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 March 31, 2023

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	**88-1203639**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

30 Hudson Yards
New York, New York 10001
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
6.00% Series C Mandatory Convertible Preferred Stock	KKR PR C	New York Stock Exchange
4.625% Subordinated Notes due 2061 of KKR Group Finance Co. IX LLC	KKRS	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 May 9, 2023, there were 863,073,995 shares of common stock of the registrant outstanding.

KKR & CO. INC.

FORM 10-Q

For the Quarter Ended March 31, 2023

TABLE OF CONTENTS

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," "think," "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 & Co. Inc.; the timing, manner and volume of repurchase of common stock pursuant to its repurchase program; expansion and growth opportunities and other synergies resulting from acquisitions, reorganizations or strategic partnerships; the return of balance sheet capital if a fund has a successful fundraise; investment opportunities offered to individual investors to continue to grow and to represent a larger percentage of our assets under management; the estimate of the amounts expected to be owed under the tax receivable agreement; the ability of core private equity investments to generate earnings that compound over a long period of time; and the timing and completion of certain transactions contemplated by the Reorganization Agreement (as defined below) 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 in the section entitled "Business Environment" in this report and "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the U.S. Securities and Exchange Commission ("SEC") on February 27, 2023 (our "Annual Report"). These factors should be read in conjunction with the other cautionary statements that are included in this report and in our other filings with 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.

CERTAIN TERMS USED IN THIS REPORT

In this report, references to "KKR," "we," "us" and "our" refer to KKR & Co. Inc. and its subsidiaries, including The Global Atlantic Financial Group LLC ("TGAFG" and, together with its subsidiaries, "Global Atlantic"), unless the context requires otherwise.

References to the “Series I preferred stockholder” or “KKR Management” are to KKR Management LLP, the holder of the sole outstanding share of our Series I preferred stock. References to our “senior principals” are to our senior employees who hold interests in the Series I preferred stockholder, including Mr. Henry Kravis and Mr. George Roberts (our "Co-Founders"). References to "principals" are to our current and former employees who formerly held interests in KKR Holdings L.P. ("KKR Holdings"), which we acquired on May 31, 2022, pursuant to the Reorganization Agreement, as discussed below. References to “carry pool participants” are to our current and former employees who hold interests in our “carry pool,” which refers to the carried interest generated by KKR’s business that is allocated to KKR Associates Holdings L.P. (“Associates Holdings”), in which carry pool participants are limited partners. Associates Holdings is currently not a subsidiary of KKR & Co. Inc.

KKR Group Partnership L.P. ("KKR Group Partnership") is the intermediate holding company that owns the entirety of KKR’s business. 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 carry pool participants and any other holders of minority interests in KKR Group Partnership. References to “KKR Group Partnership” for periods prior to January 1, 2020 refer to KKR Fund Holdings L.P., KKR Management Holdings L.P. and KKR International Holdings L.P., collectively, which were combined on that date to form KKR Group Partnership. References to a “KKR Group Partnership Unit” refer to (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 prior to January 1, 2020, and (ii) one Class A partner interest in KKR Group Partnership for periods on and after January 1, 2020. “Exchangeable securities” refers to securities that have the right to acquire KKR Group Partnership Units and to exchange them for our shares of common stock. As of the date of this report, our only outstanding exchangeable securities are vested restricted holdings units issued under the Amended and Restated KKR & Co. Inc. 2019 Equity Incentive Plan (the "2019 Equity Incentive Plan"). In the future, we may issue securities other than restricted holdings units that may constitute exchangeable securities.

On October 8, 2021, KKR entered into a Reorganization Agreement (the "Reorganization Agreement") with KKR Holdings, KKR Management, Associates Holdings, and the other parties thereto. Pursuant to the Reorganization Agreement, the parties agreed to undertake a series of integrated transactions to effect a number of transformative structural and governance changes, including (a) the acquisition by KKR of KKR Holdings and all of the KKR Group Partnership Units held by it (which as noted below was completed), (b) the future elimination of voting control by KKR Management and the Series I preferred stock held by it, (c) the future establishment of voting rights for all common stock on a one vote per share basis, including with respect to the election of directors, and (d) the future control of the carry pool by KKR. On May 31, 2022, KKR completed the acquisition of KKR Holdings and the 258.3 million KKR Group Partnership Units held by it, and in exchange KKR issued and delivered 266.8 million shares of common stock to our principals. On the "Sunset Date" (which will occur no later than December 31, 2026), KKR will cancel the Series I preferred stock, establish voting rights for all common stock on a one vote per share basis, and acquire control of the carry pool. For more information about the Reorganization Agreement, see "Certain Relationships and Related Transactions, and Director Independence—Reorganization Agreement" in this report.

KKR's asset management business is conducted by Kohlberg Kravis Roberts & Co. L.P. and various other subsidiaries of KKR & Co. Inc. other than Global Atlantic. KKR's insurance business is operated by Global Atlantic, which KKR acquired (the "GA Acquisition") on February 1, 2021 (the "GA Acquisition Date"). KJR Management ("KJRM") is a Japanese real estate asset manager, which KKR acquired on April 28, 2022.

References to our "funds" or "vehicles" refer to a wide array of investment funds, vehicles and accounts that are advised, managed or sponsored by one or more subsidiaries of KKR, including collateralized loan obligations ("CLOs") and business development companies (each, a "BDC"), unless the context requires otherwise. These references do not include the investment funds, vehicles or accounts of any hedge fund partnership or any other third-party manager with which we have formed a strategic partnership or have acquired a minority ownership interest. Unless the context requires otherwise, references to "fund investors" refers to the third-party investors in our funds and vehicles. References to "strategic investor partnerships" refers to separately managed accounts with certain investors, which typically have investment periods longer than our traditional funds and typically provide for investments across different investment strategies. References to "hedge fund partnerships" refers to strategic partnerships with third-party hedge fund managers in which KKR owns a minority stake.

Unless otherwise indicated, references in this report to our outstanding common stock on a fully exchanged and diluted basis reflect (i) actual shares of common stock outstanding, (ii) shares of common stock into which all outstanding shares of Series C Mandatory Convertible Preferred Stock are convertible, and (iii) shares of common stock issuable pursuant to equity awards actually granted pursuant to the Amended and Restated KKR & Co. Inc. 2010 Equity Incentive Plan (the "2010 Equity Incentive Plan" and, together with the 2019 Equity Incentive Plan, our "Equity Incentive Plans"). Our outstanding common stock on a fully exchanged and diluted basis 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.

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 operating earnings, fee related earnings ("FRE"), asset management segment revenues, 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 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—Analysis of Non-GAAP Performance Measures—Reconciliations to GAAP Measures." This report also uses the terms assets under management ("AUM"), fee paying assets under management ("FPAUM") and capital invested. 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 Performance Measures and Other Operating Measures."

The use of any defined term in this report to mean more than one entity, person, security or other item 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. Any KKR entity (including any Global Atlantic entity) referenced herein is responsible for its own financial, contractual and legal obligations. Additionally, references to "including" are for the purpose of illustration and shall be read to mean "including but not limited to."

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)

	March 31, 2023	December 31, 2022
Assets		
Asset Management		
Cash and Cash Equivalents	$ 5,576,121	$ 6,705,325
Restricted Cash and Cash Equivalents	161,619	253,431
Investments	97,949,918	92,375,463
Due from Affiliates	1,847,869	1,663,303
Other Assets	5,048,330	5,197,626
	110,583,857	106,195,148
Insurance		
Cash and Cash Equivalents	$ 3,713,382	$ 6,118,231
Restricted Cash and Cash Equivalents	277,398	308,383
Investments	129,401,394	124,199,176
Reinsurance Recoverable	26,157,178	26,022,081
Insurance Intangible Assets	2,391,610	2,331,494
Other Assets	5,920,967	6,041,329
Separate Account Assets	4,164,803	4,130,794
	172,026,732	169,151,488
Total Assets	$ 282,610,589	$ 275,346,636
Liabilities and Equity		
Asset Management		
Debt Obligations	$ 42,519,776	$ 40,598,613
Due to Affiliates	435,270	466,057
Accrued Expenses and Other Liabilities	7,792,747	6,471,775
	50,747,793	47,536,445
Insurance		
Policy Liabilities (market risk benefit liabilities: $764,407 and $682,038, respectively)	$ 141,129,974	$ 137,780,929
Debt Obligations	2,157,283	2,128,166
Funds Withheld Payable at Interest	22,995,695	22,739,417
Accrued Expenses and Other Liabilities	3,465,099	4,600,375
Reinsurance Liabilities	826,566	1,059,820
Separate Account Liabilities	4,164,803	4,130,794
	174,739,420	172,439,501
Total Liabilities	225,487,213	219,975,946

	March 31, 2023		December 31, 2022	
Commitments and Contingencies (See Note 25)				
Redeemable Noncontrolling Interests (See Note 24)	$	144,126	$	152,065
Stockholders' Equity				
Series C Mandatory Convertible Preferred Stock, $0.01 par value. 22,999,974 and 22,999,974 shares, issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.	$	1,115,792	$	1,115,792
Series I Preferred Stock, $0.01 par value. 1 share authorized, 1 share issued and outstanding as of March 31, 2023 and December 31, 2022.		—		—
Common Stock, $0.01 par value. 3,500,000,000 shares authorized, 861,104,000 and 861,110,478 shares, issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.		8,611		8,611
Additional Paid-In Capital		16,339,472		16,284,057
Retained Earnings		6,890,381		6,701,107
Accumulated Other Comprehensive Income (Loss) ("AOCI")		(4,691,575)		(5,301,800)
Total KKR & Co. Inc. Stockholders' Equity		19,662,681		18,807,767
Noncontrolling Interests (See Note 23)		37,316,569		36,410,858
Total Equity		56,979,250		55,218,625
Total Liabilities and Equity	$	282,610,589	$	275,346,636

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 provided in the consolidated statements of financial condition attributable to consolidated variable interest entities ("VIEs"). As of March 31, 2023 and December 31, 2022, KKR's consolidated VIEs consist primarily of (i) certain collateralized financing entities ("CFEs") holding collateralized loan obligations ("CLOs"), (ii) certain investment funds, and (iii) certain VIEs formed by Global Atlantic. The noteholders, creditors and equity holders of these VIEs have no recourse to the assets of any other KKR entity.

With respect to consolidated CLOs and certain investment funds, 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 and not generally to KKR. 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 to them, if any.

With respect to certain other VIEs consolidated by Global Atlantic, Global Atlantic has formed certain VIEs to hold investments, including fixed maturity securities, consumer and other loans, renewable energy, transportation and real estate. These VIEs issue beneficial interests primarily to Global Atlantic's insurance companies.

	March 31, 2023			
	Consolidated CLOs	Consolidated Funds and Other Investment Vehicles	Other VIEs	Total
Assets				
Asset Management				
Cash and Cash Equivalents	$ 1,101,591	$ 2,118,054	$ —	$ 3,219,645
Restricted Cash and Cash Equivalents	—	63,709	—	63,709
Investments	24,013,221	58,194,698	—	82,207,919
Other Assets	219,357	515,498	—	734,855
	25,334,169	60,891,959	—	86,226,128
Insurance				
Cash and Cash Equivalents	—	—	788,637	788,637
Investments	—	—	23,943,603	23,943,603
Accrued Investment Income	—	—	181,741	181,741
Other Assets	—	—	1,198,172	1,198,172
	—	—	26,112,153	26,112,153
Total Assets	$ 25,334,169	$ 60,891,959	$ 26,112,153	$ 112,338,281
Liabilities				
Asset Management				
Debt Obligations	$ 23,804,584	$ 7,954,526	$ —	$ 31,759,110
Accrued Expenses and Other Liabilities	742,023	1,771,732	—	2,513,755
	24,546,607	9,726,258	—	34,272,865
Insurance				
Accrued Expenses and Other Liabilities	—	—	409,889	409,889
Total Liabilities	$ 24,546,607	$ 9,726,258	$ 409,889	$ 34,682,754

	December 31, 2022			
	Consolidated CLOs	Consolidated Funds and Other Investment Vehicles	Other VIEs	Total
Assets				
Asset Management				
Cash and Cash Equivalents	$ 920,821	$ 2,936,937	$ —	$ 3,857,758
Restricted Cash and Cash Equivalents	—	155,521	—	155,521
Investments	22,492,366	54,507,084	—	76,999,450
Other Assets	182,487	652,031	—	834,518
	23,595,674	58,251,573	—	81,847,247
Insurance				
Cash and Cash Equivalents	—	—	619,264	619,264
Investments	—	—	24,732,042	24,732,042
Accrued Investment Income	—	—	290,237	290,237
Other Assets	—	—	1,130,696	1,130,696
	—	—	26,772,239	26,772,239
Total Assets	$ 23,595,674	$ 58,251,573	$ 26,772,239	$ 108,619,486
Liabilities				
Asset Management				
Debt Obligations	$ 22,273,242	$ 7,306,625	$ —	$ 29,579,867
Accrued Expenses and Other Liabilities	620,200	742,384	—	1,362,584
	22,893,442	8,049,009	—	30,942,451
Insurance				
Accrued Expenses and Other Liabilities	—	—	461,812	461,812
Total Liabilities	$ 22,893,442	$ 8,049,009	$ 461,812	$ 31,404,263

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 March 31,	
	2023	**2022**
Revenues		
Asset Management		
Fees and Other	$ 677,016	$ 780,511
Capital Allocation-Based Income (Loss)	449,018	(945,743)
	1,126,034	(165,232)
Insurance		
Net Premiums	473,624	372,144
Policy Fees	313,802	313,782
Net Investment Income	1,300,697	812,605
Net Investment-Related Gains (Losses)	(123,833)	(368,680)
Other Income	37,158	34,744
	2,001,448	1,164,595
Total Revenues	3,127,482	999,363
Expenses		
Asset Management		
Compensation and Benefits	575,670	283,672
Occupancy and Related Charges	22,149	18,149
General, Administrative and Other	213,689	234,665
	811,508	536,486
Insurance		
Net Policy Benefits and Claims (including market risk benefit loss (gain) of $146,309 and $(195,683), respectively)	1,527,054	513,178
Amortization of Policy Acquisition Costs	44,211	11,422
Interest Expense	40,261	13,219
Insurance Expenses	225,318	115,803
General, Administrative and Other	211,731	167,624
	2,048,575	821,246
Total Expenses	2,860,083	1,357,732
Investment Income (Loss) - Asset Management		
Net Gains (Losses) from Investment Activities	(159,409)	914,261
Dividend Income	148,167	662,350
Interest Income	728,616	352,556
Interest Expense	(576,338)	(281,759)
Total Investment Income (Loss)	141,036	1,647,408
Income (Loss) Before Taxes	408,435	1,289,039
Income Tax Expense (Benefit)	148,747	36,651

	Three Months Ended March 31,	
	2023	2022
Net Income (Loss)	259,688	1,252,388
Net Income (Loss) Attributable to Redeemable Noncontrolling Interests	(7,303)	(63)
Net Income (Loss) Attributable to Noncontrolling Interests	(73,003)	1,244,987
Net Income (Loss) Attributable to KKR & Co. Inc.	339,994	7,464
Series C Mandatory Convertible Preferred Stock Dividends	17,250	17,250
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	**$ 322,744**	**$ (9,786)**
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock		
Basic	$ 0.37	$ (0.02)
Diluted	$ 0.36	$ (0.02)
Weighted Average Shares of Common Stock Outstanding		
Basic	861,108,510	592,202,835
Diluted	887,169,336	592,202,835

See notes to financial statements.

KKR & CO. INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(Amounts in Thousands)

	Three Months Ended March 31,	
	2023	2022
Net Income (Loss)	$ 259,688	$ 1,252,388
Other Comprehensive Income (Loss), Net of Tax:		
Unrealized Gains (Losses) on Available-For-Sale Securities and Other	1,132,752	(3,539,038)
Net effect of changes in discount rates and instrument-specific credit risk on policy liabilities	(137,101)	724,586
Foreign Currency Translation Adjustments	(18,238)	(22,281)
Comprehensive Income (Loss)	1,237,101	(1,584,345)
Comprehensive Income (Loss) Attributable to Redeemable Noncontrolling Interests	(7,303)	(63)
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	294,185	(375,485)
Comprehensive Income (Loss) Attributable to KKR & Co. Inc.	$ 950,219	$ (1,208,797)

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 March 31, 2023		Three Months Ended March 31, 2022	
	Amounts	Shares	Amounts	Shares
Series C Mandatory Convertible Preferred Stock				
Beginning of Period	$ 1,115,792	22,999,974	$ 1,115,792	23,000,000
End of Period	1,115,792	22,999,974	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	—	—	2,587	258,726,163
End of Period	—	—	2,587	258,726,163
Common Stock				
Beginning of Period	8,611	861,110,478	5,957	595,663,618
Clawback of Transfer Restricted Shares	—	(13,624)	—	—
Net Delivery of Common Stock	—	7,146	—	—
Repurchases of Common Stock	—	—	(52)	(5,191,174)
End of Period	8,611	861,104,000	5,905	590,472,444
Additional Paid-In Capital				
Beginning of Period (as previously reported)	16,190,407		8,997,435	
Adoption of New Accounting Standard (See Note 2)	93,650		—	
Beginning of Period (as revised)	16,284,057		8,997,435	
Tax Effects - Exchange of KKR Holdings Units and Other	—		26,780	
Repurchases of Common Stock	—		(346,599)	
Equity-Based Compensation	55,415		51,928	
End of Period	16,339,472		8,729,544	
Retained Earnings				
Beginning of Period (as previously reported)	6,315,711		7,670,182	
Adoption of New Accounting Standard (See Note 2)	385,396		65,930	
Beginning of Period (as revised)	6,701,107		7,736,112	
Net Income (Loss) Attributable to KKR & Co. Inc.	339,994		7,464	
Series C Mandatory Convertible Preferred Stock Dividends ($0.75 per share)	(17,250)		(17,250)	
Common Stock Dividends ($0.155 and $0.145 per share)	(133,470)		(85,741)	
End of Period	6,890,381		7,640,585	
Accumulated Other Comprehensive Income (Loss) (net of tax)				
Beginning of Period (as previously reported)	(5,901,701)		(209,789)	
Adoption of New Accounting Standard (See Note 2)	599,901		10,341	
Beginning of Period (as revised)	(5,301,800)		(199,448)	
Other Comprehensive Income (Loss)	610,225		(1,216,261)	
End of Period	(4,691,575)		(1,415,709)	
Total KKR & Co. Inc. Stockholders' Equity	19,662,681		16,078,704	
Noncontrolling Interests (See Note 23)	37,316,569		41,993,151	
Total Equity	$ 56,979,250		$ 58,071,855	
Redeemable Noncontrolling Interests (See Note 24)	$ 144,126		$ 81,793	

See notes to financial statements.

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating Activities		
Net Income (Loss)	$ 259,688	$ 1,252,388
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Equity-Based and Other Non-Cash Compensation	184,135	168,792
Net Realized (Gains) Losses - Asset Management	(99,380)	(279,629)
Change in Unrealized (Gains) Losses - Asset Management	258,789	(634,632)
Capital Allocation-Based (Income) Loss - Asset Management	(449,018)	945,743
Net Realized (Gains) Losses on Insurance Operations	953,155	(270,658)
Net Accretion and Amortization	32,180	74,962
Interest Credited to Policyholder Account Balances (net of Policy Fees) - Insurance	623,849	470,543
Other Non-Cash Amounts	49,999	7,971
Cash Flows Due to Changes in Operating Assets and Liabilities:		
Reinsurance Transactions and Acquisitions, Net of Cash Provided - Insurance	242,554	5,764
Change in Premiums, Notes Receivable and Reinsurance Recoverable, Net of Reinsurance Premiums Payable - Insurance	(263,534)	291,418
Change in Deferred Policy Acquisition Costs - Insurance	(166,926)	(120,435)
Change in Policy Liabilities and Accruals, Net - Insurance	130,151	(431,737)
Change in Due from / to Affiliates	(145,301)	(68,560)
Change in Other Assets	493,728	610,079
Change in Accrued Expenses and Other Liabilities	699,553	(491,656)
Investments Purchased - Asset Management	(9,966,282)	(12,736,719)
Proceeds from Investments - Asset Management	5,229,772	12,123,184
Net Cash Provided (Used) by Operating Activities	**(1,932,888)**	**916,818**
Investing Activities		
Purchases of Fixed Assets	(23,207)	(11,888)
Investments Purchased - Insurance	(8,769,518)	(15,105,620)
Proceeds from Investments - Insurance	4,956,273	13,130,681
Other Investing Activities, Net - Insurance	17,919	(11,002)
Net Cash Provided (Used) by Investing Activities	**(3,818,533)**	**(1,997,829)**
Financing Activities		
Series C Mandatory Convertible Preferred Stock Dividends	(17,250)	(17,250)
Common Stock Dividends	(133,470)	(85,741)
Distributions to Redeemable Noncontrolling Interests	(636)	(635)
Distributions to Noncontrolling Interests	(1,840,303)	(1,873,873)
Contributions from Noncontrolling Interests	2,468,778	3,494,333
Repurchases of Common Stock	—	(346,651)
Proceeds from Debt Obligations	3,378,792	5,515,904
Repayment of Debt Obligations	(1,858,984)	(5,484,370)
Financing Costs Paid	—	(42,816)
Additions to Contractholder Deposit Funds - Insurance	4,547,895	5,066,018
Withdrawals from Contractholder Deposit Funds - Insurance	(4,060,332)	(2,628,071)
Reinsurance Transactions, Net of Cash Provided - Insurance	79,516	46,566
Other Financing Activity, Net - Insurance	(491,038)	503,062
Net Cash Provided (Used) by Financing Activities	**2,072,968**	**4,146,476**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	21,603	(49,376)
Net Increase/(Decrease) in Cash, Cash Equivalents and Restricted Cash	$ (3,656,850)	$ 3,016,089
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	13,385,370	10,526,304
Cash, Cash Equivalents and Restricted Cash, End of Period	$ 9,728,520	$ 13,542,393

	Three Months Ended March 31,			
	2023		2022	
Cash, Cash Equivalents and Restricted Cash are comprised of the following:				
Beginning of the Period				
Asset Management				
Cash and Cash Equivalents	$	6,705,325	$	6,699,668
Restricted Cash and Cash Equivalents		253,431		134,298
Total Asset Management		6,958,756		6,833,966
Insurance				
Cash and Cash Equivalents	$	6,118,231	$	3,391,934
Restricted Cash and Cash Equivalents		308,383		300,404
Total Insurance		6,426,614		3,692,338
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	$	13,385,370	$	10,526,304
End of the Period				
Asset Management				
Cash and Cash Equivalents	$	5,576,121	$	8,324,897
Restricted Cash and Cash Equivalents		161,619		103,961
Total Asset Management		5,737,740		8,428,858
Insurance				
Cash and Cash Equivalents	$	3,713,382	$	4,590,032
Restricted Cash and Cash Equivalents		277,398		523,503
Total Insurance		3,990,780		5,113,535
Cash, Cash Equivalents and Restricted Cash, End of Period	$	9,728,520	$	13,542,393

See notes to financial statements.

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

	Three Months Ended March 31,	
	2023	**2022**
Supplemental Disclosures of Cash Flow Information		
Payments for Interest	$ 566,904	$ 329,776
Payments for Income Taxes	$ 21,441	$ 24,406
Payments for Operating Lease Liabilities	$ 15,281	$ 11,600
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Equity-Based and Other Non-Cash Contributions	$ 129,272	$ 134,964
Non-Cash Contribution from Noncontrolling Interests	$ —	$ 85,258
Debt Obligations - Net Gains (Losses), Translation and Other	$ (428,559)	$ 545,574
Tax Effects - Exchange of KKR Holdings L.P. Units and Other (See Note 1)	$ —	$ 26,780
Right-of-Use Assets obtained in Exchange for new Operating Lease Liabilities	$ 17,167	$ 1,211
Investments Acquired through Reinsurance Agreements	$ —	$ 2,697,956
Policyholder Liabilities and Accruals Acquired through Reinsurance Agreements	$ 242,554	$ 236,698
Contractholder Deposit Funds Acquired through Reinsurance Agreements	$ 24,083	$ 2,537,960
Change in Consolidation		
Investments - Insurance	$ (93,545)	$ —
Noncontrolling Interests	$ (93,545)	$ —

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 offers alternative asset management as well as capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR’s insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group LLC ("TGAFG" and, together with its subsidiaries, "Global Atlantic").

KKR & Co. Inc. is the parent company of KKR Group Co. Inc., which in turn owns 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. As of March 31, 2023, KKR & Co. Inc. held indirectly approximately 99.7% of the KKR Group Partnership Units. The remaining balance is held indirectly by KKR employees through vested restricted holdings units representing an ownership interest in KKR Group Partnership Units, which may be exchanged for shares of common stock of KKR & Co. Inc. ("exchangeable securities"). As limited partner interests, these KKR Group Partnership Units are non-voting and do not entitle anyone other than KKR to manage our business and affairs. KKR Group Partnership also has outstanding limited partner interests that provide for a carry pool provided by KKR Associates Holdings L.P. ("Associates Holdings") and preferred units with economic terms that mirror the Series C Mandatory Convertible Preferred Stock issued by KKR & Co. Inc.

References to "KKR" in these financial statements refer to KKR & Co. Inc. and its subsidiaries, including Global Atlantic, unless the context requires otherwise, especially in sections where "KKR" is intended to refer to the asset management business only. References in these financial statements to "principals" are to KKR's current and former employees who held interests in KKR's business through KKR Holdings prior to the Reorganization Mergers (as defined below). References to "Global Atlantic" in these financial statements includes the insurance companies of Global Atlantic, which are consolidated by KKR.

Reorganization Agreement

On October 8, 2021, KKR entered into a Reorganization Agreement (the "Reorganization Agreement") with KKR Holdings L.P. ("KKR Holdings"), KKR Management LLP (which holds the sole outstanding share of Series I preferred stock), Associates Holdings, and the other parties thereto. Pursuant to the Reorganization Agreement, the parties agreed to undertake a series of integrated transactions to effect a number of transformative structural and governance changes, some of which were completed on May 31, 2022, and other changes to be completed in the future. On May 31, 2022, KKR completed the merger transactions ("Reorganization Mergers") contemplated by the Reorganization Agreement pursuant to which KKR acquired KKR Holdings (which changed its name to KKR Group Holdings L.P.) and all of the KKR Group Partnership Units held by it.

Pursuant to the Reorganization Agreement, the following transactions will occur in the future on the Sunset Date (as defined below):

i. the control of KKR & Co. Inc. by KKR Management LLP and the Series I Preferred Stock held by it will be eliminated,

ii. the voting rights for all common stock, including with respect to the election of directors, will be established on a one vote per share basis, and

iii. KKR will acquire control of Associates Holdings, the entity providing for the allocation of carry proceeds to KKR employees, also known as the carry pool.

The “Sunset Date” will be the earlier of (i) December 31, 2026 and (ii) the six-month anniversary of the first date on which the death or permanent disability of both Mr. Henry Kravis and Mr. George Roberts (collectively, "Co-Founders") has occurred (or any earlier date consented to by KKR Management LLP in its sole discretion). In addition, KKR Management LLP agreed not to transfer its ownership of the sole share of Series I Preferred Stock, and, the changes to occur effective on the Sunset Date are unconditional commitments of the parties to the Reorganization Agreement.

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 this Quarterly Report on 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. Except for balances affected by the adoption of new accounting guidance for insurance and reinsurance companies that issue long-duration contracts (“LDTI”) noted in Note 2—”Summary of Significant Accounting Policies”, the consolidated balance sheet data as of December 31, 2022 were derived from audited financial statements included in KKR & Co. Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the U.S. Securities and Exchange Commission ("SEC") on February 27, 2023 (our "Annual Report"), 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 and redeemable noncontrolling interests 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, Global Atlantic’s insurance companies and certain other entities including CFEs.

The presentations in the consolidated statement of financial condition and consolidated statement of operations reflect the significant industry diversification of KKR by its acquisition of Global Atlantic. Global Atlantic operates an insurance business, and KKR operates an asset management business, each of which possess distinct characteristics. As a result, KKR developed a two-tiered approach for the financial statements presentation, where Global Atlantic's insurance operations are presented separately from KKR's asset management business. KKR believes that these separate presentations provide a more informative view of the consolidated financial position and results of operations than traditional aggregated presentations and that reporting Global Atlantic’s insurance operations separately is appropriate given, among other factors, the relative significance of Global Atlantic’s policy liabilities, which are not obligations of KKR (other than the insurance companies that issued them). If a traditional aggregate presentation were to be used, KKR would expect to eliminate or combine several identical or similar captions, which would condense the presentations, but would also reduce the level of information presented. KKR also believes that using a traditional aggregate presentation would result in no new line items compared to the two-tier presentation included in the financial statements in this report.

In the ordinary course of business, KKR’s Asset Management business and Global Atlantic enter into transactions with each other, which may include transactions pursuant to their investment management agreements and financing arrangements. The borrowings from these financing arrangements are non-recourse to KKR beyond the assets pledged to support such borrowings. All the investment management and financing arrangements between KKR's Asset Management business and Global Atlantic are eliminated in consolidation; however, KKR's allocated share of the net income from the consolidation of Global Atlantic is increased by the amount of fees earned from and decreased by the amount of interest expense incurred from noncontrolling interest holders in Global Atlantic. Accordingly, the elimination of these fees and interest impacts the net income (loss) attributable to KKR and KKR stockholders' equity for the pro-rata ownership of the noncontrolling interests in Global Atlantic.

All intercompany transactions and balances have been eliminated.

For a detailed discussion about KKR’s significant accounting policies and for further information on accounting updates adopted in the prior year, see Note 2 to the financial statements in the Annual Report. Other than the items listed below, during the three months ended March 31, 2023, there were no significant updates to KKR’s significant accounting policies.

Deferral and amortization of certain revenues and expenses

Deferrals

Deferred policy acquisition costs ("DAC") consist of commissions and other costs that are directly related to the successful acquisition of new or renewal life insurance or annuity contracts. DAC is estimated using a group approach, instead of on an individual contract level. DAC groups, or cohorts, are by product type and issue year and consistent with the groups used in estimating the associated insurance liability. DAC is recorded in insurance intangibles in the consolidated statements of financial condition.

Value of business acquired ("VOBA") represents the difference between the carrying value of the purchased insurance contract liabilities at the time of the business combination and the estimated fair value of insurance and reinsurance contracts. VOBA can be either positive or negative. Positive VOBA is recorded in insurance intangibles. Negative VOBA is recorded in the same financial statement line in the consolidated statement of financial condition as the associated reserves.

For limited-payment products (e.g., payout annuities), gross premiums received in excess of net premiums are deferred at initial recognition as a deferred profit liability ("DPL"). DPL is measured using assumptions consistent with those used in the measurement of the liability for future policy benefits, including discount rate, mortality, lapses, and expenses. DPL is recorded in policy liabilities in the consolidated statements of financial condition.

For certain preneed contracts, the gross premium is in excess of the benefit reserve plus additional insurance liability. An unearned front-end load ("UFEL") is established to defer the recognition of this front-end load. UFEL is recorded in policy liabilities in the consolidated statements of financial condition.

Amortization

DAC is amortized on a constant level basis for the grouped contracts over the expected economic life of the related contracts. Global Atlantic amortizes DAC for all products on a constant level basis based on policy count, except for DAC for traditional life products that are amortized on a constant level basis based on face amount. The constant level bases used for amortization are projected using mortality and lapse assumptions that are based on Global Atlantic's experience, industry data, and other factors and are consistent with those used for the liability for future policy benefits. If those projected assumptions change in future periods, they will be reflected in the cohort level amortization basis at that time. Unexpected lapses, due to higher mortality and lapse experience than expected, are recognized in the current period as a reduction of the capitalized balances.

Amortization of DAC is included in amortization of policyholder acquisition costs in the consolidated statements of operations.

VOBA is generally amortized using the same methodology and assumptions used to amortize DAC.

DPL is amortized and recognized in proportion to insurance in force for life insurance contracts and expected future benefit payments for annuity contracts. Interest is accreted on the balance of the DPL using the discount rate determined at contract issuance. Global Atlantic reviews and updates its estimates of cash flows for the DPL at the same time as the estimates of cash flows for the liability for future policy benefits. When cash flows are updated, the updated estimates are used to recalculate the DPL at contract issuance. The recalculated DPL as of the beginning of the current reporting period is compared to the carrying amount of the DPL as of the beginning of the current reporting period, and any difference is recognized as either a charge or credit to net policy benefits and claims.

UFEL is amortized consistent with the amortization of DAC on preneed contracts.

The key assumptions used in the calculation of the amortization of these balances are reviewed quarterly and updated if actual experience or other evidence suggests that current assumptions should be revised. In addition, Global Atlantic formally reviews assumptions annually as part of the assumptions review process. The effects of changes in assumptions are recorded in net income in the period in which the changes are made.

Internal replacements

An internal replacement is a modification in product benefits, features, rights, or coverages that occurs by the legal extinguishment of one contract and the issuance of another contract (a contract exchange), or by amendment, endorsement, or rider to a contract, or by the election of a benefit, feature, right, or coverage within a contract. If the modification does not substantially change the contract, the unchanged contract is viewed as a prospective revision and the unamortized DAC is adjusted prospectively. As such, unamortized DAC and other associated balances from the unchanged contract are retained and acquisition costs incurred to modify the contract are not deferred but expensed as incurred. Other balances associated with the unchanged contract, such as any liability for future policyholder benefit or market risk benefits, should similarly be accounted for as if the unchanged contract is a continuation of the original contract. If an internal replacement represents a substantial change, the original contract is considered to be extinguished and any related DAC or other policy balances are charged or credited to income, and any new deferrable costs associated with the replacement contract are deferred.

Separate accounts

Separate account assets and liabilities represent segregated funds administered and invested by Global Atlantic for the benefit of variable annuities and variable universal life insurance contractholders and certain pension funds. Global Atlantic reports separately, as assets and liabilities, investments held in the separate accounts and liabilities of separate accounts if: (1) such separate accounts are legally recognized; (2) assets supporting the contract liabilities are legally insulated from Global Atlantic's general account liabilities; (3) investments are directed by the contract owner or participant; and (4) all investment performance, net of contract fees and assessments, is passed through to the contract owner.

Separate account assets consist principally of mutual funds at fair value. The investment income and gains and losses of these accounts generally accrue to the contractholders and therefore, are not included in Global Atlantic's net income. However, Global Atlantic's net income reflects fees assessed and earned on fund values of these contracts which are presented as a component of policy fees in the consolidated statements of operations. Realized investment gains and losses related to separate accounts that meet the conditions for separate account reporting accrue to and are borne by the contractholder.

Policy liabilities

Policy liabilities, or collectively, "reserves," are the portion of past premiums or assessments received that are set aside to meet future policy and contract obligations as they become due. Interest accrues on these reserves and on future premiums, which may also be available to pay for future obligations. Global Atlantic establishes reserves to pay future policyholder benefits, claims, and certain expenses for its life policies and annuity contracts.

Reserves are estimates based on models that include many actuarial assumptions and projections. These assumptions and projections, which are inherently uncertain, involve significant judgment, including assumptions as to the levels and/or timing of premiums, benefits, claims, expenses, interest credits, investment results (including equity market returns), mortality, longevity, and persistency.

The assumptions on which reserves are based are intended to represent an estimation of experience for the period that policyholder benefits are payable. The adequacy of these reserves and the assumptions underlying those reserves are reviewed at least annually. Global Atlantic cannot, however, determine with precision the amount or the timing of actual policyholder benefit payments. If actual experience is better than or equal to the assumptions, then reserves would be adequate to provide for future policyholder benefits and expenses. If experience is worse than the assumptions, additional reserves may be required to meet future policy and contract obligations. This would result in a charge to Global Atlantic's net income during the period in which excess policyholder benefits are paid or an increase in reserves occurs.

For a majority of Global Atlantic's in-force policies, including its universal life policies and most annuity contracts, the base policy reserve is equal to the account value. For these products, the account value represents Global Atlantic's obligation to repay to the policyholder the amounts held on deposit. However, there are several significant blocks of business where additional policyholder reserves are explicitly calculated, including fixed-indexed annuities, variable annuities, universal life with secondary guarantees, indexed universal life and preneed policies.

Annuity contracts

Fixed-indexed annuities ("FIA")

Policy liabilities for fixed-indexed annuities earning a fixed rate of interest and certain other fixed-rate annuity products are computed under a retrospective deposit method and represent policyholder account balances before applicable surrender charges. For certain fixed-rate annuity products, an additional reserve was established for above market interest rate guarantees upon acquisition. These reserves are amortized on a straight-line basis over the remaining guaranteed interest rate period.

Certain of Global Atlantic's fixed-indexed annuity products enable the policyholder to allocate contract value between a fixed crediting rate and strategies which reflect the change in the value of an index, such as the S&P 500 Index or other indices. These products are accounted for as investment-type contracts. The liability for these products consists of a combination of the underlying account value and an embedded derivative value. The liability for the underlying account value is primarily based on policy guarantees and its initial value is the difference between the premium payment and the fair value of the embedded derivative. Thereafter, the account value liability is determined in a manner consistent with the accounting for a deposit liability under the “effective yield method” (previously referred to in our Annual Report as the "constant yield method"). All future host balances are determined as: (1) the initial host balance; (2) plus interest; (3) less applicable policyholder benefits. The interest rate used in the prior roll forward is re-determined on each valuation date, per the effective yield method. The embedded derivative component’s fair value is based on an estimate of the policyholders’ expected participation in future increases in the relevant index. The fair value of this embedded derivative component includes assumptions, including those about future interest rates and investment yields, future costs for options used to hedge the contract obligations, projected withdrawal and surrender activity, benefit utilization and the level and limits on contract participation in any future increases in the respective index option. The account value liability and embedded derivative are recorded in policy liabilities in the consolidated statements of financial condition, with changes in value of the liabilities recorded in policy benefits and claims in the consolidated statements of operations.

Contractholder deposit funds reserves for certain assumed blocks of fixed-indexed and fixed-rate annuity products are accounted for as investment-type contracts. A net liability (consisting of the benefit reserve plus deferred revenue liability less ceding commission paid between a ceding and assuming reinsurance company) is established at inception and amortized under the effective yield method.

Global Atlantic issues registered index-linked annuity ("RILA") contracts, which are similar to FIAs in offering the policyholder the opportunity to participate in the performance of a market index, subject to a cap or adjusted for a participation rate. In contrast to the FIA, the RILA enables policyholders to earn higher returns but with the risk of loss to principal and related earnings. In particular, if performance of the market indices is negative, the policyholder may potentially absorb losses, subject to downside protection in the form of either a “buffer” or a “floor” specified in the contract. A “buffer” is protection from downside performance up to a certain percentage, typically 10 percent, with uncapped losses thereafter. A “floor” is protection from downside performance in excess of the “floor,” e.g., if the floor is 10% then the policyholder absorbs losses up to 10% but not in excess.

The RILA is accounted for similar to the FIA. The RILA host contract is calculated at the inception of the contract as the value of the initial premium minus the value of the index option, which is an embedded derivative. That initial host value is then accreted to the guaranteed surrender value at the end of the surrender charge period. The RILA index option, which is an embedded derivative, is required to be measured at fair value. Fair value represents the policyholders’ expected participation in future increases in the relevant index and is calculated as the excess cash flows from the indexed crediting feature above the guaranteed cash flows. The excess cash flows are based on the option budget methodology whereby the indexed account is projected to grow by the option budget. A key difference from a standard FIA product is that the RILA policyholder can lose principal on this investment. Therefore, it is possible that the embedded derivative can become negative. The option budget will be calculated depending on the product type and strategy. The growth in the indexed account will be projected based on the value of the options dependent upon the strategy and associated hedge construction. The fair value of this embedded derivative component includes assumptions, including those about future interest rates and investment yields, future costs for options used to hedge the contract obligations, projected withdrawal and surrender activity, benefit utilization and the level and limits on contract participation in any future increases in the respective index option. The account value liability and embedded derivative are recorded in policy liabilities in the consolidated statements of financial condition, with changes in value of the liabilities recorded in policy benefits and claims in the consolidated statements of operations.

Variable annuities

Global Atlantic issues and assumes variable annuity contracts for which the liabilities are included in policy liabilities in the consolidated statements of financial condition. The change in the liabilities for these benefits is included in policy benefits and claims in the consolidated statements of operations. Variable annuity contracts may have certain guarantees that are accounted for as market risk benefits, which are discussed in more detail below.

Funding agreements

Global Atlantic issues funding agreements to certain unaffiliated special purpose entities that have issued debt securities for which payment of interest and principal is secured by such funding agreements. Global Atlantic also has similar obligations to federal home loan banks. Global Atlantic’s funding agreements are considered investment type contracts and liabilities are net deposits plus accrued and unpaid interest. Global Atlantic's obligation is reported in policy liabilities in the consolidated statements of financial condition. Interest expense is calculated using the effective interest method and recorded in policy benefits and claims in the consolidated statements of operations.

Interest-sensitive life products

For universal life policies, the base policy reserve is the policyholder account value.

Policy liabilities for indexed universal life with returns linked to the performance of a specified market index are equal to the sum of two components: (1) the fair value of the embedded derivative; and (2) the host (or guaranteed) component. The fair value of the embedded derivative component is based on the fair value of the policyholders' expected participation in future increases in the relevant index over the life of the contract. The fair value of this embedded derivative component includes assumptions, including those about future interest rates and investment yields, future costs for options used to hedge the contract obligations, projected benefits, benefit utilization and the level and limits on contract participation in any future increases in the respective index option.

The initial host balance is established at the time of premium payment and is equal to the total account value less the embedded derivative component. Thereafter, the balance of the host component is determined in a manner consistent with the accounting for a deposit liability under the "effective yield method." All future host balances are determined as: (1) the initial host balance; (2) plus interest; (3) less applicable policyholder benefits. The interest rate used in the prior roll forward is re-determined on each valuation date, per the effective yield method.

Preneed policies

Global Atlantic's preneed life insurance contracts are accounted for as universal life-type contracts which require that the retrospective deposit method be used. That accounting method establishes a liability for policyholder benefits in an amount determined by the account or contract balance that accrues to the benefit of the policyholder. This account value is deemed to be equal to the contract's statutory cash surrender value. The majority of Global Atlantic's preneed insurance contracts feature death benefits with a discretionary death benefit growth rate. Global Atlantic has the discretion to adjust these rates up or down. Global Atlantic has established an additional reserve for expected future discretionary benefits which is reflected as policy liabilities in the consolidated statements of financial condition. Global Atlantic has also issued preneed insurance contracts with crediting rates tied to inflation as measured by the U.S. Consumer Price Index.

Traditional life and limited payment contracts

Liability for future policy benefits

A liability for future policy benefits, which is the present value of estimated future policy benefits to be paid to or on behalf of policyholders and certain related expenses less the present value of estimated future net premiums to be collected from policyholders, is accrued as premium revenue is recognized. The liability is estimated using current assumptions that include mortality, lapses, and expenses. These current assumptions are based on judgments that consider Global Atlantic's historical experience, industry data, and other factors.

For nonparticipating traditional and limited-payment contracts, contracts are grouped into cohorts by contract type and issue year. The liability is adjusted for differences between actual and expected experience. With the exception of the expense assumption, Global Atlantic reviews its historical and future cash flow assumptions quarterly and updates the net premium ratio used to calculate the liability each time the assumptions are changed. Global Atlantic has elected to use expense assumptions that are locked in at contract inception and are not subsequently reviewed or updated.

Each quarter, Global Atlantic updates its estimate of cash flows expected over the entire life of a group of contracts using actual historical experience and current future cash flow assumptions. These updated cash flows are discounted using the discount rate or curve on the original contract issue date to calculate the revised net premiums and net premium ratio, which are used to derive an updated liability for future policy benefits. This amount is then compared to the carrying amount of the liability before the updating of cash flow assumptions to determine the current period change in liability estimate. This current period change in the liability is the liability remeasurement gain or loss and is presented parenthetically as a separate component of benefit expense in the consolidated statements of operations.

For nonparticipating traditional and limited-payment contracts, the discount rate assumption is a spot rate yield curve that is derived based on upper medium grade (low credit risk) fixed-income instruments with similar duration to the liability. Global Atlantic uses one or more external indices of corporate credit issues as its proxy for these instruments. The discount rate assumption is updated quarterly and used to remeasure the liability at the reporting date, with the resulting change in the discount rate reflected in other comprehensive income. For liability cash flows between two market observable points on the yield curve, Global Atlantic interpolates the effective yield by holding the marginal rates constant. For liability cash flows that are projected beyond the last market-observable point on the yield curve, Global Atlantic uses the last market-observable yield level.

Payout annuities

Payout annuities include single premium immediate annuities, annuitizations of deferred annuities, pension risk transfer and structured settlements. These contracts subject the insurer to risks over a period that extends beyond the period or periods in which premiums are collected. These contracts may be either non-life contingent or life contingent. Non-life contingent annuities are accounted for as investment contracts. For life contingent annuities, Global Atlantic records a liability at the present value of future annuity payments and estimated future expenses calculated using expected mortality and costs, and expense assumptions. Any gross premiums received in excess of the net premium is the DPL and is recognized separately in income in a constant relationship with the discounted amount of the insurance in-force or expected future benefit payments. These liabilities are recorded in policy liabilities in the consolidated statements of financial condition.

Also included under payout annuities are liabilities for disability income benefits which pertain primarily to disability income policies that are already in claim payout status. Liabilities for disability income benefits are calculated as the present value of future disability payments and estimated future expenses using expected mortality and costs, and interest assumptions. The liabilities are recorded in policy liabilities in the consolidated statements of financial condition.

Whole and term life

Global Atlantic has established liabilities for amounts payable under insurance policies, including whole life insurance and term life insurance policies. These policies provide death benefits in exchange for a guaranteed level premium for a specified period of time and, in the case of whole life, a guaranteed minimum cash surrender value. Generally, liabilities for these policies are calculated as the present value of future expected benefits to be paid reduced by the present value of future expected net premiums. Current assumptions are used in the establishment of liabilities for future policyholder benefits including mortality, policy lapse, renewal, investment returns, inflation, expenses and other contingent events as appropriate for the respective product. Each quarter, Global Atlantic updates its estimate of cash flows using actual historical experience and current future cash flow assumptions. These updated cash flows are discounted using the discount rate or curve on the original contract issue date to calculate the revised net premiums and net premium ratio, which are used to derive an updated liability for future policy benefits. This amount is then compared to the carrying amount of the liability before the updating of cash flow assumptions to determine the current period change in liability estimate. This current period change in the liability is the liability remeasurement gain or loss and is presented parenthetically as a separate component of benefit expense in the consolidated statement of operations.

Policy liabilities for participating whole life insurance policies are equal to the aggregate of: (1) net level premium reserves for death and endowment policyholder benefits (calculated based upon the non-forfeiture interest rate, and mortality rated guarantee in calculating the cash surrender values described in such contracts); and (2) the liability for terminal dividends.

Product guarantees

Market risk benefits

Market risk benefits are contracts or contract features that both provide protection to the policyholder from other-than-nominal capital market risk and expose Global Atlantic to other-than-nominal capital market risk.

