**877,876,658**	**850,388,924**
Unvested Shares of Common Stock (4)	**15,683,349**	**22,712,604**

(1) Common stock that may be issued by KKR & Co. Inc. upon exchange of units in KKR Holdings for shares of 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 on September 30, 2019.

(3) Amounts exclude unvested equity awards granted under our Equity Incentive Plans.

(4) Represents equity awards granted under our Equity Incentive Plans. The issuance of common stock of KKR & Co. Inc. pursuant to awards under our Equity Incentive Plans dilutes KKR common stockholders and KKR Holdings pro rata in accordance with their respective percentage interests in the KKR business. Excludes the award of 2,500,000 restricted stock units granted to each of our Co-Presidents/Co-Chief Operating Officers during 2017 that have not met their market-price based vesting condition as of September 30, 2020. See Note 12 "Equity Based Compensation" to the financial statements included elsewhere in this report.

Liquidity

We manage our liquidity and capital requirements by focusing on our cash flows before the consolidation of our funds and CFEs and the effect of changes in short term assets and liabilities, which we anticipate will be settled for cash within one year. Our primary cash flow activities typically involve: (i) generating cash flow from operations; (ii) generating income from investment activities, by investing in investments that generate yield (namely interest and dividends), as well as the sale of investments and other assets; (iii) funding capital commitments that we have made to, and advancing capital to, our funds and CLOs; (iv) developing and funding new investment strategies, investment products, and other growth initiatives, including acquisitions of other investments, assets, and businesses; (v) underwriting and funding commitments in our capital markets business; (vi) distributing cash flow to our stockholders and holders of our Series A Preferred Stock, Series B Preferred Stock and Series C Mandatory Convertible Preferred Stock; and (vii) paying borrowings, interest payments, and repayments under credit agreements, our senior notes, and other borrowing arrangements. See "—Liquidity—Liquidity Needs—Dividends."

See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

Sources of Liquidity

Our primary sources of liquidity consist of amounts received from: (i) our operating activities, including the fees earned from our funds, portfolio companies, and capital markets transactions; (ii) realizations on carried interest from our investment funds; (iii) interest and dividends from investments that generate yield, including our investments in CLOs; (iv) realizations on and sales of investments and other assets, including the transfers of investments for fund formations; and (v) borrowings under our credit facilities, debt offerings, and other borrowing arrangements. In addition, we may generate cash proceeds from sales of our equity securities.

Many of our investment funds provide carried interest. With respect to our private equity funds, carried interest is distributed to the general partner of a private equity fund with a clawback provision only after all of the following are met: (i) a realization event has occurred (e.g., sale of a portfolio company, dividend, etc.); (ii) the vehicle has achieved positive overall investment returns since its inception, in excess of performance hurdles where applicable, and is accruing carried interest; and (iii) with respect to investments with a fair value below cost, cost has been returned to fund investors in an amount sufficient to reduce remaining cost to the investments' fair value. As of September 30, 2020, certain of our funds had met the first and second criteria, as described above, but did not meet the third criteria. In these cases, carried interest accrues on the consolidated statement of operations, but will not be distributed in cash to us as the general partner of an investment fund upon a realization event. For a fund that has a fair value above cost, overall, and is otherwise accruing carried interest, but has one or more investments where fair value is below cost, the shortfall between cost and fair value for such investments is referred to as a "netting hole." When netting holes are present, realized gains on individual investments that would otherwise allow the general partner to receive carried interest distributions are instead used to return invested capital to our funds' limited partners in an amount equal to the netting hole. Once netting holes have been filled with either (a) return of capital equal to the netting hole for those investments where fair value is below cost or (b) increases in the fair value of those investments where fair value is below cost, then realized carried interest will be distributed to the general partner upon a realization event. A fund that is in a position to pay cash carry refers to a fund for which carried interest is expected to be paid to the general partner upon the next material realization event, which includes funds with no netting holes as well as funds with a netting hole that is sufficiently small in size such that the next material realization event would be expected to result in the payment of carried interest. Strategic investor partnerships with fund investors may require netting across the various funds in which they invest, which may reduce the carried interest we otherwise would have earned if such fund investors were to have invested in our funds without the existence of the strategic investor partnership. See "Risk Factors—Risks Related to Our Business—Strategic investor partnerships have longer investment periods and invest in multiple strategies, which may increase the possibility of a 'netting hole,' which will result in less carried interest for us, as well as clawback liabilities" in our Annual Report.

As of September 30, 2020, netting holes in excess of $50 million existed at two of our private equity funds, which were Americas Fund XII of $538 million and Asian Fund II of $470 million. In accordance with the criteria set forth above, other funds currently have and may in the future develop netting holes, and netting holes for those and other funds may otherwise increase or decrease in the future.

We have access to funding under various credit facilities, other borrowing arrangements and other sources of liquidity that we have entered into with major financial institutions or which we receive from the capital markets. The following describes these sources of liquidity.

Revolving Credit Agreements, Senior Notes, KFN Debt Obligation, KFN Securities and Real Estate Financing

For a discussion of KKR's debt obligations, including our revolving credit agreements, senior notes, KFN debt obligations, KFN securities and corporate real estate financing, see Note 10 "Debt Obligations" to the audited financial statements included in our Annual Report and Note 10 "Debt Obligations" to the financial statements included elsewhere in this report.

Preferred Stock

For a discussion of KKR's equity, including our preferred stock, see Note 15 "Equity" to the consolidated financial statements included in this report.

Liquidity Needs

Our liquidity needs include funding of the previously announced transaction to acquire Global Atlantic. We expect to finance the acquisition with a combination of cash on hand and proceeds from potential minority co-investors. Depending on the number of existing shareholders of Global Atlantic who elect to roll over their investments and the amount of ownership interests that we syndicate to co-investors, if we are required to use more cash from our balance sheet than we currently anticipate to fund the acquisition, we would have a lower than normal level of liquidity available to satisfy our other near-term liquidity needs and objectives.