Market risk benefits include certain contract features on fixed annuity and variable annuity products. These features include minimum guarantees to policyholders, such as guaranteed minimum death benefits (GMDBs), guaranteed minimum withdrawal benefits (GMWBs), and long-term care benefits (i.e., capped at the return of account value plus one or two times the account value). Market risk benefits are measured at fair value using a non-option and option valuation approach based on current net amounts at risk, market data, experience, and other factors. Changes in fair value are recognized in net income each period with the exception of the portion of the change in fair value due to a change in the instrument-specific credit risk, which is recognized in other comprehensive income.

Additional liability for annuitization, death, or other insurance benefits

Global Atlantic establishes additional liabilities for contracts or contract features that provide for potential benefits in addition to the account balance but are not market risk benefits or embedded derivatives. These benefits include annuitization benefits and death or other insurance benefits (e.g., universal life secondary guarantees). For these benefits, the liability is the sum of the current benefit ratio multiplied by cumulative assessments and accreted interest, less excess payments.

In particular, Global Atlantic holds additional liabilities for universal life products with secondary guarantees, sometimes referred to as no-lapse guarantees. The additional liabilities are measured using the benefit ratio approach where excess benefits are spread over the life of the contract based on assessments collected from the policyholder. Generally, total expected excess benefit payments are the aggregate of death claims after the policyholder account value is exhausted. The exception is when the cost of insurance charges are insufficient to produce consistently positive earnings in the future. In this case, all death benefits are deemed to be excess benefits. For annuitization benefits, the benefit ratio is the present value of expected annuitization payments to be made less the accrued account balance at the expected annuitization date divided by the present value of expected assessments during the accumulation phase of the contract, discounted at the contract rate. Expected annuitization payments and related incremental claim adjustment expenses, expected assessments, and expected excess payments are calculated using discount rate, mortality, lapse, and expense assumptions.

Global Atlantic recognizes a shadow reserve adjustment for the additional insurance liabilities when unrealized gains and losses are included in the investment margin while calculating the present value of expected assessments for the benefit ratios. Shadow reserve adjustments are recognized in other comprehensive income.

For additional liabilities for death or other insurance benefits, the discount rate assumption is based on the contract rate at inception. The mortality, lapse, and expense assumptions are based on Company's experience, industry data, and other factors. Assumptions are reviewed and updated, if necessary, at least annually. When those assumptions are updated, the benefit ratio and the liability are remeasured, with the resulting gain or loss reflected in total benefits expense.

Outstanding claims

Outstanding claims include amounts payable relating to in course of settlement and incurred but not reported claim liabilities. In course of settlement, claim liabilities are established for policies when Global Atlantic is notified of the death of the policyholder, but the claim has not been paid as of the reporting date. Incurred but not reported claim liabilities are determined using studies of past experience and are estimated using actuarial assumptions of historical claims expense, adjusted for current trends and conditions. These estimates are continually reviewed, and the ultimate liability may vary significantly from the amounts initially recognized, which are reflected in net income in the period in which they are determined. Changes in policyholder and contract claims are recorded in policy benefits and claims in the consolidated statements of operations.

Closed blocks

Through its insurance companies, Global Atlantic has acquired several closed blocks of participating life insurance policies. Global Atlantic has elected to account for the closed block policy liabilities using the fair value option.

The assets and cash flow generated by the closed blocks inure solely to the benefit of the holders of policies included in the closed blocks. All closed block assets will ultimately be paid out as policyholder benefits and through policyholder dividends. In the event that the closed blocks' assets are insufficient to meet the benefits of the closed blocks' benefits, general assets of Global Atlantic would be used to meet the contractual benefits to the closed blocks' policyholders.

The closed block liabilities are measured at fair value, which comprises the fair value of the closed block assets plus the present value of projected expenses including commissions and the cost of capital charges associated with the closed blocks. In calculating the present value, Global Atlantic used a discount rate based on current U.S. Treasury rates, with a risk margin to reflect uncertainties in the closed block liability and a provision for Global Atlantic's instrument-specific credit risk.

Reinsurance

Consistent with the overall business strategy, Global Atlantic assumes certain policy risks written by other insurance companies on a coinsurance, modified coinsurance or funds withheld coinsurance basis. Reinsurance accounting is applied for ceded and assumed transactions when risk transfer provisions have been met. To meet risk transfer requirements, a long-duration reinsurance contract must transfer mortality or morbidity risks, and subject the reinsurer to a reasonable possibility of a significant loss. Those contracts that do not meet risk transfer requirements are accounted for using deposit accounting. Global Atlantic seeks to diversify risk and limits its overall financial exposure through reinsurance.

With respect to ceded reinsurance, Global Atlantic values reinsurance recoverables on reported claims at the time the underlying claim is recognized in accordance with contract terms. For future policyholder benefits, Global Atlantic estimates the amount of reinsurance recoverables based on the terms of the reinsurance contracts and historical reinsurance recovery information. The reinsurance recoverables are based on what Global Atlantic believes are reasonable estimates and the balance is reported as an asset in the consolidated statements of financial condition. However, the ultimate amount of the reinsurance recoverable is not known until all claims are settled.

The cost of reinsurance, which is the difference between the amount paid for a reinsurance contract and the amount of the liabilities for policy benefits relating to the underlying reinsured contracts, is deferred and amortized over the reinsurance contract period for short-duration contracts, or over the terms of the reinsured policies on a basis consistent with the reporting of those policies for long-duration contracts. Generally, Global Atlantic amortizes cost of reinsurance based on policy count or effective yield method, retrospectively calculated based on actual and projected future cash flows. Cost of reinsurance assets and liabilities are reported in insurance intangibles and policy liabilities in the consolidated statements of financial condition, respectively. Reinsurance contracts do not relieve Global Atlantic from its obligations to policyholders, and failure of reinsurers to honor their obligations could result in losses to Global Atlantic; consequently, allowances are established for expected credit losses, via a charge to policy benefits and claims in the consolidated statements of operations. Global Atlantic's funds withheld receivable at interest and reinsurance recoverable assets are reviewed for expected credit losses by considering credit ratings for each reinsurer, historical insurance industry specific default rate factors, rights of offset, expected recovery rates upon default and the impact of other terms specific to the reinsurance arrangement.

For funds withheld and modified coinsurance agreements, Global Atlantic has the right to receive or obligation to pay the total return on assets supporting the funds withheld receivable at interest or funds withheld payable at interest. This indirectly exposes Global Atlantic to the credit risk of the underlying assets. As a result, funds withheld coinsurance and modified coinsurance agreements are viewed as total return swaps and accounted for as embedded derivatives. Embedded derivatives are required to be separated from the host contracts and measured at fair value with changes in fair value recognized in net income. Generally, the embedded derivative is measured as the difference between the fair value of the underlying assets and the carrying value of the host contract at the balance sheet date. The fair value of the embedded derivative is included in the funds withheld receivable at interest or the funds withheld payable at interest on the consolidated statements of financial condition. Changes in the fair value of the embedded derivative are reported in operating activities on the consolidated statements of cash flows.

Recognition of insurance revenue and related benefits

Premiums related to whole life and term life insurance contracts and payout contracts with life contingencies are recognized in premiums in the consolidated statements of operations when due from the contractholders.

Amounts received as payment for universal life and investment-type contracts are reported as deposits to contractholder account balances and recorded in policy liabilities in the consolidated statements of financial condition. Amounts received as payment for Global Atlantic's fixed fund variable annuities are reported as a component of policy liabilities in the consolidated statements of financial condition. Revenues from these contracts consist primarily of fees assessed against the contractholder account balance for mortality, policy administration, separate account administration and surrender charges, and are reported in policy fees in the consolidated statements of operations. Additionally, Global Atlantic earns investment income from the investment of contract deposits in Global Atlantic's insurance companies' general account portfolio, which is reported in net investment income in the consolidated statements of operations.

Fees assessed that represent compensation to Global Atlantic for benefits to be provided in future periods and certain other fees are established as an unearned revenue reserve liability and amortized into revenue over the expected life of the related contracts in proportion to estimated gross profits in a manner consistent with DAC for these contracts. Unearned revenue reserves are reported in policy liabilities in the consolidated statements of financial condition and amortized into policy fees in the consolidated statements of operations. Benefits and expenses for these products include claims in excess of related account balances, expenses for contract administration and interest credited to contractholder account balances in the consolidated statements of operations.

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 valuation of investments and financial instruments, (ii) the determination of the income tax provision, (iii) the impairment of goodwill and intangible assets, (iv) the impairment of available-for-sale investments, (v) the valuation of insurance policy liabilities, including market risk benefits, (vi) the valuation of embedded derivatives in policy liabilities and funds withheld, (vii) the determination of the allowance for loan losses, and (viii) amortization of deferred revenues and expenses associated with the insurance business.

Certain events particular to each industry and country in which the portfolio companies conduct their operations, as well as general economic, political, regulatory and public health conditions, may have a significant negative impact on KKR’s investments and profitability. Such events are beyond KKR’s control, and the likelihood that they may occur and the effect on KKR's use of estimates cannot be predicted. Actual results could differ from those estimates, and such differences could be material to the financial statements.

Adoption of new accounting pronouncements

Targeted improvements to the accounting for long-duration contracts

Effective January 1, 2023, Global Atlantic adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts (“LDTI”), on February 1, 2021 ("GA Acquisition Date"), on a full retrospective basis, coinciding with the acquisition of Global Atlantic by KKR ("GA Acquisition").

The following table summarizes the balance of, and changes in the liability for future policy benefits as of February 1, 2021 due to the adoption of LDTI.

Liability for future policy benefits	**Payout annuities**	**Other**	**Total**
Balance, as of February 1, 2021	$ 12,785,557	$ 592,242	$ 13,377,799
Change in discount rate assumptions	151,651	20,930	172,581
Adjusted balance, as of February 1, 2021	**$ 12,937,208**	**$ 613,172**	**$ 13,550,380**

The increase to the liability for future policy benefits as of February 1, 2021, was primarily due to remeasuring the liability using a discount rate based on a spot rate yield curve that is derived based on upper medium grade (low credit risk) fixed-income instruments with similar duration to the liability.

The following table summarizes the balance of, and changes in, the net liability position of market risk benefits (previously recorded as product guarantees included within policy liabilities in the consolidated statement of financial condition) as of February 1, 2021 due to the adoption of LDTI.

Market risk benefits	**Fixed-indexed annuities**	**Variable- and other annuities**	**Total**
Balance, as of February 1, 2021[1]	$ 895,114	$ 325,311	$ 1,220,425
Adjustment for the difference between prior carrying amount and market risk benefit value	282,354	87,733	370,087
Adjusted balance, as of February 1, 2021	**$ 1,177,468**	**$ 413,044**	**$ 1,590,512**

(1) The $1,220.4 million balance associated with market risk benefits prior to transition was previously recorded as product guarantees either as an embedded derivative in contractholder deposits of $236 million, or as an additional liability for insurance benefits of $984.4 million under policy liabilities extinguished at transition, and remeasured as market risk benefits.

The transition approach for market risk benefits requires assessing products to determine whether contracts or contract features expose Global Atlantic to other than nominal capital market risk. The balance at February 1, 2021 reflects the population of market risk benefits identified. The increase to the carrying value of the market risk benefit liability as of February 1, 2021, reflects the required adjustment to remeasure the liability at fair value using current net amounts at risk, market data, experience, and other factors. The change primarily reflects the impact of discount rates and instrument-specific credit risk as of the transition date.

The following table summarizes the balance of, and changes in, reinsurance recoverable as of February 1, 2021 due to the adoption of LDTI.

Reinsurance recoverable	Fixed indexed annuities	Payout annuities	Other	Total
Balance, as of February 1, 2021	$ 4,487,850	$ 7,100,198	$ 4,164,982	$ 15,753,030
Change in discount rate assumptions	—	75,708	—	75,708
Adjusted balance, as of February 1, 2021, net of reinsurance	**$ 4,487,850**	**$ 7,175,906**	**$ 4,164,982**	**$ 15,828,738**

The following table summarizes the balance of, and changes in value of business acquired, net as of February 1, 2021 due to the adoption of LDTI.

VOBA	Fixed indexed annuities	Fixed-rate annuities	Payout annuities	Interest-sensitive life	Variable annuities	Other	Total
Balance, as of February 1, 2021	$ 474,165	$ 56,563	$ —	$ 307,216	$ 186,576	$ —	$ 1,024,520
Adjustment to reflect transition impact to balance established as part of purchase accounting upon the GA Acquisition	282,354	—	101,338	692	108,411	—	492,795
Adjusted balance, as of February 1, 2021	**$ 756,519**	**$ 56,563**	**$ 101,338**	**$ 307,908**	**$ 294,987**	**$ —**	**$ 1,517,315**

The following table summarizes the balance of, and changes in negative value of business acquired, net as of February 1, 2021 due to the adoption of LDTI.

Negative VOBA	Fixed indexed annuities	Fixed-rate annuities	Payout annuities	Interest-sensitive life	Variable annuities	Other	Total
Balance, as of February 1, 2021	$ 222,135	$ 180,769	$ —	$ 549,983	$ 119,122	$ 201,405	$ 1,273,414
Adjustment to reflect transition impact to balance established as part of purchase accounting upon the GA Acquisition	—	—	25,395	755	—	(315)	25,835
Adjusted balance, as of February 1, 2021	**$ 222,135**	**$ 180,769**	**$ 25,395**	**$ 550,738**	**$ 119,122**	**$ 201,090**	**$ 1,299,249**

As a result of the GA Acquisition, Global Atlantic established a new accounting basis to reflect the fair value of assets and liabilities on the GA Acquisition Date, including resetting retained earnings, deferred acquisition costs and accumulated other comprehensive income to zero. As a result of the transition coinciding with the acquisition by KKR, the transition impact of the adoption was recorded as a change to the present value of future profits reflected in the value of business acquired insurance intangible asset recognized as part of purchase accounting.

The following table presents the effect of transition adjustments on the value of business acquired assets and liabilities due to the adoption of LDTI.

	February 1, 2021	
	VOBA	Negative VOBA
Reinsurance recoverable	$ (75,708)	$ —
Liability for future policy benefits	198,416	(25,835)
Market risk benefits	370,087	—
Total transition adjustments	**$ 492,795**	**$ (25,835)**

As a result of the retrospective application of the LDTI adoption, KKR adjusted certain previously reported amounts in its consolidated statements of financial condition, consolidated statements of operations, consolidated statements of comprehensive income, and consolidated statements of cash flows, as follows:

Consolidated statement of financial condition as of December 31, 2022	As previously reported	Adjustment	As revised
Reinsurance recoverable	$ 27,919,591	$ (1,897,510)	$ 26,022,081
Insurance intangibles	1,722,681	608,813	2,331,494
Other assets	6,483,187	(441,858)	6,041,329
Total assets	**$ 277,077,191**	**$ (1,730,555)**	**$ 275,346,636**
Policy liabilities	141,223,287	(3,442,358)	137,780,929
Accrued Expenses and Other Liabilities	4,600,377	(2)	4,600,375
Total liabilities	**$ 223,418,306**	**$ (3,442,360)**	**$ 219,975,946**
Additional Paid-In Capital	16,190,407	93,650	16,284,057
Retained earnings	6,315,711	385,396	6,701,107
Accumulated other comprehensive income (loss)	(5,901,701)	599,901	(5,301,800)
Noncontrolling interest	35,778,000	632,858	36,410,858
Total equity	**$ 53,506,820**	**$ 1,711,805**	**$ 55,218,625**

The cumulative impact of the retrospective application of the LDTI adoption increased net income attributable to shareholders by $319.5 million and $65.9 million for each of the periods ended December 31, 2022 and 2021, respectively ($385.4 million cumulatively), and increased other comprehensive income by $589.6 million and $10.3 million for each of the periods ended December 31, 2022 and 2021, respectively ($599.9 million cumulatively). These increases were primarily as a result of an increase in discount rates and Global Atlantic's instrument-specific credit risk during each of the respective periods.

Consolidated statement of operations for the three months ended March 31, 2022	As previously reported	Adjustment	As revised
Policy fees	$ 318,436	$ (4,654)	$ 313,782
Net policy benefits and claims(1)	726,060	(212,882)	513,178
Amortization of policy acquisition costs	(7,733)	19,155	11,422
Insurance expenses	116,743	(940)	115,803
General, Administrative and Other	167,214	410	167,624
Income tax expense (benefit)	(3,166)	39,817	36,651
Net Income (Loss)	1,102,602	149,786	1,252,388
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	(73,770)	63,984	(9,786)
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock – Basic	(0.12)	0.10	(0.02)
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock – Diluted	(0.12)	0.10	(0.02)

(1) Includes adjustment for market risk benefit gain for the three months ended March 31, 2022 of $(195.7) million.

Consolidated statement of comprehensive income for the three months ended March 31, 2022	As previously reported	Adjustment	As revised
Unrealized Gains (Losses) on Available-For-Sale Securities and Other	$ (3,339,211)	$ (199,827)	$ (3,539,038)
Net effect of changes in discount rates and instrument-specific credit risk on policy liabilities	—	724,586	724,586
Comprehensive Income (Loss)	(2,258,890)	674,545	(1,584,345)
Comprehensive Income (Loss) Attributable to KKR & Co. Inc.	(1,496,943)	288,146	(1,208,797)

Consolidated statement of cash flow for the three months ended March 31, 2022	As previously reported	Adjustment	As revised
Net realized (gains) losses on insurance operations	$ (74,974)	$ (195,684)	$ (270,658)
Other non-cash amounts	(8,079)	16,050	7,971
Change in policy liabilities and accruals, net	(422,298)	(9,439)	(431,737)
Change in other assets	570,262	39,817	610,079
Change in accounts payable, accrued expenses and other liabilities	(491,126)	(530)	(491,656)

Troubled debt restructurings and vintage disclosures

In March 2022, the FASB issued new guidance regarding the modification of receivables, which affects their recognition and measurement. The guidance eliminates the concept of troubled debt restructurings and instead requires all modifications to be analyzed to determine whether they result in a new receivable or a continuation of an existing receivable. The guidance also makes related updates to the measurement of expected credit losses for receivables. The new guidance requires additional disclosures for receivable modifications involving borrowers experiencing financial difficulty as well as disclosure of loan charge-offs by origination year (vintage). For entities that have already adopted ASC 326 (addressing credit losses on financial instruments), the guidance was effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. KKR adopted this accounting standard effective January 1, 2023. Refer to Note 8 — "Investments–Loan modifications" for additional information.

Business combinations - Accounting for contract assets and contract liabilities from contracts with customers

In October 2021, the FASB issued new guidance (ASU 2021-08) to add contract assets and contract liabilities from contracts with customers acquired in a business combination to the list of exceptions to the fair value recognition and measurement principles that apply to business combinations, and instead require them to be accounted for in accordance with revenue recognition guidance. KKR adopted this accounting standard effective January 1, 2023 and its adoption did not have any material impact on KKR's consolidated financial statements.

Future application of accounting standards

Fair value measurement of equity security subject to contractual sale restriction

In June 2022, the FASB issued ASU 2022-03, ASC Subtopic 820 "Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions". According to ASU 2022-03, an entity should not consider the contractual sale restriction when measuring the equity security's fair value and an entity is not allowed to recognize a contractual sale restriction as a separate unit of account.

ASU 2022-03 is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. KKR is currently evaluating the impact of this accounting standard update on its consolidated financial statements.

3. ACQUISITIONS

Acquisition of Mitsubishi Corp-UBS Realty Inc.

On March 17, 2022, KKR entered into an agreement to acquire all of the outstanding shares of Mitsubishi Corp.-UBS Realty Inc. (“MC-UBSR”) from Mitsubishi Corporation and UBS Asset Management in an all-cash transaction valued at ¥227 billion (which was approximately $1.7 billion at such time) (the “KJRM Acquisition”). On April 28, 2022, KKR completed the acquisition of MC-UBSR, which changed its name to KJR Management ("KJRM"). KJRM is a real estate asset manager in Japan that manages two Tokyo Stock Exchange-listed real estate investment trusts ("REITs"): Japan Metropolitan Fund Investment Corporation, which is primarily focused on retail, offices, hotels and other assets located in urban areas in Japan, and Industrial & Infrastructure Fund Investment Corporation, which is primarily focused on industrial and infrastructure properties in Japan. The KJRM Acquisition was accounted for as a business combination under FASB Accounting Standards Codification Topic 805, Business Combinations ("Topic 805").

KKR plans to continue the existing strategy and business of KJRM. The acquisition is expected to enhance KJRM’s leading real estate asset management business with potential opportunities for organic and inorganic growth and scale in Japan.

In connection with the acquisition, KKR allocated an amount of $1,733 million to the fair value of KJRM’s investment management contracts and recognized approximately $530 million of deferred tax liabilities resulting from the difference in book and tax basis of such intangible assets as of the acquisition date. Intangibles are based upon third-party valuations using the excess earnings method, which derives value based on the present value of the cash flow attributable to the investment management contracts, less returns for contributory assets. The significant assumptions used in the valuation of the intangible assets acquired are unobservable and include (i) the asset's estimated useful life, (ii) the projected assets under management, (iii) the projected revenue growth rates, and (iv) the discount rate.

KJRM’s investment management contracts were determined to have indefinite useful lives at the time of the KJRM Acquisition and are not subject to amortization. The assignment of indefinite lives to such investment management contracts is primarily based upon (i) the assumption that there is no foreseeable limit on the contract period to manage KJRM’s listed REITs; (ii) KKR expects to have the ability to continue to operate these products indefinitely; (iii) the products have multiple investors and are not reliant on a single investor or small group of investors for their continued operation; (iv) current competitive factors and economic conditions do not indicate a finite life; and (v) there is a high likelihood of continued renewal based on historical experience.

The carrying value of goodwill associated with the KJRM Acquisition was $509 million as of the acquisition date and is entirely allocated to the asset management segment. The goodwill is attributable primarily to the assembled workforce of KJRM and expected synergies. The goodwill recorded is not expected to be deductible for tax purposes.

KKR finalized the purchase price allocation in December 2022. No measurement period adjustments to reflect new information obtained about facts and circumstances that existed as of the acquisition date were recorded.

Pro forma results of operations would not be materially different as a result of the acquisition and therefore are not presented.

4. REVENUES - ASSET MANAGEMENT

For the three months ended March 31, 2023 and 2022, respectively, Asset Management revenues consisted of the following:

	Three Months Ended March 31,	
	2023	2022
Management Fees	$ 453,093	$ 398,046
Fee Credits	(57,531)	(187,745)
Transaction Fees	209,839	466,966
Monitoring Fees	29,853	39,400
Incentive Fees	6,413	7,057
Expense Reimbursements	15,544	41,303
Consulting Fees	19,805	15,484
Total Fees and Other	677,016	780,511
Carried Interest	343,070	(783,688)
General Partner Capital Interest	105,948	(162,055)
Total Capital Allocation-Based Income (Loss)	449,018	(945,743)
Total Revenues - Asset Management	**$ 1,126,034**	**$ (165,232)**

5. NET GAINS (LOSSES) FROM INVESTMENT ACTIVITIES - ASSET MANAGEMENT

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 March 31, 2023		
	Net Realized Gains (Losses)	**Net Unrealized Gains (Losses)**	**Total**
Private Equity (1)	$ 199,081	$ (36,664)	$ 162,417
Credit (1)	(22,963)	104,775	81,812
Investments of Consolidated CFEs (1)	(5,017)	317,881	312,864
Real Assets (1)	9,434	(325,909)	(316,475)
Equity Method - Other (1)	39,219	29,505	68,724
Other Investments (1)	(112,663)	(519)	(113,182)
Foreign Exchange Forward Contracts and Options (2)	(58,635)	36,269	(22,366)
Securities Sold Short (2)	(3,475)	2,241	(1,234)
Other Derivatives (2)	(2,122)	14,330	12,208
Debt Obligations and Other (3)	56,521	(400,698)	(344,177)
Net Gains (Losses) From Investment Activities	**$ 99,380**	**$ (258,789)**	**$ (159,409)**

	Three Months Ended March 31, 2022		
	Net Realized Gains (Losses)	**Net Unrealized Gains (Losses)**	**Total**
Private Equity (1)	$ 198,380	$ (265,326)	$ (66,946)
Credit (1)	(11,455)	(188,974)	(200,429)
Investments of Consolidated CFEs (1)	2,949	(269,548)	(266,599)
Real Assets (1)	(2,761)	1,297,270	1,294,509
Equity Method - Other (1)	14,284	(72,642)	(58,358)
Other Investments (1)	1,743	(15,015)	(13,272)
Foreign Exchange Forward Contracts and Options (2)	90,890	(147,007)	(56,117)
Securities Sold Short (2)	36,082	10,181	46,263
Other Derivatives (2)	(12,005)	20,137	8,132
Debt Obligations and Other (3)	(38,478)	265,556	227,078
Net Gains (Losses) From Investment Activities	**$ 279,629**	**$ 634,632**	**$ 914,261**

(1) See Note 8 "Investments."

(2) See Note 9 "Derivatives" and Note 15 "Other Assets and Accrued Expenses and Other Liabilities."

(3) See Note 17 "Debt Obligations."

6. NET INVESTMENT INCOME - INSURANCE

Net investment income for Global Atlantic is comprised primarily of interest income, including amortization of premiums and accretion of discounts, based on yields that change due to expectations in projected cash flows, dividend income from common and preferred stock, earnings from investments accounted for under equity method accounting, and lease income on other investments.

The components of net investment income were as follows:

	Three Months Ended March 31,	
	2023	2022
Fixed maturity securities – interest and other income	$ 1,050,796	$ 691,293
Mortgage and other loan receivables	459,146	324,141
Investments in transportation and other leased assets	76,188	67,679
Investments in renewable energy	20,583	25,218
Investments in real estate	36,101	3,903
Short-term and other investment income	77,616	20,697
Income assumed from funds withheld receivable at interest	22,101	19,605
Policy loans	10,277	7,911
Income ceded to funds withheld payable at interest	(301,223)	(179,702)
Gross investment income	1,451,585	980,745
Less investment expenses:		
Investment management and administration	85,341	113,131
Transportation and renewable energy asset depreciation and maintenance	49,162	53,953
Interest expense on derivative collateral and repurchase agreements	16,385	1,056
Net investment income	**$ 1,300,697**	**$ 812,605**

7. NET INVESTMENT-RELATED LOSSES - INSURANCE

Net investment-related losses from insurance operations primarily consists of (i) realized gains and (losses) from the disposal of investments, (ii) unrealized gains and (losses) from investments held for trading, equity securities, real estate investments accounted for under investment company accounting, and investments with fair value remeasurements recognized in earnings as a result of the election of a fair-value option, (iii) unrealized gains and (losses) on funds withheld at interest, (iv) unrealized gains and (losses) from derivatives not designated in an hedging relationship, and (v) allowances for credit losses, and other impairments of investments.

Net investment-related losses were as follows:

	Three Months Ended March 31,	
	2023	2022
Realized gains (losses) on available-for-sale fixed maturity debt securities	$ 3,432	$ (243,350)
Credit loss allowances on available-for-sale securities	(76,318)	(10,602)
Credit loss allowances on mortgage and other loan receivables	(64,111)	(26,085)
Allowances on unfunded commitments	(8,000)	6,790
Impairment of available-for-sale fixed maturity debt securities due to intent to sell	(26,741)	—
Unrealized gains (losses) on fixed maturity securities classified as trading	376,290	(1,038,446)
Unrealized losses on investments recognized under the fair-value option	(55,773)	(2,493)
Unrealized gains on real estate investments recognized at fair value under investment company accounting	63,192	77,692
Net (losses) gains on derivative instruments	(348,225)	859,734
Realized gains (losses) on funds withheld at interest payable portfolio	3,980	(26,387)
Realized gains on funds withheld at interest receivable portfolio	17,733	25,600
Other realized losses (gains)	(9,292)	8,867
Net investment-related losses	**$ (123,833)**	**$ (368,680)**

Allowance for credit losses

Available-for-sale fixed maturity securities

The table below presents a roll-forward of the allowance for credit losses recognized for fixed maturity securities held by Global Atlantic:

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	Corporate	Structured	Total	Corporate	Structured	Total
Balance, as of beginning of period	$ 1,298	$ 127,034	$ 128,332	$ 3,238	$ 84,895	$ 88,133
Initial impairments for credit losses recognized on securities not previously impaired	151	45,200	45,351	122	15,758	15,880
Initial credit loss allowance recognized on purchased credit deteriorated ("PCD") securities	—	—	—	—	140	140
Accretion of initial credit loss allowance on PCD securities	—	351	351	—	477	477
Reductions due to sales (or maturities, pay downs or prepayments) during the period of securities previously identified as credit impaired	—	(3,887)	(3,887)	—	(2,444)	(2,444)
Net additions / reductions for securities previously impaired	—	30,967	30,967	1,640	(6,918)	(5,278)
Balance, as of end of period	**$ 1,449**	**$ 199,665**	**$ 201,114**	**$ 5,000**	**$ 91,908**	**$ 96,908**

Mortgage and other loan receivables

Changes in the allowance for credit losses on mortgage and other loan receivables held by Global Atlantic are summarized below:

	Three Months Ended March 31, 2023				Three Months Ended March 31, 2022			
	Commercial Mortgage Loans	Residential Mortgage Loans	Consumer and Other Loan Receivables	Total	Commercial Mortgage Loans	Residential Mortgage Loans	Consumer and Other Loan Receivables	Total
Balance, as of beginning of period	$ 227,315	$ 125,824	$ 207,089	$ 560,228	$ 65,970	$ 72,082	$ 236,025	$ 374,077
Net provision (release)	20,111	10,316	33,684	64,111	15,566	15,501	(4,982)	26,085
Charge-offs	—	(1,693)	(35,372)	(37,065)	—	—	—	—
Recoveries of amounts previously charged-off	—	—	1,826	1,826	—	—	—	—
Balance, as of end of period	**$ 247,426**	**$ 134,447**	**$ 207,227**	**$ 589,100**	**$ 81,536**	**$ 87,583**	**$ 231,043**	**$ 400,162**

Proceeds and gross gains and losses from voluntary sales

The proceeds from voluntary sales and the gross gains and losses on those sales of available-for-sale ("AFS") fixed maturity securities were as follows:

	Three Months Ended March 31,	
	2023	2022
AFS fixed maturity securities:		
Proceeds from voluntary sales	$ 1,406,925	$ 6,128,285
Gross gains	15,464	8,942
Gross losses	(10,044)	(245,871)

8. INVESTMENTS

Investments consist of the following:

	March 31, 2023	December 31, 2022
Asset Management		
Private Equity	$ 27,454,205	$ 26,607,688
Credit	8,297,931	7,804,392
Investments of Consolidated CFEs	24,013,221	22,492,366
Real Assets	19,854,474	17,976,366
Equity Method - Other	7,043,747	6,838,541
Equity Method - Capital Allocation-Based Income	7,204,647	6,862,712
Other Investments	4,081,693	3,793,398
Investments - Asset Management	**$ 97,949,918**	**$ 92,375,463**
Insurance		
Fixed maturity securities, available-for-sale, at fair value(1)	$ 67,828,743	$ 61,939,529
Mortgage and other loan receivables	34,698,694	35,090,698
Fixed maturity securities, trading, at fair value(2)	12,755,365	12,038,847
Other investments	10,446,292	11,374,656
Funds withheld receivable at interest	2,774,730	2,868,036
Policy loans	880,030	868,911
Equity securities at fair value	17,540	18,499
Investments - Insurance	**$ 129,401,394**	**$ 124,199,176**
Total Investments	**$ 227,351,312**	**$ 216,574,639**

(1) Amortized cost of $78.2 billion and $73.6 billion, net of credit loss allowances of $201.1 million and $128.3 million, respectively.

(2) Amortized cost of $15.1 billion and $14.8 billion, respectively.

As of both March 31, 2023 and December 31, 2022, there were no investments which represented greater than 5% of total investments.

Fixed maturity securities

The cost or amortized cost and fair value for AFS fixed maturity securities were as follows:

As of March 31, 2023	Cost or amortized cost	Allowance for Credit Losses (1)(2)	Gross unrealized gains	Gross unrealized losses	Fair value
AFS fixed maturity securities portfolio by type:					
U.S. government and agencies	$ 440,171	$ —	$ 1,850	$ (63,495)	$ 378,526
U.S. state, municipal and political subdivisions	5,567,801	—	20,895	(1,020,472)	4,568,224
Corporate	47,216,455	(1,449)	141,254	(7,122,069)	40,234,191
Residential mortgage-backed securities	7,981,482	(146,755)	13,487	(807,058)	7,041,156
Commercial mortgage-backed securities	7,454,715	(15,628)	846	(822,087)	6,617,846
Collateralized bond obligations	3,029,471	(745)	—	(185,820)	2,842,906
Collateralized loan obligations	3,460,298	(25,087)	1,184	(166,211)	3,270,184
Asset-backed securities	3,095,110	(11,450)	7,796	(215,746)	2,875,710
Total AFS fixed maturity securities	**$ 78,245,503**	**$ (201,114)**	**$ 187,312**	**$ (10,402,958)**	**$ 67,828,743**

(1) Represents the cumulative amount of credit impairments that have been recognized in the consolidated statements of operations (as net investment (losses) gains) or that were recognized as a gross-up of the purchase price of PCD securities. Amount excludes unrealized losses related to non-credit impairment.

(2) Includes credit loss allowances on purchase-credit deteriorated fixed-maturity securities of $(23.6) million.

As of December 31, 2022	Cost or amortized cost	Allowance for Credit Losses (1)(2)	Gross unrealized gains	Gross unrealized losses	Fair value
AFS fixed maturity securities portfolio by type:					
U.S. government and agencies	$ 438,931	$ —	$ 304	$ (72,494)	$ 366,741
U.S. state, municipal and political subdivisions	5,638,252	—	6,582	(1,233,874)	4,410,960
Corporate	44,253,062	(1,298)	49,509	(7,984,341)	36,316,932
RMBS	7,307,526	(100,554)	12,052	(834,212)	6,384,812
CMBS	7,269,662	(14,490)	36	(834,735)	6,420,473
CBOs	3,051,850	(426)	—	(217,773)	2,833,651
CLOs	2,726,888	(6,165)	127	(200,160)	2,520,690
ABSs	2,914,617	(5,399)	4,702	(228,650)	2,685,270
Total AFS fixed maturity securities	**$ 73,600,788**	**$ (128,332)**	**$ 73,312**	**$ (11,606,239)**	**$ 61,939,529**

(1) Represents the cumulative amount of credit impairments that have been recognized in the consolidated statements of operations (as net investment (losses) gains) or that were recognized as a gross-up of the purchase price of PCD securities. Amount excludes unrealized losses related to non-credit impairment.

(2) Includes credit loss allowances on purchase-credit deteriorated fixed-maturity securities of $(29.9) million.

Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties, or Global Atlantic may have the right to put or sell the obligations back to the issuers.

The maturity distribution for AFS fixed maturity securities is as follows:

As of March 31, 2023	Cost or amortized cost (net of allowance)	Fair value
Due in one year or less	$ 1,111,146	$ 1,099,144
Due after one year through five years	12,746,392	12,176,052
Due after five years through ten years	10,175,556	9,410,865
Due after ten years	29,189,884	22,494,880
Subtotal	53,222,978	45,180,941
RMBS	7,834,727	7,041,156
CMBS	7,439,087	6,617,846
CBOs	3,028,726	2,842,906
CLOs	3,435,211	3,270,184
ABSs	3,083,660	2,875,710
Total AFS fixed maturity securities	**$ 78,044,389**	**$ 67,828,743**

Purchased credit deteriorated securities

Certain securities purchased by Global Atlantic were assessed at acquisition as having experienced a more-than-insignificant deterioration in credit quality since their origination. These securities are identified as PCD, and a reconciliation of the difference between the purchase price and the par value of these PCD securities is below:

	Three Months Ended March 31,	
	2023	2022
Purchase price of PCD securities acquired during the current period	$ —	$ 5,185
Allowance for credit losses at acquisition	—	140
Discount attributable to other factors	—	1,207
Par value	$ —	$ 6,532

Securities in a continuous unrealized loss position

The following tables provide information about AFS fixed maturity securities that have been continuously in an unrealized loss position:

	Less than 12 months		12 months or more		Total	
As of March 31, 2023	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
AFS fixed maturity securities portfolio by type:						
U.S. government and agencies	$ 41,237	$ (442)	$ 202,902	$ (63,053)	$ 244,139	$ (63,495)
U.S. state, municipal and political subdivisions	447,639	(35,891)	3,617,169	(984,581)	4,064,808	(1,020,472)
Corporate	9,620,913	(417,413)	24,411,962	(6,704,656)	34,032,875	(7,122,069)
RMBS	2,270,895	(156,956)	3,918,339	(650,102)	6,189,234	(807,058)
CBOs	672,051	(33,236)	2,170,855	(152,584)	2,842,906	(185,820)
CMBS	1,283,842	(92,237)	5,200,921	(729,850)	6,484,763	(822,087)
CLOs	768,231	(21,498)	2,029,386	(144,713)	2,797,617	(166,211)
ABSs	1,142,861	(75,221)	1,319,087	(140,525)	2,461,948	(215,746)
Total AFS fixed maturity securities in a continuous loss position	**$ 16,247,669**	**$ (832,894)**	**$ 42,870,621**	**$ (9,570,064)**	**$ 59,118,290**	**$ (10,402,958)**

As of December 31, 2022	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
AFS fixed maturity securities portfolio by type:						
U.S. government and agencies	$ 122,272	$ (52,639)	$ 108,498	$ (19,855)	$ 230,770	$ (72,494)
U.S. state, municipal and political subdivisions	2,321,404	(605,698)	1,780,984	(628,176)	4,102,388	(1,233,874)
Corporate	14,792,384	(2,114,695)	17,943,907	(5,869,646)	32,736,291	(7,984,341)
RMBS	3,998,737	(442,543)	2,068,529	(391,669)	6,067,266	(834,212)
CBOs	1,351,552	(103,499)	1,482,099	(114,274)	2,833,651	(217,773)
CMBS	4,054,053	(445,168)	2,338,517	(389,567)	6,392,570	(834,735)
CLOs	1,862,608	(139,766)	636,014	(60,394)	2,498,622	(200,160)
ABSs	1,610,876	(113,285)	832,635	(115,365)	2,443,511	(228,650)
Total AFS fixed maturity securities in a continuous loss position	**$ 30,113,886**	**$ (4,017,293)**	**$ 27,191,183**	**$ (7,588,946)**	**$ 57,305,069**	**$ (11,606,239)**

Unrealized gains and losses can be created by changing interest rates or several other factors, including changing credit spreads. Global Atlantic had gross unrealized losses on below investment grade AFS fixed maturity securities of $841.0 million and $836.3 million as of March 31, 2023 and December 31, 2022, respectively. The single largest unrealized loss on AFS fixed maturity securities was $60.0 million and $60.4 million as of March 31, 2023 and December 31, 2022, respectively. Global Atlantic had 6,281 and 6,328 securities in an unrealized loss position as of March 31, 2023 and December 31, 2022, respectively.

As of March 31, 2023, AFS fixed maturity securities in an unrealized loss position for 12 months or more consisted of 4,797 debt securities. These debt securities primarily relate to Corporate, RMBS, and U.S. state, municipal and political subdivisions fixed maturity securities, which have depressed values due primarily to an increase in interest rates since the purchase of these securities. During the three months ended March 31, 2023, unrealized losses of $26.7 million were recognized in net income on these debt securities since as of March 31, 2023 there were specific securities that, as of the balance sheet date, Global Atlantic intended to sell or Global Atlantic believed it was more likely than not that it will be required to sell before recovery of their cost or amortized cost basis. As of March 31, 2022, no loss was recognized as Global Atlantic did not believe there were specific securities that, as of that date, it intended to, or would be required to sell before recovery. For securities with significant declines in value, individual security level analysis was performed utilizing underlying collateral default expectations, market data, and industry analyst reports.

Mortgage and other loan receivables

Mortgage and other loan receivables consist of the following:

	March 31, 2023	December 31, 2022
Commercial mortgage loans(1)	$ 19,004,039	$ 18,830,780
Residential mortgage loans(1)	10,702,441	10,688,972
Consumer loans	4,970,378	5,228,534
Other loan receivables(2)	610,936	902,640
Total mortgage and other loan receivables	35,287,794	35,650,926
Allowance for credit losses(3)	(589,100)	(560,228)
Total mortgage and other loan receivables, net of allowance for loan losses	**$ 34,698,694**	**$ 35,090,698**

(1) Includes $773.9 million and $787.5 million of loans carried at fair value using the fair value option as of March 31, 2023 and December 31, 2022, respectively. The fair value option was elected for these loans for asset-liability matching purposes. These loans had unpaid principal balances of $864.4 million and $871.2 million as of March 31, 2023 and December 31, 2022, respectively.

(2) As of March 31, 2023 and December 31, 2022, other loan receivables consisted primarily of loans collateralized by aircraft of $272.8 million and $282.3 million, respectively.

(3) Includes credit loss allowances on purchase-credit deteriorated mortgage and other loan receivables of $(108.6) million and $(106.2) million as of March 31, 2023 and December 31, 2022, respectively.

The maturity distribution for residential and commercial mortgage loans was as follows as of March 31, 2023:

Years	Residential	Commercial	Total mortgage loans
Remainder of 2023	$ 131,042	$ 1,512,742	$ 1,643,784
2024	447,388	2,164,157	2,611,545
2025	15,739	3,673,872	3,689,611
2026	929,252	3,578,371	4,507,623
2027	816,303	2,955,626	3,771,929
2028	131,774	1,396,277	1,528,051
2029 and thereafter	8,230,943	3,722,994	11,953,937
Total	**$ 10,702,441**	**$ 19,004,039**	**$ 29,706,480**

Actual maturities could differ from contractual maturities, because borrowers may have the right to prepay (with or without prepayment penalties) and loans may be refinanced.

Global Atlantic diversifies its mortgage loan portfolio by both geographic region and property type to reduce concentration risk. The following tables present the mortgage loans by geographic region and property type:

Mortgage loans – carrying value by geographic region	**March 31, 2023**		**December 31, 2022**	
Pacific	$ 7,163,287	24.1 %	$ 7,197,110	24.4 %
West South Central	3,687,564	12.4 %	3,582,648	12.1 %
South Atlantic	8,119,808	27.3 %	8,051,653	27.3 %
Middle Atlantic	3,699,989	12.5 %	3,590,530	12.2 %
East North Central	1,257,665	4.2 %	1,240,264	4.2 %
Mountain	3,142,342	10.6 %	3,152,895	10.7 %
New England	1,371,832	4.6 %	1,414,897	4.8 %
East South Central	704,109	2.4 %	712,886	2.4 %
West North Central	328,156	1.1 %	349,079	1.2 %
Other regions	231,728	0.8 %	227,790	0.7 %
Total by geographic region	**$ 29,706,480**	**100.0 %**	**$ 29,519,752**	**100.0 %**

Mortgage loans – carrying value by property type	**March 31, 2023**		**December 31, 2022**	
Residential	$ 10,702,441	36.0 %	$ 10,688,972	36.2 %
Office building	4,629,307	15.6 %	4,594,238	15.6 %
Apartment	9,694,666	32.6 %	9,698,728	32.9 %
Industrial	3,209,573	10.8 %	3,139,163	10.6 %
Retail	572,748	1.9 %	630,455	2.1 %
Other property types	689,834	2.3 %	582,479	2.0 %
Warehouse	207,911	0.8 %	185,717	0.6 %
Total by property type	**$ 29,706,480**	**100.0 %**	**$ 29,519,752**	**100.0 %**

As of March 31, 2023 and December 31, 2022, Global Atlantic had $324.3 million and $192.3 million of mortgage loans that were 90 days or more past due or in the process of foreclosure, respectively, and have been classified as non-income producing. Global Atlantic ceases accrual of interest on loans that are more than 90 days past due and recognizes income as cash is received.

Credit quality indicators

Mortgage and loan receivable performance status

The following table represents the portfolio of mortgage and loan receivables by origination year and performance status as of March 31, 2023 and December 31, 2022:

	By year of origination						
Performance status as of March 31, 2023	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Total**
Commercial mortgage loans							
Current-period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Current	$ 199,707	$ 6,164,880	$ 6,927,008	$ 777,073	$ 1,417,346	$ 3,414,703	$ 18,900,717
30 to 59 days past due	—	—	—	—	—	—	—
60 to 89 days past due	—	—	—	—	—	—	—
90 days or more past due	—	—	—	—	103,322	—	103,322
Total commercial mortgage loans	$ 199,707	$ 6,164,880	$ 6,927,008	$ 777,073	$ 1,520,668	$ 3,414,703	$ 19,004,039
Residential mortgage loans							
Current-period gross charge-offs	$ —	$ (246)	$ (210)	$ (46)	$ (133)	$ (1,058)	$ (1,693)
Current	$ 117,738	$ 1,875,615	$ 4,711,601	$ 1,851,565	$ 255,925	$ 1,460,682	$ 10,273,126
30 to 59 days past due	—	13,476	45,876	4,489	3,278	87,160	154,279
60 to 89 days past due	—	6,582	15,333	1,515	3,411	27,193	54,034
90 days or more past due	—	10,809	61,689	12,839	11,313	124,352	221,002
Total residential mortgage loans	$ 117,738	$ 1,906,482	$ 4,834,499	$ 1,870,408	$ 273,927	$ 1,699,387	$ 10,702,441
Consumer loans							
Current-period gross charge-offs	$ —	$ (3,092)	$ (18,826)	$ (5,181)	$ (3,165)	$ (5,108)	$ (35,372)
Current	$ 1,474	$ 522,779	$ 2,074,812	$ 809,837	$ 688,962	$ 747,937	$ 4,845,801
30 to 59 days past due	—	4,642	30,435	5,933	4,608	13,359	58,977
60 to 89 days past due	—	2,637	14,479	2,998	2,373	7,925	30,412
90 days or more past due	—	3,374	14,613	5,840	4,799	6,562	35,188
Total consumer loans	$ 1,474	$ 533,432	$ 2,134,339	$ 824,608	$ 700,742	$ 775,783	$ 4,970,378
Total mortgage and consumer loan receivables	$ 318,919	$ 8,604,794	$ 13,895,846	$ 3,472,089	$ 2,495,337	$ 5,889,873	$ 34,676,858

Performance status as of December 31, 2022	By year of origination 2022	2021	2020	2019	2018	Prior	Total
Commercial mortgage loans							
Current	$ 6,081,261	$ 6,845,839	$ 809,254	$ 1,529,897	$ 1,260,593	$ 2,303,936	$ 18,830,780
30 to 59 days past due	—	—	—	—	—	—	—
60 to 89 days past due	—	—	—	—	—	—	—
90 days or more past due	—	—	—	—	—	—	—
Total commercial mortgage loans	$ 6,081,261	$ 6,845,839	$ 809,254	$ 1,529,897	$ 1,260,593	$ 2,303,936	$ 18,830,780
Residential mortgage loans							
Current	$ 1,855,038	$ 4,802,333	$ 1,879,606	$ 264,050	$ 13,670	$ 1,485,244	$ 10,299,941
30 to 59 days past due	10,534	49,169	6,144	6,471	—	80,357	152,675
60 to 89 days past due	796	13,143	2,016	955	—	27,114	44,024
90 days or more past due	7,598	35,978	11,483	8,389	2,438	126,446	192,332
Total residential mortgage loans	$ 1,873,966	$ 4,900,623	$ 1,899,249	$ 279,865	$ 16,108	$ 1,719,161	$ 10,688,972
Total mortgage loans	$ 7,955,227	$ 11,746,462	$ 2,708,503	$ 1,809,762	$ 1,276,701	$ 4,023,097	$ 29,519,752

The following table represents the portfolio of consumer loan receivables by performance status:

Performance status	December 31, 2022
Consumer loans	
Current	$ 5,113,507
30 to 59 days past due	62,742
60 to 89 days past due	31,371
90 days or more past due	20,914
Total consumer loans	**$ 5,228,534**

Loan-to-value ratio on mortgage loans

The loan-to-value ratio is expressed as a percentage of the current amount of the loan relative to the value of the underlying collateral. The following table summarizes Global Atlantic's loan-to-value ratios for its commercial mortgage loans as of March 31, 2023 and December 31, 2022:

Loan-to-value as of March 31, 2023, by year of origination	Carrying value loan-to-value 70% and less	Carrying value loan-to-value 71% - 90%	Carrying value loan-to-value over 90%	Total carrying value
2023	$ 199,707	$ —	$ —	$ 199,707
2022	5,761,331	403,549	—	6,164,880
2021	5,047,465	1,758,632	120,911	6,927,008
2020	621,066	120,906	35,101	777,073
2019	1,230,676	186,670	103,322	1,520,668
2018	1,003,438	18,978	180,263	1,202,679
Prior	2,193,968	—	18,056	2,212,024
Total commercial mortgage loans	**$ 16,057,651**	**$ 2,488,735**	**$ 457,653**	**$ 19,004,039**

Notes to Financial Statements (Continued)

Loan-to-value as of December 31, 2022, by year of origination	Carrying value loan-to-value 70% and less	Carrying value loan-to-value 71% - 90%	Carrying value loan-to-value over 90%	Total carrying value
2022	$ 5,677,763	$ 403,498	$ —	$ 6,081,261
2021	4,971,346	1,758,748	115,745	6,845,839
2020	650,825	123,343	35,086	809,254
2019	1,211,523	215,050	103,324	1,529,897
2018	1,061,566	18,885	180,142	1,260,593
2017	699,144	—	18,160	717,304
Prior	1,586,632	—	—	1,586,632
Total commercial mortgage loans	**$ 15,858,799**	**$ 2,519,524**	**$ 452,457**	**$ 18,830,780**

Changing economic conditions affect Global Atlantic's valuation of commercial mortgage loans. Changing vacancies and rents are incorporated into the discounted cash flow analysis that Global Atlantic performs for monitored loans and may contribute to the establishment of (or increase or decrease in) a commercial mortgage loan valuation allowance for credit losses. In addition, Global Atlantic continuously monitors its commercial mortgage loan portfolio to identify risk. Areas of emphasis are properties that have exposure to specific geographic events or have deteriorating credit.

The weighted average loan-to-value ratio for Global Atlantic's residential mortgage loans was 65% and 64% as of March 31, 2023 and December 31, 2022, respectively.

Loan modifications

Global Atlantic may modify the terms of a loan when the borrower is experiencing financial difficulties, as a means to optimize recovery of amounts due on the loan. Modifications may involve temporary relief, such as payment forbearance for a short period time (where interest continues to accrue) or may involve more substantive changes to a loan. Changes to the terms of a loan, pursuant to a modification agreement, are factored into the analysis of the loan's expected credit losses, under the allowance model applicable to the loan.

For commercial mortgage loans, modifications for borrowers experiencing financial difficulty are tailored for individual loans and may include interest rate relief, maturity extensions or, less frequently, principal forgiveness. For residential mortgage loans, the most common modifications for borrowers experiencing financial difficulty, aside from insignificant delays in payment, typically involve interest rate relief, deferral of missed payments to the end of the loan term, or maturity extensions. For consumer loans to borrowers experiencing financial difficulty, common modifications, aside from insignificant delays in payment, typically involve the deferral of a portion of the amount due until the loan's maturity.

The table below presents the carrying value of loans to borrowers experiencing financial difficulty, for which modifications have been granted during the period ended March 31, 2023.

Carrying value as of March 31, 2023 by loan type	Deferral of Amounts Due	Interest Rate Relief	Maturity Extension	Combination(1)	Total	Percentage of total carrying value outstanding
Commercial mortgage loans	$ —	$ —	$ —	$ 66,813	$ 66,813	0.35 %
Residential mortgage loans	725	190	28,686	522	30,123	0.28 %
Consumer loans	1,251	—	—	—	1,251	0.03 %
Total	**$ 1,976**	**$ 190**	**$ 28,686**	**$ 67,335**	**$ 98,187**	

(1) Includes modifications involving deferral of amounts due, interest rate relief and/or maturity extension.

The commercial mortgage loans that had a combination of modifications had both interest rate relief and maturity extensions. For these loans, the interest rate relief involved a change from a floating rate to a weighted average fixed rate of 5.5%. The maturity extensions for these loans added a weighted-average 1.0 years to the life of the loans.

The table below presents the performance status of the loans modified during the period ended March 31, 2023.

Performance status as of March 31, 2023 by loan type	Current	30-59 days past due	60-89 days past due	90 days or more past due	Total
Commercial mortgage loans	$ 66,813	$ —	$ —	$ —	$ 66,813
Residential mortgage loans	21,016	5,213	2,910	984	30,123
Consumer loans	1,190	—	61	—	1,251
Total	**$ 89,019**	**$ 5,213**	**$ 2,971**	**$ 984**	**$ 98,187**

Other investments

Other investments consist of the following:

	March 31, 2023	December 31, 2022
Investments in real estate[(1)]	$ 4,805,747	$ 4,641,429
Investments in renewable energy[(2)]	2,298,428	3,427,062
Investments in transportation and other leased assets[(3)]	2,868,789	2,821,602
Other investment partnerships	185,323	197,378
FHLB common stock and other investments	288,005	287,185
Total other investments	**$ 10,446,292**	**$ 11,374,656**

(1) Investments in real estate are held in consolidated investment companies that use fair value accounting.

(2) Net of accumulated depreciation attributed to consolidated renewable energy assets of $239.0 million and $229.7 million as of March 31, 2023 and December 31, 2022, respectively.

(3) Net of accumulated depreciation of $259.7 million and $230.2 million as of March 31, 2023 and December 31, 2022, respectively.

The total amount of other investments accounted for using the equity method of accounting was $1.1 billion as of both March 31, 2023 and December 31, 2022. Global Atlantic's maximum exposure to loss related to these equity method investments is limited to the carrying value of these investments plus unfunded commitments of $20.5 million and $21.0 million as of March 31, 2023 and December 31, 2022, respectively.

In addition, Global Atlantic has investments that would otherwise require the equity method of accounting for which the fair value option has been elected. The carrying amount of these investments was $219.8 million and $264.9 million as of March 31, 2023 and December 31, 2022, respectively.

Repurchase agreement transactions

As of March 31, 2023 and December 31, 2022, Global Atlantic participated in repurchase agreements with a notional value of $312.2 million and $798.9 million, respectively. As collateral for these transactions, Global Atlantic may post AFS fixed maturity securities and residential mortgage loans, which are included in Insurance - Investments in the consolidated statements of financial condition. The gross obligation for repurchase agreements is reported in other liabilities in the consolidated statements of financial condition.

The carrying value of assets pledged for repurchase agreements by type of collateral and remaining contractual maturity of the repurchase agreements as of March 31, 2023 and December 31, 2022 is presented in the following tables:

As of March 31, 2023	Overnight	<30 Days	30 - 90 Days	> 90 Days	Total
AFS corporate securities	$ —	$ —	$ —	$ 326,681	$ 326,681
Residential mortgage loans	—	1,605	—	—	1,605
Total borrowing	$ —	$ 1,605	$ —	$ 326,681	$ 328,286

As of December 31, 2022	Overnight	<30 Days	30 - 90 Days	> 90 Days	Total
AFS corporate securities	$ —	$ —	$ 507,656	$ 325,912	$ 833,568
Total borrowing	$ —	$ —	$ 507,656	$ 325,912	$ 833,568

Other pledges and restrictions

Certain of Global Atlantic's subsidiaries are members of regional banks in the Federal Home Loan Banks (FHLB) system and such membership requires the members to own stock in these FHLBs. Global Atlantic owns an aggregate of $129 million (accounted for at cost basis) of stock in FHLBs as of both March 31, 2023 and December 31, 2022. In addition, Global Atlantic's operating insurance subsidiaries have entered into funding agreements with the FHLB, which require that Global Atlantic pledge eligible assets, such as fixed maturity securities and mortgage loans, as collateral. Assets pledged as collateral for these funding agreements had a carrying value of $3.7 billion and $3.6 billion as of March 31, 2023 and December 31, 2022, respectively.

Insurance – statutory deposits

As of March 31, 2023 and December 31, 2022, the carrying value of the assets on deposit with various state and U.S. governmental authorities were $149.0 million and $142.7 million, respectively.

9. DERIVATIVES

Asset Management

KKR and certain of its consolidated funds have entered into derivative transactions as part of their overall risk management for the asset management business 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 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.

Insurance

Global Atlantic holds derivative instruments that are primarily used in its hedge program. Global Atlantic has established a hedge program that seeks to mitigate economic impacts primarily from interest rate and equity price movements, while taking into consideration accounting and capital impacts.

Global Atlantic hedges interest rate and equity market risks associated with its insurance liabilities including fixed-indexed annuities, indexed universal life policies, variable annuity policies and variable universal life policies, among others. For fixed-indexed annuities and indexed universal life policies, Global Atlantic generally seeks to use static hedges to offset the exposure primarily created by changes in its embedded derivative balances. Global Atlantic generally purchases options which replicate the crediting rate strategies, often in the form of call spreads. Call spreads are the purchase of a call option matched by the sale of a different call option. For variable annuities and variable universal life policies, Global Atlantic generally seeks to dynamically hedge its exposure to changes in the value of the guarantee it provides to policyholders. Doing so requires the active trading of several financial instruments to respond to changes in market conditions. In addition, Global Atlantic enters into inflation swaps to manage inflation risk associated with inflation-indexed preneed policies.

In the context of specific reinsurance transactions in the institutional channel or acquisitions, Global Atlantic may also enter into hedges which are designed to limit short-term market risks to the economic value of the target assets. From time to time, Global Atlantic also enters into hedges designed to mitigate interest rate and credit risk in investment income, interest expense, and fair value of assets and liabilities. In addition, Global Atlantic enters into currency swaps and forwards to manage any foreign exchange rate risks that may arise from investments denominated in foreign currencies.

Global Atlantic attempts to mitigate the risk of loss due to ineffectiveness under these derivative investments through a regular monitoring process which evaluates the program's effectiveness. Global Atlantic monitors its derivative activities by reviewing portfolio activities and risk levels. Global Atlantic also oversees all derivative transactions to ensure that the types of transactions entered into and the results obtained from those transactions are consistent with both Global Atlantic's risk management strategy and its policies and procedures.

The restricted cash which was held in connection with open derivative transactions with exchange brokers was $250.4 million and $278.7 million as of March 31, 2023 and December 31, 2022, respectively.

Global Atlantic also has embedded derivatives related to reinsurance contracts that are accounted for on a modified coinsurance and funds withheld basis. An embedded derivative exists because the arrangement exposes the reinsurer to third-party credit risk. These embedded derivatives are included in funds withheld receivable and payable at interest in the consolidated statements of financial condition.

Credit Risk

Global Atlantic may be exposed to credit-related losses in the event of nonperformance by its counterparties to derivatives. Generally, the current credit exposure of the Global Atlantic's derivatives is limited to the positive fair value of derivatives less any collateral received from the counterparty.

Global Atlantic manages the credit risk on its derivatives by entering into derivative transactions with highly rated financial institutions and other creditworthy counterparties and, where feasible, by trading through central clearing counterparties. Global Atlantic further manages its credit risk on derivatives via the use of master netting agreements, which require the daily posting of collateral by the party in a liability position. Counterparty credit exposure and collateral values are monitored regularly and measured against counterparty exposure limits. The provisions of derivative transactions may allow for the termination and settlement of a transaction if there is a downgrade to Global Atlantic's financial strength ratings below a specified level.

The fair value and notional value of the derivative assets and liabilities were as follows:

As of March 31, 2023	**Notional Value**	**Derivative Assets**	**Derivative Liabilities**
Asset Management			
Foreign Exchange Contracts and Options	$ 11,590,982	$ 573,820	$ 276,405
Other Derivatives	163,352	17,404	6,117
Total Asset Management	$ 11,754,334	$ 591,224	$ 282,522
Insurance			
Derivatives designated as hedge accounting instruments:			
Interest rate contracts	$ 8,063,500	$ 6,544	$ 590,222
Foreign currency contracts	2,108,725	34,604	41,315
Total derivatives designated as hedge accounting instruments	$ 10,172,225	$ 41,148	$ 631,537
Derivatives not designated as hedge accounting instruments:			
Interest rate contracts	$ 14,689,159	$ 225,297	$ 127,700
Equity market contracts	34,079,321	900,174	169,580
Foreign currency contracts	648,557	83,374	32,826
Credit risk contracts	60,000	—	851
Total derivatives not designated as hedge accounting instruments	$ 49,477,037	$ 1,208,845	$ 330,957
Impact of netting[2]	$ —	$ (344,226)	$ (344,226)
Total Insurance[1]	$ 59,649,262	$ 905,767	$ 618,268
Fair value included within total assets and liabilities	$ 71,403,596	$ 1,496,991	$ 900,790

(1) Excludes embedded derivatives. The fair value of these embedded derivatives in an asset position was $(18.0) million and the fair value of these embedded derivatives in a liability position was $(281.7) million as of March 31, 2023.

(2) Represents netting of derivative exposures covered by qualifying master netting agreements.

As of December 31, 2022	**Notional Value**	**Derivative Assets**	**Derivative Liabilities**
Asset Management			
Foreign Exchange Contracts and Options	$ 16,144,795	$ 668,716	$ 406,746
Other Derivatives	125,000	7,519	11,018
Total Asset Management	$ 16,269,795	$ 676,235	$ 417,764
Insurance			
Derivatives designated as hedge accounting instruments:			
Interest rate contracts	$ 6,999,000	$ —	$ 695,296
Foreign currency contracts	2,021,061	42,557	44,238
Total derivatives designated as hedge accounting instruments	$ 9,020,061	$ 42,557	$ 739,534
Derivatives not designated as hedge accounting instruments:			
Interest rate contracts	$ 8,700,253	$ 182,734	$ 267,033
Equity market contracts	34,889,122	626,391	91,344
Foreign currency contracts	675,390	84,883	47,442
Credit risk contracts	60,000	—	929
Total derivatives not designated as hedge accounting instruments	$ 44,324,765	$ 894,008	$ 406,748
Impact of netting[2]	$ —	$ (212,175)	$ (212,175)
Total Insurance[1]	$ 53,344,826	$ 724,390	$ 934,107
Fair value included within total assets and liabilities	$ 69,614,621	$ 1,400,625	$ 1,351,871

(1) Excludes embedded derivatives. The fair value of these embedded derivatives in an asset position was $12.8 million and the fair value of these embedded derivatives in a liability position was $(1.3) billion as of December 31, 2022.

(2) Represents netting of derivative exposures covered by qualifying master netting agreements.

Derivatives designated as accounting hedges

Where Global Atlantic has derivative instruments that are designated and qualify as accounting hedges, these derivative instruments receive hedge accounting.

Global Atlantic has designated foreign exchange forward purchase contracts ("FX forwards") to hedge the foreign currency risk associated with foreign currency-denominated bonds in fair value hedges. These foreign currency-denominated bonds are accounted for as AFS fixed maturity securities. Changes in the fair value of the hedged AFS fixed maturity securities due to changes in spot exchange rates are reclassified from AOCI to earnings, which offsets the earnings impact of the spot changes of the FX forwards, both of which are recognized within investment-related (losses) gains. The effectiveness of these hedges is assessed using the spot method. Changes in the fair value of the FX forwards related to changes in the spot-forward difference are excluded from the assessment of hedge effectiveness and are deferred in AOCI and recognized in earnings using a systematic and rational method over the life of the FX forwards.

Global Atlantic has designated interest rate swaps to hedge the interest rate risk associated with certain debt and policy liabilities. These fair value hedges qualify for the shortcut method of assessing hedge effectiveness.

The following table presents the financial statement classification, carrying amount and cumulative fair value hedging adjustments for qualifying hedged assets and liabilities:

	As of March 31, 2023		As of December 31, 2022	
	Carrying amount of hedged assets/(liabilities)	**Cumulative amount of fair value hedging adjustments included in the carrying amount of hedged assets/(liabilities)[1]**	**Carrying amount of hedged assets/(liabilities)**	**Cumulative amount of fair value hedging adjustments included in the carrying amount of hedged assets/(liabilities)[1]**
AFS fixed maturity securities[2]	$ 2,037,271	$ 29,624	$ 2,010,748	$ (61,785)
Debt	975,672	(167,868)	945,873	(201,603)
Policy liabilities	(6,155,007)	(349,127)	(5,670,884)	(435,494)

(1) Includes $46.3 million and $53.1 million of hedging adjustments on discontinued hedging relationships as of March 31, 2023 and December 31, 2022, respectively.

(2) Carrying amount is the amortized cost for AFS debt securities.

Global Atlantic has designated bond forwards to hedge the interest rate risk associated with the planned purchase of AFS debt securities in cash flow hedges. These arrangements are hedging purchases from July 2021 through December 2027 and are expected to affect earnings until 2052. Regression analysis is used to assess the effectiveness of these hedges.

As of March 31, 2023 and December 31, 2022, there was a cumulative (loss) gain of $(111.9) million and $(169.8) million on the currently designated bond forwards recorded in accumulated other comprehensive loss, respectively. Amounts deferred in accumulated other comprehensive loss are reclassified to net investment income following the qualifying purchases of AFS securities, as an adjustment to the yield earned over the life of the purchased securities, using the effective interest method.

Global Atlantic estimates that the amount of gains/losses in accumulated other comprehensive loss to be reclassified into earnings in the next 12 months will not be material.

Notes to Financial Statements (Continued)

Derivative results

The following table presents the financial statement classification and amount of gains (losses) recognized on derivative instruments and related hedged items, where applicable:

	Three Months Ended March 31, 2023				
	Net investment-related gains (losses)	**Net investment income**	**Net policy benefits and claims**	**Interest expense**	**Change in AOCI**
Derivatives designated as hedge accounting instruments:					
Fair value hedges					
Gains (losses) on derivatives designated as hedge instruments:					
Interest rate contracts	$ —	$ —	$ 34,557	$ 20,104	$ —
Foreign currency contracts	(35,388)	—	—	—	9,280
Total gains (losses) on derivatives designated as hedge instruments	$ (35,388)	$ —	$ 34,557	$ 20,104	$ 9,280
Gains (losses) on hedged items:					
Interest rate contracts	$ —	$ —	$ (34,557)	$ (20,104)	$ —
Foreign currency contracts	29,624	—	—	—	—
Total gains (losses) on hedged items	$ 29,624	$ —	$ (34,557)	$ (20,104)	$ —
Amortization for gains (losses) excluded from assessment of effectiveness:					
Foreign currency contracts	$ 6,826	$ —	$ —	$ —	$ —
Total amortization for gains (losses) excluded from assessment of effectiveness	6,826	—	—	—	—
Total gains (losses) on fair value hedges, net of hedged items	$ 1,062	$ —	$ —	$ —	$ 9,280
Cash flow hedges					
Interest rate contracts	$ (268)	$ —	$ —	$ —	$ 57,920
Total gains (losses) on cash flow hedges	$ (268)	$ —	$ —	$ —	$ 57,920
Derivatives not designated as hedge accounting instruments:					
Asset Management					
Foreign Exchange Contracts and Options	$ (22,366)	$ —	$ —	$ —	$ —
Other Derivatives	12,208	—	—	—	—
Total included in Net Gains (Losses) from Investment Activities	$ (10,158)	$ —	$ —	$ —	$ —
Insurance					
Embedded derivatives - funds withheld receivable	$ (30,767)	$ —	$ —	$ —	$ —
Embedded derivatives - funds withheld payable	(430,235)	—	—	—	—
Equity index options	83,887	—	—	—	—
Equity future contracts	(40,825)	—	—	—	—
Interest rate contracts and other contracts	68,996	—	—	—	—
Credit risk contracts	(75)	—	—	—	—
Total gains (losses) on derivatives not designated as hedge accounting instruments from Insurance Activities	$ (349,019)	$ —	$ —	$ —	$ —
Total	$ (358,383)	$ —	$ —	$ —	$ 67,200

Notes to Financial Statements (Continued)

	Three Months Ended March 31, 2022				
	Net investment-related gains (losses)	Net investment income	Net policy benefits and claims	Interest expense	Change in AOCI
Derivatives designated as hedge accounting instruments:					
Fair value hedges					
Gains (losses) on derivatives designated as hedge instruments:					
Interest rate contracts	$ —	$ —	$ (121,374)	$ (70,000)	$ —
Foreign currency contracts	40,742	—	—	—	18,318
Total gains (losses) on derivatives designated as hedge instruments	$ 40,742	$ —	$ (121,374)	$ (70,000)	$ 18,318
Gains (losses) on hedged items:					
Interest rate contracts	$ —	$ —	$ 121,374	$ 70,000	$ —
Foreign currency contracts	(35,932)	—	—	—	—
Total gains (losses) on hedged items	$ (35,932)	$ —	$ 121,374	$ 70,000	$ —
Amortization for gains (losses) excluded from assessment of effectiveness:					
Foreign currency contracts	$ 3,544	$ —	$ —	$ —	$ —
Total amortization for gains (losses) excluded from assessment of effectiveness	$ 3,544	$ —	$ —	$ —	$ —
Total gains (losses) on fair value hedges, net of hedged items	$ 8,354	$ —	$ —	$ —	$ 18,318
Cash flow hedges					
Interest rate contracts	$ 203	$ —	$ —	$ —	$ (48,064)
Total gains (losses) on cash flow hedges	$ 203	$ —	$ —	$ —	$ (48,064)
Derivatives not designated as hedge accounting instruments:					
Asset Management					
Foreign Exchange Contracts and Options	$ (56,117)	$ —	$ —	$ —	$ —
Other Derivatives	8,132	—	—	—	—
Total included in Net Gains (Losses) from Investment Activities	$ (47,985)	$ —	$ —	$ —	$ —
Insurance					
Embedded derivatives - funds withheld receivable	$ (33,980)	$ —	$ —	$ —	$ —
Embedded derivatives - funds withheld payable	1,180,435	—	—	—	—
Equity index options	(223,366)	—	—	—	—
Equity future contracts	79,796	—	—	—	—
Interest rate contracts and other contracts	(150,176)	—	—	—	—
Credit risk contracts	(1,532)	—	—	—	—
Total gains (losses) on derivatives not qualifying as hedge accounting instruments from Insurance Activities	$ 851,177	$ —	$ —	$ —	$ —
Total	$ 811,749	$ —	$ —	$ —	$ (29,746)

Collateral

The amount of Global Atlantic's net derivative assets and liabilities after consideration of collateral received or pledged were as follows:

As of March 31, 2023	Gross amount recognized	Gross amounts offset in the statements of financial position[(1)]	Net amounts presented in the statements of financial condition	Collateral (received) / pledged	Net amount after collateral
Derivative assets (excluding embedded derivatives)	$ 1,249,993	$ (344,226)	$ 905,767	$ (644,591)	$ 261,176
Derivative liabilities (excluding embedded derivatives)	$ 962,494	$ (344,226)	$ 618,268	$ 371,856	$ 246,412

(1) Represents netting of derivative exposures covered by qualifying master netting agreements.

As of December 31, 2022	Gross amount recognized	Gross amounts offset in the statements of financial position[(1)]	Net amounts presented in the statements of financial condition	Collateral (received) / pledged	Net amount after collateral
Derivative assets (excluding embedded derivatives)	$ 936,565	$ (212,175)	$ 724,390	$ (466,371)	$ 258,019
Derivative liabilities (excluding embedded derivatives)	$ 1,146,282	$ (212,175)	$ 934,107	$ 366,508	$ 567,599

(1) Represents netting of derivative exposures covered by qualifying master netting agreements.

10. 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:

	March 31, 2023			
	Level I	Level II	Level III	Total
Asset Management				
Private Equity	$ 1,199,178	$ 65,526	$ 26,189,501	$ 27,454,205
Credit	287,728	2,107,625	5,902,578	8,297,931
Investments of Consolidated CFEs	—	24,013,221	—	24,013,221
Real Assets	—	907,623	18,946,851	19,854,474
Equity Method - Other	408,987	983,614	1,602,694	2,995,295
Other Investments	256,140	87,107	3,738,446	4,081,693
Total Investments	$ 2,152,033	$ 28,164,716	$ 56,380,070	$ 86,696,819
Foreign Exchange Contracts and Options	—	573,820	—	573,820
Other Derivatives	—	17,404	—	17,404
Total Assets at Fair Value - Asset Management	**$ 2,152,033**	**$ 28,755,940**	**$ 56,380,070**	**$ 87,288,043**
Insurance				
AFS fixed maturity securities:				
U.S. government and agencies	$ 290,343	$ 88,183	$ —	$ 378,526
U.S. state, municipal and political subdivisions	—	4,568,224	—	4,568,224
Corporate	—	31,939,768	8,294,423	40,234,191
Structured securities	—	20,877,017	1,770,785	22,647,802
Total AFS fixed maturity securities	$ 290,343	$ 57,473,192	$ 10,065,208	$ 67,828,743
Trading fixed maturity securities:				
U.S. government and agencies	$ 254,678	$ 63,165	$ —	$ 317,843
U.S. state, municipal and political subdivisions	—	622,337	—	622,337
Corporate	—	7,489,952	631,870	8,121,822
Structured securities	—	3,031,798	661,565	3,693,363
Total trading fixed maturity securities	$ 254,678	$ 11,207,252	$ 1,293,435	$ 12,755,365
Equity securities	2,229	—	15,311	17,540
Mortgage and other loan receivables	—	—	773,917	773,917
Other investments[1]	—	—	5,009,113	5,009,113
Funds withheld receivable at interest	—	—	(17,982)	(17,982)
Reinsurance recoverable	—	—	1,010,602	1,010,602
Derivative assets:				
Equity market contracts	12,439	887,735	—	900,174
Interest rate contracts	26,775	205,066	—	231,841
Foreign currency contracts	—	117,978	—	117,978
Impact of netting[2]	(60,383)	(283,843)	—	(344,226)
Total derivative assets	$ (21,169)	$ 926,936	$ —	$ 905,767
Separate account assets	4,164,803	—	—	4,164,803
Total Assets at Fair Value - Insurance	**$ 4,690,884**	**$ 69,607,380**	**$ 18,149,604**	**$ 92,447,868**
Total Assets at Fair Value	**$ 6,842,917**	**$ 98,363,320**	**$ 74,529,674**	**$ 179,735,911**

Notes to Financial Statements (Continued)

	December 31, 2022			
	Level I	Level II	Level III	Total
Asset Management				
Private Equity	$ 1,057,025	$ 213,706	$ 25,336,957	$ 26,607,688
Credit	187,504	1,830,862	5,786,026	7,804,392
Investments of Consolidated CFEs	—	22,492,366	—	22,492,366
Real Assets	—	961,254	17,015,112	17,976,366
Equity Method - Other	435,315	883,652	1,624,420	2,943,387
Other Investments	395,972	63,060	3,334,366	3,793,398
Total Investments	$ 2,075,816	$ 26,444,900	$ 53,096,881	$ 81,617,597
Foreign Exchange Contracts and Options	—	668,716	—	668,716
Other Derivatives	9	7,510	—	7,519
Total Assets at Fair Value - Asset Management	**$ 2,075,825**	**$ 27,121,126**	**$ 53,096,881**	**$ 82,293,832**
Insurance				
AFS fixed maturity securities:				
U.S. government and agencies	$ 283,402	$ 83,339	$ —	$ 366,741
U.S. state, municipal and political subdivisions	—	4,410,960	—	4,410,960
Corporate	—	28,006,275	8,310,657	36,316,932
Structured securities	—	19,425,455	1,419,441	20,844,896
Total AFS fixed maturity securities	$ 283,402	$ 51,926,029	$ 9,730,098	$ 61,939,529
Trading fixed maturity securities:				
U.S. government and agencies	$ 93,697	$ 59,940	$ —	$ 153,637
U.S. state, municipal and political subdivisions	—	705,836	—	705,836
Corporate	—	7,218,354	672,023	7,890,377
Structured securities	—	2,645,186	643,811	3,288,997
Total trading fixed maturity securities	$ 93,697	$ 10,629,316	$ 1,315,834	$ 12,038,847
Equity securities	2,213	—	16,286	18,499
Mortgage and other loan receivables	—	—	787,515	787,515
Other investments(1)	—	—	4,883,441	4,883,441
Funds withheld receivable at interest	—	—	12,785	12,785
Reinsurance recoverable	—	—	981,775	981,775
Derivative assets:				
Equity market contracts	31,025	595,366	—	626,391
Interest rate contracts	4,856	177,878	—	182,734
Foreign currency contracts	—	127,440	—	127,440
Impact of netting(2)	(7,079)	(205,096)	—	(212,175)
Total derivative assets	$ 28,802	$ 695,588	$ —	$ 724,390
Separate account assets	4,130,794	—	—	4,130,794
Total Assets at Fair Value - Insurance	**$ 4,538,908**	**$ 63,250,933**	**$ 17,727,734**	**$ 85,517,575**
Total Assets at Fair Value	**$ 6,614,733**	**$ 90,372,059**	**$ 70,824,615**	**$ 167,811,407**

(1) Other investments excluded from the fair value hierarchy include certain real estate and private equity funds for which fair value is measured at net asset value per share as a practical expedient. As of March 31, 2023 and December 31, 2022, the fair value of these investments was $139.1 million and $148.9 million, respectively.

(2) Represents netting of derivative exposures covered by qualifying master netting agreements.

Notes to Financial Statements (Continued)

Liabilities, at fair value:

	March 31, 2023			
	Level I	Level II	Level III	Total
Asset Management				
Securities Sold Short	$ 100,861	$ —	$ —	$ 100,861
Foreign Exchange Contracts and Options	—	276,405	—	276,405
Unfunded Revolver Commitments	—	—	112,534 (1)	112,534
Other Derivatives	63	6,054	—	6,117
Debt Obligations of Consolidated CFEs	—	23,804,584	—	23,804,584
Total Liabilities at Fair Value - Asset Management	**$ 100,924**	**$ 24,087,043**	**$ 112,534**	**$ 24,300,501**
Insurance				
Policy liabilities(3) (including market risk benefits)	$ —	$ —	$ 1,133,779	$ 1,133,779
Closed block policy liabilities	—	—	1,046,458	1,046,458
Funds withheld payable at interest	—	—	(3,057,531)	(3,057,531)
Derivative instruments payable:				
Equity market contracts	40,810	128,770	—	169,580
Interest rate contracts	23,783	694,139	—	717,922
Foreign currency contracts	—	74,141	—	74,141
Credit contracts	—	851	—	851
Impact of netting(2)	(60,383)	(283,843)	—	(344,226)
Total derivative instruments payable	4,210	614,058	—	618,268
Embedded derivative – interest-sensitive life products	—	—	373,391	373,391
Embedded derivative – annuity products	—	—	2,402,427	2,402,427
Total Liabilities at Fair Value - Insurance	**$ 4,210**	**$ 614,058**	**$ 1,898,524**	**$ 2,516,792**
Total Liabilities at Fair Value	**$ 105,134**	**$ 24,701,101**	**$ 2,011,058**	**$ 26,817,293**

Notes to Financial Statements (Continued)

	December 31, 2022			
	Level I	Level II	Level III	Total
Asset Management				
Securities Sold Short	$ 158,751	$ —	$ —	$ 158,751
Foreign Exchange Contracts and Options	—	406,746	—	406,746
Unfunded Revolver Commitments	—	—	137,315 (1)	137,315
Other Derivatives	—	11,018	—	11,018
Debt Obligations of Consolidated CFEs	—	22,273,242	—	22,273,242
Total Liabilities at Fair Value - Asset Management	**$ 158,751**	**$ 22,691,006**	**$ 137,315**	**$ 22,987,072**
Insurance				
Policy liabilities(3) (including market risk benefits)	$ —	$ —	$ 1,063,496	$ 1,063,496
Closed block policy liabilities	—	—	1,016,313	1,016,313
Funds withheld payable at interest	—	—	(3,487,766)	(3,487,766)
Derivative instruments payable:				
Equity market contracts	2,692	88,652	—	91,344
Interest rate contracts	9,693	952,636	—	962,329
Foreign currency contracts	—	91,680	—	91,680
Credit contracts	—	929	—	929
Impact of netting(2)	(7,079)	(205,096)	—	(212,175)
Total derivative instruments payable	5,306	928,801	—	934,107
Embedded derivative – interest-sensitive life products	—	—	337,860	337,860
Embedded derivative – annuity products	—	—	1,851,381	1,851,381
Total Liabilities at Fair Value - Insurance	**$ 5,306**	**$ 928,801**	**$ 781,284**	**$ 1,715,391**
Total Liabilities at Fair Value	**$ 164,057**	**$ 23,619,807**	**$ 918,599**	**$ 24,702,463**

(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.

(2) Represents netting of derivative exposures covered by qualifying master netting agreement.

(3) Includes market risk benefit of $764.4 million and $682.0 million, respectively.

Notes to Financial Statements (Continued)

The following tables summarize changes in assets and liabilities measured and reported at fair value for which Level III inputs have been used to determine fair value for the three months ended March 31, 2023 and 2022, respectively.

Three Months Ended March 31, 2023

	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Transfers Out	Net Purchases/Issuances/Sales/Settlements	Net Unrealized and Realized Gains (Losses)	Change in OCI	Balance, End of Period	Changes in Net Unrealized Gains (Losses) Included in Earnings related to Level III Assets and Liabilities still held as of the Reporting Date	Changes in Net Unrealized Gains (Losses) Included in OCI related to Level III Assets and Liabilities still held as of the Reporting Date
Assets										
Asset Management										
Private Equity	$ 25,336,957	$ —	$ —	$ —	$ 933,427	$ (80,883)	$ —	$ 26,189,501	$ (82,903)	$ —
Credit	5,786,026	—	17,628	(23,758)	76,332	46,350	—	5,902,578	44,069	—
Real Assets	17,015,112	—	—	—	2,215,040	(283,301)	—	18,946,851	(288,639)	—
Equity Method - Other	1,624,420	—	—	—	5,644	(27,370)	—	1,602,694	(23,357)	—
Other Investments	3,334,366	—	—	(22,376)	511,252	(84,796)	—	3,738,446	(92,618)	—
Other Derivatives	—	—	—	—	2,153	(2,153)	—	—	—	—
Total Assets - Asset Management	$ 53,096,881	$ —	$ 17,628	$ (46,134)	$ 3,743,848	$ (432,153)	$ —	$ 56,380,070	$ (443,448)	$ —
Insurance										
AFS fixed maturity securities:										
Corporate fixed maturity securities	$ 8,310,657	$ —	$ —	$ —	$ (66,084)	$ 21,265	$ 28,585	$ 8,294,423	$ —	$ 19,326
Structured securities	1,419,441	—	170,775	(3,374)	154,983	(4,139)	33,099	1,770,785	—	32,822
Total AFS fixed maturity securities	9,730,098	—	170,775	(3,374)	88,899	17,126	61,684	10,065,208	—	52,148
Trading fixed maturity securities:										
Corporate fixed maturity securities	672,023	—	—	—	(27,893)	(12,260)	—	631,870	(11,841)	—
Structured securities	643,811	—	5,890	(6,747)	14,017	4,594	—	661,565	6,060	—
Total trading fixed maturity securities	1,315,834	—	5,890	(6,747)	(13,876)	(7,666)	—	1,293,435	(5,781)	—
Equity securities	16,286	—	—	—	—	(975)	—	15,311	(975)	—
Mortgage and other loan receivables	787,515	—	—	—	(10,560)	(3,038)	—	773,917	(2,165)	—
Other investments	4,883,441	—	—	—	110,942	14,730	—	5,009,113	24,546	—
Funds withheld receivable at interest	12,785	—	—	—	—	(30,767)	—	(17,982)	—	—
Reinsurance recoverable	981,775	—	—	—	(10,654)	39,481	—	1,010,602	—	—
Total Assets - Insurance	$ 17,727,734	$ —	$ 176,665	$ (10,121)	$ 164,751	$ 28,891	$ 61,684	$ 18,149,604	$ 15,625	$ 52,148
Total	$ 70,824,615	$ —	$ 194,293	$ (56,255)	$ 3,908,599	$ (403,262)	$ 61,684	$ 74,529,674	$ (427,823)	$ 52,148

Notes to Financial Statements (Continued)

	Three Months Ended March 31, 2022									
	Balance, Beg. of Period	**Transfers In / (Out) - Changes in Consolidation**	**Transfers In**	**Transfers Out**	**Net Purchases/Issuances/Sales/Settlements**	**Net Unrealized and Realized Gains (Losses)**	**Change in OCI**	**Balance, End of Period**	**Changes in Net Unrealized Gains (Losses) Included in Earnings related to Level III Assets and Liabilities still held as of the Reporting Date**	**Changes in Net Unrealized Gains (Losses) Included in OCI related to Level III Assets and Liabilities still held as of the Reporting Date**
Assets										
Asset Management										
Private Equity	$ 23,322,634	$ —	$ —	$ (138,220)	$ 680,792	$ 133,810	$ —	$ 23,999,016	$ 18,304	$ —
Credit	5,826,661	—	—	—	(383,841)	(126,598)	(1,369)	5,314,853	(58,683)	(1,369)
Real Assets	11,389,530	—	—	—	1,008,641	893,952	—	13,292,123	864,586	—
Equity Method - Other	1,013,807	—	—	—	40,182	(69,085)	—	984,904	(71,310)	—
Other Investments	3,240,013	—	—	—	(86,258)	(18,829)	—	3,134,926	(14,995)	—
Other Derivatives	479	—	—	—	11,284	(11,058)	—	705	(11,058)	—
Total Assets - Asset Management	$ 44,793,124	$ —	$ —	$ (138,220)	$ 1,270,800	$ 802,192	$ (1,369)	$ 46,726,527	$ 726,844	$ (1,369)
Insurance										
AFS fixed maturity securities:										
Corporate fixed maturity securities	$ 7,650,660	$ —	$ —	$ —	$ 391,605	$ 1,275	$ (73,345)	$ 7,970,195	$ —	$ (46,123)
Structured securities	828,401	—	343,338	—	228,734	(3,409)	(14,525)	1,382,539	—	(20,703)
Total AFS fixed maturity securities	8,479,061	—	343,338	—	620,339	(2,134)	(87,870)	9,352,734	—	(66,826)
Trading fixed maturity securities:										
Corporate fixed maturity securities	565,025	—	—	(31,407)	182,432	(10,365)	—	705,685	(11,116)	—
Structured securities	418,774	—	98,307	(21,745)	144,203	(8,960)	—	630,579	(10,412)	—
Total trading fixed maturity securities	983,799	—	98,307	(53,152)	326,635	(19,325)	—	1,336,264	(21,528)	—
Equity securities	32,937	—	—	—	—	—	—	32,937	20,292	—
Mortgage and other loan receivables	832,674	—	—	—	203,197	(27,965)	—	1,007,906	(9,559)	—
Other investments	1,603,345	—	—	—	1,920,480	96,361	—	3,620,186	108,587	—
Funds withheld receivable at interest	31,740	—	—	—	10,435	(33,979)	—	8,196	—	—
Reinsurance recoverable	1,293,791	—	—	—	(14,375)	(47,459)	—	1,231,957	—	—
Total Assets - Insurance	$ 13,257,347	$ —	$ 441,645	$ (53,152)	$ 3,066,711	$ (34,501)	$ (87,870)	$ 16,590,180	$ 97,792	$ (66,826)
Total	$ 58,050,471	$ —	$ 441,645	$ (191,372)	$ 4,337,511	$ 767,691	$ (89,239)	$ 63,316,707	$ 824,636	$ (68,195)

Table of Contents

Notes to Financial Statements (Continued)

	Three Months Ended March 31, 2023				
	Purchases	Issuances	Sales	Settlements	Net Purchases/ Issuances/ Sales/ Settlements
Assets					
Asset Management					
Private Equity	$ 955,937	$ —	$ (22,510)	$ —	$ 933,427
Credit	440,733	—	(278,981)	(85,420)	76,332
Real Assets	2,291,691	—	(75,612)	(1,039)	2,215,040
Equity Method - Other	6,472	—	(828)	—	5,644
Other Investments	592,177	—	(16,016)	(64,909)	511,252
Other Derivatives	2,153	—	—	—	2,153
Total Assets - Asset Management	$ 4,289,163	$ —	$ (393,947)	$ (151,368)	$ 3,743,848
Insurance					
AFS fixed maturity securities:					
Corporate fixed maturity securities	$ 235,382	$ —	$ (588)	$ (300,878)	$ (66,084)
Structured securities	176,819	—	—	(21,836)	154,983
Total AFS fixed maturity securities	412,201	—	(588)	(322,714)	88,899
Trading fixed maturity securities:					
Corporate fixed maturity securities	7,717	—	(1,000)	(34,610)	(27,893)
Structured securities	24,650	—	(694)	(9,939)	14,017
Total trading fixed maturity securities	32,367	—	(1,694)	(44,549)	(13,876)
Mortgage and other loan receivables	377	—	(3,078)	(7,859)	(10,560)
Other investments	118,394	—	(7,452)	—	110,942
Reinsurance recoverable	—	—	—	(10,654)	(10,654)
Total Assets - Insurance	$ 563,339	$ —	$ (12,812)	$ (385,776)	$ 164,751
Total	$ 4,852,502	$ —	$ (406,759)	$ (537,144)	$ 3,908,599

	Three Months Ended March 31, 2022				
	Purchases	Issuances	Sales	Settlements	Net Purchases/ Issuances/ Sales/ Settlements
Assets					
Asset Management					
Private Equity	$ 904,261	$ —	$ (223,469)	$ —	$ 680,792
Credit	519,351	—	(885,330)	(17,862)	(383,841)
Real Assets	1,510,787	—	(502,146)	—	1,008,641
Equity Method - Other	41,819	—	(1,637)	—	40,182
Other Investments	161,876	—	(248,134)	—	(86,258)
Other Derivatives	11,284	—	—	—	11,284
Total Assets - Asset Management	$ 3,149,378	$ —	$ (1,860,716)	$ (17,862)	$ 1,270,800
Insurance					
AFS fixed maturity securities:					
Corporate fixed maturity securities	$ 924,672	$ —	$ (58,392)	$ (474,675)	$ 391,605
Structured securities	231,916	—	—	(3,182)	228,734
Total AFS fixed maturity securities	1,156,588	—	(58,392)	(477,857)	620,339
Trading fixed maturity securities:					
Corporate fixed maturity securities	189,017	—	—	(6,585)	182,432
Structured securities	155,253	—	—	(11,050)	144,203
Total trading fixed maturity securities	344,270	—	—	(17,635)	326,635
Mortgage and other loan receivables	220,225	—	—	(17,028)	203,197
Other investments	1,920,480	—	—	—	1,920,480
Funds withheld receivable at interest	—	10,435	—	—	10,435
Reinsurance recoverable	—	—	—	(14,375)	(14,375)
Total Assets - Insurance	$ 3,641,563	$ 10,435	$ (58,392)	$ (526,895)	$ 3,066,711
Total	$ 6,790,941	$ 10,435	$ (1,919,108)	$ (544,757)	$ 4,337,511

Notes to Financial Statements (Continued)

	Three Months Ended March 31, 2023								
	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Transfers Out	Net Purchases/Sales/Settlements/Issuances	Net Unrealized and Realized Gains (Losses)	Change in OCI	Balance, End of Period	Changes in Net Unrealized Gains (Losses) Included in Earnings related to Level III Assets and Liabilities still held as of the Reporting Date
Liabilities									
Asset Management									
Unfunded Revolver Commitments	$ 137,315	$ —	$ —	$ —	$ —	$ (24,781)	$ —	$ 112,534	$ (24,781)
Total Liabilities - Asset Management	$ 137,315	$ —	$ —	$ —	$ —	$ (24,781)	$ —	$ 112,534	$ (24,781)
Insurance									
Policy liabilities	$ 1,063,496	$ —	$ —	$ —	$ (865)	$ 123,163	$ (52,015)	$ 1,133,779	$ —
Closed block policy liabilities	1,016,313	—	—	—	(5,862)	37,258	(1,251)	1,046,458	—
Funds withheld payable at interest	(3,487,766)	—	—	—	—	430,235	—	(3,057,531)	—
Embedded derivative – interest-sensitive life products	337,860	—	—	—	(2,948)	38,479	—	373,391	—
Embedded derivative – annuity products	1,851,381	—	—	—	349,482	201,564	—	2,402,427	—
Total Liabilities - Insurance	$ 781,284	$ —	$ —	$ —	$ 339,807	$ 830,699	$ (53,266)	$ 1,898,524	$ —
Total	$ 918,599	$ —	$ —	$ —	$ 339,807	$ 805,918	$ (53,266)	$ 2,011,058	$ (24,781)

Notes to Financial Statements (Continued)

	Three Months Ended March 31, 2022								
	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Transfers Out	Net Purchases/Sales/Settlements/Issuances	Net Unrealized and Realized Gains (Losses)	Change in OCI	Balance, End of Period	Changes in Net Unrealized Gains (Losses) Included in Earnings related to Level III Assets and Liabilities still held as of the Reporting Date
Liabilities									
Asset Management									
Unfunded Revolver Commitments	$ 64,276	$ —	$ —	$ —	$ —	$ 280	$ —	$ 64,556	$ 280
Total Liabilities - Asset Management	$ 64,276	$ —	$ —	$ —	$ —	$ 280	$ —	$ 64,556	$ 280
Insurance									
Policy liabilities	$ 1,962,855	$ —	$ —	$ —	$ 41,704	$ (248,431)	$ (172,600)	$ 1,583,528	$ —
Closed block policy liabilities	1,350,224	—	—	—	(81,101)	(2,992)	3,860	1,269,991	—
Funds withheld payable at interest	(49,491)	—	—	—	10,435	(1,180,435)	—	(1,219,491)	—
Embedded derivative – interest-sensitive life products	557,276	—	—	—	6,732	(51,993)	—	512,015	—
Embedded derivative – annuity products	1,864,409	—	—	—	95,901	(247,083)	—	1,713,227	—
Total Liabilities - Insurance	$ 5,685,273	$ —	$ —	$ —	$ 73,671	$ (1,730,934)	$ (168,740)	$ 3,859,270	$ —
Total	$ 5,749,549	$ —	$ —	$ —	$ 73,671	$ (1,730,654)	$ (168,740)	$ 3,923,826	$ 280

	Three Months Ended March 31, 2023			
	Issuances	Sales	Settlements	Net Issuances/Settlements
Liabilities				
Asset Management				
Unfunded Revolver Commitments	$ —	$ —	$ —	$ —
Total Liabilities - Asset Management	$ —	$ —	$ —	$ —
Insurance				
Policy liabilities	$ (45)	$ —	$ (820)	$ (865)
Closed block policy liabilities	—	—	(5,862)	(5,862)
Embedded derivative – interest-sensitive life products	—	—	(2,948)	(2,948)
Embedded derivative – annuity products	368,898	—	(19,416)	349,482
Total Liabilities - Insurance	$ 368,853	$ —	$ (29,046)	$ 339,807
Total	$ 368,853	$ —	$ (29,046)	$ 339,807

Notes to Financial Statements (Continued)

	Three Months Ended March 31, 2022			
	Issuances	Sales	Settlements	Net Issuances/Settlements
Liabilities				
Asset Management				
Unfunded Revolver Commitments	$ —	$ —	$ —	$ —
Total Liabilities - Asset Management	$ —	$ —	$ —	$ —
Insurance				
Policy liabilities	$ 42,370	$ —	$ (666)	$ 41,704
Closed block policy liabilities	—	—	(81,101)	(81,101)
Funds withheld payable at interest	10,435	—	—	10,435
Embedded derivative – interest-sensitive life products	6,808	—	(76)	6,732
Embedded derivative – annuity products	104,981	—	(9,080)	95,901
Total Liabilities - Insurance	$ 164,594	$ —	$ (90,923)	$ 73,671
Total	$ 164,594	$ —	$ (90,923)	$ 73,671

Total realized and unrealized gains and losses recorded for Asset Management - Level III assets and liabilities are reported in Net Gains (Losses) from Investment Activities in the accompanying consolidated statements of operations while Insurance - Level III assets and liabilities are reported in Net Investment Gains and Policy Benefits and Claims in the accompanying consolidated statements of operations.