In addition, we expect that our primary liquidity needs will consist of cash required to:

- continue to support and grow our business lines, including seeding new strategies, funding our capital commitments made to existing and future funds, co-investments and any net capital requirements of our capital markets companies, pay the costs related to fundraising and launching of new strategies, and otherwise supporting investment vehicles which we sponsor;
- warehouse investments in portfolio companies or other investments for the benefit of one or more of our funds, vehicles, accounts or CLOs pending the contribution of committed capital by the investors in such vehicles, and advancing capital to them for operational or other needs;
- service debt obligations including the payment of obligations upon maturity or redemption, as well as any contingent liabilities that may give rise to future cash payments;
- fund cash operating expenses and contingencies, including litigation matters;
- pay corporate income taxes and other taxes;
- pay amounts that may become due under our tax receivable agreement with KKR Holdings;
- pay cash dividends in accordance with our dividend policy for our common stock or the terms of our preferred stock;
- underwrite commitments, advance loan proceeds and fund syndication commitments within our capital markets business;
- support and acquire other assets for our Principal Activities business line, including other businesses, investments and assets, some of which may be required to satisfy regulatory requirements for our capital markets business or risk retention requirements for CLOs (to the extent it continues to apply); and
- repurchase KKR's common stock or retire equity awards pursuant to the share repurchase program or other securities issued by KKR.

For a discussion of KKR's share repurchase program, see "Part II. Item 2. Unregistered Sales of Equity Securities and Use of Proceeds—Share Repurchases in the Third Quarter of 2020."

Capital Commitments

The agreements governing our active investment funds generally require the general partners of the funds to make minimum capital commitments to such funds, which generally range from 2% to 8% of a fund's total capital commitments at final closing, but may be greater for certain funds (i) where we are pursuing newer strategies, (ii) where third party investor demand is limited, and (iii) where a larger commitment is consistent with the asset allocation strategy our balance sheet is pursuing.

The following table presents our uncalled commitments to our active investment funds as of September 30, 2020:

		Uncalled Commitments
Private Markets		**($ in thousands)**
Core Investment Vehicles	$	1,104,800
Asian Fund IV		1,000,000
Property Partners Americas		416,900
Americas Fund XII		375,800
Asian Fund III		266,300
Asia Real Estate Partners		250,000
Asia Pacific Infrastructure Investors		250,000
Global Infrastructure Investors III		208,500
Real Estate Partners Europe II		200,000
Next Generation Technology Growth II		140,200
Energy Income and Growth Fund II		118,200
European Fund V		111,100
Health Care Strategic Growth Fund		103,700
Real Estate Partners Americas II		76,000
Global Impact Fund		64,800
Real Estate Credit Opportunity Partners II		32,900
Other Private Markets Vehicles		421,400
Total Private Markets Commitments		5,140,600
Public Markets		
Dislocation Opportunities Fund		350,000
Lending Partners Europe II		56,000
Special Situations Fund II		47,400
Lending Partners III		14,500
Private Credit Opportunities Partners II		13,900
Lending Partners Europe		11,300
Other Public Markets Vehicles		110,300
Total Public Markets Commitments		603,400
Total Uncalled Commitments	$	5,744,000

Other Commitments

In addition to the uncalled commitments to our investment funds as shown above, KKR has entered into contractual commitments with respect to (i) the purchase of investments and other assets primarily in our Principal Activities business line and (ii) underwriting transactions, debt financing, and syndications in our Capital Markets business line. As of September 30, 2020, these commitments amounted to $449.0 million and $748.5 million, respectively.

Whether these amounts are actually funded, in whole or in part, depends on the contractual terms of such commitments, including the satisfaction or waiver of any conditions to closing or funding. Our capital markets business has arrangements with third parties, which reduce our risk when underwriting certain debt transactions, and thus our unfunded commitments as of September 30, 2020 have been reduced to reflect the amount to be funded by such third parties. In the case of purchases of investments or assets in our Principal Activities business line, the amount to be funded includes amounts that are intended to be syndicated to third parties, and the actual amounts to be funded may be less than shown.

On January 14, 2020, KKR committed to invest up to an additional $150 million in KKR India Financial Services to support KKR's alternative credit business in India. As of September 30, 2020, none of the $150 million commitment has been invested.

Tax Receivable Agreement

We may be required to acquire KKR Group Partnership Units from time to time pursuant to our exchange agreement with KKR Holdings, which may result in an increase in our tax basis of the assets of KKR Group Partnership at the time of an exchange of KKR Group Partnership Units. We have entered into a tax receivable agreement with KKR Holdings, which requires us to pay to KKR Holdings, or to current and former limited partners who have exchanged KKR Holdings units for KKR's common stock as transferees of KKR Group Partnership Units, 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we realize as a result of the increase in tax basis described above, as well as 85% of the amount of any such savings we realize as a result of increases in tax basis that arise due to future payments under the agreement. As of September 30, 2020, an undiscounted payable of $186.5 million has been recorded in due to affiliates in the financial statements representing management's best estimate of the amounts currently expected to be owed under the tax receivable agreement. As of September 30, 2020, approximately $43.0 million of cumulative cash payments have been made under the tax receivable agreement.

Dividends

A dividend of $0.135 per share of our common stock has been declared for the quarter ended September 30, 2020, which will be paid on December 1, 2020 to holders of record of our common stock as of the close of business on November 16, 2020.

A dividend of $0.421875 per share of Series A Preferred Stock has been declared and set aside for payment on December 15, 2020 to holders of record of Series A Preferred Stock as of the close of business on December 1, 2020. A dividend of $0.406250 per share of Series B Preferred Stock has been declared and set aside for payment on December 15, 2020 to holders of record of Series B Preferred Stock as of the close of business on December 1, 2020. A dividend of $1.0083 per share of Series C Mandatory Convertible Preferred Stock has been declared and set aside for payment on December 15, 2020 to holders of record of Series C Mandatory Convertible Preferred Stock as of the close of business on December 1, 2020.

When KKR & Co. Inc. receives distributions from KKR Group Partnership, KKR Holdings receives its pro rata share of such distributions from KKR Group Partnership.

The declaration and payment of dividends to our common stockholders will be at the sole discretion of our board of directors, and our dividend policy may be changed at any time. Our current dividend policy is to pay dividends to holders of our common stock in an annual aggregate amount of $0.54 per share (or a quarterly dividend of $0.135 per share), subject to the discretion of our board of directors based on a number of factors, including KKR's future financial performance and other considerations that the board deems relevant, and compliance with the terms of KKR & Co. Inc.'s certificate of incorporation and applicable law. For U.S. federal income tax purposes, any dividends we pay (including dividends on our preferred stock) generally will be treated as qualified dividend income for U.S. individual stockholders to the extent paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. There can be no assurance that future dividends will be made as intended or at all or that any particular dividend policy for our common stock will be maintained. Furthermore, the declaration and payment of distributions by KKR Group Partnership and our other subsidiaries may also be subject to legal, contractual and regulatory restrictions, including restrictions contained in our debt agreements and the terms of the preferred units of KKR Group Partnership.