The following table presents additional information about valuation methodologies and significant unobservable inputs used for financial assets and liabilities that are measured and reported at fair value and categorized within Level III as of March 31, 2023. Because input information includes only those items for which information is reasonably available, balances shown below may not equal total amounts reported for such Level III assets and liabilities:

Level III Assets	Fair Value March 31, 2023	Valuation Methodologies	Unobservable Input(s) (1)	Weighted Average (2)	Range	Impact to Valuation from an Increase in Input (3)
ASSET MANAGEMENT						
Private Equity	**$ 26,189,501**					
Private Equity	**$ 23,621,124**	Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	6.4%	5.0% - 15.0%	Decrease
			Weight Ascribed to Market Comparables	27.5%	0.0% - 100.0%	(4)
			Weight Ascribed to Discounted Cash Flow	65.0%	0.0% - 100.0%	(5)
			Weight Ascribed to Transaction Price	7.5%	0.0% - 100.0%	(6)
		Market comparables	Enterprise Value/LTM EBITDA Multiple	17.5x	8.1x - 50.9x	Increase
			Enterprise Value/Forward EBITDA Multiple	15.7x	7.8x - 33.2x	Increase
		Discounted cash flow	Weighted Average Cost of Capital	10.3%	6.7% - 13.9%	Decrease
			Enterprise Value/LTM EBITDA Exit Multiple	14.4x	6.0x - 27.6x	Increase

Notes to Financial Statements (Continued)

Level III Assets	Fair Value March 31, 2023	Valuation Methodologies	Unobservable Input(s) [(1)]	Weighted Average [(2)]	Range	Impact to Valuation from an Increase in Input [(3)]
Growth Equity	**$ 2,568,377**	Inputs to market comparables, discounted cash flow and milestones	Illiquidity Discount	9.0%	5.0% - 15.0%	Decrease
			Weight Ascribed to Market Comparables	34.3%	0.0% - 100.0%	(4)
			Weight Ascribed to Discounted Cash Flow	0.9%	0.0% - 40.0%	(5)
			Weight Ascribed to Milestones	64.8%	0.0% - 100.0%	(6)
		Scenario Weighting	Base	75.8%	70.0% - 80.0%	Increase
			Downside	6.2%	0.0% - 15.0%	Decrease
			Upside	18.0%	10.0% - 25.0%	Increase
Credit	**$ 5,902,578**	Yield Analysis	Yield	11.7%	5.0% - 20.8%	Decrease
			Net Leverage	6.1x	0.2x - 16.9x	Decrease
			EBITDA Multiple	12.5x	0.3x - 33.0x	Increase
Real Assets	**$ 18,946,851**					
Energy	**$ 1,599,676**	Inputs to market comparables, discounted cash flow and transaction price	Weight Ascribed to Market Comparables	41.8%	0.0% - 50.0%	(4)
			Weight Ascribed to Discounted Cash Flow	57.4%	5.0% - 100.0%	(5)
			Weight Ascribed to Transaction Price	0.8%	0.0% - 90.0%	(6)
		Market comparables	Enterprise Value/LTM EBITDA Multiple	3.4x	3.4x - 3.4x	Increase
			Enterprise Value/Forward EBITDA Multiple	6.1x	4.0x- 7.0x	Increase
		Discounted cash flow	Weighted Average Cost of Capital	12.1%	10.1% - 12.3%	Decrease
			Average Price Per BOE (8)	$51.31	$48.23 - $56.88	Increase
Infrastructure	**$ 9,408,267**	Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	5.6%	5.0% - 10.0%	Decrease
			Weight Ascribed to Market Comparables	1.1%	0.0% - 25.0%	(4)
			Weight Ascribed to Discounted Cash Flow	65.8%	0.0% - 100.0%	(5)
			Weight Ascribed to Transaction Price	33.1%	0.0% - 100.0%	(6)
		Market comparables	Enterprise Value/LTM EBITDA Multiple	10.7x	10.7x - 10.7x	Increase
			Enterprise Value/Forward EBITDA Multiple	14.3x	10.5x - 19.9x	Increase
		Discounted cash flow	Weighted Average Cost of Capital	7.7%	5.1% - 9.0%	Decrease
			Enterprise Value/LTM EBITDA Exit Multiple	16.9x	10.0x - 22.0x	Increase
Real Estate	**$ 7,938,908**	Inputs to direct income capitalization, discounted cash flow and transaction price	Weight Ascribed to Direct Income Capitalization	23.6%	0.0% - 100.0%	(7)
			Weight Ascribed to Discounted Cash Flow	73.1%	0.0% - 100.0%	(5)
			Weight Ascribed to Transaction Price	3.3%	0.0% - 100.0%	(6)
		Direct income capitalization	Current Capitalization Rate	5.1%	2.3% - 8.1%	Decrease
		Discounted cash flow	Unlevered Discount Rate	6.8%	2.6% - 18.0%	Decrease
Equity Method - Other	**$ 1,602,694**	Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	6.6%	5.0% - 10.0%	Decrease
			Weight Ascribed to Market Comparables	49.5%	10.0% - 100.0%	(4)
			Weight Ascribed to Discounted Cash Flow	32.7%	0.0% - 50.0%	(5)
			Weight Ascribed to Transaction Price	17.8%	0.0% - 80.0%	(6)
		Market comparables	Enterprise Value/LTM EBITDA Multiple	14.2x	10.9x - 20.0x	Increase
			Enterprise Value/Forward EBITDA Multiple	12.5x	9.6x - 19.2x	Increase
		Discounted cash flow	Weighted Average Cost of Capital	10.5%	7.3% - 16.5%	Decrease
			Enterprise Value/LTM EBITDA Exit Multiple	10.9x	9.5x - 15.0x	Increase
Other Investments	**$ 3,738,446** (9)	Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	8.4%	5.0% - 15.0%	Decrease
			Weight Ascribed to Market Comparables	14.8%	0.0% - 100.0%	(4)
			Weight Ascribed to Discounted Cash Flow	46.7%	0.0% - 100.0%	(5)
			Weight Ascribed to Transaction Price	38.5%	0.0% - 100.0%	(6)
		Market comparables	Enterprise Value/LTM EBITDA Multiple	10.9x	6.5x - 23.0x	Increase
			Enterprise Value/Forward EBITDA Multiple	13.6x	6.3x - 19.1x	Increase
		Discounted cash flow	Weighted Average Cost of Capital	11.2%	8.1% - 44.2%	Decrease
			Enterprise Value/LTM EBITDA Exit Multiple	12.1x	8.5x - 15.0x	Increase

Level III Assets	Fair Value March 31, 2023	Valuation Methodologies	Unobservable Input(s) [1]	Weighted Average [2]	Range	Impact to Valuation from an Increase in Input [3]
INSURANCE						
Corporate fixed maturity securities	**$ 1,669,694**	Discounted cash flow	Discount Spread	3.19%	0.65% - 5.30%	Decrease
Structured securities	**$ 92,067**	Discounted cash flow	Discount Spread	3.63%	3.08% - 6.82%	Decrease
			Constant Prepayment Rate	7.02%	5.00% - 15.00%	Increase/Decrease
			Constant Default Rate	1.19%	1.00% - 2.50%	Decrease
			Loss Severity	100%		Decrease
Other investments	**$ 4,805,747**	Discounted cash flow	Vacancy rate	2.95%	0.00% - 5.00%	Decrease
			Discount rate	7.59%	5.75% - 8.00%	Decrease
			Terminal capitalization rate	5.94%	4.50% - 6.59%	Decrease
Funds withheld receivable at interest	**$ (17,982)**	Discounted cash flow	Duration/Weighted Average Life	8.35 years	0.0 years - 19.7 years	Increase
			Contractholder Persistency	6.80%	3.60% - 16.80%	Increase
			Instrument-specific credit risk	1.63%	0.92% - 1.74%	Decrease
Reinsurance recoverable	**$ 1,010,602**	Present value of expenses paid from the open block plus the cost of capital held in support of the liabilities.	Expense assumption	$17.2	The average expense assumption is between $8.23 and $78.00 per policy, increased by inflation. The annual inflation rate was increased by 2.50%.	Increase
		Unobservable inputs are a market participant's view of the expenses, a risk margin on the uncertainty of the level of expenses and a cost of capital on the capital held in support of the liabilities.	Expense risk margin	9.42%		Decrease
			Cost of capital	9.7%	3.69% - 13.85%	Increase
		Discounted cash flow	Mortality Rate	5.46%		Increase
			Surrender Rate	2.01%		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. KKR 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.

Notes to Financial Statements (Continued)

(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 86% liquids and 14% 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.

Level III Liabilities	Fair Value March 31, 2023	Valuation Methodologies	Unobservable Input(s) [1]	Weighted Average [2]	Range	Impact to Valuation from an Increase in Input [3]
ASSET MANAGEMENT						
Unfunded Revolver Commitments	$ 112,534	Yield Analysis	Yield	16.1%	9.2% - 61.3%	Decrease
INSURANCE						
Policy liabilities	$ 1,133,779	*Policy liabilities under fair value option:*				
			Risk Margin Rate	1.48%	0.92% - 2.23%	Decrease
		Present value of best estimate liability cash flows. Unobservable inputs include a market participant view of the risk margin included in the discount rate which reflects the variability of the cash flows.				
		Policyholder behavior is also a significant unobservable input, including lapse, surrender and mortality.	Surrender Rate	6.03%	3.55% - 7.05%	Decrease
			Mortality Rate	4.43%	3.52% - 9.04%	Increase
		Market risk benefit:				
		Fair value using a non-option and option valuation approach	Interest rates (10 and 30 year Treasury)		3.48% / 3.67%	Decrease
			Instrument-specific credit risk (10 and 30 year)		1.58% / 1.74%	Decrease
		Policyholder behavior is also a significant unobservable input, including lapse, surrender, and mortality.	Mortality Rate	2.10%	0.60% - 22.30%	Increase
			Lapse Rate	3.10%	0.40% - 40.40%	Increase
Closed block policy liabilities	$ 1,046,458	Present value of expenses paid from the open block plus the cost of capital held in support of the liabilities.	Expense assumption	$17.2	The average expense assumption is between $8.23 and $78.00 per policy, increased by inflation. The annual inflation rate was increased by 2.50%.	Increase
		Instrument-specific credit risk		1.63%	0.92% - 1.74%	Decrease
		Unobservable inputs are a market participant's view of the expenses, a risk margin on the uncertainty of the level of expenses and a cost of capital on the capital held in support of the liabilities.	Expense Risk Margin	9.42%		Decrease
			Cost of Capital	9.7%	3.69% - 13.85%	Increase
		Discounted cash flow	Mortality Rate	5.46%		Increase
			Surrender Rate	2.01%		Increase
Funds withheld payable at interest	$ (3,057,531)	Discounted cash flow	Duration/Weighted Average Life	8.35 years	0.0 years - 16.85 years	Decrease
			Contractholder Persistency	6.80%	3.60% - 16.80%	Decrease

Level III Liabilities	Fair Value March 31, 2023	Valuation Methodologies	Unobservable Input(s) (1)	Weighted Average (2)	Range	Impact to Valuation from an Increase in Input (3)
			Instrument-specific credit risk	1.63%	0.92% - 1.74%	Decrease
Embedded derivative – interest-sensitive life products	**$ 373,391**	Policy persistency is a significant unobservable input.	Lapse Rate	3.35%		Decrease
			Mortality Rate	0.76%		Decrease
		Future costs for options used to hedge the contract obligations	Option Budge Assumption	3.67%		Increase
			Instrument-specific credit risk	1.63%	0.92% - 1.74%	Decrease
Embedded derivative – annuity products	**$ 2,402,427**	Policyholder behavior is a significant unobservable input, including utilization and lapse.	Utilization:			
			Fixed-indexed annuity	3.41%		Decrease
			Surrender Rate:			
			Retail FIA	11.23%		Decrease
			Institutional FIA	16.68%		Decrease
			Mortality Rate:			
			Retail FIA	2.13%		Decrease
			Institutional FIA	2.07%		Decrease
		Future costs for options used to hedge the contract obligations	Option Budge Assumption:			
			Retail RIA	2.16%		Increase
			Institutional FIA	2.78%		Increase
			Instrument-specific credit risk	1.63%	0.92% - 1.74%	Decrease

(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. KKR 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.

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.

Financial Instruments Not Carried At Fair Value

Asset management financial instruments are primarily measured at fair value on a recurring basis, except as disclosed in Note 17 "Debt Obligations."

Notes to Financial Statements (Continued)

The following tables present carrying amounts and fair values of Global Atlantic's financial instruments which are not carried at fair value as of March 31, 2023 and December 31, 2022:

As of March 31, 2023	Carrying Value	Fair Value Hierarchy Level I	Level II	Level III	Fair Value
($ in thousands)					
Financial assets:					
Insurance					
Mortgage and other loan receivables	$ 33,924,777	$ —	$ —	$ 30,972,550	$ 30,972,550
Policy loans	880,029	—	—	834,716	834,716
FHLB common stock and other investments	165,322	—	—	165,322	165,322
Funds withheld receivables at interest	2,792,712	—	2,792,712	—	2,792,712
Cash and cash equivalents	3,713,382	3,713,382	—	—	3,713,382
Restricted cash and cash equivalents	277,398	277,398	—	—	277,398
Total financial assets	$ 41,753,620	$ 3,990,780	$ 2,792,712	$ 31,972,588	$ 38,756,080
Financial liabilities:					
Insurance					
Policy liabilities - policyholder account balances	$ 48,966,089	$ —	$ 39,352,603	$ 7,268,330	$ 46,620,933
Funds withheld payables at interest	26,053,226	—	26,053,226	—	26,053,226
Debt obligations	2,157,283	—	—	1,816,578	1,816,578
Securities sold under agreements to repurchase	313,797	—	313,797	—	313,797
Total financial liabilities	$ 77,490,395	$ —	$ 65,719,626	$ 9,084,908	$ 74,804,534

As of December 31, 2022	Carrying Value	Fair Value Hierarchy Level I	Level II	Level III	Fair Value
($ in thousands)					
Financial assets:					
Insurance					
Mortgage and other loan receivables	$ 34,303,183	$ —	$ —	$ 31,256,107	$ 31,256,107
Policy loans	868,911	—	—	789,726	789,726
FHLB common stock and other investments	163,289	—	—	163,289	163,289
Funds withheld receivables at interest	2,855,251	—	2,855,251	—	2,855,251
Cash and cash equivalents	6,118,231	6,118,231	—	—	6,118,231
Restricted cash and cash equivalents	308,383	308,383	—	—	308,383
Total financial assets	$ 44,617,248	$ 6,426,614	$ 2,855,251	$ 32,209,122	$ 41,490,987
Financial liabilities:					
Insurance					
Policy liabilities - policyholder account balances	$ 48,403,949	$ —	$ 38,328,025	$ 7,383,537	$ 45,711,562
Funds withheld payables at interest	26,227,183	—	26,227,183	—	26,227,183
Debt obligations	2,128,166	—	—	1,698,526	1,698,526
Securities sold under agreements to repurchase	805,316	—	805,316	—	805,316
Total financial liabilities	$ 77,564,614	$ —	$ 65,360,524	$ 9,082,063	$ 74,442,587

11. FAIR VALUE OPTION

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

	March 31, 2023	December 31, 2022
Assets		
Asset Management		
Credit	$ 977,190	$ 1,121,775
Investments of Consolidated CFEs	24,013,221	22,492,366
Real Assets	194,451	202,153
Equity Method - Other	2,995,295	2,943,387
Other Investments	87,215	88,046
Total Asset Management	$ 28,267,372	$ 26,847,727
Insurance		
Mortgage and other loan receivables	$ 773,917	$ 787,515
Other investments	288,208	335,168
Reinsurance recoverable	1,010,602	981,775
Total Insurance	$ 2,072,727	$ 2,104,458
Total Assets	**$ 30,340,099**	**$ 28,952,185**
Liabilities		
Asset Management		
Debt Obligations of Consolidated CFEs	$ 23,804,584	$ 22,273,242
Total Asset Management	**$ 23,804,584**	**$ 22,273,242**
Insurance		
Policy liabilities	$ 1,425,180	$ 1,410,951
Total Insurance	$ 1,425,180	$ 1,410,951
Total Liabilities	**$ 25,229,764**	**$ 23,684,193**

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 March 31, 2023		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Assets			
Asset Management			
Credit	$ (7,753)	$ (6,971)	$ (14,724)
Investments of Consolidated CFEs	(5,017)	317,881	312,864
Real Assets	—	(8,303)	(8,303)
Equity Method - Other	33,306	(75,743)	(42,437)
Other Investments	1,636	2,478	4,114
Total Asset Management	**$ 22,172**	**$ 229,342**	**$ 251,514**
Insurance			
Mortgage and other loan receivables	$ —	$ (6,344)	$ (6,344)
Other investments	—	(46,992)	(46,992)
Total Insurance	**$ —**	**$ (53,336)**	**$ (53,336)**
Total Assets	**$ 22,172**	**$ 176,006**	**$ 198,178**
Liabilities			
Asset Management			
Debt Obligations of Consolidated CFEs	$ —	$ (376,488)	$ (376,488)
Total Asset Management	**$ —**	**$ (376,488)**	**$ (376,488)**
Insurance			
Policy liabilities	$ —	$ 594	$ 594
Total Insurance	**$ —**	**$ 594**	**$ 594**
Total Liabilities	**$ —**	**$ (375,894)**	**$ (375,894)**

	Three Months Ended March 31, 2022		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Assets			
Asset Management			
Credit	$ (37,515)	$ (15,834)	$ (53,349)
Investments of Consolidated CFEs	2,949	(269,548)	(266,599)
Real Assets	85	24,685	24,770
Equity Method - Other	(16,333)	(45,468)	(61,801)
Other Investments	6,308	(7,685)	(1,377)
Total Asset Management	**$ (44,506)**	**$ (313,850)**	**$ (358,356)**
Insurance			
Mortgage and other loan receivables	$ —	$ (27,015)	$ (27,015)
Other investments	—	27,737	27,737
Total Insurance	**$ —**	$ 722	$ 722
Total Assets	**$ (44,506)**	**$ (313,128)**	**$ (357,634)**
Liabilities			
Asset Management			
Debt Obligations of Consolidated CFEs	$ (785)	$ 226,058	225,273
Total Asset Management	**$ (785)**	**$ 226,058**	**$ 225,273**
Insurance			
Policy liabilities	$ —	$ 2,992	$ 2,992
Total Insurance	**$ —**	**$ 2,992**	**$ 2,992**
Total Liabilities	**$ (785)**	**$ 229,050**	**$ 228,265**

12. INSURANCE INTANGIBLES, UNEARNED REVENUE RESERVES AND UNEARNED FRONT-END LOADS

The following reflects the reconciliation of the components of insurance intangibles to the total balance reported in the consolidated statements of financial condition as of March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Deferred acquisition costs	$ 930,468	$ 820,970
Value of business acquired	1,293,927	1,316,529
Cost-of-reinsurance assets	167,215	193,995
Total insurance intangibles	**$ 2,391,610**	**$ 2,331,494**

Deferred acquisition costs

The following tables reflect the deferred acquisition costs roll-forward by product category for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31, 2023				
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Other	Total
Balance, as of the beginning of the period	$ 221,679	$ 367,813	$ 116,021	$ 115,457	$ 820,970
Capitalizations	59,969	52,469	11,128	17,112	140,678
Amortization expense	(13,607)	(12,930)	(1,258)	(3,385)	(31,180)
Balance, as of the end of the period	**$ 268,041**	**$ 407,352**	**$ 125,891**	**$ 129,184**	**$ 930,468**

	Three Months Ended March 31, 2022				
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Other	Total
Balance, as of the beginning of the period	$ 107,104	$ 179,449	$ 54,298	$ 56,730	$ 397,581
Capitalizations	28,519	51,769	21,894	19,233	121,415
Amortization expense	(5,023)	(5,639)	(1,439)	(1,876)	(13,977)
Balance, as of the end of the period	**$ 130,600**	**$ 225,579**	**$ 74,753**	**$ 74,087**	**$ 505,019**

Value of business acquired

The following tables reflect the value of business acquired, or "VOBA" asset roll-forward by product category for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31, 2023					
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Variable annuities	Other	Total
Balance, as of the beginning of the period	$ 48,762	$ 663,296	$ 276,795	$ 241,778	$ 85,898	$ 1,316,529
Amortization expense	(972)	(10,358)	(3,048)	(6,370)	(1,854)	(22,602)
Balance, as of the end of the period	**$ 47,790**	**$ 652,938**	**$ 273,747**	**$ 235,408**	**$ 84,044**	**$ 1,293,927**

	Three Months Ended March 31, 2022					
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Variable annuities	Other	Total
Balance, as of the beginning of the period	$ 52,723	$ 709,271	$ 292,323	$ 269,172	$ 94,479	$ 1,417,968
Amortization expense	(1,000)	(12,503)	(3,948)	(7,018)	(2,764)	(27,233)
Balance, as of the end of the period	**$ 51,723**	**$ 696,768**	**$ 288,375**	**$ 262,154**	**$ 91,715**	**$ 1,390,735**

The following tables reflect the negative value of business acquired, or “negative VOBA” liability roll-forward by product category for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31, 2023					
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Variable annuities	Other	Total
Balance, as of the beginning of the period	$ 98,342	$ 145,610	$ 461,592	$ 99,776	$ 198,804	$ 1,004,124
Amortization expense	(8,720)	(10,036)	(8,144)	(2,423)	(5,349)	(34,672)
Balance, as of the end of the period	**$ 89,622**	**$ 135,574**	**$ 453,448**	**$ 97,353**	**$ 193,455**	**$ 969,452**

	Three Months Ended March 31, 2022					
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Variable annuities	Other	Total
Balance, as of the beginning of the period	$ 136,227	$ 184,664	$ 500,264	$ 109,826	$ 211,296	$ 1,142,277
Amortization expense	(9,826)	(9,511)	(11,700)	(2,525)	(3,307)	(36,869)
Balance, as of the end of the period	**$ 126,401**	**$ 175,153**	**$ 488,564**	**$ 107,301**	**$ 207,989**	**$ 1,105,408**

Estimated future amortization of VOBA and Negative VOBA as of March 31, 2023 is as follows:

Years	**VOBA**	**Negative VOBA**	**Total, net**
Remainder of 2023	$ 66,010	$ (91,650)	$ (25,640)
2024	83,707	(101,747)	(18,040)
2025	78,737	(83,867)	(5,130)
2026	74,285	(69,700)	4,585
2027	70,024	(59,753)	10,271
2028	66,345	(51,968)	14,377
2029 and thereafter	854,819	(510,767)	344,052
Total	**$ 1,293,927**	**$ (969,452)**	**$ 324,475**

Unearned revenue reserves and unearned front-end loads

	Three Months Ended March 31,	
	2023	2022
	Preneed	
Balance, as of the beginning of the period	$ 118,186	$ 55,510
Deferral	17,791	16,686
Amortized to income during the year	(2,517)	(1,280)
Balance, as of the end of the period	**$ 133,460**	**$ 70,916**

Significant inputs, judgments, assumptions for DAC and related amortization amounts

Global Atlantic considers surrender rates, mortality rates, and other relevant policy decrements in determining the expected life of the contract. As a part of Global Atlantic's actual experience update for the three months ended March 31, 2023 and 2022, Global Atlantic observed that there was no significant change in relevant inputs, judgments, or assumptions requiring an update of the amortization rate for DAC and related amortization amounts.

13. REINSURANCE

Global Atlantic maintains a number of reinsurance treaties with third parties whereby Global Atlantic assumes annuity and life policies on a coinsurance, modified coinsurance or funds withheld basis. Global Atlantic also maintains other reinsurance treaties including the cession of certain annuity, life and health policies.

The effects of all reinsurance agreements on the consolidated statements of financial condition were as follows:

	March 31, 2023	December 31, 2022
Policy liabilities:		
Direct	$ 73,565,098	$ 71,833,991
Assumed	67,564,876	65,946,938
Total policy liabilities	**141,129,974**	**137,780,929**
Ceded[(1)]	(25,900,544)	(25,755,283)
Net policy liabilities	**$ 115,229,430**	**$ 112,025,646**

(1) Reported within reinsurance recoverable within the consolidated statements of financial condition.

A key credit quality indicator is a counterparty's A.M. Best financial strength rating. A.M. Best ratings are an independent opinion of a reinsurer's ability to meet ongoing obligations to policyholders. Global Atlantic mitigates counterparty credit risk by requiring collateral and credit enhancements in various forms including engaging in funds withheld at interest and modified coinsurance transactions. The following shows the amortized cost basis of Global Atlantic's reinsurance recoverable and funds withheld receivable at interest by credit quality indicator and any associated credit enhancements Global Atlantic has obtained to mitigate counterparty credit risk:

	As of March 31, 2023			As of December 31, 2022		
A.M. Best Rating[(1)]	Reinsurance recoverable and funds withheld receivable at interest[(2)]	Credit enhancements[(3)]	Net reinsurance credit exposure[(4)]	Reinsurance recoverable and funds withheld receivable at interest[(2)]	Credit enhancements[(3)]	Net reinsurance credit exposure[(4)]
A++	$ 82,004	$ —	$ 82,004	$ 62,674	$ —	$ 62,674
A+	1,902,082	—	1,902,082	1,849,918	—	1,849,918
A	2,417,311	—	2,417,311	2,491,461	—	2,491,461
A-	4,727,882	4,095,671	632,211	5,397,767	4,197,739	1,200,028
B++	29,788	—	29,788	37,939	—	37,939
B+	—	—	—	—	—	—
B	—	—	—	—	—	—
B-	(221)	—	—	(221)	—	—
Not rated or private rating[(5)]	19,771,749	18,900,024	871,725	20,994,058	18,541,678	2,452,380
Total	$ 28,930,595	$ 22,995,695	$ 5,935,121	$ 30,833,596	$ 22,739,417	$ 8,094,400

(1) Ratings are periodically updated (at least annually) as A.M. Best issues new ratings.

(2) At amortized cost, excluding any associated embedded derivative assets and liabilities.

(3) Includes funds withheld payable at interest and deferred intangible reinsurance assets and liabilities.

(4) Includes credit loss allowance of $8.8 million and $41.2 million as of March 31, 2023 and December 31, 2022, respectively, held against reinsurance recoverable.

(5) Includes $19.8 billion and $21.0 billion as of March 31, 2023 and December 31, 2022, respectively, associated with cessions to Ivy Re Limited and Ivy Re II Limited, wholly owned subsidiaries of Ivy Co-Invest Vehicle LLC and Ivy Co-Invest Vehicle II LLC, and collectively the "Ivy Vehicles," which are co-investment vehicles that participate in qualifying reinsurance transactions sourced by Global Atlantic.

As of March 31, 2023 and December 31, 2022, Global Atlantic had $2.8 billion and $2.9 billion of funds withheld receivable at interest, with six counterparties related to modified coinsurance and funds withheld contracts, respectively. The assets supporting these receivables were held in trusts and not part of the respective counterparty's general accounts.

The effects of reinsurance on the consolidated statements of operations were as follows:

	Three Months Ended March 31,	
	2023	2022
Net premiums:		
Direct	$ 32,653	$ 36,573
Assumed	618,730	401,515
Ceded	(177,759)	(65,944)
Net premiums	**$ 473,624**	**$ 372,144**

	Three Months Ended March 31,	
	2023	2022
Policy fees:		
Direct	$ 227,857	$ 236,337
Assumed	104,589	77,778
Ceded	(18,644)	(333)
Net policy fees	**$ 313,802**	**$ 313,782**

.

	Three Months Ended March 31,	
	2023	2022
Net policy benefits and claims:		
Direct	$ 948,119	$ 4,462
Assumed	1,016,936	600,219
Ceded	(438,001)	(91,503)
Net policy benefits and claims	**$ 1,527,054**	**$ 513,178**

Global Atlantic holds collateral for and provides collateral to its reinsurance clients. Global Atlantic held $25.9 billion and $26.1 billion of collateral in the form of funds withheld payable on behalf of its reinsurers as of March 31, 2023 and December 31, 2022, respectively. As of both March 31, 2023 and December 31, 2022, reinsurers held collateral of $1.3 billion on behalf of Global Atlantic. A significant portion of the collateral that Global Atlantic provides to its reinsurance clients is provided in the form of assets held in a trust for the benefit of the counterparty. As of March 31, 2023 and December 31, 2022, these trusts held in excess of the $67.2 billion and $65.8 billion of assets it is required to hold in order to support reserves of $64.0 billion and $62.4 billion, respectively. Of the cash held in trust, Global Atlantic classified $43.5 million and $31.3 million as restricted as of March 31, 2023 and December 31, 2022, respectively.

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

For the three months ended March 31, 2023 and 2022, basic and diluted Net Income (Loss) attributable to KKR & Co. Inc. per share of common stock were calculated as follows:

	Three Months Ended March 31,	
	2023	2022
Net Income (Loss) Available to KKR & Co. Inc. Common Stockholders - Basic	**$ 322,744**	**$ (9,786)**
(+) Series C Mandatory Convertible Preferred Dividend (if dilutive) (1)	—	—
Net Income (Loss) Available to KKR & Co. Inc. Common Stockholders - Diluted	**$ 322,744**	**$ (9,786)**
Basic Net Income (Loss) Per Share of Common Stock		
Weighted Average Shares of Common Stock Outstanding - Basic	**861,108,510**	**592,202,835**
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Basic	**$ 0.37**	**$ (0.02)**
Diluted Net Income (Loss) Per Share of Common Stock		
Weighted Average Shares of Common Stock Outstanding - Basic	861,108,510	592,202,835
Incremental Common Shares:		
Assumed vesting of dilutive equity awards (2)	26,060,826	—
Assumed conversion of Series C Mandatory Convertible Preferred Stock (1)	—	—
Weighted Average Shares of Common Stock Outstanding - Diluted	**887,169,336**	**592,202,835**
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Diluted	**$ 0.36**	**$ (0.02)**

(1) For the three months ended March 31, 2023 and 2022, the impact of Series C Mandatory Convertible Preferred Stock calculated under the if-converted method was anti-dilutive, and as such (i) shares of common stock (assuming a conversion ratio based on the average volume weighted average price per share of common stock over each reporting period) were not included in the Weighted Average Shares of Common Stock Outstanding - Diluted and (ii) Series C Mandatory Convertible Preferred dividends were not added back to Net Income (Loss) Available to KKR & Co. Inc. Common Stockholders - Diluted.

(2) For the three months ended March 31, 2023, Weighted Average Shares of Common Stock Outstanding – Diluted includes unvested equity awards, including certain equity awards that have met their market price-based vesting condition but have not satisfied their service-based vesting condition, which have been granted under the Equity Incentive Plans. Vesting of these equity awards dilute equity holders of KKR Group Partnership, including KKR & Co. Inc. and holders of exchangeable securities pro rata in accordance with their respective ownership interests in KKR Group Partnership. For the three months ended March 31, 2022, all unvested equity awards are excluded from the calculation of Diluted Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock because inclusion of such unvested equity awards would be anti-dilutive having the effect of decreasing the loss per share of common stock.

Exchangeable Securities

For the three months ended March 31, 2023 and 2022, KKR Holdings Units and vested restricted holdings units (as defined in Note 20 "Equity Based Compensation") 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 & Co. Inc.'s ownership interests in KKR Group Partnership. As of May 31, 2022, there are no outstanding KKR Holdings Units. See Note 1 "Organization" in our financial statements.

	Three Months Ended March 31,	
	2023	**2022**
Weighted Average KKR Holdings Units	—	258,726,163
Weighted Average Vested Restricted Holdings Units	2,695,142	1,376,655
Total	**2,695,142**	**260,102,818**

Market Condition Awards

For the three months ended March 31, 2023 and 2022, 22.5 million and 17.0 million, respectively, of unvested equity awards that are subject to market price based and service-based vesting conditions were excluded from the calculation of Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Diluted since the market price based vesting condition was not satisfied. See Note 20 "Equity Based Compensation" in our financial statements.

15. OTHER ASSETS AND ACCRUED EXPENSES AND OTHER LIABILITIES

Other Assets consist of the following:

	March 31, 2023	December 31, 2022
Asset Management		
Unsettled Investment Sales [1]	$ 138,125	$ 90,072
Receivables	32,577	26,119
Due from Broker [2]	108,428	160,533
Deferred Tax Assets, net (See Note 19)	55,154	54,769
Interest Receivable	244,421	223,660
Fixed Assets, net [3]	859,193	857,903
Foreign Exchange Contracts and Options [4]	573,820	668,716
Goodwill [5]	587,698	594,270
Intangible Assets [6]	1,725,741	1,747,891
Derivative Assets	17,404	7,519
Prepaid Taxes	62,030	68,107
Prepaid Expenses	53,156	48,233
Operating Lease Right of Use Assets [7]	348,026	344,022
Deferred Financing Costs	23,559	16,382
Other	218,998	289,430
Total Asset Management	**$ 5,048,330**	**$ 5,197,626**
Insurance		
Unsettled Investment Sales[1] and Derivative Collateral Receivables	$ 622,623	$ 663,280
Deferred Tax Assets, net	2,069,675	2,272,153
Derivative Assets	905,767	724,390
Accrued Investment Income	1,051,997	1,130,103
Goodwill[9]	501,496	501,496
Intangible Assets and Deferred Sales Inducements[8]	271,765	276,176
Operating Lease Right of Use Assets[7]	179,421	175,035
Premiums and Other Account Receivables	140,546	141,551
Other	145,652	121,114
Prepaid Taxes	22,675	22,851
Market risk benefit asset	9,350	13,180
Total Insurance	**$ 5,920,967**	**$ 6,041,329**
Total Other Assets	**$ 10,969,297**	**$ 11,238,955**

(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) Net of accumulated depreciation and amortization of $204.6 million and $188.8 million as of March 31, 2023 and December 31, 2022, respectively. Depreciation and amortization expense of $15.8 million and $12.7 million for the three months ended March 31, 2023 and 2022, respectively, are included in General, Administrative and Other in the accompanying consolidated statements of operations. Additionally, KKR's fixed assets are predominantly located in the United States.

(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 5 "Net Gains (Losses) from Investment Activities - Asset Management" in our financial statements for the net changes in fair value associated with these instruments.

(5) As of March 31, 2023, the carrying value of goodwill is recorded and assessed for impairment at the reporting unit. As of March 31, 2023, there are approximately $(4.8) million of cumulative foreign currency translation adjustments included in AOCI related to the goodwill recorded as result of the acquisition of KJRM (see Note 3 "Acquisitions" in our financial statements).

(6) As of March 31, 2023, there are approximately $(16.3) million of cumulative foreign currency translation adjustments included in AOCI related to the intangible assets recorded as result of the acquisition of KJRM (see Note 3 "Acquisitions" in our financial statements).

(7) For Asset Management, 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 $15.7 million and $12.2 million for the three months ended March 31, 2023 and 2022, respectively. For Insurance, non-cancelable operating leases consist of leases for office space and land in the U.S. For the three months ended March 31, 2023 and 2022, the operating lease cost was $6.8 million and $5.9 million, respectively. Insurance lease right-of-use assets are reported net of $22.8 million and $21.8 million in deferred rent and lease incentives as of March 31, 2023 and December 31, 2022, respectively.

(8) The definite life intangible assets are amortized using the straight-line method over the useful life of the assets which is an average of 15 years. The indefinite life intangible assets are not subject to amortization. The amortization expense of definite life intangible assets was $4.4 million for both the three months ended March 31, 2023 and 2022.

(9) The amounts include approximately $4.5 million of goodwill related to an immaterial acquisition of a residential mortgage platform, which Global Atlantic acquired in October 2021 for a purchase price consideration of $4.6 million. The insurance segment reported a negative equity carrying amount as of March 31, 2023 and December 31, 2022 primarily due to unrealized losses on available-for-sale fixed maturity investment portfolio. Global Atlantic expects that substantially all of these unrealized losses will not be realized as it intends to hold these investments until recovery of the losses, which may be at maturity, as part of its asset liability cash-flow matching strategy. KKR evaluated qualitative factors, including market and economic conditions, industry-specific events and company-specific financial results, and determined that it was not more likely than not that goodwill was impaired.

Accrued Expenses and Other Liabilities consist of the following:

	March 31, 2023	December 31, 2022
Asset Management		
Amounts Payable to Carry Pool [1]	$ 1,957,104	$ 1,872,568
Unsettled Investment Purchases [2]	605,769	416,822
Securities Sold Short [3]	100,861	158,752
Derivative Liabilities	6,117	11,018
Accrued Compensation and Benefits	277,194	265,712
Interest Payable	397,899	363,849
Foreign Exchange Contracts and Options [4]	276,405	406,746
Accounts Payable and Accrued Expenses	193,222	216,688
Taxes Payable	278,678	136,245
Uncertain Tax Positions	38,988	56,032
Unfunded Revolver Commitments	112,534	137,315
Operating Lease Liabilities [5]	353,156	347,901
Deferred Tax Liabilities, net (See Note 19)	1,693,513	1,667,740
Other Liabilities	1,501,307	414,387
Total Asset Management	**$ 7,792,747**	**$ 6,471,775**
Insurance		
Unsettled Investment Purchases[2]	$ 476,863	$ 208,941
Collateral on Derivative Instruments	644,591	466,371
Accrued Expenses	644,556	600,633
Insurance Operations Balances in Course of Settlement	129,404	949,383
Securities Sold Under Agreements to Repurchase	313,797	805,316
Derivative Liabilities	618,268	934,107
Accrued Employee Related Expenses	312,856	322,698
Operating Lease Liabilities[5]	200,694	195,001
Tax Payable to Former Parent Company	60,498	67,086
Interest Payable	32,321	13,329
Accounts and Commissions Payable	20,558	25,261
Other Tax Related Liabilities	10,693	12,249
Total Insurance	**$ 3,465,099**	**$ 4,600,375**
Total Accrued Expenses and Other Liabilities	**$ 11,257,846**	**$ 11,072,150**

(1) Represents the amount of carried interest payable to current and former KKR employees arising from KKR's investment 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 5 "Net Gains (Losses) from Investment Activities - Asset Management" in our financial statements 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 5 "Net Gains (Losses) from Investment Activities - Asset Management" in our financial statements for the net changes in fair value associated with these instruments.

(5) For Asset Management, operating leases for office space have remaining lease terms that range from approximately 1 year to 16 years, some of which include options to extend the leases from 5 years to 10 years. The weighted average remaining lease terms were 10.2 years and 10.4 years as of March 31, 2023 and December 31, 2022, respectively. The weighted average discount rates were 2.6% and 2.5% as of March 31, 2023 and December 31, 2022, respectively. For Insurance, operating leases for office space have remaining lease terms that range from approximately 1 year to 12 years, some of which include options to extend the leases for up to 10 years. The weighted average remaining lease terms were 7.6 years and 7.0 years as of March 31, 2023 and December 31, 2022, respectively. The weighted average discount rate was 4.1% and 3.6% as of March 31, 2023 and December 31, 2022, respectively. The weighted average remaining lease terms for land were 25.9 years and 26.9 years as of March 31, 2023 and December 31, 2022, respectively.

16. VARIABLE INTEREST ENTITIES

Consolidated VIEs

KKR consolidates certain VIEs in which it is determined that KKR is the primary beneficiary. The consolidated VIEs are predominately CLOs 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 fees and performance income. KKR's investment strategies differ for these VIEs; however, the fundamental risks have similar characteristics, including loss of invested capital and loss of management fees and performance income. 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. Furthermore, KKR consolidates certain VIEs, which are formed by Global Atlantic to hold investments, including investments in transportation, renewable energy, consumer and other loans and fixed maturity securities.

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 as well as certain investment partnerships where Global Atlantic retains an economic interest. KKR's investment strategies differ by investment fund; however, the fundamental risks have similar characteristics, including loss of invested capital and loss of management fees and performance income. 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 March 31, 2023, KKR's commitments to these unconsolidated investment funds were $3.4 billion. KKR has not provided any financial support other than its obligated amount as of March 31, 2023. Additionally, Global Atlantic also has unfunded commitments of $24.3 million in relation to other limited partnership interests as of March 31, 2023.

As of March 31, 2023 and December 31, 2022, 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:

	March 31, 2023	December 31, 2022
Investments - Asset Management	$ 7,204,647	$ 6,862,712
Due from (to) Affiliates, net	1,530,529	1,356,308
Maximum Exposure to Loss - Asset Management	**$ 8,735,176**	**$ 8,219,020**
Other Investment in Partnership - Insurance	$ 251,049	$ 295,808
Investment in Renewable Partnerships - Insurance	28,933	30,177
Maximum Exposure to Loss - Insurance	**$ 279,982**	**$ 325,985**
Total Maximum Exposure to Loss	**$ 9,015,158**	**$ 8,545,005**

17. DEBT OBLIGATIONS

Asset Management Debt Obligations

In Asset Management, 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, a KKR subsidiary ("KFN"), which are non-recourse to KKR beyond the assets of KFN. From time to time, KKR may provide credit support for the funding obligations of its subsidiaries.

Certain of KKR's consolidated investment funds have entered into financing arrangements with financial institutions, generally to provide liquidity to such investment funds. These financing arrangements are generally not direct obligations of the general partners of KKR's investment funds (beyond KKR's capital interest) or its management companies. Such borrowings have varying maturities and bear interest at floating rates. Borrowings are generally secured by the investment purchased with the proceeds of the borrowing and/or the uncalled capital commitment of each respective fund. When an investment vehicle borrows, the proceeds are available only for use by that investment vehicle and are not available for the benefit of other investment vehicles or KKR. Collateral within each investment vehicle is also available only against borrowings by that investment vehicle and not against the borrowings of other investment vehicles or KKR.

In certain other cases, investments and other assets held directly by majority-owned consolidated investment vehicles and other entities have been funded with borrowings that are collateralized by the investments and assets they own. These borrowings are non-recourse to KKR beyond the investments or assets serving as collateral or the capital that KKR has committed to fund such investment vehicles. Such borrowings have varying maturities and generally bear interest at fixed rates.

In addition, consolidated CFEs issue debt securities to third-party investors which are collateralized by assets held by the CFE. 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 Asset Management debt obligations consisted of the following:

		March 31, 2023			December 31, 2022		
		Financing Available	Borrowing Outstanding	Fair Value	Financing Available	Borrowing Outstanding	Fair Value
Revolving Credit Facilities:							
Corporate Credit Agreement		$ 1,500,000	$ —	$ —	$ 1,500,000	$ —	$ —
KCM Credit Agreement (1)		727,303	—	—	723,132	—	—
KCM 364-Day Revolving Credit Agreement		750,000	—	—	750,000	—	—
Notes Issued: (2)							
KKR ¥25 billion (or $188.5 million) 0.509% Notes Due 2023 (8)	(5)	—	—	—	—	189,432	189,447
KKR ¥5 billion (or $37.7 million) 0.764% Notes Due 2025	(5)	—	37,475	37,623	—	37,646	37,625
KKR ¥36.4 billion (or $274.5 million) 1.054% Notes Due 2027	(5)	—	273,246	272,812	—	274,628	271,081
KKR €650 million (or $706.9 million) 1.625% Notes Due 2029	(6)	—	701,176	564,264	—	687,928	565,003
KKR $750 million 3.750% Notes Due 2029	(5)	—	744,444	697,380	—	744,222	675,413
KKR ¥4.9 billion (or $36.9 million) 1.244% Notes Due 2029	(5)	—	36,480	36,517	—	36,657	36,020
KKR $750 million 4.850% Notes Due 2032	(5)	—	741,877	722,010	—	741,655	701,610
KKR ¥6.2 billion (or $46.7 million) 1.437% Notes Due 2032	(5)	—	46,199	45,789	—	46,431	44,800
KKR ¥7.5 billion (or $56.6 million) 1.553% Notes Due 2034	(5)	—	55,919	54,887	—	56,204	53,477
KKR ¥5.5 billion (or $41.5 million) 1.795% Notes Due 2037	(5)	—	40,887	39,932	—	41,097	38,550
KKR ¥10.3 billion (or $77.7 million) 1.595% Notes Due 2038	(5)	—	76,737	72,191	—	77,134	69,565
KKR $500 million 5.500% Notes Due 2043 (7)	(5)	—	490,504	472,657	—	490,494	455,287
KKR $1.0 billion 5.125% Notes Due 2044 (7)	(5)	—	964,471	849,028	—	964,726	845,944
KKR $500 million 3.625% Notes Due 2050	(5)	—	492,819	343,530	—	492,753	343,490
KKR $750 million 3.500% Notes Due 2050 (7)	(5)	—	736,572	504,716	—	736,451	503,862
KKR $750 million 3.250% Notes Due 2051	(5)	—	739,920	474,023	—	739,832	475,920
KKR $500 million 4.625% Notes Due 2061	(6)	—	486,488	370,600	—	486,399	340,400
KFN $500 million 5.500% Notes Due 2032	(3)	—	495,632	437,614	—	495,511	417,551
KFN $120 million 5.200% Notes Due 2033	(3)	—	118,804	101,535	—	118,773	96,502
KFN $70 million 5.400% Notes Due 2033	(3)	—	69,071	60,010	—	69,048	57,042
KFN Issued Junior Subordinated Notes (4)	(3)	—	237,798	194,541	—	237,471	189,673
		2,977,303	7,586,519	6,351,659	2,973,132	7,764,492	6,408,262
Other Debt Obligations(1)(7)		6,210,155	34,933,257	34,764,981	4,837,893	32,834,121	32,649,546
		$ 9,187,458	**$ 42,519,776**	**$ 41,116,640**	**$ 7,811,025**	**$ 40,598,613**	**$ 39,057,808**

(1) Financing available is reduced by the dollar amounts specified in any issued letters of credit.

(2) Borrowing outstanding includes: (i) unamortized note discount (net of premium), as applicable and (ii) unamortized debt issuance costs, as applicable. Financing costs related to the issuance of the notes have been deducted from the note liability and are being amortized over the life of the notes.

(3) 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.

(4) KKR consolidates KFN and reports KFN's outstanding $258.5 million aggregate principal amount of junior subordinated notes. The weighted average interest rate is 7.3% and 6.9% and the weighted average years to maturity is 13.5 years and 13.8 years as of March 31, 2023 and December 31, 2022, respectively.

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

(6) 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.

(7) As of March 31, 2023 and December 31, 2022, the borrowing outstanding and fair value reflects the elimination for the portion of these debt obligations that are held by Global Atlantic.

(8) On March 22, 2023, the 2023 Notes matured, and KKR Group Finance Co. IV LLC repaid the principal and accrued interest in full.

Asset Management Revolving Credit Facilities

KCM Short-Term Credit Agreement

On April 7, 2023, KKR Capital Markets Holdings L.P. and certain other capital markets subsidiaries (the "KCM Borrowers") replaced their existing 364-day revolving credit agreement with a new 364-day revolving credit agreement (the "KCM Short-Term Credit Agreement") with Mizuho Bank, Ltd., as administrative agent, and one or more lenders party thereto. The KCM Short-Term Credit Agreement replaces the prior 364-day revolving credit agreement, dated as of April 8, 2022, between the KCM Borrowers and the administrative agent, and one or more lenders party to the KCM Short-Term Agreement, which was terminated according to its terms on April 7, 2023. The KCM Short-Term Credit Agreement provides for revolving borrowings up to $750 million, expires on April 5, 2024, and ranks pari passu with the existing $750 million revolving credit facility provided by them for KKR's capital markets business (the "KCM Credit 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 (i) denominated in U.S. dollars and a term rate, it will be based on the term Secured Overnight Financing Rate ("SOFR"), (ii) denominated in euros, it will be based on EURIBOR and (iii) denominated in pounds sterling, it will be based on the Sterling Overnight Interbank Average Rate (SONIA), in each case, plus the applicable margin which ranges initially 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 the greater of (i) the federal funds rate plus 0.50% and (ii) term SOFR for one-month tenor plus 1.00%, in each case, plus the applicable margin which ranges initially between 0.50% and 1.75% depending on the amount and nature 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.

Asset Management Notes Issued and Repayments in 2023

Repayment of 2023 Notes

On March 23, 2018, KKR Group Finance Co. IV LLC, an indirect subsidiary of KKR & Co. Inc., issued ¥40.3 billion aggregate principal amount of its (i) ¥25.0 billion 0.509% Senior Notes due 2023 (the "2023 Notes"), (ii) ¥5.0 billion 0.764% Senior Notes due 2025 (the "2025 Notes") and (iii) ¥10.3 billion 1.595% Senior Notes due 2038 (the "2038 Notes" and, together with the 2023 Notes and the 2025 Notes, the "JPY Notes"). On March 22, 2023, the 2023 Notes matured, and KKR Group Finance Co. IV LLC repaid the principal and accrued interest in full.

Other Asset Management Debt Obligations

As of March 31, 2023, 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 [1]	$ 6,210,155	$ 11,128,673	$ 10,960,397	5.9%	5.0
Debt Obligations of Consolidated CLOs	—	23,804,584	23,804,584	[2]	9.6
	$ 6,210,155	**$ 34,933,257**	**$ 34,764,981**		

(1) Includes borrowings collateralized by fund investments, fund co-investments and other assets held by levered investment vehicles of $2.4 billion.

(2) The senior notes of the consolidated CLOs had a weighted average interest rate of 5.7%. 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 CLOs are collateralized by assets held by each respective CLO vehicle and assets of one CLO vehicle may not be used to satisfy the liabilities of another. As of March 31, 2023, the fair value of the consolidated CLO assets was $25.3 billion. This collateral consisted of Cash and Cash Equivalents, Investments, and Other Assets.

Insurance Debt Obligations

Global Atlantic's debt obligations consisted of the following:

	March 31, 2023			December 31, 2022		
	Financing Available	Borrowing Outstanding	Fair Value(2)	Financing Available	Borrowing Outstanding	Fair Value(2)
Revolving Credit Facilities:						
Global Atlantic revolving credit facility, due August 2026	$ 600,000	$ 400,000	$ 400,000	$ 600,000	$ 400,000	$ 400,000
Notes Issued and Others:						
Global Atlantic senior notes, due October 2029		500,000	443,500		500,000	419,550
Global Atlantic senior notes, due June 2031		650,000	512,720		650,000	478,335
Global Atlantic subordinated debentures, due October 2051		750,000	603,075		750,000	572,475
		2,300,000	$ 1,959,295		2,300,000	$ 1,870,360
Purchase accounting adjustments(1)		42,507			43,285	
Debt issuance costs, net of accumulated amortization		(17,356)			(17,623)	
Fair value loss (gain) of hedged debt obligations, recognized in earnings		(167,868)			(197,496)	
		$ 2,157,283			**$ 2,128,166**	

(1) For the three months ended March 31, 2023 and 2022, the amortization of the purchase accounting adjustments was $778 thousand and $5.4 million, respectively.

(2) 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.

Debt Covenants

Borrowings of KKR (including Global Atlantic) contain various debt covenants. These covenants do not, in management's opinion, materially restrict KKR's operating business or investment strategies as of March 31, 2023. KKR (including Global Atlantic) was in compliance with such debt covenants in all material respects as of March 31, 2023.

18. POLICY LIABILITIES

The following reflects the reconciliation of the components of policy liabilities to the total balance reported in the consolidated statements of financial condition as of March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Policyholders' account balances	$ 114,180,191	$ 112,281,236
Liability for future policy benefits	15,134,462	14,445,920
Additional liability for annuitization, death, or other insurance benefits	4,998,425	4,970,969
Market risk benefit liability	764,407	682,038
Other policy-related liabilities(1)	6,052,489	5,400,766
Total policy liabilities	**$ 141,129,974**	**$ 137,780,929**

(1) Other policy-related liabilities as of March 31, 2023, and December 31, 2022, primarily consists of negative VOBA (both $1.0 billion, respectively), policy liabilities accounted under a fair value option (both $1.3 billion, respectively), embedded derivatives associated with contractholder deposit funds ($2.8 billion and $2.2 billion, respectively) and outstanding claims ($322.8 million and $253.7 million, respectively).

Policyholders' account balances

The following reflects the policyholders' account balances roll-forward for the three months ended March 31, 2023 and 2022, and the policyholders' account balances weighted average crediting rating, net amount at risk, and cash surrender value as of those dates:

	Three Months Ended March 31, 2023					
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Funding agreements	Other[(1)]	Total
Balance as of beginning of period	$ 48,510,703	$ 29,123,926	$ 17,397,185	$ 7,535,489	$ 9,713,933	$ 112,281,236
Issuances and premiums received	3,416,916	1,640,745	144,797	—	100,616	5,303,074
Benefit payments, surrenders, and withdrawals	(2,329,373)	(937,627)	(230,514)	(224,107)	(401,156)	(4,122,777)
Interest[(2)]	340,106	114,739	107,298	51,423	74,209	687,775
Other, including changes in assumptions and fair value changes	(63,346)	(45,130)	(25,172)	86,057	78,474	30,883
Balance as of end of period	**$ 49,875,006**	**$ 29,896,653**	**$ 17,393,594**	**$ 7,448,862**	**$ 9,566,076**	**$ 114,180,191**
Less: reinsurance recoverable	**(6,699,771)**	**(3,311,541)**	**(3,467,814)**	**—**	**(3,119,287)**	**(16,598,413)**
Balance as of end of period, net of reinsurance recoverable	**$ 43,175,235**	**$ 26,585,112**	**$ 13,925,780**	**$ 7,448,862**	**$ 6,446,789**	**$ 97,581,778**
Average interest rate	2.85 %	1.70 %	3.09 %	2.75 %	2.69 %	2.53 %
Net amount at risk, gross of reinsurance[(3)]	$ —	$ —	$ 84,498,038	$ —	$ 1,182,896	$ 85,680,934
Cash surrender value[(4)]	$ 40,420,172	$ 27,236,116	$ 12,948,054	$ —	$ 4,744,008	$ 85,348,350

(1) "Other" consists of activity related to payout annuities (without life contingencies), preneed, variable annuities and life products.

(2) Interest includes interest credited to policyholders' account values, and interest accreted in other components of the policyholder account balance, including investment-type contract values, host amounts for contractholder deposits with embedded derivatives, funding agreements and other associated reserves.

(3) Net amount at risk represents the difference between the face value of the insurance policy and the reserve accumulated under that same policy.

(4) Cash surrender values are reported net of any applicable surrender charges, net of reinsurance.

	Three Months Ended March 31, 2022					
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Funding agreements	Other[(1)]	Total
Balance as of beginning of period	$ 42,408,740	$ 25,204,787	$ 17,391,996	$ 6,014,553	$ 6,624,562	$ 97,644,638
Issuances and premiums received	3,482,317	1,823,616	329,744	1,098,944	545,977	7,280,598
Benefit payments, surrenders, and withdrawals	(1,419,191)	(471,071)	(151,078)	(21,380)	(192,667)	(2,255,387)
Interest[(2)]	226,379	62,588	132,030	20,688	47,750	489,435
Other, including changes in assumptions and fair value changes	(75,628)	(6,323)	(262,728)	(176,298)	(9,845)	(530,822)
Balance as of end of period	**$ 44,622,617**	**$ 26,613,597**	**$ 17,439,964**	**$ 6,936,507**	**$ 7,015,777**	**$ 102,628,462**
Less: reinsurance recoverable	(6,156,662)	(3,428,559)	(3,505,464)	—	(977,158)	(14,067,843)
Balance as of end of period, net of reinsurance recoverable	**$ 38,465,955**	**$ 23,185,038**	**$ 13,934,500**	**$ 6,936,507**	**$ 6,038,619**	**$ 88,560,619**
Average interest rate	2.18 %	0.99 %	3.09 %	1.30 %	2.82 %	1.96 %
Net amount at risk, gross of reinsurance[(3)]	$ —	$ —	$ 85,001,809	$ —	$ 1,198,892	$ 86,200,701
Cash surrender value[(4)]	$ 36,377,347	$ 22,208,964	$ 13,596,619	$ —	$ 3,667,881	$ 75,850,811

(1) "Other" consists of activity related to payout annuities (without life contingencies), preneed, variable annuities and life products.

(2) Interest includes interest credited to policyholders' account values, and interest accreted in other components of the policyholder account balance, including investment-type contract values, host amounts for contractholder deposits with embedded derivatives, funding agreements and other associated reserves.

(3) Net amount at risk represents the difference between the face value of the life insurance policy and the reserve accumulated under that same policy.

(4) Cash surrender values are reported net of any applicable surrender charges, net of reinsurance.

The following table presents the account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimums. Account values, as disclosed below differs from policyholder account balances as it excludes balances associated with index credits, contractholder deposit fund host balances, funding agreements, and other associated reserves. In addition, policyholder account balances include discounts and premiums on assumed business which are not reflected in account values.

	As of March 31, 2023					
	Account values with adjustable crediting rates subject to guaranteed minimums:					
Range of guaranteed minimum crediting rates:	**At guaranteed minimum**	**1 - 49 bps above guaranteed minimum**	**50 - 99 bps above guaranteed minimum**	**100 - 150 bps above guaranteed minimum**	**Greater than 150 bps above guaranteed minimum**	**Total**
Less than 1.00%	$ 2,642,851	$ 24,180	$ 830,147	$ 4,508,872	$ 22,810,695	$ 30,816,745
1.00% - 1.99%	1,918,437	1,236,507	1,067,686	1,877,808	3,228,314	9,328,752
2.00% - 2.99%	1,045,214	49,926	10,330	18,721	599,005	1,723,196
3.00% - 4.00%	12,466,503	440,291	148,892	493,461	136,469	13,685,616
Greater than 4.00%	7,712,398	1,645,085	64,073	5,978	55,589	9,483,123
Total	**$ 25,785,403**	**$ 3,395,989**	**$ 2,121,128**	**$ 6,904,840**	**$ 26,830,072**	**$ 65,037,432**
Percentage of total	40 %	5 %	3 %	11 %	41 %	100 %

	As of December 31, 2022					
	Account values with adjustable crediting rates subject to guaranteed minimums:					
Range of guaranteed minimum crediting rates:	**At guaranteed minimum**	**1 - 49 bps above guaranteed minimum**	**50 - 99 bps above guaranteed minimum**	**100 - 150 bps above guaranteed minimum**	**Greater than 150 bps above guaranteed minimum**	**Total**
Less than 1.00%	$ 3,211,064	$ 25,500	$ 847,989	$ 4,669,081	$ 20,158,257	$ 28,911,891
1.00% - 1.99%	2,350,348	1,171,911	1,077,219	1,910,863	2,820,473	9,330,814
2.00% - 2.99%	1,096,383	53,360	9,747	1,222	590,032	1,750,744
3.00% - 4.00%	12,505,278	417,005	147,812	494,726	136,429	13,701,250
Greater than 4.00%	7,822,274	1,596,918	65,498	6,087	55,589	9,546,366
Total	**$ 26,985,347**	**$ 3,264,694**	**$ 2,148,265**	**$ 7,081,979**	**$ 23,760,780**	**$ 63,241,065**
Percentage of total	43 %	5 %	3 %	11 %	38 %	100 %

Liability for future policy benefits

The following tables summarize the balances of, and changes in, the liability for future policy benefits for traditional and limited-payment contracts for the three months ended March 31, 2023 and 2022:

	Three months ended					
	March 31, 2023			March 31, 2022		
	Payout annuities[(1)]	Other[(2)]	Total	Payout annuities[(1)]	Other[(2)]	Total
Present value of expected net premiums						
Balance as of beginning of the period	$ —	$ (255,401)	$ (255,401)	$ —	$ (329,716)	$ (329,716)
Balance at original discount rate	$ —	$ (303,610)	$ (303,610)	$ —	$ (334,780)	$ (334,780)
Effect of changes in cash flow assumptions	—	—	—	—	—	—
Effect of actual variances from expected experience	—	992	992	—	5,148	5,148
Adjusted beginning of period balance	**—**	**(302,618)**	**(302,618)**	**—**	**(329,632)**	**(329,632)**
Interest	—	(1,206)	(1,206)	—	(1,180)	(1,180)
Net premiums collected	—	8,283	8,283	—	9,815	9,815
Ending balance at original discount rate	—	(295,541)	(295,541)	—	(320,997)	(320,997)
Effect of changes in discount rate assumptions	—	43,489	43,489	—	20,194	20,194
Balance as of the end of the period	$ —	$ (252,052)	$ (252,052)	$ —	$ (300,803)	$ (300,803)

	Three months ended					
	March 31, 2023			March 31, 2022		
	Payout annuities[1]	Other[2]	Total	Payout annuities[1]	Other[2]	Total
Present value of expected future policy benefits						
Balance as of beginning of the period	$ 14,021,514	$ 679,807	$ 14,701,321	$ 16,302,904	$ 883,399	$ 17,186,303
Balance at original discount rate	$ 17,180,626	$ 806,555	$ 17,987,181	$ 16,443,480	$ 895,295	$ 17,338,775
Effect of changes in cash flow assumptions	—	—	—	—	—	—
Effect of actual variances from expected experience	(7,777)	3,539	(4,238)	(606)	(3,733)	(4,339)
Adjusted beginning of period balance	17,172,849	810,094	17,982,943	16,442,874	891,562	17,334,436
Issuances	559,421	15	559,436	332,874	2,463	335,337
Interest	93,654	2,467	96,121	71,690	4,152	75,842
Benefit payments	(389,426)	(25,861)	(415,287)	(376,446)	(28,298)	(404,744)
De-recognition (lapses and withdrawals)	—	—	—	—	(2,267)	(2,267)
Ending balance at original discount rate	17,436,498	786,715	18,223,213	16,470,992	867,612	17,338,604
Effect of changes in discount rate assumptions	(2,721,312)	(115,387)	(2,836,699)	(1,564,311)	(53,181)	(1,617,492)
Balance as of the end of the period	14,715,186	671,328	15,386,514	14,906,681	814,431	15,721,112
Net liability for future policy benefits	14,715,186	419,276	15,134,462	14,906,681	513,628	15,420,309
Less: reinsurance recoverable[3]	(7,636,570)	1,750	(7,634,820)	(7,906,865)	(4,609)	(7,911,474)
Net liability for future policy benefits, net of reinsurance recoverables	$ 7,078,616	$ 421,026	$ 7,499,642	$ 6,999,816	$ 509,019	$ 7,508,835

(1) Payout annuities generally only have a single premium received at contract inception. As a result, the liability for future policy benefits generally would not reflect a present value for future premiums for payout annuities.

(2) "Other" consists of activity related to variable annuities, traditional life insurance, preneed insurance and fixed-rate annuity products.

(3) Reinsurance recoverables associated with the liability for future policy benefits is net of the effect of changes in discount rate assumptions of $237.1 million and $(814.3) million for the three months ended March 31, 2023 and 2022, respectively.

The following table summarizes the amount of gross premiums related to traditional and limited-payment contracts recognized in the consolidated statement of operations for the three months ended March 31, 2023 and 2022:

	Gross premiums	
	Three months ended March 31,	
	2023	2022
Payout annuities	$ 492,727	$ 290,782
Other	14,391	17,514
Total products	**$ 507,118**	**$ 308,296**

The following table reflects the weighted-average duration and weighted-average interest rates of the future policy benefit liability as of March 31, 2023 and December 31, 2022:

	As of March 31, 2023	
	Payout annuities	Other
Weighted-average interest rates, original discount rate	2.95 %	2.52 %
Weighted-average interest rates, current discount rate	4.81 %	4.80 %
Weighted-average liability duration (years, current rates)	8.53	9.33

	As of December 31, 2022	
	Payout annuities	Other
Weighted-average interest rates, original discount rate	2.76 %	2.50 %
Weighted-average interest rates, current discount rate	5.04 %	5.03 %
Weighted-average liability duration (years, current rates)	8.39	9.32

The following reflects the undiscounted ending balance of expected future gross premiums and expected future benefits and payments for traditional and limited-payment contracts, as of March 31, 2023 and December 31, 2022:

	As of March 31, 2023	
	Payout annuities	Other
Expected future benefit payments, undiscounted	$ 24,718,978	$ 957,987
Expected future benefit payments, discounted (original discount rate)	17,436,498	786,715
Expected future benefit payments, discounted (current discount rate)	14,715,186	671,328
Expected future gross premiums, undiscounted	—	506,463
Expected future gross premiums, discounted (original discount rate)	—	415,515
Expected future gross premiums, discounted (current discount rate)	—	341,251

	As of December 31, 2022	
	Payout annuities	Other
Expected future benefit payments, undiscounted	$ 23,980,780	$ 986,614
Expected future benefit payments, discounted (original discount rate)	17,321,202	812,773
Expected future benefit payments, discounted (current discount rate)	14,021,514	680,807
Expected future gross premiums, undiscounted	—	524,122
Expected future gross premiums, discounted (original discount rate)	—	431,466
Expected future gross premiums, discounted (current discount rate)	—	356,968

Significant inputs, judgments and assumptions in measuring future policyholder benefits

Significant policyholder behavior assumption inputs to the calculation of the liability for future policy benefits include discount rates, mortality and, for life insurance, lapse rates. Global Atlantic reviews all assumptions at least annually, and more frequently if necessary.

For the three months ended March 31, 2023 and 2022, Global Atlantic recognized $(206.3) million and $632.3 million in other comprehensive income, respectively, due to changes in the future policy benefits estimate from updating discount rates. During three months ended March 31, 2023 and 2022, there were no changes to the methods used to determine the discount rates.

Additional liability for annuitization, death, or other insurance benefits

The following tables reflect the additional liability for annuitization, death, or other insurance benefits roll-forward for the three months ended March 31, 2023 and 2022:

	Three months ended	
	March 31, 2023	March 31, 2022
Balance as of beginning of period	$ 5,104,810	$ 4,832,678
Effect of changes in experience	(21,177)	18,338
Adjusted balance as of beginning of period	**5,083,633**	**4,851,016**
Issuances	5,684	5,356
Assessments	85,683	123,692
Benefits paid	(84,913)	(115,920)
Interest	26,296	36,585
Balance as of end of period	**5,116,383**	**4,900,729**
Less: impact of unrealized investment gain and losses	117,958	86,032
Less: reinsurance recoverable, end of period	—	—
Balance, end of period, net of reinsurance recoverable and impact of unrealized investment gains and losses	**$ 4,998,425**	**$ 4,814,697**

The additional liability for annuitization, death, or other insurance benefits relates primarily to secondary guarantees on certain interest-sensitive life products, and preneed insurance.

The following reflects the amount of gross assessments recognized for the additional liability for annuitization, death, or other insurance benefits in the consolidated statements of operations for the three months ended March 31, 2023 and 2022:

	Gross assessments	
	Three months ended March 31,	
	2023	2022
Total amount recognized within revenue in the consolidated statements of operations	$ 146,376	$ 140,571

The following reflects the weighted average duration and weighted average interest rate for the additional liability for annuitization, death, or other insurance benefits as of March 31, 2023 and December 31, 2022:

	As of March 31, 2023
Weighted-average interest, current discount rate	3.00 %
Weighted-average liability duration (years)	27.82

	As of December 31, 2022
Weighted-average interest, current discount rate	3.00 %
Weighted-average liability duration (years)	28.21

Significant inputs, judgments and assumptions used in measuring the additional liabilities for annuitization, death, or other insurance benefits

Significant policyholder behavior assumption inputs to the calculation of the additional liability for annuitization, death, or other insurance benefits include mortality and lapse rates. Global Atlantic reviews all assumptions at least annually, and more frequently if necessary.

Market risk benefits

The following table presents the balances of, and changes in, market risk benefits:

	Three months ended					
	March 31, 2023			March 31, 2022		
	Fixed-indexed annuity	Variable- and other annuities	Total	Fixed-indexed annuity	Variable- and other annuities	Total
Balance as of beginning of period	$ 548,536	$ 120,322	$ 668,858	$ 1,188,355	$ 255,048	$ 1,443,403
Balance as of beginning of period, before impact of changes in instrument-specific credit risk	$ 656,880	$ 150,633	$ 807,513	$ 1,183,116	$ 254,972	$ 1,438,088
Issuances	(36)	(9)	(45)	364	42,006	42,370
Interest	8,854	1,957	10,811	1,757	392	2,149
Attributed fees collected	24,143	21,095	45,238	21,840	21,274	43,114
Benefit payments	(802)	(18)	(820)	(567)	(99)	(666)
Effect of changes in interest rates	71,737	49,005	120,742	(188,551)	(126,547)	(315,098)
Effect of changes in equity markets	(3,822)	(21,986)	(25,808)	9,815	61,803	71,618
Effect of actual experience different from assumptions	772	(12,676)	(11,904)	10,106	(7,275)	2,831
Effect of changes in assumptions	—	—	—	—	—	—
Balance as of end of period before impact of changes in instrument-specific credit risk	**757,726**	**188,001**	**945,727**	**1,037,880**	**246,526**	**1,284,406**
Effect of changes in instrument-specific credit risk	(146,505)	(44,165)	(190,670)	(133,204)	(34,083)	(167,287)
Balance as of end of period	**611,221**	**143,836**	**755,057**	**904,676**	**212,443**	**1,117,119**
Less: reinsurance recoverable as of the end of the period	—	(14,913)	(14,913)	—	—	—
Balance as of end of period, net of reinsurance recoverable	**$ 611,221**	**$ 128,923**	**$ 740,144**	**$ 904,676**	**$ 212,443**	**$ 1,117,119**
Net amount at risk	$ 3,980,500	$ 1,277,299	$ 5,257,799	$ 3,376,844	$ 858,622	$ 4,235,466
Weighted-average attained age of contract holders (years)	70	71	70	70	69	70

The following reflects the reconciliation of the market risk benefits reflected in the preceding table to the amounts reported in an asset and liability position, respectively, in the consolidated statements of financial condition as of March 31, 2023 and December 31, 2022:

	As of March 31, 2023			As of December 31, 2022		
	Asset	Liability	Net	Asset	Liability	Net
Fixed-indexed annuities	$ 9,279	$ 620,500	$ (611,221)	$ 13,150	$ 561,686	$ (548,536)
Variable- and other annuities	71	143,907	(143,836)	30	120,352	(120,322)
Total	**$ 9,350**	**$ 764,407**	**$ (755,057)**	**$ 13,180**	**$ 682,038**	**$ (668,858)**

Significant inputs, judgments, and assumptions used in measuring market risk benefits

Significant policyholder behavior and other assumption inputs to the calculation of the market risk benefits include interest rates, instrument-specific credit risk, mortality rates, lapse rates and utilization rates. Global Atlantic reviews all assumptions at least annually, and more frequently if evidence suggests.

Separate account liabilities

Separate account assets and liabilities consist of investment accounts established and maintained by Global Atlantic for certain variable annuity and interest-sensitive life insurance contracts. Some of these contracts include minimum guarantees such as GMDBs and GMWBs that guarantee a minimum payment to the policyholder.

The assets that support these variable annuity and interest-sensitive life insurance contracts are measured at fair value and are reported as separate account assets on the consolidated statements of financial condition. An equivalent amount is reported as separate account liabilities. Market risk benefit assets and liabilities for minimum guarantees are valued and presented separately from separate account assets and separate account liabilities. For more information on market risk benefits see "–Market risk benefits" in this footnote. Policy charges assessed against the policyholders for mortality, administration and other services are included in "Policy fees" in the consolidated statements of operations.

The following table presents the balances of and changes in separate account liabilities:

	March 31, 2023			March 31, 2022		
	Variable annuities	Interest-sensitive life	Total	Variable annuities	Interest-sensitive life	Total
Balance as of beginning of period	$ 3,627,769	$ 503,025	$ 4,130,794	$ 4,922,704	$ 663,724	$ 5,586,428
Premiums and deposits	10,655	3,581	14,236	8,508	3,694	12,202
Surrenders, withdrawals and benefit payments	(108,408)	(3,716)	(112,124)	(124,258)	(5,788)	(130,046)
Investment performance	141,071	31,944	173,015	(313,829)	(39,746)	(353,575)
Other	(29,652)	(11,466)	(41,118)	(33,589)	(11,678)	(45,267)
Balance as of end of period	**$ 3,641,435**	**$ 523,368**	**$ 4,164,803**	**$ 4,459,536**	**$ 610,206**	**$ 5,069,742**
Cash surrender value as of end of period[(1)]	$ 3,641,435	$ 523,368	$ 4,164,803	$ 4,459,536	$ 610,206	$ 5,069,742

(1) Cash surrender value attributed to the separate accounts does not reflect the impact of surrender charges; surrender charges are attributed to policyholder account balances recorded in the general account.

The following table presents the aggregate fair value of assets, by major investment asset type, supporting separate accounts:

	March 31, 2023	December 31, 2022
Asset type:		
Managed volatility equity/fixed income blended fund	$ 2,221,153	$ 2,246,803
Equity	1,686,721	1,634,357
Fixed income	157,531	156,594
Money market	98,667	92,284
Alternative	731	756
Total assets supporting separate account liabilities	**$ 4,164,803**	**$ 4,130,794**

19. INCOME TAXES

KKR & Co. Inc. is a domestic corporation for U.S. federal income tax purposes and is subject to U.S. federal, state and local income taxes at the entity level on its share of taxable income. In addition, KKR Group Partnership and certain of its subsidiaries operate as partnerships for U.S. federal tax purposes but as taxable entities for certain state, local or non-U.S. tax purposes. Moreover, certain corporate subsidiaries of KKR, including certain Global Atlantic subsidiaries, are domestic corporations for U.S. federal income tax purposes and are subject to U.S. federal, state, and local income taxes. Income taxes reported in these consolidated financial statements include the taxes described in this paragraph.

The effective tax rates were 36.4% and 2.8% for the three months ended March 31, 2023 and 2022, respectively. The effective tax rate differs from the statutory rate primarily due to the mix of asset management and insurance income (loss) along with a substantial portion of the reported net income (loss) before taxes not being attributable to KKR but rather being attributable to (i) third-party limited partner interests in consolidated investment funds and (ii) exchangeable securities representing ownership interests in KKR Group Partnership,

Based on all available evidence as of December 31, 2022, Global Atlantic concluded that a valuation allowance should be established on a portion of the deferred tax assets related to unrealized tax capital losses that are not more-likely-than-not to be realized, which represents the portion of the portfolio Global Atlantic estimates it would not be able to hold to recovery. As of December 31, 2022, Global Atlantic recorded $89.3 million of valuation allowance allocated to other comprehensive income associated with the unrealized tax capital losses in the available for sale securities portfolio. There was no change in the valuation allowance recorded as of March 31, 2023. Based on available evidence and various assumptions as to the timing of income, KKR believes it is likely that all other deferred tax assets will eventually be realized.

During the three months ended March 31, 2023, there was a decrease of $9.3 million to KKR's uncertain tax positions primarily due to the settlement of local tax audits conducted for the years ended 2010 through 2014.

On August 16, 2022, the Inflation Reduction Act (the "IRA") was signed into law. In general, the provisions of the IRA were effective as of January 1, 2023. The IRA includes a new 15% corporate minimum tax as well as a 1% excise tax on corporate stock repurchases completed after December 31, 2022. KKR reviewed the impact on income taxes and concluded there was no impact to the financial statements in the period ended March 31, 2023. KKR will continue to evaluate the potential future impacts of the IRA, and will continue to review and monitor the issuance of additional guidance.

20. EQUITY BASED COMPENSATION

	Three Months Ended March 31,	
	2023	2022
KKR Equity Incentive Plan Awards[1]	$ 129,272	$ 115,144

(1) Includes $3.0 million and $2.1 million of equity based compensation related to our insurance business for the three months ended March 31, 2023 and 2022, respectively.

Asset Management

KKR Equity Incentive Plan Awards

Under KKR's Equity Incentive Plans, KKR is permitted to grant equity awards representing ownership interests in KKR & Co. Inc. common stock. On March 29, 2019, the 2019 Equity Incentive Plan became effective. Following the effectiveness of the 2019 Equity Incentive Plan, KKR no longer makes further grants under the 2010 Equity Incentive Plan, and the 2019 Equity Incentive Plan became KKR's only plan for providing new equity-based awards by KKR & Co. Inc. Outstanding awards under the 2010 Equity Incentive Plan will remain outstanding, unchanged and subject to the terms of the 2010 Equity Incentive Plan and their respective equity award agreements, until the vesting, expiration or lapse of such awards in accordance with their terms. The total number of equity awards representing 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. As of March 31, 2023, 68,758,469 shares may be issued under the 2019 Equity Incentive Plan. Equity awards granted pursuant to the Equity Plans generally consist of (i) restricted stock units that convert into shares of common stock of KKR & Co. Inc. (or cash equivalent) upon vesting and (ii) restricted holdings units that are exchangeable into shares of common stock of KKR & Co. Inc. upon vesting and certain other conditions.

Service-Vesting Awards

Under the Equity Incentive Plans, KKR grants restricted stock units and restricted holdings units that are subject to service-based vesting, typically over a three to five-year period from the date of grant (referred to hereafter as "Service-Vesting Awards"). In certain cases, these Service-Vesting Awards may have a percentage of the award that vests immediately upon grant. Additionally, some but not all Service-Vesting 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, some but not all 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 or had the minimum retained ownership requirement. Holders of the Service-Vesting Awards do not participate in dividends until such awards have met their vesting requirements.

Expense associated with the vesting of these Service-Vesting Awards is 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 dividends on unvested equity awards. 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.

As of March 31, 2023, there was approximately $495.6 million of total estimated unrecognized expense related to unvested Service-Vesting Awards, which is expected to be recognized over the weighted average remaining requisite service period of 1.5 years.

A summary of the status of unvested Service-Vesting Awards granted under the Equity Incentive Plans from January 1, 2023 through March 31, 2023 is presented below:

	Shares	Weighted Average Grant Date Fair Value
Balance, January 1, 2023	16,170,064	$ 45.82
Granted	143,064	49.76
Vested	—	—
Forfeitures	(76,360)	50.43
Balance, March 31, 2023	**16,236,768**	**$ 45.83**

Market Condition Awards

Under the Equity Incentive Plans, KKR also grants restricted stock units and restricted holdings units that are subject to both a service-based vesting condition and a market price based vesting condition (referred to hereafter as "Market Condition Awards") for certain employees. The following is a discussion of Market Condition Awards excluding the Co-CEO Awards, except where discussed below.

The number of Market Condition Awards (other than the Co-CEO awards) that will vest depend upon (i) the market price of KKR common stock reaching certain price targets that range from $45.00 to $140.00 and (ii) the employee being employed by KKR on a certain date, which typically is five and a half years from the date of grant (with exceptions for involuntary termination without cause, death and permanent disability). The market price vesting condition is met when the average closing price of KKR common stock during 20 consecutive trading days meets or exceeds the stock price targets. Holders of the Market Condition Awards do not participate in dividends until such awards have met both their service-based and market price based vesting requirements. Additionally, these awards are subject to additional transfer restrictions and minimum retained ownership requirements after vesting.

Due to the existence of the service requirement, the vesting period for these Market Condition Awards (other than the Co-CEO awards) is explicit, and as such, compensation expense will be recognized on (i) a straight-line basis over the period from the date of grant through the date the award recipient is required to be employed by KKR and (ii) assumes a forfeiture rate of up to 7% annually based upon expected turnover. The fair value of the awards granted are based on a Monte Carlo simulation valuation model. 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 all of their vesting requirements.

Below is a summary of the grant date fair value based on the Monte Carlo simulation valuation model and the significant assumptions used to estimate the grant date fair value of these Market Condition Awards:

	Weighted Average	Range
Grant Date Fair Value	$25.29	$19.87 - $66.80
Closing KKR share price as of valuation date	$43.89	$37.93 - $76.31
Risk Free Rate	1.14%	0.41% - 3.86%
Volatility	30.07%	28.00% - 38.00%
Dividend Yield	1.39%	0.76% - 1.53%
Expected Cost of Equity	10.83%	9.13% - 11.80%

As of March 31, 2023, there was approximately $384.4 million of total estimated unrecognized expense related to these unvested Market Condition Awards, which is expected to be recognized over the weighted average remaining requisite service period of 3.3 years.

A summary of the status of unvested Market Condition Awards granted under the Equity Incentive Plans from January 1, 2023 through March 31, 2023 is presented below:

	Shares	Weighted Average Grant Date Fair Value
Balance, January 1, 2023	26,198,531	$ 25.30
Granted	—	—
Vested	(130,000)	20.49
Forfeitures	(200,000)	19.87
Balance, March 31, 2023	**25,868,531**	**$ 25.37**

As of March 31, 2023, 19.0 million of these Market Condition awards have met their market price based vesting condition.

Co-CEO Awards

On December 9, 2021, the Board of Directors approved grants of 7.5 million restricted holdings units to each of KKR's Co-Chief Executive Officers that are subject to both a service-based vesting condition and a market price based vesting condition (referred to hereafter as "Co-CEOs Awards"). For both Co-Chief Executive Officers, 20% of the Co-CEOs Awards are eligible to vest at each of the following KKR common stock prices targets: $95.80, $105.80, $115.80, $125.80 and $135.80. The market price based vesting condition is met when the average closing price of KKR common stock during 20 consecutive trading days meets or exceeds the stock price targets. In addition to the market price based vesting conditions, in order for the award to vest, the Co-Chief Executive Officer is required to be employed by KKR on December 31, 2026 (with exceptions for involuntary termination without cause, death and permanent disability).

These awards will be automatically canceled and forfeited upon the earlier of a Co-Chief Executive Officer's termination of service (except for involuntary termination without cause, death or permanent disability) or the failure to meet the market price based vesting condition by December 31, 2028 (for which continued service is required if the market price vesting condition is met after December 31, 2026). Co-CEO Awards do not participate in dividends until such awards have met both their service-based and market price based vesting requirements. Additionally, these awards are subject to additional transfer restrictions and minimum retained ownership requirements after vesting.

Due to the existence of the service requirement, the vesting period for these Co-CEO Awards is explicit, and as such, compensation expense will be recognized on a straight-line basis over the period from the date of grant through December 31, 2026 given the derived service period is less than the explicit service period. The fair value of the awards granted are based on a Monte Carlo simulation valuation model. In addition, the grant date fair value assumes that these Co-CEO Awards will not participate in dividends until such awards have met all of their vesting requirements.

Below is a summary of the grant date fair value based on the Monte Carlo simulation valuation model and the significant assumptions used to estimate the grant date fair value of these Co-CEO Awards:

Grant Date Fair Value	$48.91
Closing KKR share price as of valuation date	$75.76
Risk Free Rate	1.42 %
Volatility	28.0 %
Dividend Yield	0.77 %
Expected Cost of Equity	9.36 %

As of March 31, 2023, there was approximately $544.3 million of total estimated unrecognized expense related to these unvested Co-CEO Awards, which is expected to be recognized ratably from April 1, 2023 to December 31, 2026. As of March 31, 2023, none of these Co-CEO awards have met their market price based vesting condition.

Insurance

Global Atlantic recognized $18.7 million and $20.6 million of expense related to equity-based compensation and long-term incentive awards for the three months ended March 31, 2023 and 2022, respectively.

No equity-based compensation costs were capitalized during the three months ended March 31, 2023 and 2022.

Equity Classified Awards - KKR Equity Incentive Plan Awards

On February 1, 2021, in connection with the GA Acquisition, employees of Global Atlantic were awarded a one-time grant of restricted stock units under the 2019 Equity Incentive Plan. These awards (i) are subject to service-based vesting conditions and (ii) expense associated with the vesting of these awards is based on the closing price of KKR & Co. Inc. common stock on the date of grant, consistent with other awards granted under the 2019 Equity Incentive Plan as described above.

On July 1, 2021, a grant of a Market Condition Award was made under the 2019 Equity Incentive Plan. This award is subject to meeting certain market price based vesting conditions of KKR common stock but has no service vesting condition. Expense associated with the grant date fair value of this award of $10.5 million was fully recognized in the three months ended September 30, 2021.

Global Atlantic recognized $3.0 million and $2.1 million of total equity-based compensation expense for the three months ended March 31, 2023 and 2022 associated with these awards, respectively.

Liability Classified Awards - Book Value Awards

On February 1, 2021, Global Atlantic adopted the Global Atlantic Financial Company Book Value Award Plan ("GA Book Value Plan") to enhance the ability of Global Atlantic to attract, motivate and retain its employees and to promote the success of the Global Atlantic business.

The GA Book Value Plan authorizes the grant of cash-settled awards ("book value awards") representing the right to receive one or more payments upon vesting equal to the product of an initial dollar value set by the award multiplied by a pre-determined formula as of each applicable vesting date. The predetermined formula is equal to the quotient determined by dividing the book value of one share of TGAFG on the applicable vesting date by the book value of a share on the original grant date, subject to adjustments. Book value awards generally vest in three equal, annual installments, subject to continued employment.

On February 1, 2021, under the terms of the GA Merger Agreement and in accordance with applicable plan documentation, former Global Atlantic restricted share awards that were unvested immediately prior to the closing of the GA Acquisition converted into the right to receive a number of book value awards under the GA Book Value Plan having the same value and the same vesting schedule as the former Global Atlantic restricted share awards immediately prior to the closing of the GA Acquisition.

An aggregate of 3,020,017 unvested former Global Atlantic restricted share awards having a fair value of $29.47 per share were converted to book value awards at an aggregate grant-date value of $89.0 million. On February 28, 2021, book value awards having an aggregate value of approximately $28.0 million vested as set forth in the former Global Atlantic grant agreements and resulted in a cash payment of $17.0 million to participants, net of applicable tax withholding.

Also in connection with the GA Acquisition, on February 1, 2021, Global Atlantic employees were issued a one-time grant of book value awards having an aggregate initial value of $23.0 million. These one-time book value awards vest over five (5) years, with the first 25% vesting on April 1, 2023 and the remainder vesting 25% annually on April 1 each subsequent year until fully vested, subject to continued employment. Global Atlantic is recording compensation expense over the vesting schedule of the awards, net of an estimated forfeiture rate of 4%.

On March 1, 2021, pursuant to the GA Book Value Plan, book value awards having an aggregate initial value of approximately $32 million were granted. Such book value awards generally vest annually over three years in equal increments, subject to continued employment. Global Atlantic is recording compensation expense over the vesting schedule of the awards, net of an estimated forfeiture rate of 4%.

Global Atlantic began recognizing long-term incentive expense for the book value awards described above at the grant dates, based on their initial value, net of a 4% estimated forfeiture rate. Global Atlantic adjusts expense periodically for changes in book value until the awards are settled or forfeited. Expense recognized on forfeited awards is reversed in the period of forfeiture. The table below presents the activity related to book value awards for the three months ended March 31, 2023 and 2022:

	Three Months Ended	
	March 31, 2023	March 31, 2022
Outstanding amount as of beginning of period	$ 138,595	$ 145,000
Granted	28,619	20,205
Forfeited	(494)	(874)
Vested and issued	(27,057)	(39,029)
Outstanding amount as of end of period	**$ 139,663**	**$ 125,302**

Global Atlantic recognized $15.7 million and $18.5 million of compensation expense for the three months ended March 31, 2023 and 2022 associated with these awards, respectively. As of March 31, 2023 and December 31, 2022, the remaining unamortized compensation expenses of $94.2 million and $98.1 million are expected to be recognized over a remaining average period of 2.34 years and 2.45 years, respectively.

GA Equity Incentive Plan Awards

On June 24, 2021, Global Atlantic issued 1,000 non-voting incentive shares to a Bermuda exempted partnership owned by certain Global Atlantic employees, who are eligible to receive incentive units under Global Atlantic's Senior Management Equity Incentive Plan ("GA Equity Incentive Plan"). These incentive units represent an interest in the receipt of certain amounts based on Global Atlantic's book value, market value, and AUM, in each case as derived in part from the value of TGAFG's fully-diluted equity shares.

On June 24, 2021, Global Atlantic granted approximately 808 incentive units under the GA Equity Incentive Plan. The book value component of the incentive units vests 20% per year on the anniversary of the GA Acquisition Date, as long as the grantee remains then employed, and will be settled in cash. The market value and AUM components of the incentive units cliff vest upon the earlier to occur of (i) the fifth anniversary of the GA Acquisition Date, or (ii) a change of control, and will be settled in a variable number of TGAFG's non-voting common shares. TGAFG shares issued under the AUM component of the Plan are exchangeable for shares of KKR. Except in the event of termination due to death or disability, generally, unvested market value and AUM amounts are forfeited upon a termination of employment.

The GA Equity Incentive Plan is accounted for as a hybrid compensation plan, consisting of one component most closely aligned with a profit-sharing plan under ASC 710, Compensation - General, as well as other components within scope of ASC 718, Compensation - Stock Compensation, in all cases with obligations liability-classified. Accordingly, with regard to awards within scope of ASC 710, Global Atlantic records expense based on payouts deemed to be probable and reasonably estimable based on the book value growth of Global Atlantic at the grant date and at each reporting period. For award components subject to liability-classification under ASC 718, Global Atlantic records expense, net of a 0% estimated forfeiture rate, based on the fair value of awards granted, with periodic adjustments to expense for changes in fair value, over the requisite 5-year service period.

The aggregate value of the GA Equity Incentive Plan awards at the initial date of grant was $197.0 million, based on the intrinsic value of the book value component ($5.0 million), as determined by applying the book value profit share percentage rate to Global Atlantic's net book value growth at the date of grant, and the fair value of the market value and AUM components at the date of grant ($192.0 million, collectively), based on the projected growth in value of each component over the 5-year vesting schedule and applying a forfeiture rate of 0%. Expense is remeasured accordingly at each reporting period and adjusted as needed until the awards are forfeited or settled.

During the three months ended March 31, 2023 and 2022, 77 and no incentive units were granted to employees, and 27 and 8 incentive units were forfeited, respectively. As of March 31, 2023 and December 31, 2022, there were approximately 895 and 845 incentive units outstanding under the Plan, respectively.

Global Atlantic recorded compensation expense of $38.4 million and $17.3 million for the three months ended March 31, 2023 and 2022, respectively, related to periodic change in expense for the GA Units granted under the GA Equity Incentive Plan, with a corresponding offset to other liabilities. As of March 31, 2023 and December 31, 2022, there was approximately $108.7 million and $118.3 million of unrecognized expense related to the GA Units granted under the GA Equity Incentive Plan with a weighted average service period remaining of 2.84 years and 3.09 years, respectively.

21. RELATED PARTY TRANSACTIONS

Due from Affiliates consists of:

	March 31, 2023	December 31, 2022
Amounts due from unconsolidated investment funds	$ 1,561,233	$ 1,401,766
Amounts due from portfolio companies	286,636	261,537
Due from Affiliates	**$ 1,847,869**	**$ 1,663,303**

Due to Affiliates consists of:

	March 31, 2023	December 31, 2022
Amounts due to current and former employees under the tax receivable agreement [(1)]	$ 404,566	$ 420,599
Amounts due to unconsolidated investment funds	30,704	45,458
Due to Affiliates	**$ 435,270**	**$ 466,057**

(1) See Note 1 "Organization" in our financial statements.

22. SEGMENT REPORTING

KKR operates through two reportable segments which are presented below and reflect how its chief operating decision-makers allocate resources and assess performance:

- Asset Management - the asset management business offers a broad range of investment management services to investment funds, vehicles and accounts (including Global Atlantic) and provides capital markets services to portfolio companies and third parties. This reportable segment also reflects how its business lines operate collaboratively with predominantly a single expense pool.

- Insurance - the insurance business is operated by Global Atlantic, which is a leading U.S. retirement and life insurance company that provides a broad suite of protection, legacy and savings products and reinsurance solutions to clients across individual and institutional markets. Global Atlantic primarily generates income by earning a spread between its investment income and the cost of policyholder benefits.

KKR's segment profitability measure used to make operating decisions and assess performance across KKR's reportable segments is presented prior to giving effect to the allocation of income (loss) among KKR & Co. Inc. and holders of any exchangeable securities, and the consolidation of the investment funds, vehicles and accounts that KKR advises, manages or sponsors (including CFEs). KKR's segment profitability measure excludes: (i) equity-based compensation charges, (ii) amortization of acquired intangibles, (iii) strategic corporate related charges and (iv) non-recurring items, if any. Strategic corporate related items arise from corporate actions and consist primarily of (i) impairments, (ii) transaction costs from strategic acquisitions, and (iii) depreciation on real estate that KKR owns and occupies. Inter-segment transactions are not eliminated from segment results when management considers those transactions in assessing the results of the respective segments. These transactions include (i) management fees earned by KKR as the investment adviser for Global Atlantic insurance companies and (ii) interest income and expense based on lending arrangements where one or more KKR subsidiaries borrow from a Global Atlantic insurance subsidiary. Inter-segment transactions are recorded by each segment based on the definitive documents that contain arms' length terms and comply with applicable regulatory requirements. Segment operating earnings for the asset management and insurance segments is further defined as follows:

- Asset Management Segment Operating Earnings is the segment profitability measure used to make operating decisions and to assess the performance of the Asset Management segment and is comprised of: (i) Fee Related Earnings, (ii) Realized Performance Income, (iii) Realized Performance Income Compensation, (iv) Realized Investment Income, and (v) Realized Investment Income Compensation. Asset Management Segment Operating Earnings excludes the impact of: (i) unrealized gains (losses) on investments, (ii) unrealized carried interest, and (iii) related unrealized carried interest compensation (carry pool). Management fees earned by KKR as the adviser, manager or sponsor for its investment funds, vehicles and accounts, including its Global Atlantic insurance companies, are included in Asset Management Segment Operating Earnings.