Other Liquidity Needs

We may also be required to fund various underwriting, syndication and fronting commitments in our capital markets business in connection with the underwriting of loans, securities or other financial instruments, which has increased in significance in recent periods and may continue to be significant in future periods. We generally expect that these commitments will be syndicated to third parties or otherwise fulfilled or terminated, although we may in some instances elect to retain a portion of the commitments for our own investment.

Critical Accounting Policies

The preparation of our financial statements in accordance with GAAP requires our management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of fees, expenses and investment income. Our management bases these estimates and judgments on available information, historical experience and other assumptions that we believe are reasonable under the circumstances. However, these estimates, judgments and assumptions are often subjective and may be impacted negatively based on changing circumstances or changes in our analyses. If actual amounts are ultimately different from those estimated, judged or assumed, revisions are included in the financial statements in the period in which the actual amounts become known. We believe our critical accounting policies could potentially produce materially different results if we were to change underlying estimates, judgments or assumptions.

The following discusses certain aspects of our critical accounting policies. For a full discussion of these and all critical accounting policies, see Note 2 "Summary of Significant Accounting Policies" to the financial statements included elsewhere in this report.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Except for certain of KKR's equity method investments and debt obligations, KKR's investments and other financial instruments are recorded at fair value or at amounts whose carrying values approximate fair value.

GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Investments and financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

Level I

Pricing inputs are unadjusted, quoted prices in active markets for identical assets or liabilities as of the measurement date. The types of financial instruments included in this category are publicly-listed equities and securities sold short.

We classified 4.2% of total investments measured and reported at fair value as Level I at September 30, 2020.

Level II

Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies. The types of financial instruments included in this category are credit investments, investments and debt obligations of consolidated CLO entities, convertible debt securities indexed to publicly-listed securities, less liquid and restricted equity securities and certain over-the-counter derivatives such as foreign currency option and forward contracts.

We classified 39.8% of total investments measured and reported at fair value as Level II at September 30, 2020.

Level III

Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation. The types of financial instruments generally included in this category are private portfolio companies, real assets investments, credit investments, equity method investments for which the fair value option was elected and investments and debt obligations of consolidated CMBS entities.

We classified 56.0% of total investments measured and reported at fair value as Level III at September 30, 2020. The valuation of our Level III investments at September 30, 2020 represents management's best estimate of the amounts that we would anticipate realizing on the sale of these investments in an orderly transaction at such date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Level III Valuation Methodologies

With respect to our private equity portfolio, which includes growth equity investments, we generally employ two valuation methodologies when determining the fair value of an investment. The first methodology is typically a market comparables analysis that considers key financial inputs and recent public and private transactions and other available measures. The second methodology utilized is typically a discounted cash flow analysis, which incorporates significant assumptions and judgments. Estimates of key inputs used in this methodology include the weighted average cost of capital for the investment and assumed inputs used to calculate terminal values, such as exit EBITDA multiples. In certain cases the results of the discounted cash flow approach can be significantly impacted by these estimates. Other inputs are also used in both methodologies. Also, as discussed in greater detail under "—Business Environment" and "Risk Factors—Risks Related to the Assets We Manage—Our investments are impacted by various economic conditions that are difficult to quantify or predict, but may have a significant adverse impact on the value of our investments" in this report, a change in interest rates could have a significant impact on valuations. In addition, when a definitive agreement has been executed to sell an investment, KKR generally considers a significant determinant of fair value to be the consideration to be received by KKR pursuant to the executed definitive agreement.

Upon completion of the valuations conducted using these methodologies, a weighting is ascribed to each method, and an illiquidity discount is typically applied where appropriate. The ultimate fair value recorded for a particular investment will generally be within a range suggested by the two methodologies, except that the value may be higher or lower than such range in the case of investments being sold pursuant to an executed definitive agreement.

Across the total Level III private equity investment portfolio (including core investments), and including investments in both consolidated and unconsolidated investment funds, approximately 60% of the fair value is derived from investments that are valued based exactly 50% on market comparables and 50% on a discounted cash flow analysis. Less than 5% of the fair value of this Level III private equity investment portfolio is derived from investments that are valued either based 100% on market comparables or 100% on a discounted cash flow analysis. As of September 30, 2020, the overall weights ascribed to the market comparables methodology, the discounted cash flow methodology, and a methodology based on pending sales for this portfolio of Level III private equity investments were 40%, 50%, and 10%, respectively.

In the case of growth equity investments, enterprise values may be determined using the market comparables analysis and discounted cash flow analysis described above. A scenario analysis may also be conducted to subject the estimated enterprise values to a downside, base and upside case, which involves significant assumptions and judgments. A milestone analysis may also be conducted to assess the current level of progress towards value drivers that we have determined to be important, which involves significant assumptions and judgments. The enterprise value in each case may then be allocated across the investment's capital structure to reflect the terms of the security and subjected to probability weightings. In certain cases, the values of growth equity investments may be based on recent or expected financings.

Real asset investments in infrastructure, energy and real estate are valued using one or more of the discounted cash flow analysis, market comparables analysis and direct income capitalization, which in each case incorporates significant assumptions and judgments. Infrastructure investments are generally valued using the discounted cash flow analysis. Key inputs used in this methodology can include the weighted average cost of capital and assumed inputs used to calculate terminal values, such as exit EBITDA multiples. Energy investments are generally valued using a discounted cash flow analysis. Key inputs used in this methodology that require estimates include the weighted average cost of capital. In addition, the valuations of energy investments generally incorporate both commodity prices as quoted on indices and long-term commodity price forecasts, which may be substantially different from, and are currently higher than, commodity prices on certain indices for equivalent future dates. Certain energy investments do not include an illiquidity discount. Long-term commodity price forecasts are utilized to capture the value of the investments across a range of commodity prices within the energy investment portfolio associated with future development and to reflect a range of price expectations. Real estate investments are generally valued using a combination of direct income capitalization and discounted cash flow analysis. Key inputs used in such methodologies that require estimates include an unlevered discount rate and current capitalization rate, and certain real estate investments do not include a minimum illiquidity discount. The valuations of real assets investments also use other inputs.

For GAAP purposes, where KKR holds energy investments consisting of working interests in oil and gas properties directly and not through an investment fund, such working interests are consolidated based on the proportion of the working interests held by us. Accordingly, we reflect the assets, liabilities, revenues, expenses, investment income and cash flows of the consolidated working interests on a gross basis and changes in the value of these energy investments are not reflected as unrealized gains and losses in the consolidated statements of operations. Accordingly, a change in fair value for these investments does not result in a decrease in net gains (losses) from investment activities, but may result in an impairment charge reflected in general, administrative and other expenses. For non-GAAP purposes, these directly held working interests are treated as investments and changes in value are reflected in our operating results as unrealized gains and losses.