- Insurance Segment Operating Earnings is the segment profitability measure used to make operating decisions and to assess the performance of the Insurance segment. This measure is presented before income taxes and is comprised of: (i) Net Investment Income, (ii) Net Cost of Insurance, (iii) General, Administrative, and Other Expenses, and (iv) Net Income Attributable to Noncontrolling Interests. The non-operating adjustments made to derive Insurance Segment Operating Earnings excludes the impact of: (i) investment gains (losses) which include realized gains (losses) related to asset/liability matching investments strategies and unrealized investment gains (losses) and (ii) non-operating changes in policy liabilities and derivatives which includes (a) changes in the fair value of market risk benefits and other policy liabilities measured at fair value and related benefit payments, (b) fees attributed to guaranteed benefits, (c) derivatives used to manage the risks associated with policy liabilities, and (d) losses at contract issuance on payout annuities. Insurance Segment Operating Earnings includes (i) realized gains and losses not related to asset/liability matching investments strategies and (ii) the investment management costs that are earned by KKR as the investment adviser of the Global Atlantic insurance companies.

Modification of Segment Information

In connection with the adoption of LDTI (see Note 2 in our financial statements), KKR reevaluated the manner in which it makes operational and resource deployment decisions and assesses the overall performance of KKR's business. Effective with the three months ended March 31, 2023, the items detailed below have changed with respect to the preparation of the reports used by KKR's chief operating decision makers. As a result, KKR has modified the presentation of its segment financial information effective as of and for the three months ended March 31, 2023 with retrospective application to all prior periods presented. The most significant changes are as follows:

(1) implementation of the accounting changes as a result of LDTI within KKR's Insurance Segment. KKR excludes (i) changes in the fair value of market risk benefits and other policy liabilities and the associated derivatives, (ii) fees attributed to guaranteed benefits, and (iii) losses at contract issuance on payout annuities from the Insurance Segment Operating Earnings. These items are excluded from Insurance Segment Operating Earnings, because the chief operating decision-makers believe these items do not reflect the underlying performance of this business; and

(2) reporting on a pre-tax basis Insurance Segment Operating Earnings (which was previously reported on an after-tax basis).

Notes to Financial Statements (Continued)

Segment Presentation

The following tables set forth information regarding KKR's segment results:

	Three Months Ended March 31,	
	2023	**2022**
Asset Management		
Management Fees [1]	$ 738,156	$ 624,928
Transaction and Monitoring Fees, Net	142,179	306,038
Fee Related Performance Revenues	21,741	12,051
Fee Related Compensation	(203,094)	(212,220)
Other Operating Expenses	(150,404)	(125,875)
Fee Related Earnings	548,578	604,922
Realized Performance Income	175,398	609,207
Realized Performance Income Compensation	(114,009)	(383,635)
Realized Investment Income [2]	198,094	349,354
Realized Investment Income Compensation	(29,714)	(52,403)
Asset Management Segment Operating Earnings	**$ 778,347**	**$ 1,127,445**
Insurance		
Net Investment Income [1] [2]	$ 1,271,255	$ 862,414
Net Cost of Insurance	(750,612)	(481,870)
General, Administrative and Other	(196,714)	(146,412)
Pre-tax Operating Earnings	323,929	234,132
Pre-tax Operating Earnings Attributable to Noncontrolling Interest	(118,817)	(90,185)
Insurance Segment Operating Earnings	**$ 205,112**	**$ 143,947**
Total Segment Operating Earnings	**$ 983,459**	**$ 1,271,392**

[1] Includes intersegment management fees of $108.3 million and $59.0 million for the three months ended March 31, 2023 and 2022, respectively.

[2] Includes intersegment interest expense and income of $44.8 million and $25.8 million for the three months ended March 31, 2023 and 2022, respectively.

	As of March 31,	
	2023	**2022**
Segment Assets:		
Asset Management	$ 30,661,383	$ 31,921,809
Insurance	174,831,730	167,119,948
Total Segment Assets	**$ 205,493,113**	**$ 199,041,757**

Reconciliations of Total Segment Amounts

The following tables reconcile the Segment Revenues, Segment Operating Earnings, and Segment Assets to their equivalent GAAP measure:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Total GAAP Revenues	**$ 3,127,482**	**$ 999,363**
Impact of Consolidation and Other	209,778	213,400
Asset Management Adjustments:		
Capital Allocation-Based Income (Loss) (GAAP)	(449,018)	945,743
Realized Carried Interest	172,689	579,767
Realized Investment Income	198,094	349,354
Capstone Fees	(19,805)	(15,485)
Expense Reimbursements	(15,544)	(41,303)
Insurance Adjustments:		
Net Premiums	(473,624)	(372,144)
Policy Fees	(313,802)	(313,782)
Other Income	(37,158)	(34,744)
(Gains) Losses from Investments[1]	260,507	167,102
Non-operating Changes in Policy Liabilities and Derivatives	(112,776)	286,721
Total Segment Revenues [2]	**$ 2,546,823**	**$ 2,763,992**

(1) Includes gains and losses on funds withheld receivables and payables embedded derivatives.

(2) Total Segment Revenues is comprised of (i) Management Fees, (ii) Transaction and Monitoring Fees, Net, (iii) Fee Related Performance Revenues, (iv) Realized Performance Income, (v) Realized Investment Income, and (vi) Net Investment Income.

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Income (Loss) Before Tax (GAAP)	**$ 408,435**	**$ 1,289,039**
Impact of Consolidation and Other	99,137	(1,300,326)
Interest Expense	85,500	69,460
Equity-based compensation - KKR Holdings[1]	—	19,821
Asset Management Adjustments:		
Unrealized (Gains) Losses	99,327	322,269
Unrealized Carried Interest	(202,659)	1,290,033
Unrealized Carried Interest Compensation (Carry Pool)	83,830	(513,987)
Strategic Corporate Related Charges	6,807	19,898
Equity-based compensation	59,017	55,111
Equity-based compensation - Performance based	67,273	57,953
Insurance Adjustments:[2]		
(Gains) Losses from Investments[2][3]	131,114	129,032
Non-operating Changes in Policy Liabilities and Derivatives[2]	106,491	(192,201)
Strategic Corporate Related Charges[2]	—	3,079
Equity-based and Other Compensation[2]	36,393	19,498
Amortization of Acquired Intangibles[2]	2,794	2,713
Total Segment Operating Earnings	**$ 983,459**	**$ 1,271,392**

(1) Represents equity-based compensation expense in connection with the allocation of units of KKR Holdings, which were not dilutive to common stockholders of KKR & Co. Inc.

(2) Amounts represent the portion allocable to KKR & Co. Inc.

(3) Includes gains and losses on funds withheld receivables and payables embedded derivatives.

	As of	
	March 31, 2023	March 31, 2022
Total GAAP Assets	**$ 282,610,589**	**$ 265,917,965**
Impact of Consolidation and Reclassifications	(75,160,372)	(63,737,743)
Carry Pool Reclassifications	(1,957,104)	(3,138,465)
Total Segment Assets	**$ 205,493,113**	**$ 199,041,757**

23. EQUITY

Stockholders' Equity

Common Stock

The common stock of KKR & Co. Inc. is entitled to vote as provided by its certificate of incorporation, Delaware General Corporation Law and the rules of the New York Stock Exchange ("NYSE"). Subject to preferences that apply to shares of Series C Mandatory Convertible Preferred Stock and any other shares of preferred stock outstanding at the time on which dividends are payable, the holders of common stock are entitled to receive dividends out of funds legally available if the Board of Directors, in its discretion, determines to declare dividends and then only at the times and in the amounts that the Board of Directors may determine. The common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions.

Series I Preferred Stock

Except for any distribution required by Delaware law to be made upon a dissolution event, the holders of Series I preferred stock do not have any economic rights to receive dividends. Series I preferred stock is entitled to vote on various matters that may be submitted to vote of the stockholders and the other matters as set forth in the certificate of incorporation. 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. The Series I preferred stock will be eliminated on the Sunset Date (as defined in Note 1 "Organization"), which is scheduled to occur not later than December 31, 2026.

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.

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

On February 7, 2023, KKR announced an increase to the total available amount under its repurchase program to $500 million. As of May 5, 2023, there was approximately $468 million remaining under the 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 following table presents KKR & Co. Inc. common stock that has been repurchased or equity awards retired under the repurchase program:

	Three Months Ended March 31,	
	2023	2022
Shares of common stock repurchased	—	5,191,174
Equity awards for common stock retired	—	—

Noncontrolling Interests

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 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;

(v) third parties in KKR's Capital Markets business line;

(vi) certain current and former employees who hold exchangeable securities; and

(vii) third parties in KKR's insurance business including GA Rollover Investors, GA Co-Investors and third party investors in Global Atlantic's consolidated renewable energy entities and certain other entities.

Table of Contents

Notes to Financial Statements (Continued)

The following tables present the calculation of total noncontrolling interests:

		Three Months Ended March 31, 2023
Balance at the beginning of the period (as previously reported)	**$**	**35,778,000**
Adoption of New Accounting Standard (See Note 2)		632,858
Balance at the beginning of the period (as revised)		**36,410,858**
Net income (loss) attributable to noncontrolling interests		(73,003)
Other comprehensive income (loss), net of tax		367,188
Equity-based and other non-cash compensation		76,596
Capital contributions		2,468,778
Capital distributions		(1,840,303)
Changes in Consolidation		(93,545)
Balance at the end of the period	**$**	**37,316,569**

		Three Months Ended March 31, 2022
Balance at the beginning of the period (as previously reported)	**$**	**40,474,565**
Adoption of New Accounting Standard (See Note 2)		104,961
Balance at the beginning of the period (as revised)		**40,579,526**
Net income (loss) attributable to noncontrolling interests		1,244,987
Other comprehensive income (loss), net of tax		(1,620,472)
Equity-based and other non-cash compensation		83,392
Capital contributions		3,579,591
Capital distributions		(1,873,873)
Balance at the end of the period	**$**	**41,993,151**

24. REDEEMABLE NONCONTROLLING INTERESTS

Redeemable noncontrolling interests represent:

(i) Noncontrolling interests of certain KKR investment funds and vehicles that are subject to periodic redemption by fund investors following the expiration of a specified period of time, or may be withdrawn subject to a redemption fee during the period when capital may not be otherwise withdrawn. Consolidated fund investor's interests subject to redemption as described above are presented as Redeemable Noncontrolling Interests in the accompanying consolidated statements of financial condition and presented as Net Income (Loss) Attributable to Redeemable Noncontrolling Interests in the accompanying consolidated statements of operations. When redeemable amounts become legally payable to fund investors, they are classified as a liability and included in Accounts Payable, Accrued Expenses and Other Liabilities in the accompanying consolidated statements of financial condition.

(ii) Global Atlantic has redeemable noncontrolling interests related to renewable energy entities of approximately $79.3 million and $82.7 million as of March 31, 2023 and December 31, 2022, respectively, as determined by the hypothetical liquidation at book value ("HLBV") method, respectively. The estimated redemption value of redeemable noncontrolling interests is calculated as the discounted cash flows subsequent to the expected flip date of the respective renewable energy entity. The flip date represents the date at which the allocation of income and cash flows among the investors in the entity is adjusted, pursuant to the redeemable noncontrolling interest investors having achieved an agreed-upon return. The flip date of renewable energy partnerships determines when the redeemable noncontrolling interests are eligible to be redeemed. Eligible redemption dates range from January 1, 2028 to June 30, 2028. For the redeemable noncontrolling interests outstanding as of both March 31, 2023 and December 31, 2022, the estimated redemption value that would be due at the respective redemption dates is $5.3 million.

The following table presents the calculation of Redeemable Noncontrolling Interests:

	Three Months Ended March 31,	
	2023	**2022**
Balance at the beginning of the period	$ 152,065	82,491
Net income (loss) attributable to Redeemable Noncontrolling Interests	(7,303)	(63)
Capital contributions	—	—
Capital distributions	(636)	(635)
Balance at the end of the period	$ 144,126	$ 81,793

25. COMMITMENTS AND CONTINGENCIES

Funding Commitments and Others

As of March 31, 2023, KKR had unfunded commitments consisting of $9.7 billion to its investment funds and vehicles. KKR has also agreed for certain of its investment vehicles to fund or otherwise be liable for a portion of their investment losses (up to a maximum of approximately $114 million) and/or to provide them with liquidity upon certain termination events (the maximum amount of which is unknown until the scheduled termination date of the investment vehicle).

In addition to these uncalled commitments and funding obligations to KKR's investment funds and vehicles, KKR has entered into contractual commitments primarily with respect to underwriting transactions, debt financing, revolving credit facilities, and syndications in KKR's Capital Markets business line. As of March 31, 2023, these commitments amounted to $439.7 million. 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 arrangements with third parties, which reduce its risk when underwriting certain debt transactions, and thus our unfunded commitments as of March 31, 2023 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.

Global Atlantic has commitments to purchase or fund investments of $3.2 billion and $3.3 billion as of March 31, 2023 and December 31, 2022, respectively. These commitments include those related to commercial mortgage loans, other lending facilities and other investments. For those commitments that represent a contractual obligation to extend credit, Global Atlantic has recorded a liability of $63.8 million and $55.8 million for current expected credit losses as of March 31, 2023 and December 31, 2022, respectively.

In addition, Global Atlantic has entered into certain forward flow agreements to purchase loans. Global Atlantic's obligations under these agreements are subject to change, curtailment, and cancellation based on various provisions including repricing mechanics, due diligence reviews, and performance or pool quality, among other factors.

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.

Global Atlantic also enters into land leases for its consolidated investments in renewable energy.

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. KKR has guaranteed its general partners' clawback obligations.

As of March 31, 2023, approximately $520 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 March 31, 2023 fair values. Although KKR would be required to remit the entire amount to fund investors that are entitled to receive the clawback payment, KKR would be entitled to seek reimbursement of approximately $210 million of that amount from Associates Holdings, which is not a KKR subsidiary. As of March 31, 2023, Associates Holdings had access to cash reserves sufficient to reimburse the full $210 million that would be due to KKR. If the investments in all carry-paying funds were to be liquidated at zero value, the clawback obligation would have been approximately $2.9 billion, and KKR would be entitled to seek reimbursement of approximately $1.2 billion of that amount from Associates Holdings. KKR will acquire control of Associates Holdings when a subsidiary of KKR becomes its general partner upon the closing of the transactions contemplated to occur on the Sunset Date (as defined in Note 1 "Organization"), which will occur not later than December 31, 2026.

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

Asset Management Segment

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. KKR (including KFN) and certain of KKR's investment funds have provided and provide certain credit support, such as indemnities and guarantees, relating to a variety of matters, including non-recourse carve-out guarantees for fraud, willful misconduct and other wrongful acts in connection with the financing of (i) certain real estate investments that we have made, including KKR's corporate real estate, and (ii) certain investment vehicles that KKR manages or sponsors.

KKR also has provided, and provides, credit support in connection with the Asset Management business, including:

i. to certain of its subsidiaries' obligations in connection with a limited number of investment vehicles that KKR manages,

ii. in connection with repayment and funding obligations to third-party lenders on behalf of certain employees, excluding its executive officers, in connection with their personal investments in KKR investment funds and a levered multi-asset investment vehicle,

iii. to one of its hedge fund partnerships,

iv. through a contingent guarantee of a subsidiary's loan repayment obligations, which does not become effective unless and until its loan becomes accelerated due to certain specified events of default involving the investment vehicles managed by KJRM,

v. the obligations of our subsidiaries' funding obligations to our investment vehicles, and

vi. certain of our investment vehicles to fund or otherwise be liable for a portion of their investment losses and/or to provide them with liquidity upon certain termination events (the maximum amount of which is unknown until the scheduled termination date of the investment vehicle).

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.

Insurance Segment

The Global Atlantic business was formerly owned by The Goldman Sachs Group, Inc. (together with its subsidiaries, "Goldman Sachs"). In connection with the separation of Global Atlantic from Goldman Sachs in 2013, Global Atlantic entered into a tax benefit payment agreement with Goldman Sachs. Under the tax benefit payment agreement, GA FinCo is obligated to make annual payments out of available cash, guaranteed by GAFG, to Goldman Sachs over an approximately 25-year period totaling $214.0 million. As of March 31, 2023, the present value of the remaining amount to be paid is $60.5 million. Although these payments are subordinated and deferrable, deferral of these payments would result in restrictions on distributions by GA FinCo and GAFG.

In lieu of funding certain investments in loan facilities to third party borrowers in cash, Global Atlantic has arranged or participated in letters of credit issued by third-party banks on behalf of the borrowers in the amount of $29.7 million, as of March 31, 2023, with expiration dates between May 2023 to September 2024. Global Atlantic has available lines of credit that would allow for additional letters of credit to be issued on behalf of certain borrowers, up to $235.3 million, as of March 31,

2023. For accounting purposes, these letters of credit are considered guarantees of certain obligations of the borrowers. If a letter of credit were to be drawn, Global Atlantic would be obligated to repay the issuing third-party bank, and Global Atlantic would recognize a loan receivable from the borrowers on the consolidated statements of financial condition. Global Atlantic monitors the likelihood of these letters of credit being drawn, and any related contingent obligation. As of both March 31, 2023 and December 31, 2022, the expected credit loss on the contingent liability associated with these letters of credit was not material.

Unless otherwise stated above, KKR's maximum exposure under the arrangements described under this section “Indemnifications and Other Guarantees” are currently unknown as there are no stated or notional amounts included in these arrangements and KKR's liabilities for these matters would require a claim to be made against KKR in the future.

Litigation

From time to time, KKR (including Global Atlantic) is involved in various legal proceedings, lawsuits, arbitration and claims incidental to the conduct of KKR's businesses. KKR's asset management and insurance businesses are also subject to extensive regulation, which may result in regulatory proceedings against them.

In December 2017, KKR & Co. L.P. (which is now KKR Group Co. Inc.) and its then Co-Chief Executive Officers were named as defendants in a lawsuit filed 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 was 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 on July 21, 2020 filed a new lawsuit in the same Kentucky trial court making essentially the same allegations against the defendants, including KKR & Co. Inc. and Messrs. Kravis and Roberts. On July 29, 2020, certain private plaintiffs in the original lawsuit filed a motion to further 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. On December 28, 2020, the trial court dismissed the complaint filed by the original plaintiffs and denied their motion to amend their original complaint and add new plaintiffs, but granted the Office of the Attorney General’s motion to intervene. In January 2021, some of the attorneys for the private plaintiffs in the original lawsuit filed a new lawsuit, and a motion to intervene in the original lawsuit, on behalf of a new set of plaintiffs, who claim to be "Tier 3" members of Kentucky Retirement Systems, alleging substantially the same allegations as in the original lawsuit. The motion to intervene in the original lawsuit was denied. These "Tier 3" plaintiffs appealed the denial of their motion to intervene but then voluntarily dismissed their appeal on January 31, 2022. In addition, the Kentucky Retirement Systems had commissioned an investigation into certain matters alleged in the Attorney General's complaint. The trial court ordered that this investigation be completed by May 17, 2021, and the Attorney General was permitted to amend its complaint after reviewing the investigation's report within ten days of the Attorney General's receipt of it. On May 24, 2021, the Attorney General filed a First Amended Complaint on behalf of the Commonwealth of Kentucky. This complaint continues to name KKR & Co. L.P. and its then Co-Chief Executive Officers, as defendants, and makes similar allegations against them. KKR and the other defendants moved to dismiss the First Amended Complaint on July 30, 2021. The court held oral argument on these motions to dismiss on December 14, 2021. On July 9, 2021, the individual plaintiffs served an amended complaint, which purports to assert, on behalf of a class of beneficiaries of Kentucky Retirement Systems, direct claims for breach of fiduciary duty and civil violations under the Racketeer Influenced and Corrupt Organizations Act ("RICO"). This complaint was removed to the U.S. District Court for the Eastern District of Kentucky, which has entered an order staying this case until the completion of the Attorney General’s lawsuit on behalf of the Commonwealth.

On August 20, 2021, the same and other individual plaintiffs filed a second complaint in Kentucky state court, purportedly on behalf of Kentucky Retirement Systems' funds, alleging the same claims against KKR & Co. Inc. and Messrs. Kravis and Roberts as in the July 9th amended complaint but without the RICO or class action allegations. KKR and the other defendants have moved to dismiss the August 20, 2021 complaint by the Tier 3 plaintiffs, whose motions are awaiting a decision from the Kentucky state court. On March 24, 2022, in a separate declaratory judgment action brought by the Commonwealth of Kentucky regarding the enforceability of certain indemnification provisions available to KKR & Co. Inc. and Prisma Capital Partners LP, the Kentucky state court found that it has personal jurisdiction over KKR & Co. Inc., and this finding is currently being appealed by KKR. On May 27, 2022, following a motion by KKR, the judge then adjudicating the lawsuits recused himself from the original 2017 action and the second Tier 3 action, and a new judge was assigned. On December 9, 2022, the new judge issued an order that held in abeyance the motions to dismiss filed by KKR and other defendants pending the outcome of appeals which challenge the trial court's December 28, 2020 order granting the Attorney General's motion to intervene. On April 14, 2023, the Kentucky Court of Appeals ruled in favor of KKR and the other defendants in their appeal of the trial court's December 28, 2020 order granting the Kentucky Attorney General's motion to intervene in the 2017 action, including that the trial court should have dismissed the entire 2017 action after the Kentucky Supreme Court's 2020 decision. On May 4, 2023, the Attorney General filed a petition for rehearing with the Court of Appeals. The Court of Appeals' April 14, 2023 decision does not dismiss the Kentucky Attorney General's standalone lawsuit filed on July 21, 2020.

KKR (including Global Atlantic) 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, U.S. Department of Justice, U.S. state attorney generals, Financial Industry Regulatory Authority ("FINRA"), the U.K. Financial Conduct Authority, Central Bank of Ireland, Monetary Authority of Singapore, U.S. state insurance regulatory authorities, and the Bermuda Monetary Authority. Such examinations, inquiries and investigations may result in the commencement of civil, criminal or administrative proceedings or fines against KKR or its personnel. KKR is presently subject to civil investigations and inquiries by the U.S. Department of Justice related to antitrust matters and by the SEC related to business-related electronic communications. KKR is currently cooperating with these civil investigations and inquiries.

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

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. KKR has included in its financial statements the reserve for regulatory, litigation and related matters that Global Atlantic includes in its financial statements, including with respect to matters arising from the conversion of life insurance policies from systems previously managed by Athene Holdings Limited to the platform of one of Global Atlantic's third party service providers, Alliance-One, a subsidiary of DXC Technology Company.

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. 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.

Other Financing Arrangements

Global Atlantic has financing arrangements with unaffiliated third parties to support the reserves of its affiliated special purpose reinsurers. Total fees expensed associated with these financing arrangements were $5.1 million and $4.5 million for the three months ended March 31, 2023 and 2022, respectively, and are included in insurance expenses in the consolidated statements of operations. As of both March 31, 2023 and December 31, 2022, the total capacity of the financing arrangements with third parties was $2.3 billion.

Other than the matters disclosed above, there were no outstanding or unpaid balances from the financing arrangements with unaffiliated third parties as of both March 31, 2023 and December 31, 2022.

26. SUBSEQUENT EVENTS

Common Stock Dividend

A dividend of $0.165 per share of common stock of KKR & Co. Inc. has been declared and was announced on May 8, 2023. This dividend will be paid on June 6, 2023 to common stockholders of record as of the close of business on May 22, 2023.

Preferred Stock Dividends

A dividend of $0.75 per share of Series C Mandatory Convertible Preferred Stock has been declared and was announced on May 8, 2023 and set aside for payment. This dividend will be paid on June 15, 2023 to holders of record of Series C Mandatory Convertible Preferred Stock as of the close of business on June 1, 2023.

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, 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" and "Business Environment" in this report and our Annual Report and "Risk Factors" in 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 offers alternative asset management as well as capital markets and insurance solutions. We aim to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in our portfolio companies and communities. We sponsor investment funds that invest in private equity, credit, and real assets and have strategic partners that manage hedge funds. Our insurance subsidiaries offer retirement, life, and reinsurance products under the management of Global Atlantic.

As of March 31, 2023, we manage $510 billion of assets for our clients. Throughout our history, we have consistently been a leader in the private equity industry, having completed approximately 700 private equity investments in portfolio companies with a total transaction value in excess of $700 billion as of March 31, 2023. Since the inception of our firm in 1976, we have expanded our investment strategies and product offerings from traditional private equity to areas such as leveraged credit, alternative credit, infrastructure, energy, real estate, growth equity, core private equity, and impact investments. We also provide capital markets services for our firm, our portfolio companies and third parties. Our balance sheet provides a significant source of capital in the growth and expansion of our business, and it 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.

Our insurance business is operated by Global Atlantic, in which we acquired a majority controlling interest on February 1, 2021. Global Atlantic is a leading U.S. retirement and life insurance company that provides a broad suite of protection, legacy and savings products and reinsurance solutions to clients across individual and institutional markets. Global Atlantic primarily offers individuals fixed-rate annuities, fixed-indexed annuities and targeted life products through a network of banks, broker-dealers and independent marketing organizations. Global Atlantic provides its institutional clients customized reinsurance solutions, including block, flow and pension risk transfer reinsurance, as well as funding agreements. Global Atlantic primarily generates income by earning a spread between its investment income and the cost of policyholder benefits. As of March 31, 2023, Global Atlantic served approximately three million policyholders.

Asset Management

Our asset management business offers a broad range of investment management services to fund investors around the world. In our asset management business, we have five business lines: (1) Private Equity, (2) Real Assets, (3) Credit and Liquid Strategies, (4) Capital Markets, and (5) Principal Activities. In addition to the overviews of each of these business lines provided in this report, please also refer to our Annual Report. As an asset management firm, we earn fees, including management fees and incentive fees, and carried interest for providing investment management and other services to our funds, vehicles, CLOs, managed accounts and portfolio companies, and we generate transaction fees from capital markets transactions. We earn additional investment income by investing our own capital alongside that of our fund investors and from other assets on our balance sheet. Carried interest we receive from our funds and certain other investment vehicles entitles us to a specified percentage of investment gains that are generated on third-party capital that is invested.

Table of Contents

Private Equity

Through our Private Equity 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 that invest in large and mid-sized companies, we sponsor investment funds that invest in core private equity, growth equity, and impact investments. Our Private Equity business line includes separately managed accounts that invest in multiple strategies, which may include our credit and real assets strategies, as well as our private equity strategies. These funds and accounts are managed by Kohlberg Kravis Roberts & Co. L.P., an SEC-registered investment adviser. As of March 31, 2023, our Private Equity business line had $165.8 billion of AUM, consisting of $115.9 billion in traditional private equity, $33.7 billion in core private equity and $16.1 billion in growth equity, which includes $3.9 billion of impact investments.

The table below presents information as of March 31, 2023, relating to our current private equity and other investment vehicles reported in our Private Equity business line for which we have the ability to earn carried interest. This data does not reflect acquisitions or disposals of investments, changes in investment values, or distributions occurring after March 31, 2023.

	Investment Period		Amount ($ in millions)							
	Start Date[(1)]	End Date [(2)]	Commitment [(3)]	Uncalled Commitments	Percentage Committed by General Partner	Invested	Realized	Remaining Cost [(4)]	Remaining Fair Value	Gross Accrued Carried Interest
Private Equity Business Line										
North America Fund XIII	8/2021	8/2027	$ 18,400	$ 12,250	3%	$ 6,150	$ —	$ 6,150	$ 6,572	$ 2
Americas Fund XII	5/2017	5/2021	13,500	1,579	4%	12,419	5,788	11,042	17,941	1,343
North America Fund XI	11/2012	1/2017	8,718	156	3%	10,024	22,643	2,798	3,584	221
2006 Fund [(5)]	9/2006	9/2012	17,642	247	2%	17,309	37,415	19	19	7
Millennium Fund [(5)]	12/2002	12/2008	6,000	—	3%	6,000	14,123	—	6	1
European Fund VI	6/2022	6/2028	7,326	7,326	3%	—	—	—	—	—
European Fund V	7/2019	2/2022	6,327	1,025	2%	5,372	917	5,213	6,101	253
European Fund IV	2/2015	3/2019	3,512	5	6%	3,637	5,122	1,848	2,851	196
European Fund III [(5)]	3/2008	3/2014	5,504	144	5%	5,360	10,625	590	81	(32)
European Fund II [(5)]	11/2005	10/2008	5,751	—	2%	5,751	8,507	—	34	—
Asian Fund IV	7/2020	7/2026	14,735	9,768	4%	5,008	41	4,940	5,805	8
Asian Fund III	8/2017	7/2020	9,000	1,373	6%	8,057	5,031	6,787	11,043	789
Asian Fund II	10/2013	3/2017	5,825	—	1%	7,316	6,467	3,081	2,156	(346)
Asian Fund [(5)]	7/2007	4/2013	3,983	—	3%	3,974	8,728	110	5	—
China Growth Fund [(5)]	11/2010	11/2016	1,010	—	1%	1,010	1,065	322	170	(17)
Next Generation Technology Growth Fund III	11/2022	11/2028	2,524	2,524	8%	—	—	—	—	—
Next Generation Technology Growth Fund II	12/2019	5/2022	2,088	273	7%	2,012	496	1,812	2,417	136
Next Generation Technology Growth Fund	3/2016	12/2019	659	5	22%	668	1,036	322	899	65
Health Care Strategic Growth Fund II	5/2021	5/2027	3,789	3,331	4%	458	—	458	473	—
Health Care Strategic Growth Fund	12/2016	4/2021	1,331	225	11%	1,236	207	1,106	1,633	72
Global Impact Fund II	6/2022	6/2028	2,094	2,094	7%	—	—	—	—	—
Global Impact Fund	2/2019	3/2022	1,242	266	8%	1,150	324	1,010	1,506	94
Co-Investment Vehicles and Other	Various	Various	17,471	5,149	Various	12,593	7,980	8,853	11,012	1,021
Core Investment Vehicles	Various	Various	24,759	12,313	30%	13,070	872	12,712	21,343	114
Unallocated Commitments [(6)]	N/A	N/A	3,914	3,914	Various	—	—	—	—	—
Total Private Equity			**$ 187,104**	**$ 63,967**		**$ 128,574**	**$ 137,387**	**$ 69,173**	**$ 95,651**	**$ 3,927**

(1) The start date represents the start of the fund's investment period as defined in the fund's governing documents and may or may not be the same as the date upon which management fees begin to accrue. For further information on management fee calculations, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

(2) The end date represents the end of the fund's investment period as defined in the fund's governing documents and is generally not the date upon which management fees cease to be paid. For further information on management fee calculations, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

(3) 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 the exchange rate that prevailed on March 31, 2023.

(4) The remaining cost represents the initial investment of the general partner and limited partners, reduced for returns of capital.

(5) 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.

(6) "Unallocated Commitments" represent commitments received from our strategic investor partnerships that have yet to be allocated to a particular investment strategy.

Real Assets

Through our Real Assets business line, we manage and sponsor a group of real assets funds and accounts that invest capital in infrastructure, real estate, or energy. These funds and accounts are managed by Kohlberg Kravis Roberts & Co. L.P. or one of its subsidiaries. As of March 31, 2023, our Real Assets business line had $120.8 billion of AUM, consisting of $65.4 billion in real estate (of which $35.8 billion is real estate credit and $29.6 billion is real estate equity), $52.1 billion in infrastructure, and $3.3 billion in energy.

The table below presents information as of March 31, 2023, relating to our current real asset funds for which we have the ability to earn carried interest. This data does not reflect acquisitions or disposals of investments, changes in investment values, or distributions occurring after March 31, 2023.

	Investment Period		Amount ($ in millions)							
	Start Date (1)	End Date (2)	Commitment (3)	Uncalled Commitments	Percentage Committed by General Partner	Invested	Realized	Remaining Cost (4)	Remaining Fair Value	Gross Accrued Carried Interest
Real Assets Business Line										
Energy Income and Growth Fund II	8/2018	8/2022	$ 994	$ —	20%	$ 1,189	$ 229	$ 1,003	$ 1,586	$ 38
Energy Income and Growth Fund	9/2013	6/2018	1,974	—	13%	1,974	1,061	1,001	520	—
Natural Resources Fund (5)	Various	Various	887	—	Various	887	132	171	37	—
Global Energy Opportunities	Various	Various	915	62	Various	520	190	319	185	—
Global Infrastructure Investors IV	8/2021	8/2027	16,564	9,688	2%	6,964	88	6,899	7,226	15
Global Infrastructure Investors III	7/2018	6/2021	7,161	1,197	4%	6,230	1,614	5,432	6,564	263
Global Infrastructure Investors II	12/2014	6/2018	3,039	127	4%	3,164	4,723	1,101	1,605	51
Global Infrastructure Investors	9/2010	10/2014	1,040	—	5%	1,050	2,228	—	—	—
Asia Pacific Infrastructure Investors II	9/2022	9/2028	5,720	5,720	6%	—	—	—	—	—
Asia Pacific Infrastructure Investors	1/2020	9/2022	3,792	1,540	7%	2,536	450	2,275	2,648	87
Diversified Core Infrastructure Fund	12/2020	(6)	8,641	2,065	6%	6,616	244	6,616	6,878	—
Real Estate Partners Americas III	1/2021	1/2025	4,253	1,801	5%	2,529	190	2,431	2,356	—
Real Estate Partners Americas II	5/2017	12/2020	1,921	233	8%	1,924	2,489	606	653	48
Real Estate Partners Americas	5/2013	5/2017	1,229	135	16%	1,023	1,408	94	55	(1)
Real Estate Partners Europe II	3/2020	3/2024	2,055	755	10%	1,444	368	1,277	1,181	—
Real Estate Partners Europe	8/2015	12/2019	706	111	9%	673	707	231	258	4
Asia Real Estate Partners	7/2019	7/2023	1,682	990	15%	699	19	671	805	—
Real Estate Credit Opportunity Partners II	8/2019	6/2023	950	151	5%	821	140	821	804	8
Real Estate Credit Opportunity Partners	2/2017	4/2019	1,130	122	4%	1,008	440	1,008	1,009	5
Property Partners Americas	12/2019	(6)	2,569	46	19%	2,523	159	2,523	2,823	—
Co-Investment Vehicles and Other	Various	Various	6,234	2,045	Various	4,245	1,615	3,788	3,437	14
Total Real Assets			**$ 73,456**	**$ 26,788**		**$ 48,019**	**$ 18,494**	**$ 38,267**	**$ 40,630**	**$ 532**

(1) The start date represents the start of the fund's investment period as defined in the fund's governing documents and may or may not be the same as the date upon which management fees begin to accrue. For further information on management fee calculations, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

(2) The end date represents the end of the fund's investment period as defined in the fund's governing documents and is generally not the date upon which management fees cease to be paid. For further information on management fee calculations, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

(3) 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 the exchange rate that prevailed on March 31, 2023.

(4) The remaining cost represents the initial investment of the general partner and limited partners, reduced for returns of capital.

(5) 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.

(6) Open-ended fund.

Private Equity and Real Asset Performance

The table below presents information as of March 31, 2023, relating to the historical performance of certain of our Private Equity and Real Assets investment vehicles since inception, which we believe illustrates the benefits of our investment approach. This data does not reflect additional capital raised since March 31, 2023, or acquisitions or disposals of investments, changes in investment values, or distributions occurring after that date. 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.

Private Equity and Real Assets Business Lines Investment Funds	Amount		Fair Value of Investments					
	Commitment [2]	Invested	Realized [4]	Unrealized	Total Value	Gross IRR [5]	Net IRR [5]	Gross Multiple of Invested Capital [5]
			($ in millions)					
Total Investments								
Legacy Funds [1]								
1976 Fund	$ 31	$ 31	$ 537	$ —	$ 537	39.5 %	35.5 %	17.1
1980 Fund	357	357	1,828	—	1,828	29.0 %	25.8 %	5.1
1982 Fund	328	328	1,291	—	1,291	48.1 %	39.2 %	3.9
1984 Fund	1,000	1,000	5,964	—	5,964	34.5 %	28.9 %	6.0
1986 Fund	672	672	9,081	—	9,081	34.4 %	28.9 %	13.5
1987 Fund	6,130	6,130	14,949	—	14,949	12.1 %	8.9 %	2.4
1993 Fund	1,946	1,946	4,143	—	4,143	23.6 %	16.8 %	2.1
1996 Fund	6,012	6,012	12,477	—	12,477	18.0 %	13.3 %	2.1
Subtotal - Legacy Funds	16,475	16,475	50,269	—	50,269	26.1 %	19.9 %	3.1
Included Funds								
European Fund (1999)	3,085	3,085	8,758	—	8,758	26.9 %	20.2 %	2.8
Millennium Fund (2002)	6,000	6,000	14,123	6	14,129	22.0 %	16.1 %	2.4
European Fund II (2005)	5,751	5,751	8,507	34	8,541	6.1 %	4.5 %	1.5
2006 Fund (2006)	17,642	17,309	37,415	19	37,434	11.9 %	9.3 %	2.2
Asian Fund (2007)	3,983	3,974	8,728	5	8,733	18.9 %	13.7 %	2.2
European Fund III (2008)	5,504	5,360	10,625	81	10,706	16.4 %	11.3 %	2.0
E2 Investors (Annex Fund) (2009)	196	196	200	—	200	0.6 %	0.5 %	1.0
China Growth Fund (2010)	1,010	1,010	1,065	170	1,235	5.0 %	1.0 %	1.2
Natural Resources Fund (2010)	887	887	132	37	169	(24.4) %	(26.2) %	0.2
Global Infrastructure Investors (2010)	1,040	1,050	2,228	—	2,228	17.6 %	15.6 %	2.1
North America Fund XI (2012)	8,718	10,024	22,643	3,584	26,227	24.1 %	19.6 %	2.6
Asian Fund II (2013)	5,825	7,316	6,467	2,156	8,623	4.9 %	3.3 %	1.2
Real Estate Partners Americas (2013)	1,229	1,023	1,408	55	1,463	16.1 %	11.3 %	1.4
Energy Income and Growth Fund (2013)	1,974	1,974	1,061	520	1,581	(5.8) %	(8.4) %	0.8
Global Infrastructure Investors II (2014)	3,039	3,164	4,723	1,605	6,328	19.9 %	17.2 %	2.0
European Fund IV (2015)	3,512	3,637	5,122	2,851	7,973	23.9 %	18.6 %	2.2
Real Estate Partners Europe (2015)	706	673	707	258	965	13.1 %	9.4 %	1.4
Next Generation Technology Growth Fund (2016)	659	668	1,036	899	1,935	31.5 %	26.7 %	2.9
Health Care Strategic Growth Fund (2016)	1,331	1,236	207	1,633	1,840	20.0 %	12.7 %	1.5
Americas Fund XII (2017)	13,500	12,419	5,788	17,941	23,729	23.9 %	19.2 %	1.9
Real Estate Credit Opportunity Partners (2017)	1,130	1,008	440	1,009	1,449	9.3 %	7.9 %	1.4
Core Investment Vehicles (2017)	24,759	13,070	872	21,343	22,215	19.6 %	18.4 %	1.7
Asian Fund III (2017)	9,000	8,057	5,031	11,043	16,074	29.4 %	22.8 %	2.0
Real Estate Partners Americas II (2017)	1,921	1,924	2,489	653	3,142	27.6 %	22.9 %	1.6
Global Infrastructure Investors III (2018)	7,161	6,230	1,614	6,564	8,178	13.5 %	10.1 %	1.3
Global Impact Fund (2019)	1,242	1,150	324	1,506	1,830	28.3 %	20.8 %	1.6
European Fund V (2019)	6,327	5,372	917	6,101	7,018	14.9 %	11.0 %	1.3
Energy Income and Growth Fund II (2018)	994	1,189	229	1,586	1,815	22.9 %	20.5 %	1.5
Asia Real Estate Partners (2019)	1,682	699	19	805	824	15.3 %	5.2 %	1.2
Next Generation Technology Growth Fund II (2019)	2,088	2,012	496	2,417	2,913	23.4 %	17.9 %	1.4
Real Estate Credit Opportunity Partners II (2019)	950	821	140	804	944	10.1 %	7.6 %	1.1
Asia Pacific Infrastructure Investors (2020)	3,792	2,536	450	2,648	3,098	19.4 %	13.0 %	1.2
Asian Fund IV (2020)	14,735	5,008	41	5,805	5,846	13.6 %	6.9 %	1.2
Real Estate Partners Europe II (2020)	2,055	1,444	368	1,181	1,549	6.3 %	2.2 %	1.1
Real Estate Partners Americas III (2021)	4,253	2,529	190	2,356	2,546	0.6 %	(2.4) %	1.0
Health Care Strategic Growth Fund II (2021) [3]	3,789	458	—	473	473	—	—	—
Global Infrastructure Investors IV (2021) [3]	16,564	6,964	88	7,226	7,314	—	—	—
North America Fund XIII (2021) [3]	18,400	6,150	—	6,572	6,572	—	—	—
European Fund VI (2022) [3]	7,326	—	—	—	—	—	—	—
Global Impact Fund II (2022) [3]	2,094	—	—	—	—	—	—	—
Asia Pacific Infrastructure Investors II (2022) [3]	5,720	—	—	—	—	—	—	—
Next Generation Technology Growth Fund III (2022) [3]	2,524	—	—	—	—	—	—	—
Subtotal - Included Funds	224,097	153,377	154,651	111,946	266,597	16.1 %	12.3 %	1.8
All Funds	**$ 240,572**	**$ 169,852**	**$ 204,920**	**$ 111,946**	**$ 316,866**	**25.5 %**	**18.7 %**	**1.9**

(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.

(2) Where commitments are not U.S. dollar-denominated, such amounts have been converted into U.S. dollars based on the exchange rate prevailing on March 31, 2023.

(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 March 31, 2023. We therefore have not calculated gross IRRs, net IRRs and gross multiples of invested capital with respect to these 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.

(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 Equity and Real Assets 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 Equity and Real Assets 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 Equity and Real Assets 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 Equity and Real Assets 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.

For more information, see "Risk Factors—Risks Related to the Assets We Manage—Future results of our funds, our insurance subsidiaries or our balance sheet investments may be different than, and may not achieve the levels of, any of their historical returns" in our Annual Report.

Credit and Liquid Strategies

Through our Credit and Liquid Strategies business line, we report our credit and hedge funds platforms on a combined basis. As of March 31, 2023, our Credit and Liquid Strategies business line had $223.5 billion of AUM, comprised of $111.7 billion of assets managed in our leveraged credit strategies, $75.9 billion of assets managed in our private credit strategy, and $7.8 billion of assets managed in our SIG strategy, $26.4 billion of assets managed through our hedge fund platform, and $1.7 billion of assets managed in other Credit and Liquid Strategies strategies. We manage $108.6 billion of credit investments for our Global Atlantic insurance companies. Our BDC has approximately $16.1 billion in assets under management, which is reflected in the AUM of our leveraged credit and private credit strategies above. We report all of the assets under management of our BDC in our AUM, but we report only a pro rata portion of the assets under management of our hedge fund partnerships based on our percentage ownership in them.

Credit

Our credit platform invests capital in a broad range of corporate debt and collateral-backed investments across asset classes and capital structures. Our credit strategies are primarily 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”), KKR Credit Advisors (EMEA) LLP, which is regulated by the United Kingdom ("UK") Financial Conduct Authority (the "FCA"), and KKR Credit Advisors (Singapore) Pte. Ltd., which is regulated by the Monetary Authority of Singapore and an SEC-registered investment adviser. We also jointly own with a third party FS/KKR Advisor, LLC, an investment adviser registered with the SEC that provides investment advisory services to FS KKR Capital Corp. (NYSE: FSK), a publicly listed BDC. For further information regarding the legal entities involved in the Credit business and the regulatory and legal requirements that apply to these entities and their activities, see "—Regulation" in our Annual Report.

Our credit business pursues a variety of investment strategies in leveraged credit and alternative credit.

Leveraged Credit. Our leveraged credit strategies seek to primarily invest in leveraged loans (including revolving credit facilities), CLOs, high yield bonds, structured credit, stressed securities and illiquid credits. Within leveraged credit, we manage both single-asset class and multi-asset class pools of capital. Our opportunistic credit strategy seeks to deploy capital across investment themes that seek to take advantage of credit market dislocations, spanning asset types and liquidity profiles. Our multi-asset credit strategy seeks to dynamically allocate across asset types in a broadly diversified strategy. Our revolving credit strategy invests in senior secured revolving credit facilities.

Alternative Credit. Our alternative credit strategy consists of our (i) private credit strategies and (ii) investments overseen by our credit platform’s strategic investments group (“SIG”):

- **Private Credit.** Our private credit strategies focus on privately or directly originated and negotiated transactions. These strategies include direct lending typically in the senior part of a company’s capital structure, junior mezzanine debt, and asset-based finance. Through our direct lending strategy, we seek to make investments in primarily senior debt financings for middle-market companies. Through our junior mezzanine debt strategy, investments typically consist of subordinated debt, which generates a current yield, coupled with marginal equity exposure for additional upside potential. Our asset-based finance strategy focuses on portfolios of financial loans and loans backed by hard assets.

- **Strategic Investments Group.** This strategy seeks to provide strategic capital solutions to high quality, mid-to-large cap companies and assets. The strategy pursues investments in corporate credit as well as asset or real estate-backed credit, where we believe market volatility or other investment themes have created the opportunity to invest opportunistically across the capital structure and through market cycles to generate outsized returns with downside-protected securities. These investments may include stressed or distressed investments (including post-restructuring equity), control-oriented opportunities, rescue financing (debt or equity investments made to address covenant, maturity or liquidity issues), debtor-in-possession or exit financing and other event-driven investments in debt or equity.

The table below presents information as of March 31, 2023, relating to our current credit funds in our Credit and Liquid Strategies business line for which we have the ability to earn carried interest. This data does not reflect acquisitions or disposals of investments, changes in investment values, or distributions occurring after March 31, 2023.

	Investment Period		Amount ($ in millions)							
	Start Date (1)	End Date (2)	Commitment (3)	Uncalled Commitments	Percentage Committed by General Partner	Invested	Realized	Remaining Cost (4)	Remaining Fair Value	Gross Accrued Carried Interest
Credit and Liquid Strategies Business Line										
Dislocation Opportunities Fund	8/2019	11/2021	$ 2,967	$ 587	14%	$ 2,380	$ 898	$ 1,842	$ 1,907	$ 45
Special Situations Fund II	2/2015	3/2019	3,525	284	9%	3,241	2,278	1,449	1,346	—
Special Situations Fund	1/2013	1/2016	2,274	1	12%	2,273	1,775	600	410	—
Mezzanine Partners	7/2010	3/2015	1,023	33	4%	990	1,165	256	142	(20)
Asset-Based Finance Partners	10/2020	7/2025	2,059	1,295	7%	764	41	764	815	14
Private Credit Opportunities Partners II	12/2015	12/2020	2,245	412	2%	1,833	784	1,357	1,260	—
Lending Partners III	4/2017	11/2021	1,498	607	2%	891	611	741	757	36
Lending Partners II	6/2014	6/2017	1,336	157	4%	1,179	1,192	189	86	—
Lending Partners	12/2011	12/2014	460	40	15%	420	458	29	11	—
Lending Partners Europe II	5/2019	9/2023	837	158	7%	679	95	679	685	3
Lending Partners Europe	3/2015	3/2019	848	184	5%	662	391	313	234	—
Asia Credit	1/2021	5/2025	1,084	736	9%	348	2	348	387	5
Other Alternative Credit Vehicles	Various	Various	14,588	7,201	Various	7,541	5,953	3,806	3,898	8
Total Credit and Liquid Strategies			**$ 34,744**	**$ 11,695**		**$ 23,201**	**$ 15,643**	**$ 12,373**	**$ 11,938**	**$ 91**

(1) The start date represents the start of the fund's investment period as defined in the fund's governing documents and may or may not be the same as the date upon which management fees begin to accrue. For further information on management fee calculations, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

(2) The end date represents the end of the fund's investment period as defined in the fund's governing documents and is generally not the date upon which management fees cease to be paid. For further information on management fee calculations, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

(3) 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 the foreign exchange rate that prevailed on March 31, 2023.

(4) The remaining cost represents the initial investment of the general partner and limited partners, reduced for returns of capital.

The following table presents information regarding larger leveraged credit strategies managed by KKR from inception to March 31, 2023. 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 Strategy	Inception Date	Gross Returns	Net Returns	Benchmark [1]	Benchmark Gross Returns
Bank Loans Plus High Yield	Jul 2008	6.65 %	6.05 %	65% S&P/LSTA Loan Index, 35% BoAML HY Master II Index [2]	5.32%
Opportunistic Credit [3]	May 2008	10.13 %	8.51 %	50% S&P/LSTA Loan Index, 50% BoAML HY Master II Index [3]	5.48%
Bank Loans	Apr 2011	5.08 %	4.51 %	S&P/LSTA Loan Index [4]	4.03%
High-Yield	Apr 2011	5.57 %	5.00 %	BoAML HY Master II Index [5]	4.89%
European Leveraged Loans [6]	Sep 2009	4.29 %	3.77 %	CS Inst West European Leveraged Loan Index [7]	3.33%
European Credit Opportunities [6]	Sept 2007	5.42 %	4.43 %	S&P European Leveraged Loans (All Loans) [8]	3.84%

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

(7) 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.

(8) 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.

The following table presents information regarding our alternative credit investment funds where investors have capital commitments from inception to March 31, 2023. 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.

Credit and Liquid Strategies Investment Funds	Investment Period Start Date	Amount		Fair Value of Investments		Total Value	Gross IRR [(2)]	Net IRR [(2)]	Multiple of Invested Capital [(3)]
		Commitment	Invested [(1)]	Realized [(1)]	Unrealized				
			($ in Millions)						
Dislocation Opportunities Fund	Aug 2019	$ 2,967	$ 2,380	$ 898	$ 1,907	$ 2,805	11.5 %	9.0 %	1.2
Special Situations Fund II	Feb 2015	3,525	3,241	2,278	1,346	3,624	3.0 %	1.0 %	1.1
Special Situations Fund	Jan 2013	2,274	2,273	1,775	410	2,185	(0.8)%	(2.6)%	1.0
Mezzanine Partners	July 2010	1,023	990	1,165	142	1,307	9.1 %	5.9 %	1.3
Asset-Based Finance Partners	Oct 2020	2,059	764	41	815	856	16.4 %	11.5 %	1.1
Private Credit Opportunities Partners II	Dec 2015	2,245	1,833	784	1,260	2,044	3.6 %	1.9 %	1.1
Lending Partners III	Apr 2017	1,498	891	611	757	1,368	15.3 %	12.5 %	1.5
Lending Partners II	Jun 2014	1,336	1,179	1,192	86	1,278	3.0 %	1.5 %	1.1
Lending Partners	Dec 2011	460	420	458	11	469	3.4 %	1.8 %	1.1
Lending Partners Europe II	May 2019	837	679	95	685	780	15.0 %	11.2 %	1.1
Lending Partners Europe	Mar 2015	848	662	391	234	625	(1.7)%	(4.1)%	0.9
Asia Credit	Jan 2021	1,084	348	2	387	389	15.5 %	10.3 %	1.1
Other Alternative Credit Vehicles	Various	14,588	7,541	5,953	3,898	9,851	N/A	N/A	N/A
All Funds		**$ 34,744**	**$ 23,201**	**$ 15,643**	**$ 11,938**	**$ 27,581**			

(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 and organizational expenses. Gross IRRs are calculated before giving effect to the allocation of carried interest and the payment of any applicable management fees and organizational expenses.

(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.

For additional information regarding impact of market conditions on the value and performance of our investments, see "Risk Factors—Risks Related to Our Business—Difficult market and economic conditions can adversely affect our business in many ways, which could adversely impact our net income, cash flow, financial condition and prospects." and "Risk Factors—Risks Related to the Assets We Manage—Future results of our funds, our insurance subsidiaries or our balance sheet investments may be different than, and may not achieve the levels of, any of their historical returns" in our Annual Report.

Hedge Fund Platform

Our hedge fund platform consists of strategic partnerships with third-party hedge fund managers in which KKR owns a minority stake. Our hedge fund partnerships offer a range of alternative investment strategies, including long/short equity, hedge fund-of-funds and energy credit investments. This principally consists of a 39.6% interest in Marshall Wace LLP (together with its affiliates, "Marshall Wace"), a global alternative investment manager specializing in long/short equity products. We also own (i) a 39.9% interest in PAAMCO Prisma Holdings, LLC ("PAAMCO Prisma"), an investment manager focused on liquid alternative investment solutions, including hedge fund-of-fund portfolios, and (ii) a 24.9% interest in BlackGold Capital Management L.P. ("BlackGold"), a credit-oriented investment manager focused on energy and hard asset investments.

Capital Markets

Our Capital Markets business line is comprised of our global capital markets business, which is integrated with KKR’s other asset management business lines, and serves our firm, our portfolio companies and third-party customers 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 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. The third-party customers of our capital markets business include multi-national corporations, public and private companies, financial sponsors, mutual funds, pension funds, sovereign wealth funds, and hedge funds globally. Our capital markets business provides these third-party clients with differentiated access to capital through our distribution platform.

Our capital markets business underwrites credit facilities and arranges loan syndications and participations. When we are sole or lead 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 capital structuring, 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 firm’s balance sheet and deploy capital to support and grow our Private Equity, Real Assets, and Credit and Liquid Strategies business lines.

Typically, the funds in our Private Equity, Real Assets, and Credit and Liquid Strategies business lines contractually require us, as general partner of the funds, to make sizable capital commitments. 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. A substantial portion of our Principal Activities business line has been dedicated to support our core private equity strategy, where we have committed to fund investors to invest a significant amount of our own capital alongside their core private equity investments. Our commitments to fund capital also occurs where we are the holder of the subordinated notes or the equity tranche of investment vehicles that we sponsor, including structured transactions. We also use our balance sheet to bridge investment activity during fundraising, for example by funding investments for new funds and acquiring investments to establish a track record for new investment strategies. We also use our own capital to bridge capital selectively for our funds’ investments or finance strategic transactions, although the financial results of an acquired business may be reported in our other business lines.

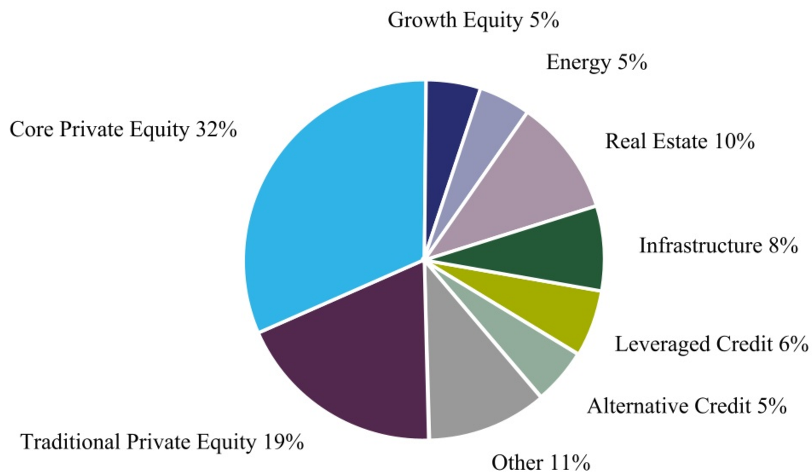
Our Principal Activities business line also provides the required capital to fund the various commitments of our Capital Markets business line when underwriting or syndicating securities, or when providing term loan commitments for transactions involving our portfolio companies and for third parties.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

We also make opportunistic investments through our Principal Activities business line, which include co-investments alongside our Private Equity, Real Assets, and Credit and Liquid Strategies funds as well as Principal Activities investments that do not involve our Private Equity, Real Assets, or Credit and Liquid Strategies 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 March 31, 2023.

Holdings by Asset Class [1]



(1) General partner funded commitments to 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.

Core Private Equity

As of March 31, 2023, core private equity investments account for over 30% of the investments on our balance sheet. Core private equity consists of investments anticipated to be held for a longer holding period and which possess a lower anticipated risk profile than our traditional private equity investments. Our core private equity investments are made in companies that, among other things, we believe are more stable, and typically with lower leverage over our holding period than those companies in which our traditional private equity investments are made. We believe our core private equity investments should generate earnings that compound over a long period of time. As of March 31, 2023, the fair value of our core private equity investments on the balance sheet was $5.7 billion, resulting in an inception to date gross IRR of 21%. Additionally, our core private equity portfolio is geographically diversified with 65%, 28%, and 7% (based on fair values) invested in North America, Europe, and the Asia-Pacific region, respectively. "Investments" as referenced above is a term used solely for purposes of financial presentation of a portion of our balance sheet and includes majority ownership of subsidiaries that operate our asset management, broker-dealer and other businesses, including the general partner interests of our investment funds.

Insurance

Our insurance business is operated by Global Atlantic, which we acquired on February 1, 2021. As of March 31, 2023, KKR owns a 63.3% economic interest in Global Atlantic with the balance of Global Atlantic owned by third-party investors and Global Atlantic employees. Following the Global Atlantic acquisition, Global Atlantic continues to operate as a separate business with its existing brands and management team. Since the first quarter of 2021, we have presented Global Atlantic's financial results as a separate reportable segment.

Global Atlantic is a leading retirement and life insurance company that provides a broad suite of protection, legacy and savings products to customers and reinsurance solutions to clients across individual and institutional markets. Global Atlantic focuses on target markets that it believes support issuing products that have attractive risk and return characteristics. These markets allow Global Atlantic to leverage its strength in distribution and to deploy shareholder capital opportunistically across various market environments.

Global Atlantic primarily offers individual customers fixed-rate annuities, fixed-indexed annuities, and targeted life products through a network of banks, broker-dealers, and insurance agencies. Global Atlantic provides its institutional clients customized reinsurance solutions, including block, flow and pension risk transfer ("PRT") reinsurance, as well as funding agreements. Global Atlantic’s assets generally increase when individual markets sales and reinsurance transactions exceed run-off of in-force policies. Global Atlantic primarily generates income by earning a spread on assets under management, as the difference between its net investment income and the cost of policyholder benefits. Global Atlantic also earns fees paid by policyholders on certain types of contracts and fees paid by third-party investors, which are reported in the asset management segment. As of March 31, 2023, Global Atlantic served approximately three million policyholders.

Global Atlantic inflows are derived from new business production in its individual and institutional markets channels. Global Atlantic expects new business production from its individual markets channel and certain institutional markets products to be largely consistent quarter over quarter while exhibiting growth over time, subject to market and business risks. In contrast, Global Atlantic expects block reinsurance transactions generated in the institutional markets channel to be episodic rather than steady quarter over quarter. Similarly, funding agreements issued in the funding agreement backed note ("FABN") program are subject to capital markets conditions and are not expected to be consistent quarter over quarter.

The following table represents Global Atlantic's new business volumes by business and product for the three months ended March 31, 2023 and 2022:

	Three months ended March 31,	
	2023	2022
($ in millions)		
Individual market channel:		
Fixed-rate annuities	$ 2,146	$ 1,039
Fixed-indexed annuities	1,065	904
Variable annuities	4	11
Total retirement products[(1)]	**$ 3,215**	**$ 1,954**
Life insurance products	$ 4	$ 7
Preneed life	75	65
Institutional market channel:		
Block	79	2,777
Flow & pension risk transfer	2,430	1,699
Funding agreements[(3)]	—	1,100
Total institutional market channel[(2)]	**$ 2,509**	**$ 5,576**

(1) New business volumes in individual markets are referred to as sales. In Global Atlantic's individual market channel, sales of annuities include all money paid into new and existing contracts. Individual market channel sales of life insurance products are based on commissionable premium and individual market channel sales for preneed life are based on the face amount of insurance. Life insurance product sales do not include the recurring premiums that policyholders may pay over time.

(2) New business volumes from Global Atlantic's institutional market channel are based on the assets assumed, net of any ceding commission, and is gross of any retrocessions to investment vehicles that participate in qualifying reinsurance transactions sourced by Global Atlantic and to other third party reinsurers.

(3) Funding agreement new business volumes represents funding agreements issued in connection with the FABN program only.

The table below represents a breakdown of Global Atlantic’s policy liabilities by business and product type as of March 31, 2023, separated by reserves originated through its individual and institutional markets.

	Reserves as of March 31, 2023					
	Individual market	Institutional market[4]	Total	Ceded	Total, net	Percentage of total
	($ in thousands, except percentages, if applicable)					
Fixed-rate annuity[1]	$ 23,677,643	$ 26,355,768	$ 50,033,411	$ (6,673,549)	$ 43,359,862	34.5 %
Fixed-indexed annuity[1]	23,520,922	9,524,954	33,045,876	(3,198,904)	29,846,972	22.8 %
Payout annuities[1]	456,206	16,749,610	17,205,816	(8,374,110)	8,831,706	11.8 %
Variable annuities	2,563,513	6,352,811	8,916,324	(2,659,453)	6,256,871	6.1 %
Interest sensitive life[1]	13,782,847	10,006,220	23,789,067	(3,733,171)	20,055,896	16.4 %
Other life insurance[2]	3,488,680	264,313	3,752,993	(229,521)	3,523,472	2.6 %
Funding agreements[3]	1,951,431	5,497,431	7,448,862	—	7,448,862	5.1 %
Closed block and other corporate products	437	1,092,860	1,093,297	(1,045,179)	48,118	0.7 %
Total reserves	**$ 69,441,679**	**$ 75,843,967**	**$ 145,285,646**	**$ (25,913,887)**	**$ 119,371,759**	**100.0 %**
Total general account	$ 67,159,216	$ 73,961,409	$ 141,120,625	$ (25,913,887)	$ 115,206,738	97.1 %
Total separate account	2,282,463	1,882,558	4,165,021	—	4,165,021	2.9 %
Total reserves	**$ 69,441,679**	**$ 75,843,967**	**$ 145,285,646**	**$ (25,913,887)**	**$ 119,371,759**	**100.0 %**

(1) As of March 31, 2023, 75% of the account value in Global Atlantic's general account associated with its fixed-rate and fixed-annuity products, and 44% of account value in its general account associated with universal life products was protected by surrender charges.

(2) "Other life insurance” includes universal life, preneed, term and whole life insurance products.

(3) "Funding agreements” includes funding agreements associated with Federal Home Loan Bank borrowings and under Global Atlantic's funding-agreement backed-notes program .

(4) Institutional market reserves are sourced using customized reinsurance solutions such as block, flow and PRT. As of March 31, 2023, reserves sourced through for block, flow and PRT transactions were $48.5 billion, $14.2 billion, and $4.8 billion, respectively.

Business Environment

Economic and Market Conditions

Our asset management and insurance businesses are materially affected by the economic conditions of, and financial markets in, the United States, the European Union, China, Japan, and other countries. Global and regional economic conditions can each have substantial impact on our business, financial condition and results of operations in various ways, including the valuations of our investments, our ability to exit these investments profitably, our ability to raise capital from investors, and our ability to make new investments.

Economic Conditions

During the first quarter of 2023, many countries and regions, including the United States, showed signs of slowing economic activity similar to what was experienced in the second half of 2022. During and after March 2023, materially adverse developments affected the banking industry, including U.S. regional banks and various global banking institutions based outside of the United States, which triggered market concerns about a larger scale potential banking crisis and a possible recession in the United States and globally. There can be no assurance that there will not be additional bank failures or other issues in the broader U.S. or global financial system that could adversely affect our businesses to the extent the occurrence of these events contribute to a contraction of credit availability, tightening of financial conditions and/or a significant deterioration of consumer confidence.

As in 2022, economic activity continued to be adversely impacted by the effects of monetary and fiscal policy tightening as years of fiscal stimulus from governments and accommodative monetary policy from global central banks began to wane and central banks took measures to combat significant inflationary pressures at multi-decade highs in many major economies around the world. Although inflation began to show signs of slowing in early 2023, inflation has continued to present headwinds for many countries and regional economies in which we operate. The U.S. Federal Reserve Board has continued to raise interest rates and indicated that it is prepared to take decisive action to manage inflation, including raising interest rates further. However, even as the Federal Reserve Board continued its quantitative tightening program designed to shrink its balance sheet, its emergency lending to address banking system stress in 2023 served as an expansionary force on its balance sheet. As a result of these and other actions by central banks, the combination of high rates and more muted, but persistently high, inflation continued to put significant pressure on corporate profits and consumer balance sheets with inflation generally remaining elevated in absolute terms.

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 central bank quantitative easing or tightening campaigns affecting their interest rates relative to the United States could potentially experience further currency volatility relative to the U.S. dollar. Relatedly, foreign exchange rates are often affected by countries' monetary and fiscal responses to inflationary trends. 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.

Labor disputes, shortages of material and skilled labor, work stoppages and increasing labor costs can also adversely impact us and the assets we manage. Despite various economic headwinds, several key economic indicators in the U.S., including employment, have demonstrated resilience in the first quarter of 2023. During the first quarter of 2023, growth in economic activity and demand for goods and services contributed to significant inflationary pressures. Short-term significant supply chain complications that were persistent throughout much of 2022 began to ease in the first quarter of 2023. However, various supply bottlenecks, such as those involving Russia-Ukraine supply chains and U.S. domestic and global semiconductor industry output shortages as a result of restrictions on trade with Chinese semiconductor companies, remain a long-term concern that could present inflation risk. These and related concerns, such as rising interest rates and geopolitical uncertainty in countries such as China, Russia, Belarus and the Ukraine, and pressures on labor supply, contributed to market volatility, equity and credit market declines.

In the Eurozone, disruptions to European energy markets and the ongoing Russia-Ukraine conflict continue to adversely affect the Eurozone economy. The ongoing Russia-Ukraine conflict, including the sanctions imposed in response to Russia's invasion of Ukraine and protectionist policies that persisted throughout 2022, have exacerbated and may further exacerbate these issues and trends globally, including by continuing to increase oil and gas prices and price volatility.

Economic conditions continued to vary, and often diverge, by country in Asia. In Japan, concerns of labor shortages, rising inflation, tightening monetary policy, higher energy costs, significant volatility in currency markets and a return of international tourism were points of focus in the first quarter of 2023. In China, inflation growth was more muted, export growth was strong and international travel was more limited.

Several relevant key economic indicators in the U.S. and in other countries and areas in which our business operates include:

- **Inflation.** The U.S. core consumer price index rose 5.6% on a year-over-year basis as of March 31, 2023, down from 5.7% on a year-over-year basis as of December 31, 2022. Euro Area core inflation was 5.7% as of March 31, 2023, up from 5.2% as of December 31, 2022. Core inflation in China was 0.7% on a year-over-year basis as of March 31, 2023, unchanged from December 31, 2022. In Japan, core inflation rose to 2.3% on a year-over-year basis as of March 31, 2023, up from 1.6% on a year-over-year basis as of December 31, 2022.

- **Interest Rates.** The effective federal funds rate set by the Federal Reserve Board was 4.83% as of March 31, 2023, up from 4.33% as of December 31, 2022. The Federal Reserve raised interest rates by 25 basis points in February, and 25 basis points in March, leading to increased market volatility. The short-term benchmark interest rate set by the European Central Bank was 3.5% as of March 31, 2023, up from 2.5% as of December 31, 2022. The short-term benchmark interest rate set by The People's Bank of China (PBOC) was 4.35% as of March 31, 2023, unchanged from December 31, 2022. The short-term benchmark interest rate set by the Bank of Japan was -0.1% as of March 31, 2023, unchanged from December 31, 2022.

- **GDP.** In the United States, real GDP is estimated to have expanded by 1.3% for the quarter ended March 31, 2023, compared to an expansion of 2.6% for the quarter ended December 31, 2022. Euro Area real GDP is estimated to have decreased by 0.2% for the quarter ended March 31, 2023, up from 0.0% for the quarter ended December 31, 2022. Real GDP in China is estimated to have increased by 2.2% for the quarter ended March 31, 2023, compared to growth of 0.6% reported for the quarter ended December 31, 2022. In Japan, real GDP is estimated to have increased by 1.3% for the quarter ended March 31, 2023, up from 0.0% for the quarter ended December 31, 2022.

- **Unemployment.** The U.S. unemployment rate was 3.5% as of March 31, 2023, unchanged from December 31, 2022. Euro Area unemployment was 6.6% as of March 31, 2023, down from 6.7% as of December 31, 2022. The unemployment rate in China was 5.5% as of March 31, 2023, unchanged from December 31, 2022. In addition, the unemployment rate in Japan was 2.6% as of March 31, 2023, up from 2.5% as of December 31, 2022.

Market Conditions

Equity, credit, commodity and foreign exchange markets in the United States and in other countries and areas in which we have made investments each may have a material effect on our financial condition and results of operations.

In our asset management segment, 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. Volatility across global equity and credit markets, alongside shifting liquidity conditions in new issue activity across equity and non-investment grade credit markets, have adversely impacted (and may continue to adversely impact) our financial results and the volume of capital markets activity, the level of transaction fees that our Capital Markets business line is able to earn, the valuation of our portfolio companies, sale activity and investment proceeds we realize, and our ability or our decision to deploy our and our funds' capital. For our investments that are publicly listed and thus have readily observable market prices, global equity market price declines had (and may continue to have) a direct adverse impact on our investment valuations and the timing of our realization opportunities. For many other of our investments, these markets had an indirect materially adverse impact on many of our investment valuations as we typically utilize market multiples as a critical input to ascertain fair value of our investments that do not have readily observable market prices.

In addition, many of our investments are in both non-investment grade and investment grade credit instruments. Many of our funds invest or have the flexibility to invest a significant portion of their assets in the equity, debt, loans or other securities of issuers that are based outside of the United States. A substantial amount of these investments consist of private equity investments made by our private equity funds. For example, as of March 31, 2023, approximately 50% of the capital invested in those funds was attributable to non-U.S. investments. In our insurance business, a change in equity prices also impacts Global Atlantic's equity-sensitive annuity and life insurance products, including with respect to hedging costs related to and fee-income earned on those products. Our funds, our portfolio companies and Global Atlantic 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. Tightening liquidity conditions in equity and credit capital markets affect the availability and cost of capital for us and our portfolio companies, and the increased cost of credit or degradation in debt financing terms may adversely impact our ability to identify, execute and exit investments on attractive terms. In addition, during periods of high interest rates, investors may favor certain investments like government debt, which they may view as producing a higher risk-adjusted return over investments in our funds, particularly if the spread between these other investments and investments in our funds declines, which may adversely affect our ability to raise capital for new funds.

In our insurance segment, periods of rising or higher interest rates as we are currently experiencing may result in differing impacts on Global Atlantic's business. Periods of rising or higher interest rates can benefit Global Atlantic's results of operations and financial condition because we generally expect the yield on new investment purchases and income from any floating rate investments held in Global Atlantic's investment portfolio to increase as interest rates rise. Higher interest rates also generally tend to increase the demand for certain of Global Atlantic's products because the benefits and solutions Global Atlantic can offer to clients may become more attractive, potentially resulting in higher new business volumes. Rising rates are also expected to result in decreases to certain policy liabilities as a result of new accounting guidance which Global Atlantic adopted effective January 1, 2023 (with a transition date of January 1, 2021) for insurance companies that issue or reinsure long-duration contracts such as life insurance and annuities. For a further discussion of this guidance, see Note 2 "Summary of Significant Accounting Policies—Future application of accounting standards" in our financial statements.

Higher interest rates can also have a negative impact on Global Atlantic. For example, higher policyholder surrenders may occur in response to rising interest rates as more attractive products become available to policyholders in a higher rate environment. The majority of our investments at Global Atlantic are in investment grade credit instruments. Sales of those investments at a loss, for example to raise cash to meet policyholder obligations upon surrender earlier than expected maturity or as Global Atlantic rotates out of investments acquired with new reinsurance transactions to our desired asset mix during a period of rising or higher rates compared to when the investment was acquired, is expected to decrease our net income in that period and such decrease could be significant. Global Atlantic also expects that in a higher rate environment, Global Atlantic will generally have a higher cost of insurance on new business, including higher hedging costs, as the benefits to policyholders on new business will be generally higher. If Global Atlantic fails to adequately cash flow match liabilities sold with higher benefits and interest rates fall while Global Atlantic holds that liability, Global Atlantic may not generate its expected earnings on those liabilities. In addition, rising interest rates will decrease the fair value of Global Atlantic's credit investments and the value of embedded derivatives associated with funds withheld reinsurance transactions. Global Atlantic expects that substantially all of its unrealized losses will not be realized as it intends to hold these investments until recovery of the losses, which may be at maturity, as part of its asset liability cash-flow matching strategy. However, if the market, industry and company-specific factors relating to these investments deteriorate meaningfully, Global Atlantic may be required to recognize an impairment to goodwill and may realize losses as a result of credit defaults or impairments on investments, either of which could have a material adverse effect on our results of operations and financial condition.

In addition, commodity prices are generally expected to rise in inflationary environments. Our Real Assets business line portfolio contains energy real asset investments, and certain of our other Private Equity, Real Assets and Credit and Liquid Strategies business line strategies have investments in or related to the energy sector. The value of these investments is heavily influenced by the price of natural gas and oil. Changes in foreign exchange rates, unless hedged, can materially impact various aspects of our business and financial results, including, but not limited to, the valuations of our non-U.S. investments, the success of fundraising from non-U.S. investors, and the attractiveness of investment opportunities in countries outside of the United States.

Several relevant key market indicators in the U.S. and in other countries and areas which constitute our business environment include:

- **Equity Markets.** For the quarter ended March 31, 2023, global equity markets were positive, with the S&P 500 up 7.5% and the MSCI World Index up 7.9% on a total return basis including dividends. Equity market volatility as evidenced by the Chicago Board Options Exchange Market Volatility Index (VIX), a measure of volatility, ended at 18.7 as of March 31, 2023, decreasing from 21.7 as of December 31, 2022.

- **Credit Markets.** During the quarter ended March 31, 2023, U.S. investment grade corporate bond spreads (BofA Merrill Lynch US Corporate Index) widened by 7 basis points and U.S. high-yield corporate bond spreads (BofAML HY Master II Index) narrowed by 23 basis points. The non-investment grade credit indices were up during the quarter ended March 31, 2023, with the S&P/LSTA Leveraged Loan Index up 3.2% and the BAML US High Yield Index up 3.7%. During the quarter ended March 31, 2023, 10-year government bond yields fell 41 basis points in the United States, fell 18 basis points in the UK, fell 28 basis points in Germany, rose 2 basis points in China, and fell 7 basis points in Japan.

- **Commodity Markets.** During the quarter ended March 31, 2023, the 3-year forward price of WTI crude oil decreased approximately 5.1%, and the 3-year forward price of natural gas decreased from approximately $4.99 per MMBtu as of December 31, 2022 to $4.42 per MMBtu as of March 31, 2023. The Japan spot LNG import price decreased to approximately $18.59 per MMBtu as of March 31, 2023 from approximately $28.46 per MMBtu as of December 31, 2022.

- **Foreign Exchange Rates.** For the quarter ended March 31, 2023, the euro rose 1.3%, the British pound rose 2.1%, the Japanese yen fell 1.3%, and the Chinese renminbi rose 0.4%, respectively, relative to the U.S. dollar.

Other Trends, Uncertainties and Risks Related to Our Business

Please refer to the "Risk Factors" section of our Annual Report for important additional detail regarding the known trends or uncertainties and competitive conditions that have had or that are reasonably likely to have a material favorable or unfavorable impact on our businesses, including the impact of economic and market conditions on valuations of investments. These known trends, uncertainties and competitive conditions should be read in conjunction with this Business Environment section and the entire Risk Factor section.

Basis of Accounting and Key Financial Measures under GAAP

We manage our business using certain financial measures and key operating metrics since we believe these metrics measure the productivity of our operating activities. We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). See Note 2 " Summary of Significant Accounting Policies" in our financial statements and "Critical Accounting Policies and Estimates" contained in this section below. Our key Segment and non-GAAP financial measures and operating metrics are discussed below.

Adoption of New Accounting Standard

Effective January 1, 2023, we adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts ("LDTI") as of February 1, 2021, the date of the GA Acquisition, on a full retrospective basis. For a more detailed discussion of the adoption of the LDTI, see Note 2 "Summary of Significant Accounting Policies" in our financial statements included in this report.

Key Segment and Non-GAAP Performance Measures

The following key segment and non-GAAP performance measures are used by management in making operational and resource deployment decisions as well as assessing the performance of KKR's business. They include certain financial measures that are calculated and presented using methodologies other than in accordance with GAAP. These performance measures as described below are presented prior to giving effect to the allocation of income (loss) between KKR & Co. Inc. and holders of exchangeable securities and as such represent the entire KKR business in total. In addition, these performance measures are presented without giving effect to the consolidation of certain investment funds and collateralized financing entities ("CFEs") that KKR manages.

We believe that providing these segment and non-GAAP performance measures on a supplemental basis to our GAAP results is helpful to stockholders in assessing the overall performance of KKR's business. These non-GAAP measures should not be considered as a substitute for financial measures calculated in accordance with GAAP. 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 "—Analysis of Non-GAAP Performance Measures—Reconciliations to GAAP Measures."

Modification of Segment Information and Non-GAAP Measures

In connection with the adoption of LDTI (see Note 2 in our financial statements), KKR reevaluated the manner in which it makes operational and resource deployment decisions and assesses the overall performance of KKR's business. Effective with the three months ended March 31, 2023, the items detailed below have changed with respect to the preparation of the reports used by KKR's chief operating decision makers. As a result, KKR has modified the presentation of its segment financial information effective as of and for the three months ended March 31, 2023 with retrospective application to all prior periods presented. The most significant changes are as follows:

(1) implementation of the accounting changes as a result of LDTI within KKR's Insurance Segment. KKR excludes (i) changes in the fair value of market risk benefits and other policy liabilities and the associated derivatives, (ii) fees attributed to guaranteed benefits, and (iii) losses at contract issuance on payout annuities from the Insurance Segment Operating Earnings. These items are excluded from Insurance Segment Operating Earnings and we believe these items do not reflect the underlying performance of this business;

(2) Global Atlantic book value includes the impact of LDTI except for the impacts recorded in other comprehensive income, which are excluded from book value; and

(3) reporting on a pre-tax basis Insurance Segment Operating Earnings (which was previously reported on an after-tax basis).

We believe these adjustments and changes reflect how management evaluates the Insurance business. We believe this approach enhances the transparency and visibility of the drivers of Global Atlantic's underlying operating performance.

Fee Related Earnings, Asset Management Segment Operating Earnings, and Total Asset Management Segment Revenues are not impacted by LDTI or the adjustments and changes noted above.

As discussed in Note 2 "Summary of Significant Accounting Policies" in our financial statements, our historical consolidated GAAP financial results have been recast to reflect the adoption of LDTI on a full retrospective basis. Certain of our historical Non-GAAP measures have been recast to reflect the adoption of LDTI along with the adjustments and changes noted above.

After-tax Distributable Earnings

After-tax distributable earnings is a non-GAAP performance measure of KKR’s earnings, which is derived from KKR’s reported segment results. After-tax distributable earnings is used to assess the performance of KKR’s business operations and measures the earnings potentially available for distribution to its equity holders or reinvestment into its business. After-tax distributable earnings is equal to Distributable Operating Earnings less Interest Expense, Net Income Attributable to Noncontrolling Interests and Income Taxes on Operating Earnings. 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 of KKR & Co. Inc. Income Taxes on Operating Earnings represents the (i) amount of income taxes that would be paid assuming that all pre-tax Asset Management distributable earnings were allocated to KKR & Co. Inc. and taxed at the same effective rate, which assumes that all securities exchangeable into shares of common stock of KKR & Co. Inc. were exchanged and (ii) the amount of income taxes on Insurance Segment Operating Earnings. Income taxes on Insurance Segment Operating Earnings represent the total current and deferred tax expense or benefit on income before taxes adjusted to eliminate the impact of the tax expense or benefit associated with the non-operating adjustments. Income Taxes on Operating Earnings includes the benefit of tax deductions arising from equity-based compensation, which reduces operating income taxes during the period. Equity based compensation expense is excluded from After-tax Distributable Earnings, because (i) KKR believes that the cost of equity awards granted to employees does not contribute to the earnings potentially available for distributions to its equity holders or reinvestment into its business and (ii) excluding this expense makes KKR’s reporting metric more comparable to the corresponding metric presented by other publicly traded companies in KKR’s industry, which KKR believes enhances an investor’s ability to compare KKR’s performance to these other companies. If tax deductions from equity-based compensation were to be excluded from Income Taxes on Operating Earnings, KKR’s After-tax Distributable Earnings would be lower and KKR’s effective tax rate would appear to be higher, even though a lower amount of income taxes would have actually been paid or payable during the period. KKR separately discloses the amount of tax deduction from equity-based compensation for the period reported and the effect of its inclusion in After-tax Distributable Earnings for the period. KKR makes these adjustments when calculating After-tax Distributable Earnings in order to more accurately reflect the net realized earnings that are expected to be or become available for distribution to KKR’s equity holders or reinvestment into KKR’s business. However, After-tax Distributable Earnings does not represent and is not used to calculate actual dividends under KKR’s dividend policy, which is a fixed amount per period, and After-tax Distributable Earnings should not be viewed as a measure of KKR’s liquidity.

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 net assets presented on a basis that (i) excludes the net assets that are allocated to investors in KKR’s investment funds and other noncontrolling interest holders, (ii) includes the net assets that are attributable to certain securities exchangeable into shares of common stock of KKR & Co. Inc., and (iii) includes KKR’s ownership of the net assets of Global Atlantic. 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 investors in KKR’s investment funds and other noncontrolling interest holders. KKR's book value includes the net impact of KKR's tax assets and liabilities as calculated 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 of KKR & Co. Inc. To calculate Global Atlantic book value and to make it more comparable with the corresponding metric presented by other publicly traded companies in Global Atlantic’s industry, Global Atlantic book value excludes (i) accumulated other comprehensive income and (ii) accumulated change in fair value of reinsurance balances and related assets, net of income tax.

Distributable Operating Earnings

Distributable operating earnings is a non-GAAP performance measure that KKR believes is useful to stockholders as it provides a supplemental measure of our operating performance without taking into account items that KKR does not believe arise from or relate directly to KKR's operations. Distributable Operating Earnings excludes: (i) equity-based compensation charges, (ii) amortization of acquired intangibles, (iii) strategic corporate related charges and (iv) non-recurring items, if any. Strategic corporate related charges arise from corporate actions and consist primarily of (i) impairments, (ii) transaction costs from strategic acquisitions, and (iii) depreciation on real estate that KKR owns and occupies. Inter-segment transactions are not eliminated from segment results when management considers those transactions in assessing the results of the respective segments. These transactions include (i) management fees earned by KKR as the investment adviser for Global Atlantic insurance companies and (ii) interest income and expense based on lending arrangements where one or more KKR subsidiaries borrow from a Global Atlantic insurance subsidiary. Inter-segment transactions are recorded by each segment based on the definitive documents that contain arms' length terms and comply with applicable regulatory requirements. Distributable Operating Earnings represents operating earnings of KKR’s Asset Management and Insurance segments.

- Asset Management Segment Operating Earnings is the segment profitability measure used to make operating decisions and to assess the performance of the Asset Management segment and is comprised of: (i) Fee Related Earnings, (ii) Realized Performance Income, (iii) Realized Performance Income Compensation, (iv) Realized Investment Income, and (v) Realized Investment Income Compensation. Asset Management Segment Operating Earnings excludes the impact of: (i) unrealized gains (losses) on investments, (ii) unrealized carried interest, and (iii) related unrealized carried interest compensation (i.e. the carry pool). Management fees earned by KKR as the adviser, manager or sponsor for its investment funds, vehicles and accounts, including its Global Atlantic insurance companies, are included in Asset Management Segment Operating Earnings.

- Insurance Segment Operating Earnings is the segment profitability measure used to make operating decisions and to assess the performance of the Insurance segment. This measure is presented before income taxes and is comprised of: (i) Net Investment Income, (ii) Net Cost of Insurance, (iii) General, Administrative, and Other Expenses, and (iv) Net Income Attributable to Noncontrolling Interests. The non-operating adjustments made to derive Insurance Segment Operating Earnings excludes the impact of: (i) investment gains (losses) which include realized gains (losses) related to asset/liability matching investments strategies and unrealized investment gains (losses) and (ii) non-operating changes in policy liabilities and derivatives which includes (a) changes in the fair value of market risk benefits and other policy liabilities measured at fair value and related benefit payments, (b) fees attributed to guaranteed benefits, (c) derivatives used to manage the risks associated with policy liabilities, and (d) losses at contract issuance on payout annuities. Insurance Segment Operating Earnings includes (i) realized gains and losses not related to asset/liability matching investments strategies and (ii) the investment management costs that are earned by KKR as the investment adviser of the Global Atlantic insurance companies.

Fee Related Earnings

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

- Fee Related Performance Revenues refers to the realized portion of Incentive Fees from certain AUM that has an indefinite term and for which there is no immediate requirement to return invested capital to investors upon the realization of investments. Fee related performance revenues consists of performance fees (i) to be received from our investment funds, vehicles and accounts on a recurring basis, and (ii) that are not dependent on a realization event involving investments held by the investment fund, vehicle or account.

- Fee Related Compensation refers to the compensation expense, excluding equity-based compensation, paid from (i) Management Fees, (ii) Transaction and Monitoring Fees, Net, and (iii) Fee Related Performance Revenues.

- Other Operating Expenses represents the sum of (i) occupancy and related charges and (ii) other operating expenses.

Total Asset Management Segment Revenues

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

Other Terms and Capital Metrics

Adjusted Shares

Adjusted shares represents shares of common stock of KKR & Co. Inc. outstanding under GAAP adjusted to include (i) the number of shares of common stock of KKR & Co. Inc. assumed to be issuable upon conversion of the Series C Mandatory Convertible Preferred Stock and (ii) certain securities exchangeable into shares of common stock of KKR & Co. Inc. 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.

Assets Under Management

Assets under management represent the assets managed, advised or sponsored by KKR from which KKR is entitled to receive management fees or performance income (currently or upon a future event), general partner capital, and assets managed, advised or sponsored 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 or sponsored 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 and certain co-investment vehicles; (ii) uncalled capital commitments from these funds, including uncalled capital commitments from which KKR is currently not earning management fees or performance income; (iii) the asset value of the Global Atlantic insurance companies; (iv) the par value of outstanding CLOs; (v) KKR's pro rata portion of the AUM of hedge fund and other managers in which KKR holds an ownership interest; (vi) all of the AUM of KKR's strategic BDC partnership; (vii) the acquisition cost of invested assets of certain non-US real estate investment trusts and (viii) the value of other assets managed or sponsored 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 (i) is not based on any definition of AUM that may be set forth in the governing documents of the investment funds, vehicles, accounts or other entities whose capital is included in this definition, (ii) includes assets for which KKR does not act as an investment adviser, and (iii) is not calculated pursuant to any regulatory definitions.

Capital Invested

Capital invested is the aggregate amount of capital invested by (i) KKR’s investment funds and Global Atlantic insurance companies, (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.

Fee Paying AUM

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 performance income 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.

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 and the amount of uncalled commitments is not reduced by capital invested using borrowings under an investment fund's subscription facility until capital is called from our fund investors. 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 and carry paying co-investment vehicles to make future investments. Uncalled commitments are not reduced for investments completed using fund-level investment financing arrangements or investments we have committed to make but remain unfunded at the reporting date.

Condensed Consolidated Results of Operations (GAAP Basis - Unaudited)

The following is a discussion of our consolidated results of operations on a GAAP basis for the three months ended March 31, 2023 and 2022. 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 segment results in these periods, see "—Analysis of Segment Operating Results." See "Business Environment" for more information about factors that may impact our business, financial performance, operating results and valuations.

Effective January 1, 2023, we adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts ("LDTI") as of February 1, 2021, the date of the GA Acquisition, on a full retrospective basis. For a more detailed discussion of the adoption of LDTI, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

	Three Months Ended		
	March 31, 2023	**March 31, 2022**	**Change**
		($ in thousands)	
Revenues			
Asset Management			
Fees and Other	$ 677,016	$ 780,511	$ (103,495)
Capital Allocation-Based Income (Loss)	449,018	(945,743)	1,394,761
	1,126,034	(165,232)	1,291,266
Insurance			
Net Premiums	473,624	372,144	101,480
Policy Fees	313,802	313,782	20
Net Investment Income	1,300,697	812,605	488,092
Net Investment-Related Gains (Losses)	(123,833)	(368,680)	244,847
Other Income	37,158	34,744	2,414
	2,001,448	1,164,595	836,853
Total Revenues	**3,127,482**	**999,363**	**2,128,119**
Expenses			
Asset Management			
Compensation and Benefits	575,670	283,672	291,998
Occupancy and Related Charges	22,149	18,149	4,000
General, Administrative and Other	213,689	234,665	(20,976)
	811,508	536,486	275,022
Insurance			
Net Policy Benefits and Claims (including market risk benefit loss (gain) of $146,309 and $(195,683), respectively)	1,527,054	513,178	1,013,876
Amortization of Policy Acquisition Costs	44,211	11,422	32,789
Interest Expense	40,261	13,219	27,042
Insurance Expenses	225,318	115,803	109,515
General, Administrative and Other	211,731	167,624	44,107
	2,048,575	821,246	1,227,329
Total Expenses	**2,860,083**	**1,357,732**	**1,502,351**
Investment Income (Loss) - Asset Management			
Net Gains (Losses) from Investment Activities	(159,409)	914,261	(1,073,670)
Dividend Income	148,167	662,350	(514,183)
Interest Income	728,616	352,556	376,060
Interest Expense	(576,338)	(281,759)	(294,579)
Total Investment Income (Loss)	141,036	1,647,408	(1,506,372)
Income (Loss) Before Taxes	408,435	1,289,039	(880,604)
Income Tax Expense (Benefit)	148,747	36,651	112,096

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Net Income (Loss)	259,688	1,252,388	(992,700)
Net Income (Loss) Attributable to Redeemable Noncontrolling Interests	(7,303)	(63)	(7,240)
Net Income (Loss) Attributable to Noncontrolling Interests	(73,003)	1,244,987	(1,317,990)
Net Income (Loss) Attributable to KKR & Co. Inc.	339,994	7,464	332,530
Series C Mandatory Convertible Preferred Stock Dividends	17,250	17,250	—
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	**$ 322,744**	**$ (9,786)**	**$ 332,530**

Condensed Consolidated Results of Operations (GAAP Basis - Unaudited) - Asset Management

Revenues

For the three months ended March 31, 2023 and 2022, revenues consisted of the following:

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Management Fees	$ 453,093	$ 398,046	$ 55,047
Fee Credits	(57,531)	(187,745)	130,214
Transaction Fees	209,839	466,966	(257,127)
Monitoring Fees	29,853	39,400	(9,547)
Incentive Fees	6,413	7,057	(644)
Expense Reimbursements	15,544	41,303	(25,759)
Consulting Fees	19,805	15,484	4,321
Total Fees and Other	677,016	780,511	(103,495)
Carried Interest	343,070	(783,688)	1,126,758
General Partner Capital Interest	105,948	(162,055)	268,003
Total Capital Allocation-Based Income (Loss)	449,018	(945,743)	1,394,761
Total Revenues - Asset Management	$ 1,126,034	$ (165,232)	$ 1,291,266

Fees and Other

Total Fees and Other for the three months ended March 31, 2023 decreased compared to the three months ended March 31, 2022 primarily as a result of the decrease in transaction fees, partially offset by the increase in management fees.

For a more detailed discussion of the factors that affected our transaction fees during the period, see "—Analysis of Asset Management Segment Operating Earnings."

The increase in management fees was primarily attributable to (i) management fees earned on new capital raised over the past twelve months at European Fund VI, Next Generation Technology Growth Fund III and Asia Pacific Infrastructure Investors II, and (ii) management fees earned on assets managed by KJRM, which is a Japanese REIT manager that we acquired in 2022. The increase was partially offset by catch-up management fees earned on new capital raised for Global Infrastructure Investors IV and North America Fund XIII in the first quarter of 2022 that was retroactive to the start of the fund's investment period. There were no catch-up management fees earned in the first quarter of 2023 for Global Infrastructure Investors IV and North America Fund XIII.

Management fees due from consolidated investment funds and other vehicles are eliminated upon consolidation under GAAP. However, because these amounts are funded by, and earned from, noncontrolling interests, upon consolidation under GAAP, KKR's allocated share of the net income from the consolidated investment funds and other vehicles is increased by the amount of fees that are eliminated. Accordingly, net income (loss) attributable to KKR would be unchanged if such investment funds and other vehicles were not consolidated. For a more detailed discussion on the factors that affect our management fees during the period, see "—Analysis of Asset Management Segment Operating Earnings."

Fee credits decreased compared to the prior period as a result of a lower level of transaction fees in our Private Equity, Real Assets and Credit and Liquid Strategies business lines in the current period. Fee credits owed to consolidated investment funds are eliminated upon consolidation under GAAP. However, because these amounts are owed to noncontrolling interests, upon consolidation under GAAP, KKR's allocated share of the net income from the consolidated investment funds is decreased by the amount of fee credits that are eliminated. Accordingly, net income (loss) attributable to KKR would be unchanged if such investment funds and other vehicles were not consolidated. Transaction and monitoring 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 are not shared with fund investors. Accordingly, certain transaction fees are reflected in our revenues without a corresponding fee credit.