On a non-GAAP basis, our energy real asset investments in oil and gas properties as of September 30, 2020 had a fair value of approximately $687 million. Based on this fair value, we estimate that an immediate, hypothetical 10% decline in the fair value of these energy investments from one or more adverse movements to the investments' valuation inputs would result in a decline in book value of $68.7 million. As of September 30, 2020, if we were to value our energy investments using only the commodity prices as quoted on indices and did not use long-term commodity price forecasts, and also held all other inputs to their valuation constant, we estimate that book value would have been approximately $5 million lower.

These hypothetical declines relate only to book value. There would be no current impact on KKR's unrealized carried interest since all of the investment funds which hold these types of energy investments have investment values that are either below their cost or not currently accruing carried interest. Additionally, there would be no impact on fees since fees earned from investment funds which hold investments in oil and gas properties are based on either committed capital or capital invested.

Credit investments are valued using values obtained from dealers or market makers, and where these values are not available, credit investments are generally valued by us based on ranges of valuations determined by an independent valuation firm. Valuation models are based on discounted cash flow analyses, for which the key inputs are determined based on market comparables, which incorporate similar instruments from similar issuers.

There is inherent uncertainty involved in the valuation of Level III investments and there is no assurance that, upon liquidation, KKR will realize the values reflected in our valuations. Our valuations may differ significantly from the values that would have been used had an active market for the investments existed, and it is reasonably possible that the difference could be material. Furthermore, the recent market volatility caused by COVID-19 and the uncertainty surrounding its full impact have amplified the possibility that our future valuations may materially change from those reflected as of September 30, 2020. See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

Key unobservable inputs that have a significant impact on our Level III investment valuations as described above are included in Item 8. Financial Statements and Supplementary Data—Note 5 "Fair Value Measurements."

Level III Valuation Process

The valuation process involved for Level III measurements is completed on a quarterly basis and is designed to subject the valuation of Level III investments to an appropriate level of consistency, oversight, and review.

For Private Markets investments classified as Level III, investment professionals prepare preliminary valuations based on their evaluation of financial and operating data, company specific developments, market valuations of comparable companies and other factors. KKR begins its procedures to determine the fair values of its Level III assets one month prior to the end of a reporting period, and KKR follows additional procedures to ensure that its determinations of fair value for its Level III assets are appropriate as of the relevant reporting date. These preliminary valuations are reviewed by an independent valuation firm engaged by KKR to perform certain procedures in order to assess the reasonableness of KKR's valuations annually for all Level III investments in Private Markets and quarterly for investments other than certain investments, which have values less than preset value thresholds and which in the aggregate comprise less than 1% of the total value of KKR's Level III Private Markets investments. The valuations of certain real asset investments are determined solely by an independent valuation firm without the preparation of preliminary valuations by our investment professionals, and instead such independent valuation firm relies on valuation information available to it as a broker or valuation firm. For credit investments and debt obligations of consolidated CMBS vehicles, an independent valuation firm is generally engaged quarterly by KKR with respect to most investments classified as Level III. The valuation firm either provides a value or provides a valuation range from which KKR's investment professionals select a point in the range to determine the preliminary valuation or performs certain procedures in order to assess the reasonableness and provide positive assurance of KKR's valuations. After reflecting any input from the independent valuation firm, the valuation proposals are submitted for review and approval by KKR's valuation committees. As of September 30, 2020, less than 1% of the total value of our Level III credit investments were not valued with the engagement of an independent valuation firm.

KKR has a global valuation committee that is responsible for coordinating and implementing the firm's valuation process to ensure consistency in the application of valuation principles across portfolio investments and between periods. The global valuation committee is assisted by the asset class-specific valuation committees that exist for private equity (including core investments), growth equity, real estate, energy and infrastructure and credit. The asset class-specific valuation committees are responsible for the review and approval of all preliminary Level III valuations in their respective asset classes on a quarterly basis. The members of these valuation committees are comprised of investment professionals, including the heads of each respective strategy, and professionals from business operations functions such as legal, compliance and finance, who are not primarily responsible for the management of the investments.

All Level III valuations are also subject to approval by the global valuation committee, which is comprised of senior employees including investment professionals and professionals from business operations functions, and includes one of KKR's Co-Presidents and Co-Chief Operating Officers and its Chief Financial Officer, General Counsel and Chief Compliance Officer. When valuations are approved by the global valuation committee after reflecting any input from it, the valuations of Level III investments, as well as the valuations of Level I and Level II investments, are presented to the audit committee of the board of directors of KKR & Co. Inc. and are then reported to the board of directors.

As of September 30, 2020, upon completion by, where applicable, an independent valuation firm of certain limited procedures requested to be performed by them on certain investments, the independent valuation firm concluded that the fair values, as determined by KKR, of those investments reviewed by them were reasonable. The limited procedures did not involve an audit, review, compilation or any other form of examination or attestation under generally accepted auditing standards and were not conducted on all Level III investments. We are responsible for determining the fair value of investments in good faith, and the limited procedures performed by an independent valuation firm are supplementary to the inquiries and procedures that we are required to undertake to determine the fair value of the commensurate investments.

There were no changes made to our Level III valuation process as a result of COVID-19.

As described above, Level II and Level III investments were valued using internal models with significant unobservable inputs and our determinations of the fair values of these investments may differ materially from the values that would have resulted if readily observable inputs had existed. Additional external factors may cause those values, and the values of investments for which readily observable inputs exist, to increase or decrease over time, which may create volatility in our earnings and the amounts of assets and stockholders' equity that we report from time to time.

Changes in the fair value of investments impacts the amount of carried interest that is recognized as well as the amount of investment income that is recognized for investments held directly and through our consolidated funds as described below. We estimate that an immediate 10% decrease in the fair value of investments held directly and through consolidated investment funds generally would result in a commensurate change in the amount of net gains (losses) from investment activities for investments held directly and through investment funds and a more significant impact to the amount of carried interest recognized, regardless of whether the investment was valued using observable market prices or management estimates with significant unobservable pricing inputs. With respect to consolidated investment funds, the impact that the consequential decrease in investment income would have on net income attributable to KKR would generally be significantly less than the amount described above, given that a majority of the change in fair value of our consolidated funds would be attributable to noncontrolling interests and therefore we are only impacted to the extent of our carried interest and our balance sheet investments.

As of September 30, 2020, there were no investments which represented greater than 5% of total investments on a GAAP basis. On a non-GAAP basis, as of September 30, 2020, investments which represented greater than 5% of total non-GAAP investments consisted of Fiserv, Inc. and USI, Inc. valued at $1,468.9 million and $884.6 million, respectively. Our investment income on a GAAP basis and our book value can be impacted by volatility in the public markets related to our holdings of publicly traded securities, including our sizable holdings of Fiserv, Inc. See "—Business Environment" for a discussion on the impact of global equity markets on our financial condition and "—Non-GAAP Balance Sheet Measures" for additional information regarding our largest holdings on a non-GAAP basis.

Recognition of Investment Income

Investment income consists primarily of the net impact of: (i) realized and unrealized gains and losses on investments; (ii) dividends; (iii) interest income; (iv) interest expense and (v) foreign exchange gains and losses relating to mark-to-market activity on foreign exchange forward contracts, foreign currency options, foreign denominated debt and debt securities issued by consolidated CFEs.

Certain of our investment funds are consolidated. When a fund is consolidated, the portion of our funds' investment income that is allocable to our carried interests and capital investments is not shown in the consolidated statements of operations. For funds that are consolidated, all investment income (loss), including the portion of a funds' investment income (loss) that is allocable to KKR's carried interest, is included in investment income (loss) on the consolidated statements of operations. The carried interest that KKR retains in net income (loss) attributable to KKR & Co. Inc. is reflected as an adjustment to net income (loss) attributable to noncontrolling interests. However, because certain of our funds remain consolidated and because we hold a minority economic interest in these funds' investments, our share of the investment income is less than the total amount of investment income presented in the consolidated statements of operations for these consolidated funds.

Recognition of Carried Interest in the Statement of Operations

Carried interest entitles the general partner of a fund to a greater allocable share of the fund's earnings from investments relative to the capital contributed by the general partner and correspondingly reduces noncontrolling interests' attributable share of those earnings. Carried interest is earned by the general partner of those funds to the extent that cumulative investment returns are positive and where applicable, preferred return thresholds have been met. If these investment returns decrease or turn negative in subsequent periods, recognized carried interest will be reversed and reflected as losses in the statement of operations. For funds that are not consolidated, amounts earned pursuant to carried interest are included in capital allocation-based income (loss) in the consolidated statements of operations. Amounts earned pursuant to carried interest at consolidated funds are eliminated upon consolidation of the fund and are included as investment income (loss) in net gains (losses) from investment activities along with all of the other investment gains and losses at the consolidated fund.

Carried interest is recognized in the statement of operations based on the contractual conditions set forth in the agreements governing the fund as if the fund were terminated and liquidated at the reporting date and the fund's investments were realized at the then estimated fair values. Due to the extended durations of our private equity funds, we believe that this approach results in income recognition that best reflects our periodic performance in the management of those funds. Amounts earned pursuant to carried interest are earned by the general partner of those funds to the extent that cumulative investment returns are positive and where applicable, preferred return thresholds have been met. If these investment amounts earned decrease or turn negative in subsequent periods, recognized carried interest will be reversed and to the extent that the aggregate amount of carry distributions received by the general partner during the term of the fund exceed the amount to which the general partner was ultimately entitled, a clawback obligation would be recorded. For funds that are not consolidated, this clawback obligation, if any, is reflected as a reduction of our investment balance as this is where carried interest is initially recorded. For funds that are consolidated, this clawback obligation, if any, is reflected as an increase in noncontrolling interests in the consolidated statements of financial condition.

Prior to 2012, most of our historical private equity funds that provide for carried interest do not have a preferred return. For these funds, the management company is required to refund up to 20% of any management fees earned from its limited partners in the event that the fund recognizes carried interest. At such time as the fund recognizes carried interest in an amount sufficient to cover 20% of the management fees earned or a portion thereof, a liability due to the fund's limited partners is recorded and revenue is reduced for the amount of the carried interest recognized, not to exceed 20% of the management fees earned. The refunds to the limited partners are paid, and liabilities relieved, at such time that the underlying investment is sold and the associated carried interest is realized. In the event that a fund's carried interest is not sufficient to cover all or a portion of the amount that represents 20% of the earned management fees, such management fees would be retained and not returned to the funds' limited partners.

Most of our investment funds that provide for carried interest and were launched after 2012, however, have a preferred return. In this case, the management company does not refund the management fees earned from the limited partners of the fund as described above. Instead, the management fee is effectively returned to the limited partners through a reduction of the realized gain on which carried interest is calculated. To calculate the carried interest, KKR calculates whether a preferred return has been achieved based on an amount that includes all of the management fees paid by the limited partners as well as the other capital contributions and expenses paid by them to date. To the extent the fund has exceeded the preferred return at the time of a realization event, and subject to any other conditions for the payment of carried interest like netting holes, carried interest is distributed to the general partner. Until the preferred return is achieved, no carried interest is recorded. Thereafter, the general partner is entitled to a catch up allocation such that the general partner's carried interest is paid in respect of all of the fund's net gains, including the net gains used to pay the preferred return, until the general partner has received the full percentage amount of carried interest that the general partner is entitled to under the terms of the fund. In general, investment funds that entitle the management company to receive an incentive fee have a preferred return and are calculated on a similar basis that takes into account management fees paid.

Recently Issued Accounting Pronouncements

For a full discussion of recently issued accounting pronouncements, see Note 2 "Summary of Significant Accounting Policies" to the financial statements included elsewhere in this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a discussion of current market conditions and uncertainties resulting from COVID-19, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Environment." We continue to monitor and plan for the potential market risks, and risks related to our results of operations and financial condition, related to the scheduled discontinuation of the London Interbank Offered Rate ("LIBOR") at the end of 2021. See "Risk Factors—Risks Related to Our Business—Transition away from LIBOR as a benchmark reference for interest rates may affect the cost of capital and may require amending or restructuring existing debt instruments and related hedging arrangements for us, our investment funds and our portfolio companies, and may impact the value of floating rate securities based on LIBOR we or our investment funds hold or may hold in the future, which may result in additional costs or adversely affect our or our funds' liquidity, results of operations and financial condition" in our Annual Report. There was no other material change in our market risks during the nine months ended September 30, 2020. For additional information, please refer to our Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that the information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to management, including the Co-Chief Executive Officers and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurances of achieving the desired control objectives.

We carried out an evaluation, under the supervision and with the participation of our management, including the Co-Chief Executive Officers and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2020. Based upon that evaluation, our Co-Chief Executive Officers and Chief Financial Officer have concluded that, as of September 30, 2020, our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

No changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) of the Exchange Act) occurred during the three or nine months ended September 30, 2020 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The section entitled "Litigation" appearing in Note 16 "Commitments and Contingencies" to our condensed consolidated financial statements included elsewhere in this report is incorporated herein by reference.

ITEM 1A. RISK FACTORS.

Other than as set forth in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 under the heading "Risk Factors," which is incorporated herein by reference, and in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Environment" in this report, there were no material changes to the risk factors disclosed in our Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Share Repurchases in the Third Quarter of 2020

Under the repurchase program, KKR is authorized to repurchase its common stock from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing, manner, price and amount of any common stock repurchases will be determined by KKR in its discretion and will depend on a variety of factors, including legal requirements, price and economic and market conditions. KKR expects that the program, which has no expiration date, will be in effect until the maximum approved dollar amount has been used. The program does not require KKR to repurchase any specific number of shares of common stock, and the program may be suspended, extended, modified or discontinued at any time.

In addition to the repurchases of common stock described above, subsequent to May 3, 2018, the repurchase program will be used for the retirement (by cash settlement or the payment of tax withholding amounts upon net settlement) of equity awards issued pursuant to our Equity Incentive Plans representing the right to receive shares of common stock. From October 27, 2015 through September 30, 2020, KKR has paid approximately $369 million in cash to satisfy tax withholding and cash settlement obligations in lieu of issuing shares of common stock or its equivalent upon the vesting of equity awards representing 18.0 million shares of common stock. Of these amounts, equity awards representing 11.0 million shares of common stock or its equivalent were retired for $190 million prior to May 3, 2018 and did not count against the amounts remaining under the repurchase program.

The table below sets forth the information with respect to repurchases made by or on behalf of KKR & Co. Inc. or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Exchange Act) of our common stock during the third quarter of 2020. No shares of common stock were repurchased during the third quarter of 2020 and no equity awards were retired during the third quarter of 2020. From inception of the repurchase program through September 30, 2020, we have repurchased or retired a total of approximately 59.3 million shares of common stock under the program at an average price of approximately $19.02 per share.

Issuer Purchases of Common Stock

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

	Total Number of Shares Purchased	Average Price Paid Per Share	Cumulative Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
Month #1 (July 1, 2020 to July 31, 2020)	—	$ —	52,283,838	$ 500,000
Month #2 (August 1, 2020 to August 31, 2020)	—	$ —	52,283,838	$ 500,000
Month #3 (September 1, 2020 to September 30, 2020)	—	$ —	52,283,838	$ 500,000
Total through September 30, 2020	—			

(1) Amounts have been reduced by retirements of equity awards occurring after May 3, 2018. On May 6, 2020, KKR announced the increase to the total available amount under the repurchase program to $500 million.

Other Equity Securities

During the third quarter of 2020, 7,197,017 KKR Group Partnership Units were exchanged by KKR Holdings for an equal number of shares of our common stock. This resulted in an increase in our ownership of KKR Group Partnership and a corresponding decrease in the ownership of KKR Group Partnership by KKR Holdings. In November 2020, approximately 3.2 million KKR Group Partnership Units are expected to be exchanged by KKR Holdings into an equal number of shares of our common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION

On November 3, 2020, KKR Capital Markets Holdings L.P. and certain other capital market subsidiaries of KKR & Co. Inc. entered into a first amendment (the "Amendment") with Mizuho Bank, Ltd., as administrative agent, and the lenders party thereto to the third amended and restated 5-year revolving credit agreement, dated as of March 20, 2020 (as amended from time to time, the "Agreement") with Mizuho Bank, Ltd., as administrative agent, and the lenders party thereto. The Amendment provides for additional revolving borrowings of up to $250 million, for total revolving borrowings under the Agreement of $750 million with a $750 million sublimit for letters of credit, expires on March 20, 2025 and ranks pari passu with the existing $750 million 364-day revolving credit facility provided by them for KKR's capital markets business. The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Amendment, a copy of which is attached as Exhibit 10.2 to this report, and the terms of which are incorporated by reference herein.

ITEM 6. EXHIBITS.

The following is a list of all exhibits filed or furnished as part of this report:

Exhibit No.	Description of Exhibit
2.1	Agreement and Plan of Merger, dated as of July 7, 2020, by and among Global Atlantic Financial Group Limited, a Bermuda exempted company, Global Atlantic Financial Life Limited, a Bermuda exempted company, Magnolia Merger Sub Limited, a Bermuda exempted company, Magnolia Parent LLC, a Cayman Islands limited liability company, and solely for Section 2.10(a) thereunder, LAMC LP, a Cayman Island exempted limited partnership, and Goldman Sachs & Co. LLC, solely as the Equity Representative (incorporated by reference to Exhibit 2.1 to the KKR & Co. Inc. Current Report on Form 8-K filed on July 10, 2020).
3.1	Amended and Restated Certificate of Incorporation of KKR & Co. Inc. (incorporated by reference to Exhibit 3.1 to the KKR & Co. Inc. Quarterly Report on Form 10-Q filed on May 11, 2020).
3.2	Amended and Restated Bylaws of KKR & Co. Inc. (incorporated by reference to Exhibit 3.2 to the KKR & Co. Inc. Quarterly Report on Form 10-Q filed on May 11, 2020).
3.3	Certificate of Designations of 6.00% Series C Mandatory Convertible Preferred Stock of KKR & Co. Inc. (incorporated by reference to Exhibit 3.1 to the KKR & Co. Inc. Current Report on Form 8-K filed on August 14, 2020).
4.1	Form of 6.00% Series C Preferred Stock Certificate (included in Exhibit 3.1 to the KKR & Co. Inc. Current Report on Form 8-K filed on August 14, 2020).
4.2	Indenture dated as of August 25, 2020 among KKR Group Finance Co. VIII LLC, KKR & Co. Inc., KKR Group Partnership L.P. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to KKR & Co. Inc. Current Report on Form 8-K filed on August 25, 2020).
4.3	First Supplemental Indenture dated as of August 25, 2020 among KKR Group Finance Co. VIII LLC, KKR & Co. Inc., KKR Group Partnership L.P. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to KKR & Co. Inc. Current Report on Form 8-K filed on August 25, 2020).
4.4	Form of 3.500% Senior Note due 2050 (included in Exhibit 4.2 to KKR & Co. Inc. Current Report on Form 8-K filed on August 25, 2020)
10.1	Amendment No. 1, dated August 14, 2020, to the Third Amended and Restated Limited Partnership Agreement of KKR Group Partnership L.P. dated January 1, 2020 (incorporated by reference to Exhibit 10.1 to the KKR & Co. Inc. Current Report on Form 8-K filed on August 14, 2020).
10.2 †	First Amendment, dated November 3, 2020, among KKR Capital Markets Holdings L.P., certain subsidiaries of KKR Capital Markets Holdings L.P., Mizuho Bank, Ltd., as administrative agent, and the lenders party thereto, to the Third Amended and Restated 5-Year Revolving Credit Agreement dated March 20, 2020.
31.1	Certification of Co-Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002.
31.2	Certification of Co-Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit No.	Description of Exhibit
31.3	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive data files pursuant to Rule 405 of Regulation S-T, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Financial Condition as of September 30, 2020 and December 31, 2019, (ii) the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2020 and September 30, 2019, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2020 and September 30, 2019; (iv) the Condensed Consolidated Statements of Changes in Equity for the three and nine months ended September 30, 2020 and September 30, 2019, (v) the Condensed Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2020 and September 30, 2019, and (vi) the Notes to the Condensed Consolidated Financial Statements.
104	Cover page interactive data file, formatted in Inline XBRL and contained in Exhibit 101.

† Certain information contained in this agreement has been omitted because it is not material and would likely cause competitive harm to the registrant if publicly disclosed.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KKR & CO. INC.

By: /s/ ROBERT H. LEWIN

Robert H. Lewin
Chief Financial Officer
(principal financial and accounting officer)

DATE: November 6, 2020

Exhibit 10.2

CERTAIN INFORMATION, IDENTIFIED BY, AND REPLACED WITH, A MARK OF "[**]" HAS BEEN EXCLUDED FROM THIS DOCUMENT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED.

FIRST AMENDMENT

THIS FIRST AMENDMENT (this "Amendment") is made as of November 3, 2020 by and among KKR Capital Markets Holdings L.P., a Delaware limited partnership ("KCMH"), KKR Corporate Lending LLC, a Delaware limited liability company ("KCL U.S."), KKR Corporate Lending (CA) LLC, a Delaware limited liability company ("KCL C.A."), KKR Corporate Lending (TN) LLC, a Delaware limited liability company ("KCL T.N."), and KKR Corporate Lending (UK) LLC, a Delaware limited liability company ("KCL U.K."; and together with KCMH, KCL U.S., KCL C.A. and KCL U.K., collectively, the "Borrowers" and individually each a "Borrower"), each of the Guarantors party to the Guarantee and Security Agreement described in the Existing Credit Agreement (as defined below), the Majority Lenders party to the Existing Credit Agreement, and Mizuho Bank, Ltd., as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Existing Credit Agreement as modified by this Amendment.

W I T N E S S E T H:

WHEREAS, the Borrowers, the Majority Lenders, the Increasing Lender (as defined below) and the Administrative Agent are parties to that certain Third Amended and Restated 5-Year Revolving Credit Agreement dated March 20, 2020 (the "Existing Credit Agreement", and as amended pursuant to this Amendment hereinafter referred to as the "Credit Agreement");

WHEREAS, the Borrowers have requested that the Lenders party hereto agree to amend the Existing Credit Agreement in certain respects as hereinafter set forth;

WHEREAS, Section 9.01(a) of the Existing Credit Agreement provides that the Existing Credit Agreement may be amended by the Borrowers and the Majority Lenders, subject to the consent of each Lender directly affected thereby to increase the Commitment of such Lender (such Lender, an "Increasing Lender");

WHEREAS, the Lenders party hereto and listed on the signature pages hereof have agreed to such amendments on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

I. Amendments to the Existing Credit Agreement. Effective as of the Amendment Effective Date (as defined below):

(a) The cover page of the Existing Credit Agreement is hereby amended by replacing the reference to "$500,000,000" with "750,000,000".

(b) The definition of "Aggregate Facility Amount" in Section 1.01 of the Existing Credit Agreement is hereby amended by replacing the reference to "$500,000,000" with "750,000,000".

(c) The definition of "Letter of Credit Facility Amount" in Section 1.01 of the Existing Credit Agreement is hereby amended by replacing the reference to "$500,000,000" with "750,000,000".

(d) Annex A to the Existing Credit Agreement is hereby amended by replacing the reference to "$[**]" with "[**]" in the last row of the table under "Total Credit Exposure".

(e) Schedule I to the Existing Credit Agreement is hereby amended by replacing the reference to "$[**]" with "[**]".

[**] = Certain information contained in this document, marked by "[**]" has been excluded because it is both (i) not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

II. Conditions of Effectiveness. This Amendment shall become effective on the date that each of the following conditions is met or waived (the "Amendment Effective Date"):

(a) Execution of Counterparts. The Administrative Agent shall have received counterparts of this Amendment executed by each Borrower, each Guarantor, each Increasing Lender and the Majority Lenders.

(b) Representations and Warranties. As of the Amendment Effective Date, immediately before and after giving effect to this Amendment, the representations and warranties of each Borrower set forth in the Loan Documents shall be true and correct in all material respects on and as of the Amendment Effective Date with the same effect as though made on and as of the Amendment Effective Date; provided that, to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date; provided further that any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct in all respects on and as of the Amendment Effective Date or on such earlier date, as the case may be.

(c) No Default or Event of Default. As of the Amendment Effective Date, immediately before and after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

(d) Legal Opinion. The Administrative Agent's receipt of the legal opinion of Simpson Thacher & Bartlett LLP, counsel to the Borrowers, in a form reasonably acceptable to Administrative Agent.

(e) Closing Certificates. The Administrative Agent shall have received (i) certified copies of (x) the constitutive documents of each Borrower and (y) resolutions or other authorizing documentation of each Obligor and the General Partner evidencing the taking of all necessary action authorizing and approving the execution, delivery and performance by each Borrower of the First Amendment and any other documents to be delivered hereunder by each Borrower, (ii) a certificate of an officer of each Borrower certifying the names and true signatures of the officers authorized to sign the First Amendment and any other documents to be delivered hereunder by each Borrower and (iii) a certificate of an officer of KCMH, dated as of the Amendment Effective Date, certifying that (a) the representations and warranties contained in Section III below are true and correct in all material respects on and as of such date as though made on and as of such date and (b) no event has occurred and is continuing on and as of such date which constitutes a Default or an Event of Default.

(f) Solvency Certificate. The Administrative Agent's receipt of a certificate attesting to the Solvency of KCMH and its Subsidiaries, taken as a whole, after giving effect to the effectiveness of this Amendment and any Loans made or Letters of Credit issued or outstanding on the Amendment Effective Date.

(g) Intercreditor Agreement Amendment. The Administrative Agent's receipt of an amendment to the Intercreditor Agreement described in the Existing Credit Agreement in a form reasonably satisfactory to the Administrative Agent.

(h) Fees and Expenses. KCMH shall have paid all fees and expenses (including fees, charges and disbursements of counsel invoiced prior to the Amendment Effective Date) required to be paid on or prior to the Amendment Effective Date to the Administrative Agent in connection with this Amendment.

(i) Other Documents. Any other documentation or amendments to such documents reasonably requested by Administrative Agent in customary form and previously agreed upon between the parties.

III. Representations and Warranties

(a) To induce the other parties hereto to enter into this Amendment, the Borrowers represent and warrant to each of the Lenders and the Administrative Agent, as of the Amendment Effective Date and after giving effect to the transactions and amendments to occur on the Amendment Effective Date, this Amendment has been duly authorized, executed and delivered by each of the Borrowers and constitutes, and the Existing Credit Agreement, as amended hereby on the Amendment Effective Date, will constitute, its legal, valid and binding obligation, enforceable against the Borrowers and in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) Immediately before and after giving effect to this Amendment, the representations and warranties of each Borrower set forth in the Loan Documents shall be true and correct in all material respects on and as of the Amendment Effective Date with the same effect as though made on and as of such date, except to the extent (i) such representations and warranties expressly relate to an earlier date (in which case such representations and warranties were true and correct in all material respects as of such earlier date) or (ii) such representations and warranties are qualified as to "materiality," "Material Adverse Effect" or similar language (in which case such representation and warranties are true and correct in all respects as of the Amendment Effective Date or as of such earlier date, as the case may be).

(c) Immediately before and after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing on the Amendment Effective Date.

IV. Effect of Amendment.

(a) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of, the Lenders or the Administrative Agent under the Existing Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Existing Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. In addition, and in furtherance of the foregoing, the Guarantors expressly acknowledge and agree to the terms of this Amendment and, notwithstanding the original terms of the Guarantee and Security Agreement, its terms now also apply with full force and effect to any amounts outstanding under or in connection with the increased Commitment as well as other amounts incurred pursuant to the terms of the Existing Credit Agreement. Nothing herein shall be deemed to establish a precedent for purposes of interpreting the provisions of the Credit Agreement or entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances. This Amendment shall apply to and be effective only with respect to the provisions of the Existing Credit Agreement specifically referred to herein.

(b) On and after the Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and each reference to the Credit Agreement, "thereunder", "thereof", "therein" or words of like import in any other Loan Document, shall be deemed a reference to the Existing Credit Agreement as amended hereby. This Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

V. Governing Law. This Amendment and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York. The provisions of Sections 9.07 and 9.11 of the Existing Credit Agreement shall apply to this Amendment to the same extent as if fully set forth herein.

VI. Counterparts and Electronic Signatures. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of any executed counterpart of a signature page of this Amendment by facsimile transmission or other electronic means shall be effective as delivery of a manually executed counterpart hereof. The words “delivery”, “execute,” “execution,” “signed,” “signature,” and words of like import in this Amendment and any document executed in connection herewith shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary neither the Administrative Agent nor any Lender is under any obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent or such Lender pursuant to procedures approved by it and provided further without limiting the foregoing, upon the request of any party, any electronic signature shall be promptly followed by such manually executed counterpart.

VII. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

VIII. Successors and Assigns. The consent of any Lender to this Amendment shall be binding upon such Lender’s successors, assigns and participants permitted by the Existing Credit Agreement. Further, the provisions of this Amendment shall be binding and inure to the benefit of, such Lender’s successors, assigns and participants permitted by the Existing Credit Agreement.

[Signature pages follow]

IN WITNESS WHEREOF, the parties thereto have caused this Amendment to be duly executed and delivered by their officers as of the date first above written.

KKR CAPITAL MARKETS HOLDINGS L.P.,
as a Borrower

By: KKR CAPITAL MARKETS HOLDINGS GP LLC, its general partner

By: /s/ Adam Smith
Name: Adam Smith
Title: Chief Executive Officer

KKR CORPORATE LENDING LLC,
as a Borrower and as a Guarantor

By: /s/ Adam Smith
Name: Adam Smith
Title: Chief Executive Officer

KKR CORPORATE LENDING (CA) LLC,
as a Borrower and as a Guarantor

By: /s/ Adam Smith
Name: Adam Smith
Title: Chief Executive Officer

KKR CORPORATE LENDING (TN) LLC,
as a Borrower and as a Guarantor

By: /s/ Adam Smith
Name: Adam Smith
Title: Chief Executive Officer

[Signature Page to Amendment]

KKR CORPORATE LENDING (UK) LLC,
as a Borrower and as a Guarantor

By: /s/ Adam Smith
Name: Adam Smith
Title: Chief Executive Officer

[Signature Page to Amendment]

MIZUHO BANK, LTD.,
as Administrative Agent and as a Lender

By: /s/ Donna DeMagistris
Name: Donna DeMagistris
Title: Authorized Signatory

[Signature Page to Amendment]

Exhibit 31.1

CO-CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Henry R. Kravis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2020 of KKR & Co. Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2020

/s/ Henry R. Kravis

Henry R. Kravis

Co-Chief Executive Officer

Exhibit 31.2

CO-CHIEF EXECUTIVE OFFICER CERTIFICATION

I, George R. Roberts, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2020 of KKR & Co. Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2020

/s/ George R. Roberts

George R. Roberts
Co-Chief Executive Officer

Exhibit 31.3

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Robert H. Lewin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2020 of KKR & Co. Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2020

/s/ Robert H. Lewin

Robert H. Lewin

Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. §1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of KKR & Co. Inc. (the "Corporation") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission (the "Report"), I, Henry R. Kravis, Co-Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: November 6, 2020

/s/ Henry R. Kravis

Henry R. Kravis
Co-Chief Executive Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. §1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of KKR & Co. Inc. (the "Corporation") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission (the "Report"), I, George R. Roberts, Co-Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: November 6, 2020

/s/ George R. Roberts

George R. Roberts

Co-Chief Executive Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.3

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. §1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of KKR & Co. Inc. (the "Corporation") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission (the "Report"), I, Robert H. Lewin, Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: November 6, 2020

/s/ Robert H. Lewin

Robert H. Lewin
Chief Financial Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.