Capital Allocation-Based Income (Loss)

Capital Allocation-Based Income (Loss) for the three months ended March 31, 2023 was positive primarily due to the net appreciation of the underlying investments at many of our unconsolidated carry earning investment funds, most notably Americas Fund XII, Global Infrastructure Investors III, and Asian Pacific Infrastructure Investors. Capital Allocation-Based Income (Loss) for the three months ended March 31, 2022 was negative primarily due to the net depreciation of the underlying investments at certain of our carry earning investment funds, most notably Americas Fund XII and Asian Fund II.

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 the reporting date, irrespective of whether such amounts have been realized. Since the fair value of the underlying investments varies between reporting periods, it is necessary to make adjustments to the 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.

Investment Income (Loss) - Asset Management

For additional information about net gains (losses) from investment activities, see Note 5 "Net Gains (Losses) from Investment Activities - Asset Management" in our financial statements.

Net Gains (Losses) from Investment Activities for the three months ended March 31, 2023

The net losses from investment activities for the three months ended March 31, 2023 were comprised of net realized gains of $99.4 million and net unrealized losses of $(258.8) 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.

Realized Gains and Losses from Investment Activities

For the three months ended March 31, 2023, net realized gains related primarily to the sale of our investment in KnowBe4, Inc. (NASDAQ: KNBE), Flutter Entertainment PLC (LON: FLTR), and US Foods Holding Corp. (NYSE: USFD). Partially offsetting these realized gains were realized losses primarily relating to a realized loss on our alternative credit investment, Chembulk Group (transportation sector) as well as realized losses on certain foreign exchange forward contracts and losses from the sales of revolving credit facilities.

Unrealized Gains and Losses from Investment Activities

For the three months ended March 31, 2023, net unrealized losses were driven by mark-to-market losses primarily relating to (i) certain investments held by our consolidated real estate and energy funds, (ii) GenesisCare Pty Ltd. (health care sector) and Heartland Dental, LLC (health care sector), each of which are held in our consolidated core private equity funds, and (iii) debt obligations of our consolidated CLOs. These unrealized losses were partially offset by mark-to-market gains primarily relating to (i) BridgeBio Pharma, Inc. (NASDAQ: BBIO), (ii) Viridor Limited (Infrastructure: energy and energy transition sector) and FiberCop S.p.A (Infrastructure: telecommunications infrastructure sector) held in our consolidated core private equity funds and (iii) certain investments held in our consolidated CLOs.

Net Gains (Losses) from Investment Activities for the three months ended March 31, 2022

The net gains from investment activities for the three months ended March 31, 2022 were comprised of net realized gains of $279.6 million and net unrealized gains of $634.6 million.

Realized Gains and Losses from Investment Activities

For the three months ended March 31, 2022, net realized gains related primarily to the sales of our investments in Fiserv Inc. (NASDAQ: FISV) and Söderberg & Partners (financial services sector). Partially offsetting these realized gains were realized losses primarily relating to a real estate equity investment in one of our consolidated US real estate funds and certain investments held in our consolidated SIG funds.

Unrealized Gains and Losses from Investment Activities

For the three months ended March 31, 2022, net unrealized gains were driven primarily by mark-to-market gains from (i) Crescent Energy Company (NYSE: CRGY), (ii) Viridor Limited, and (iii) investments held in our consolidated real estate equity funds. These unrealized gains were partially offset by mark-to-market losses related to (i) certain investments held in our consolidated CLOs and SIG funds, (ii) OutSystems Holdings S.A (technology sector) and (iii) BridgeBio Pharma, Inc.

For a discussion of other factors that affected KKR's realized investment income, see "—Analysis of Asset Management Segment Operating Results". For additional information about net gains (losses) from investment activities, see Note 5 "Net Gains (Losses) from Investment Activities - Asset Management" in our financial statements.

Dividend Income

During the three months ended March 31, 2023, the most significant dividends received included (i) $29.6 million from certain investments held in our consolidated open-ended core infrastructure fund, Diversified Core Infrastructure Fund, (ii) $29.3 million from certain investments held in our consolidated real estate equity and credit funds and (iii) $17.4 million from certain investments held in our consolidated SIG funds. During the three months ended March 31, 2022, the most significant dividends received included $299.0 million from certain investments held in our consolidated core plus and opportunistic real estate equity funds and $86.6 million from our investment in Exact Group B.V. (technology sector) held in our consolidated core private equity 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 Asset Management Segment Operating Results."

Interest Income

The increase in interest income during the three months ended March 31, 2023 compared to the three months ended March 31, 2022 was primarily due to (i) the impact of closing CLOs that were consolidated subsequent to March 31, 2022, (ii) higher interest rates on floating rate investments held in consolidated CLOs, leveraged credit and alternative credit funds, and (ii) a higher level of interest income from certain of our consolidated leveraged credit and private credit funds, 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 Asset Management Segment Operating Results."

Interest Expense

The increase in interest expense during the three months ended March 31, 2023 compared to the three months ended March 31, 2022 was primarily due to (i) the increase in the amount of borrowings outstanding from certain consolidated funds and other vehicles, (ii) impact of closing CLOs that were consolidated subsequent to March 31, 2022, (iii) higher interest rates on floating rate debt obligations held in consolidated CLOs, and (iv) the impact of issuances of our senior notes after March 31, 2022. For a discussion of other factors that affected KKR's interest expense, see "—Analysis of Non-GAAP Performance Measures."

Expenses - Asset Management

Compensation and Benefits Expense

The increase in compensation and benefits expense during the three months ended March 31, 2023 compared to the three months ended March 31, 2022 was primarily due to accrued carried interest compensation in the current period compared to the reversal of previously recognized carried interest compensation in the prior period. Partially offsetting the increase is a lower level of accrued discretionary cash compensation resulting from a lower level of asset management segment revenues in the current period.

General, Administrative and Other

The decrease in general, administrative and other expenses during the three months ended March 31, 2023 compared to the three months ended March 31, 2022 was primarily due to a lower level of (i) expenses reimbursable by our investment funds and (ii) a lower level of placement fees incurred related to capital raising activities, partially offset by a higher level of professional fees, information technology, travel and other administrative costs in connection with the overall growth of the firm.

In reporting periods where there are lower levels of fundraising and, to the extent that we use third parties to assist in our capital raising efforts, our General, Administrative and Other expenses are expected to decrease accordingly. Similarly, our General, Administrative and Other expenses are expected to decrease during any periods where there are lower levels of professional and other fees incurred as part of due diligence related to strategic acquisitions and new product development.

Condensed Consolidated Results of Operations (GAAP Basis - Unaudited) - Insurance

Revenues

For the three months ended March 31, 2023 and 2022, revenues consisted of the following:

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Net Premiums	$ 473,624	$ 372,144	$ 101,480
Policy Fees	313,802	313,782	20
Net Investment Income	1,300,697	812,605	488,092
Net Investment-Related Losses	(123,833)	(368,680)	244,847
Other Income	37,158	34,744	2,414
Total Insurance Revenues	**$ 2,001,448**	**$ 1,164,595**	**$ 836,853**

Net Premiums

Net premiums increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 primarily due to higher initial premiums related to a larger number of reinsurance transactions with life contingencies assumed during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022. The increase was partially offset by higher retrocessions to third party reinsurers during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022. The initial premiums on assumed reinsurance were offset by a comparable increase in policy reserves reported within net policy benefits and claims (as discussed below).

Net investment income

Net investment income increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 primarily due to (i) increased average assets under management due to growth in assets in Global Atlantic's institutional market channel as a result of new reinsurance transactions and individual market channel sales, (ii) growth in portfolio yields due to higher market interest rates on floating rate investments, and (iii) rotation into higher yielding assets during 2022.

Net investment-related losses

The components of net investment-related losses were as follows:

	Three Months Ended		
	March 31, 2023	**March 31, 2022**	**Change**
		($ in thousands)	
Funds withheld payable at interest embedded derivatives	$ (430,235)	$ 1,180,435	$ (1,610,670)
Equity futures contracts	(40,825)	79,796	(120,621)
Foreign currency forwards	794	8,557	(7,763)
Credit risk contracts	(75)	(1,532)	1,457
Equity index options	83,887	(223,366)	307,253
Interest rate contracts	68,996	(150,176)	219,172
Funds withheld receivable embedded derivatives	(30,767)	(33,980)	3,213
Net gains on derivative instruments	**(348,225)**	**859,734**	**(1,207,959)**
Net other investment gains (losses)	224,392	(1,228,414)	1,452,806
Net investment-related losses	**$ (123,833)**	**$ (368,680)**	**$ 244,847**

Net gains on derivative instruments

The decrease in the fair value of embedded derivatives on funds withheld at interest payable for the three months ended March 31, 2023 was primarily driven by the change in fair value of the underlying investments in the funds withheld at interest payable portfolio, which is primarily comprised of fixed maturity securities (designated as trading for accounting purposes), mortgage and other loan receivables, and other investments. The underlying investments in the funds withheld at interest payable portfolio increased in value in the three months ended March 31, 2023, primarily due to a decrease in market interest rates as compared to a decrease in value in the three months ended March 31, 2022, due to an increase in market interest rates.

The increase in the fair value of equity index options was primarily driven by the performance of the indexes upon which call options are based. Global Atlantic purchases equity index options to hedge the market risk of embedded derivatives in indexed universal life and fixed-indexed annuity products (the change in which is accounted for in net policy benefits and claims). The majority of Global Atlantic's equity index call options are based on the S&P 500 Index, which increased during the three months ended March 31, 2023, as compared to a decrease during the three months ended March 31, 2022.

The decrease in the fair value of equity futures contracts was driven primarily by the performance of equity markets. Global Atlantic purchases equity futures primarily to hedge the market risk in Global Atlantic's variable annuity products which are accounted for in net policy benefits and claims. The majority of Global Atlantic's equity futures are based on the S&P 500 Index, which increased during the three months ended March 31, 2023, as compared to a decrease during the three months ended March 31, 2022, resulting in respectively, a loss, and a gain, on equity futures contracts in the respective periods.

The increase in the fair value of interest rate contracts was driven by a decrease in market interest rates during the three months ended March 31, 2023 and an increase in market interest rates during the three months ended March 31, 2022, resulting in respectively, a gain and a loss, on interest rate contracts.

The increase in the fair value of embedded derivatives on funds withheld at interest receivable was primarily due to widening of credit spreads during both the three months ended March 31, 2023, and the three months ended March 31, 2022.

Net other investment losses

The components of net other investment losses were as follows:

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Realized gains (losses) on investments not supporting asset-liability matching strategies	$ —	$ 14,964	$ (14,964)
Realized gains (losses) on available-for-sale fixed maturity debt securities	3,432	(243,350)	246,782
Credit loss allowances	(148,429)	(29,897)	(118,532)
Impairment of available-for-sale fixed maturity debt securities due to intent to sell	(26,741)	—	(26,741)
Unrealized gains (losses) on fixed maturity securities classified as trading	376,290	(1,038,446)	1,414,736
Unrealized gains (losses) on investments accounted under a fair-value option	(55,773)	(2,493)	(53,280)
Unrealized gains (losses) on real estate investments recognized at fair value under investment company accounting	63,192	77,692	(14,500)
Realized gains (losses) on funds withheld at interest payable portfolio	3,980	(26,387)	30,367
Realized gains (losses) on funds withheld at interest receivable portfolio	17,733	25,600	(7,867)
Other	(9,292)	(6,097)	(3,195)
Net other investment gains (losses)	**$ 224,392**	**$ (1,228,414)**	**$ 1,452,806**

The increase in net other investment gains for the three months ended March 31, 2023 as compared to net other investment losses for the three months ended March 31, 2022, were primarily due to (i) a decrease in unrealized losses on fixed maturity securities classified as trading which was primarily due to a decrease in interest rates during the three months ended March 31, 2023 as compared to an increase in interest rates during the three months ended March 31, 2022, (ii) a decrease in realized losses on available-for-sale fixed maturity debt securities which was primarily due to a decrease in portfolio rotation activity, and (iii) realized gains on funds withheld at interest payable portfolio.

Offsetting these gains were (i) an increase in credit loss allowances on fixed maturity securities and mortgage and other loan receivables in the three months ended March 31, 2023, which was primarily due to an increase in the overall credit risk of Global Atlantic's loan portfolio, (ii) impairments of available-for-sale securities in an unrealized loss position due to an intent to sell, and (iii) unrealized losses on investments accounted under a fair-value option during the three months ended March 31, 2023.

Expenses

Net policy benefits and claims

Net policy benefits and claims increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 primarily due to (i) a loss on market risk benefits due to an decrease in interest rates in the three months ended March 31, 2023, as compared to a gain on market risk benefits during the three months ended March 31, 2022 due to an increase in rates in the three months ended March, 31, 2022, (ii) an increase in net flows from both individual and institutional market channel sales, (iii) higher funding costs on new business, and (iv) higher initial reserves assumed related to an increase in new reinsurance transactions with life contingencies in the three months ended March 31, 2023 as compared to the three months ended March 31, 2022, and (v) an increase in the value of embedded derivatives in Global Atlantic's indexed universal life and fixed indexed annuity products, as a result of higher equity market returns (as discussed above under "Revenues–Net investment-related losses–Net gains on derivatives instruments," Global Atlantic purchases equity index options in order to hedge this risk, the fair value changes of which are accounted for in gains on derivative instruments, and generally offsetting the change in embedded derivative fair value reported in net policy benefits and claims).

Offsetting these increases was an decrease in variable annuity market risk benefit liabilities primarily due to higher equity market returns.

Amortization of policy acquisition costs

Amortization of policy acquisition costs increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 primarily due to growth in Global Atlantic's individual market and institutional market channels.

Interest expense

Interest expense increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 primarily due to (i) a net increase in debt outstanding, primarily due to draws on the revolving credit facility after March 31, 2022, and (ii) an increase in interest expense on floating rate debt (Global Atlantic's revolving facility and fixed-to-floating swaps on its fixed rate debt) due to higher market rates.

Insurance expenses

Insurance expenses increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 primarily due to increased reinsurance transactions and increased commission expense related to increased sales in Global Atlantic's individual markets channel.

General, administrative and other

General, administrative and other expenses increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 primarily due to (i) increased interest expense due to higher interest rates and debt outstanding, (ii) increased employee compensation and benefits related expenses, (iii) increased professional service fees, and (iv) increased third-party administrator ("TPA") policy servicing fees, all due to growth of the business.

Other Condensed Consolidated Results of Operations (GAAP Basis - Unaudited)

Income Tax Expense (Benefit)

Income tax expense increased for the three months ended March 31, 2023, as compared to the three months ended March 31, 2022 primarily due to net operating income generated from asset management in the current period as compared to a net operating loss driven by net capital allocation-based losses in the prior period. The net operating income from Global Atlantic in the prior period largely offset the asset management net operating loss. For a discussion of factors that impacted KKR's tax provision, see Note 19 "Income Taxes" in our financial statements included elsewhere in this report. The amount of U.S. federal or state corporate income taxes we pay in future periods may be materially increased if adverse tax laws become enacted.

Net Income (Loss) Attributable to Noncontrolling Interests

Net loss attributable to noncontrolling interests for the three months ended March 31, 2023 was primarily due to (i) net losses from investment activities primarily at certain of our consolidated real estate and energy investment funds and (ii) a net loss in the current period allocable to interests that third party investors hold in Global Atlantic, partially offset by positive net income from asset management operations allocable to holders of certain securities exchangeable into shares of common stock of KKR & Co. Inc.

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

The net income attributable to KKR & Co. Inc. for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 increased due to net capital allocation-based income, partially offset by a lower level of transaction fees and accrued carried interest compensation, as described above.

Condensed Consolidated Statements of Financial Condition (GAAP Basis)

The following table provides our condensed consolidated statements of financial condition on a GAAP basis as of March 31, 2023 and December 31, 2022.

(Amounts in thousands, except per share amounts)

	As of March 31, 2023	As of December 31, 2022
Assets		
Asset Management		
Cash and Cash Equivalents	$ 5,576,121	$ 6,705,325
Investments	97,949,918	92,375,463
Other Assets	7,057,818	7,114,360
	110,583,857	106,195,148
Insurance		
Cash and Cash Equivalents	3,713,382	6,118,231
Investments	129,401,394	124,199,176
Other Assets	38,911,956	38,834,081
	172,026,732	169,151,488
Total Assets	**$ 282,610,589**	**$ 275,346,636**
Liabilities and Equity		
Asset Management		
Debt Obligations	$ 42,519,776	$ 40,598,613
Other Liabilities	8,228,017	6,937,832
	50,747,793	47,536,445
Insurance		
Debt Obligations	2,157,283	2,128,166
Other Liabilities	172,582,137	170,311,335
	174,739,420	172,439,501
Total Liabilities	**$ 225,487,213**	**$ 219,975,946**
Redeemable Noncontrolling Interests	144,126	152,065
Stockholders' Equity		
Stockholders' Equity - Series C Mandatory Convertible Preferred Stock	1,115,792	1,115,792
Stockholders' Equity - Common Stock	18,546,889	17,691,975
Noncontrolling Interests	37,316,569	36,410,858
Total Equity	**56,979,250**	**55,218,625**
Total Liabilities and Equity	**$ 282,610,589**	**$ 275,346,636**
KKR & Co. Inc. Stockholders' Equity - Common Stock Per Outstanding Share of Common Stock	**$ 21.54**	**$ 20.55**

KKR & Co. Inc. Stockholders’ Equity - Common Stock per Outstanding Share of Common Stock was $21.54 as of March 31, 2023, up from $20.55 as of December 31, 2022. The increase was primarily due to (i) unrealized gains on available-for-sale-securities from Global Atlantic that are recorded in other comprehensive income and (ii) net income attributable to KKR & Co. Inc. common stockholders during the first three months of 2023, partially offset by dividends to common stockholders.

Consolidated Statements of Cash Flows (GAAP Basis)

The following is a discussion of our consolidated cash flows for the three months ended March 31, 2023 and 2022. You should read this discussion in conjunction with the financial statements and related notes included elsewhere in this report.

The consolidated statements of cash flows include the cash flows of our consolidated entities, which include certain consolidated investment funds, CLOs and certain variable interest entities formed by Global Atlantic 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 $(1.9) billion and $0.9 billion during the three months ended March 31, 2023 and 2022, respectively. These amounts primarily included: (i) investments purchased (asset management), net of proceeds from investments (asset management) of $(4.7) billion and $(0.6) billion during the three months ended March 31, 2023 and 2022, respectively, (ii) net realized gains (losses) on asset management investments of $0.1 billion and $0.3 billion during the three months ended March 31, 2023 and 2022, respectively, (iii) change in unrealized gains (losses) on investments (asset management) of $(0.3) billion and $0.6 billion during the three months ended March 31, 2023 and 2022, respectively, (iv) capital allocation-based income (loss) of $0.4 billion and $(0.9) billion during the three months ended March 31, 2023 and 2022, respectively, (v) net realized gains (losses) on insurance operations of $(1.0) billion and $0.3 billion during the three months ended March 31, 2023 and 2022, respectively, and (vi) interest credited to policyholder account balances (net of policy fees) (insurance) of $0.6 billion and $0.5 billion during the three months ended March 31, 2023 and 2022, respectively. Investment funds are investment companies under GAAP 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 $(3.8) billion and $(2.0) billion during the three months ended March 31, 2023 and 2022, respectively. Our investing activities included: (i) investments purchased (insurance), net of proceeds from investments (insurance), of $(3.8) billion and $(2.0) billion during the three months ended March 31, 2023 and 2022, respectively, and (ii) the purchase of fixed assets of $(23.2) million and $(11.9) million during the three months ended March 31, 2023 and 2022, respectively.

Net Cash Provided (Used) by Financing Activities

Our net cash provided (used) by financing activities was $2.1 billion and $4.1 billion during the three months ended March 31, 2023 and 2022, respectively. Our financing activities primarily included: (i) contributions by, net of distributions to, our noncontrolling and redeemable noncontrolling interests of $0.6 billion and $1.6 billion during the three months ended March 31, 2023 and 2022, respectively, (ii) proceeds received, net of repayment of debt obligations, of $1.5 billion and $31.5 million during the three months ended March 31, 2023 and 2022, respectively, (iii) additions to, net of withdrawals from, contractholder deposit funds of $0.5 billion and $2.4 billion during three months ended March 31, 2023 and 2022, respectively, (iv) common stock dividends of $(133.5) million and $(85.7) million during the three months ended March 31, 2023 and 2022, respectively, (v) repurchases of common stock of $(346.7) million during the three months ended March 31, 2022, and (vi) Series C Mandatory Convertible Preferred Stock dividends of $(17.3) million during each of the three months ended March 31, 2023 and 2022.

Analysis of Segment Operating Results

The following is a discussion of the results of our business on a segment basis for the three months ended March 31, 2023 and 2022. You should read this discussion in conjunction with the information included under "—Key Segment and Non- GAAP Performance Measures" and the financial statements and related notes included elsewhere in this report. See "— Business Environment" for more information about factors that may impact our business, financial performance, operating results and valuations.

Analysis of Asset Management Segment Operating Results

The following tables set forth information regarding KKR's asset management segment operating results and certain key capital metrics for the three months ended March 31, 2023 and 2022:

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Management Fees	$ 738,156	$ 624,928	$ 113,228
Transaction and Monitoring Fees, Net	142,179	306,038	(163,859)
Fee Related Performance Revenues	21,741	12,051	9,690
Fee Related Compensation	(203,094)	(212,220)	9,126
Other Operating Expenses	(150,404)	(125,875)	(24,529)
Fee Related Earnings	548,578	604,922	(56,344)
Realized Performance Income	175,398	609,207	(433,809)
Realized Performance Income Compensation	(114,009)	(383,635)	269,626
Realized Investment Income	198,094	349,354	(151,260)
Realized Investment Income Compensation	(29,714)	(52,403)	22,689
Asset Management Segment Operating Earnings	**$ 778,347**	**$ 1,127,445**	**$ (349,098)**

Management Fees

The following table presents management fees by business line:

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Management Fees			
Private Equity	$ 316,341	$ 282,184	$ 34,157
Real Assets	193,365	153,813	39,552
Credit and Liquid Strategies	228,450	188,931	39,519
Total Management Fees	**$ 738,156**	**$ 624,928**	**$ 113,228**

The increase in Private Equity management fees was primarily attributable to management fees earned on new capital raised over the past twelve months at European Fund VI, Next Generation Technology Growth Fund III, and Global Impact Fund II. The increase was partially offset by (i) catch-up management fees earned on new capital raised for North America Fund XIII in the first quarter of 2022 that was retroactive to the start of the fund's investment period, and (ii) a lower level of management fees from Asian Fund III due to the sale of investments that resulted in a decrease in its fee base, which is capital invested. There were no catch-up management fees earned in the first quarter of 2023 for North America Fund XIII. During the first quarter of 2023, approximately $9.0 million of management fees were earned on new capital raised that is retroactive to the start of the relevant fund's investment period.

The increase in Real Asset management fees was primarily attributable to (i) management fees earned on assets managed by KJRM, which we acquired in the second quarter of 2022, (ii) management fees earned from Asia Pacific Infrastructure Investors II, which entered its investment period in the third quarter of 2022 resulting in management fees now being earned on this capital, and (iii) a higher level of management fees earned from Global Atlantic due to an increase in assets being managed by KKR's Asset Management segment. The increase was partially offset by catch-up management fees earned on new capital raised for Global Infrastructure Investors IV in the first quarter of 2022 that was retroactive to the start of the fund's investment period. There were no catch-up management fees earned in the first quarter of 2023 for Global Infrastructure Investors IV.

The increase in Credit and Liquid Strategies management fees was primarily attributable to (i) a higher level of management fees earned from Global Atlantic due to an increase in assets being managed by KKR's Asset Management segment and the issuance of new CLOs over the past twelve months.

Transaction and Monitoring Fees, Net

The following table presents transaction and monitoring fees, net by business line:

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Transaction and Monitoring Fees, Net			
Private Equity	$ 34,274	$ 33,056	$ 1,218
Real Assets	5,734	7,630	(1,896)
Credit and Liquid Strategies	284	10,096	(9,812)
Capital Markets	101,887	255,256	(153,369)
Total Transaction and Monitoring Fees, Net	**$ 142,179**	**$ 306,038**	**$ (163,859)**

Our Private Equity, Real Assets and Credit and Liquid Strategies business lines separately earn transaction and monitoring fees from portfolio companies, and under the terms of the management agreements with certain of our investment funds, we are generally required to share all or a portion of such fees with our fund investors. In most funds, transaction and monitoring fees are credited against fund management fees up to 100% of the amount of the transaction and monitoring fees attributable to that fund, which results in a decrease of our monitoring and transaction fee income. Additionally, transaction fees are generally not earned with respect to energy and real estate investments. Our Capital Markets business line earns transaction fees, which are not shared with fund investors.

The decrease in transaction and monitoring fees, net is primarily due to a lower level of transaction fees earned in our Capital Markets business line. The decrease in capital markets transaction fees was primarily due to a decrease in the number of capital markets transactions for the three months ended March 31, 2023, compared to the three months ended March 31, 2022 reflecting reduced issuance levels across global equity and leveraged loan markets. Overall, we completed 42 capital markets transactions for the three months ended March 31, 2023, of which 9 represented equity offerings and 33 represented debt offerings, as compared to 87 transactions for the three months ended March 31, 2022, of which 11 represented equity offerings and 76 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 activity involving our private equity, real assets and credit funds as well as from third-party companies. For the three months ended March 31, 2023, approximately 14% of our transaction fees in our Capital Markets business line were earned from unaffiliated third parties as compared to approximately 19% for the three months ended March 31, 2022. Our transaction fees are comprised of fees earned in North America, Europe, and the Asia-Pacific region. For the three months ended March 31, 2023, approximately 59% of our transaction fees were generated outside of North America as compared to approximately 37% for the three months ended March 31, 2022. 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 monitoring fees.

Fee Related Performance Revenues

The following table presents fee related performance revenues by business line:

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Fee Related Performance Revenues			
Private Equity	$ —	$ —	$ —
Real Assets	3,704	2,317	1,387
Credit and Liquid Strategies	18,037	9,734	8,303
Total Fee Related Performance Revenues	**$ 21,741**	**$ 12,051**	**$ 9,690**

Fee related performance revenues represent performance fees that are (i) expected to be received from our investment funds, vehicles and accounts on a recurring basis, and (ii) not dependent on a realization event involving investments held by the investment fund, vehicle or account. These performance fees are primarily earned from FS KKR Capital Corp. (NYSE: FSK) ("FSK") (our business development company), KKR Property Partners Americas ("KPPA") (our open-ended core plus real estate fund), KKR Real Estate Select Trust ("KREST") (our registered closed-end real estate equity fund), KKR Real Estate Finance Trust Inc. ("KREF") (our real estate credit investment trust), and KJRM (our Japanese real estate investment trust asset manager). Fee related performance revenues were higher for the three months ended March 31, 2023 compared to the prior period primarily due to an increase in performance revenues earned from FSK in the current period.

Fee Related Compensation

The decrease in fee related compensation for the three months ended March 31, 2023 compared to the prior period was primarily due to a lower level of compensation recorded in connection with the lower level of revenues included within fee related earnings.

Other Operating Expenses

The increase in other operating expenses for the three months ended March 31, 2023 compared to the prior period was primarily due to a higher level of professional fees, information technology, travel and other administrative costs in connection with the overall growth of the firm.

Fee Related Earnings

The decrease in fee related earnings for the three months ended March 31, 2023 compared to the prior period was primarily due to a lower level of transaction fees earned in our Capital Markets business line and higher level of operating expenses partially offset by a higher level of management fees across our Private Equity, Real Assets and Credit and Liquid Strategies business lines, as described above.

Realized Performance Income

The following table presents realized performance income by business line:

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Realized Performance Income			
Private Equity	$ 163,052	$ 603,823	$ (440,771)
Real Assets	9,686	—	9,686
Credit and Liquid Strategies	2,660	5,384	(2,724)
Total Realized Performance Income	**$ 175,398**	**$ 609,207**	**$ (433,809)**

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Private Equity			
Core Investment Vehicles	$ 103,659	$ 262,219	$ (158,560)
Global Impact Fund	20,257	—	20,257
Next Generation Technology Growth Fund	17,810	—	17,810
Americas Fund XII	14,714	83,016	(68,302)
2006 Fund	4,271	33,458	(29,187)
North America Fund XI	—	119,942	(119,942)
Co-Investment Vehicles and Other	2,292	12,444	(10,152)
European Fund IV	—	68,688	(68,688)
Total Realized Carried Interest (1)	163,003	579,767	(416,764)
Incentive Fees	49	24,056	(24,007)
Total Realized Performance Income	**$ 163,052**	**$ 603,823**	**$ (440,771)**

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Real Assets			
Global Infrastructure Investors II	$ 9,686	$ —	$ 9,686
Total Realized Carried Interest (1)	9,686	—	9,686
Incentive Fees	—	—	—
Total Realized Performance Income	**$ 9,686**	**$ —**	**$ 9,686**

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Credit and Liquid Strategies			
Total Realized Carried Interest (1)	$ —	$ —	$ —
Incentive Fees	2,660	5,384	(2,724)
Total Realized Performance Income	**$ 2,660**	**$ 5,384**	**$ (2,724)**

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

Realized performance income includes (i) realized carried interest from our carry earning funds and (ii) incentive fees not included in Fee Related Performance Revenues.

Realized carried interest in our Private Equity business line for the three months ended March 31, 2023 consisted primarily of (i) realized performance income from our core investment vehicles and (ii) realized proceeds from the sale of our investment in KnowBe4, Inc. held by Global Impact Fund and Next Generation Technology Growth Fund.

Realized carried interest in our Private Equity business line for the three months ended March 31, 2022 consisted primarily of (i) realized performance income from our core investment vehicles and (ii) realized proceeds from a dividend received from our investment in Internet Brands, Inc. (technology sector) held by North America Fund XI and Americas Fund XII and the sale of our investment in Hensoldt AG (FRA: HAG) held by European Fund IV.

Realized carried interest in our Real Assets business line for the three months ended March 31, 2023 consisted primarily of realized proceeds from the sale of our investment in Telxius Telecom, S.A.U. (Infrastructure: telecommunications infrastructure sector) held by Global Infrastructure Investors II. During the three months ended March 31, 2022, there was no realized carried interest earned in our Real Assets business line.

During the three months ended March 31, 2023 and 2022, there was no realized carried interest earned in our Credit and Liquid Strategies business line.

Incentive fees consist of performance fees earned from (i) our hedge fund partnerships, (ii) investment management agreements with KKR sponsored investment vehicles, and (iii) investment management agreements to provide KKR's investment strategies to funds managed by a UK investment fund manager.

Incentive fees in our Private Equity business line decreased for the three months ended March 31, 2023 compared to the prior period as a result of incentive fees not being earned from certain levered multi-asset investment vehicles in the current period. Incentive fees in our Credit and Liquid Strategies business line decreased for the three months ended March 31, 2023 compared to the prior period primarily as a result of a lower level of performance fees earned from a UK investment fund manager.

Realized Performance Income Compensation

The decrease in realized performance income compensation for the three months ended March 31, 2023 compared to the prior period was primarily due to a lower level of compensation recorded in connection with the lower level of realized performance income.

Realized Investment Income

The following table presents realized investment income in our Principal Activities business line:

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Realized Investment Income			
Net Realized Gains (Losses)	$ 91,907	$ 76,136	$ 15,771
Interest Income and Dividends	106,187	273,218	(167,031)
Total Realized Investment Income	**$ 198,094**	**$ 349,354**	**$ (151,260)**

The decrease in realized investment income is primarily due to a lower level of interest income and dividends, partially offset by a higher level of net realized gains. The amount of realized investment income depends on the transaction activity of our funds and balance sheet, which can vary from period to period.

For the three months ended March 31, 2023, net realized gains were comprised of realized gains primarily from the sale of our investments in KnowBe4, Inc. and Flutter Entertainment PLC. Partially offsetting these realized gains were realized losses, the most significant of which was a realized loss on our alternative credit investment, Chembulk Group, and realized losses from the sales of various revolving credit facilities.

For the three months ended March 31, 2022, net realized gains were comprised of realized gains primarily from the sale of our investments in Fiserv, Inc. and Hensoldt AG. Partially offsetting these realized gains were realized losses, the most significant of which was a realized loss of an alternative credit investment and real estate equity investment.

For the three months ended March 31, 2023, interest income and dividends were comprised of (i) $70.7 million of interest income, primarily from our investments in CLOs, and (ii) $35.5 million of dividend distributions primarily from our Americas real estate credit and equity investments, as well as a dividend distribution received from Resolution Life Holdings L.P. (financial services sector).

For the three months ended March 31, 2022, interest income and dividends were comprised of (i) $218.9 million of dividend income primarily from levered multi-asset investment vehicles and our investments in Exact Holdings B.V. and Internet Brands, Inc., and (ii) $54.3 million of interest income, primarily from our investments in CLOs. See "—Analysis of Non-GAAP Performance Measures—Non-GAAP Balance Sheet Measures."

Realized investment income (loss) includes the net income (loss) from KKR Capstone. For the quarter ended March 31, 2023, total fees attributable to KKR Capstone were $19.8 million and total expenses attributable to KKR Capstone were $19.6 million. For KKR Capstone-related adjustments in reconciling asset management segment revenues to GAAP revenues see "—Analysis of Non-GAAP Performance Measures—Reconciliations to GAAP Measures".

Based on information available as of the date of the filing of this report, we expect realized performance income and realized investment income to be approximately $125 million in the second quarter of 2023 relating to realized carried interest and realized investment income from completed, or signed and expected to be completed sales, partial sales or secondary sales subsequent to March 31, 2023 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. The estimate disclosed above is not intended to predict or represent total realized performance income or total realized investment income for the full quarter ending June 30, 2023, because it does not include the results or impact of any other sources of income, including fee income, or expenses, and we may realize further gains or losses relating to total realized performance income and total realized investment income after the date of the filing of this report. Therefore, the actual realized carried interest and realized investment income for the quarter ended June 30, 2023 may be higher or lower than $125 million.

Realized Investment Income Compensation

The decrease in realized investment income compensation for the three months ended March 31, 2023 compared to the prior period is primarily due to a lower level of compensation recorded in connection with the lower level of realized investment income.

Other Operating and Capital Metrics

The following table presents certain key operating and capital metrics as of March 31, 2023 and December 31, 2022:

	As of		
	March 31, 2023	December 31, 2022	Change
		($ in millions)	
Assets Under Management	$ 510,069	$ 503,897	$ 6,172
Fee Paying Assets Under Management	$ 415,871	$ 411,923	$ 3,948
Uncalled Commitments	$ 106,266	$ 107,679	$ (1,413)

The following table presents one of our key capital metrics for the three months ended March 31, 2023 and 2022:

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
		($ in millions)	
Capital Invested	$ 9,767	$ 21,376	$ (11,609)

Assets Under Management

Private Equity

The following table reflects the changes in the AUM of our Private Equity business line from December 31, 2022 to March 31, 2023:

	($ in millions)
December 31, 2022	$ 165,147
New Capital Raised	349
Distributions and Other	(1,227)
Change in Value	1,493
March 31, 2023	$ 165,762

AUM of our Private Equity business line was $165.8 billion at March 31, 2023, an increase of $0.7 billion, compared to $165.1 billion at December 31, 2022.

The increase was primarily attributable to an appreciation in investment value from Americas Fund XII, Asian Fund IV, and North America Fund XIII. Partially offsetting this increase were distributions to fund investors primarily as a result of realized proceeds, most notably from Americas Fund XII, Next Generation Technology Growth Fund II, and Next Generation Technology Growth Fund.

For the three months ended March 31, 2023, the value of our traditional private equity investment portfolio increased 2%. This was comprised of a 15% increase in share prices of various publicly held investments and a 2% increase in value of our privately held investments. For the three months ended March 31, 2023, the value of our growth equity investment portfolio increased 1% and our core private equity investment portfolio remained flat.

The most significant increases in the value of our publicly held investments were increases in AppLovin Corporation (NASDAQ: APP), BridgeBio Pharma, Inc. and PropertyGuru Group Limited (NYSE: PGRU). These increases were partially offset by decreases in the value of certain publicly held investments, the most significant of which was Brightview Holdings, Inc. (NYSE: BV) and Indus Towers Limited (NSE: INDUSTOWER). The prices of publicly held companies may experience volatile changes following the reporting period. See "—Business Environment" for more information about the factors, such as volatility, that may impact our business, financial performance, operating results and valuations.

The most significant increases in the value of our privately held investments were increases in Cloudera, Inc. (technology sector), Magneti Marelli CK Holdings Co. (industrials sector), and OneStream Software, LLC (technology sector). These increases in value on our privately held investments were partially offset by decreases in the value of certain other privately held investments, the most significant of which were Bytedance Ltd. (technology sector), GenesisCare Pty Ltd., and Heartland Dental, LLC. 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. The decreased valuations of individual companies in our privately held investments, in the aggregate, generally related to an unfavorable business outlook. See "—Business Environment" for more information about the factors, that may impact our business, financial performance, operating results and valuations.

Real Assets

The following table reflects the changes in the AUM of our Real Assets business line from December 31, 2022 to March 31, 2023:

	($ in millions)
December 31, 2022	$ 118,592
New Capital Raised	2,613
Distributions and Other	(1,468)
Redemptions	(79)
Change in Value	1,148
March 31, 2023	$ 120,806

AUM of our Real Assets business line was $120.8 billion at March 31, 2023, an increase of $2.2 billion, compared to $118.6 billion at December 31, 2022.

The increase was primarily attributable to (i) new capital raised from a real estate credit separately managed account, Asia Real Estate Partners II, and our open-ended core infrastructure fund, Diversified Core Infrastructure Fund and (ii) the appreciation in investment value primarily from Global Infrastructure Investors III. Partially offsetting these increases were payments to Global Atlantic policyholders and distributions to fund investors as a result of realized proceeds, most notably distributions from Global Infrastructure Investors II.

For the three months ended March 31, 2023, the value of our infrastructure investment portfolio increased 6%, the value of our energy investment portfolio decreased by 9%, and the value of our opportunistic real estate equity investment portfolio decreased by 2%.

The most significant increases in value across our Real Asset portfolio were in Atlantic Aviation FBO Inc. (Infrastructure: transportation sector), First Gen Corporation (Infrastructure: power and utilities sector), and X-Elio Energy, S.L. (Infrastructure: power and utilities sector). These increases in value were partially offset by decreases in value relating primarily to various assets held in our energy portfolio, Colonial Enterprises, Inc. (Infrastructure: midstream sector), and various assets held in our real estate equity portfolio across all regions. The increased valuations of individual companies or assets in the aggregate, generally related to individual company or asset performance, and with respect to X-Elio Energy, S.L., an increase in valuation reflecting an agreement to exit this investment. The decreased valuations of individual companies or assets in the aggregate, generally related to an unfavorable business outlook. See "—Business Environment" for more information about the factors that may impact our business, financial performance, operating results and valuations.

Credit and Liquid Strategies

The following table reflects the changes in the AUM of our Credit and Liquid Strategies business line from December 31, 2022 to March 31, 2023:

	($ in millions)
December 31, 2022	$ 220,158
New Capital Raised	8,715
Distributions and Other	(4,025)
Redemptions	(2,533)
Change in Value	1,186
March 31, 2023	$ 223,501

AUM of our Credit and Liquid Strategies business line was $223.5 billion at March 31, 2023, an increase of $3.3 billion compared to $220.2 billion at December 31, 2022.

The increase was primarily attributable to (i) new capital raised from Global Atlantic, our hedge fund partnership, Marshall Wace, and the issuance of a new CLO, and to a lesser extent (ii) appreciation in investment value on assets managed across our leveraged and alternative credit investment funds. Partially offsetting these increases were (i) payments to Global Atlantic policyholders, (ii) redemptions at our hedge fund partnership, Marshall Wace, and (iii) distributions to fund investors at certain alternative credit funds.

See also "—Business Environment" for more information about the factors that may impact our business, financial performance, operating results and valuations and "—Credit and Liquid Strategies" for investment performance information for our leveraged and alternative credit strategies.

Fee Paying Assets Under Management

Private Equity

The following table reflects the changes in the FPAUM of our Private Equity business line from December 31, 2022 to March 31, 2023:

	($ in millions)
December 31, 2022	$ 102,261
New Capital Raised	1,407
Distributions and Other	(1,401)
Change in Value	56
March 31, 2023	$ 102,323

FPAUM of our Private Equity business line was $102.3 billion at March 31, 2023, which remained flat compared to December 31, 2022.

New capital raised from European Fund VI, Next Generation Technology Growth Fund III, and Global Impact Fund II was primarily offset by the (i) reduction in fee base for European Fund III and China Growth Fund, which no longer pay management fees, and (ii) distributions to fund investors, primarily as a result of realized proceeds, most notably distributions from Americas Fund XII and Next Generation Technology Growth Fund II.

Uncalled commitments from private equity and multi-strategy investment funds from which KKR is currently not earning management fees amounted to approximately $17.9 billion at March 31, 2023, 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 1.0%. The date on which we begin to earn fees (as specified above) is not guaranteed to occur and may not occur for an extended period of time. If and when such management fees are earned, a portion of existing FPAUM may cease paying fees or pay lower fees, thus offsetting a portion of any new management fees earned.

Real Assets

The following table reflects the changes in the FPAUM of our Real Assets business line from December 31, 2022 to March 31, 2023:

	($ in millions)
December 31, 2022	$ 103,532
New Capital Raised	3,434
Distributions and Other	(1,271)
Redemptions	(79)
Change in Value	111
March 31, 2023	$ 105,727

FPAUM of our Real Assets business line was $105.7 billion at March 31, 2023, an increase of $2.2 billion, compared to $103.5 billion at December 31, 2022.

The increase was primarily attributable to new capital raised from Diversified Core Infrastructure Fund and Asia Pacific Infrastructure Investors II. Partially offsetting this increase were (i) payments to Global Atlantic policyholders, and (ii) distributions to fund investors as a result of realized proceeds, most notably distributions from Global Infrastructure Investors II.

Uncalled commitments from real assets investment funds from which KKR is currently not earning management fees amounted to approximately $8.7 billion at March 31, 2023, 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 1.2%. The date on which we begin to earn fees (as specified above) is not guaranteed to occur and may not occur for an extended period of time. If and when such management fees are earned, a portion of existing FPAUM may cease paying fees or pay lower fees, thus offsetting a portion of any new management fees earned.

Credit and Liquid Strategies

The following table reflects the changes in the FPAUM of our Credit and Liquid Strategies business line from December 31, 2022 to March 31, 2023:

	($ in millions)
December 31, 2022	$ 206,130
New Capital Raised	8,496
Distributions and Other	(5,228)
Redemptions	(2,533)
Change in Value	956
March 31, 2023	$ 207,821

FPAUM of our Credit and Liquid Strategies business line was $207.8 billion at March 31, 2023, an increase of $1.7 billion, compared to $206.1 billion at December 31, 2022.

The increase was primarily attributable to (i) new capital raised from Global Atlantic, our hedge fund partnership, Marshall Wace, and the issuance of a new CLO, and to a lesser extent (ii) appreciation in investment value on assets managed across our leveraged and alternative credit investment funds. Partially offsetting these increases were (i) payments to Global Atlantic policyholders, (ii) redemptions at our hedge fund partnership, Marshall Wace, and (iii) distributions to fund investors at certain alternative credit funds.

Uncalled capital commitments from investment funds in our Credit and Liquid Strategies business line from which KKR is currently not earning management fees amounted to approximately $10.6 billion at March 31, 2023. 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 0.7%. The date on which we begin to earn fees (as specified above) is not guaranteed to occur and may not occur for an extended period of time. 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.

See "—Business Environment" for more information about the factors that may impact our business, financial performance, operating results and valuations.

Uncalled Commitments

Private Equity

As of March 31, 2023, our Private Equity business line had $64.1 billion of remaining uncalled commitments that could be called for investments in new transactions as compared to $65.9 billion as of December 31, 2022. The decrease was primarily attributable to capital called from fund investors to make investments during the period, which was partially offset by new capital commitments from fund investors.

Real Assets

As of March 31, 2023, our Real Assets business line had $27.7 billion of remaining uncalled commitments that could be called for investments in new transactions as compared to $27.5 billion as of December 31, 2022. The increase was primarily attributable to new capital commitments from fund investors, partially offset by capital called from fund investors to make investments during the period.

Credit and Liquid Strategies

As of March 31, 2023, our Credit and Liquid Strategies business line had $14.5 billion of remaining uncalled commitments that could be called for investments in new transactions as compared to $14.3 billion as of December 31, 2022. The increase was primarily attributable to new capital commitments from fund investors, which was partially offset by capital called from fund investors to make investments during the period.

Capital Invested

Private Equity

For the three months ended March 31, 2023, our Private Equity business line had $2.9 billion of capital invested as compared to $4.4 billion for the three months ended March 31, 2022. The decrease was driven primarily by a $2.4 billion decrease in capital invested in our traditional private equity strategy. During the three months ended March 31, 2023, 57% of capital deployed in private equity (including core and growth equity (including impact) investments) was in transactions in Europe, 39% was in North America, and 4% was in the Asia-Pacific region. 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.

Real Assets

For the three months ended March 31, 2023, our Real Assets business line had $4.7 billion of capital invested as compared to $9.0 billion for the three months ended March 31, 2022. The decrease was driven primarily by a $3.8 billion decrease in capital invested in our real estate strategy and a $1.2 billion decrease in our energy strategy. During the three months ended March 31, 2023, 59% of capital deployed in real assets was in transactions in Europe, 31% was in the Asia-Pacific region, and 10% was in North America. The number of large real asset 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.

Credit and Liquid Strategies

For the three months ended March 31, 2023, our Credit and Liquid Strategies business line had $2.2 billion of capital invested as compared to $8.0 billion for the three months ended March 31, 2022. The decrease was primarily due to a lower level of capital deployed across our various private credit strategies. During the three months ended March 31, 2023, 79% of capital deployed was in transactions in North America, 19% was in Europe, and 2% was in the Asia-Pacific region.

Analysis of Insurance Segment Operating Results

Effective January 1 , 2023, we adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts ("LDTI") as of February 1, 2021, the date of the GA Acquisition, on a full retrospective basis. For a more detailed discussion of the adoption of the LDTI, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

The following tables set forth information regarding KKR's insurance segment operating results and certain key operating metrics as of and for the three months ended March 31, 2023 and 2022:

	Three Months Ended		
	March 31, 2023	**March 31, 2022**	**Change**
		($ in thousands)	
Net Investment Income	$ 1,271,255	$ 862,414	$ 408,841
Net Cost of Insurance	(750,612)	(481,870)	(268,742)
General, Administrative and Other	(196,714)	(146,412)	(50,302)
Pre-tax Operating Earnings	**323,929**	**234,132**	**89,797**
Pre-tax Operating Earnings Attributable to Noncontrolling Interests	(118,817)	(90,185)	(28,632)
Insurance Segment Operating Earnings	**$ 205,112**	**$ 143,947**	**$ 61,165**

Insurance segment operating earnings

Insurance segment operating earnings increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 primarily due to higher net investment income resulting from an increase in assets under management due to growth of the business, and higher average yields. The increase was offset in part by (i) higher net cost of insurance, primarily due to the growth in both the individual market and institutional market channels and higher funding cost on new business and (ii) a corresponding increase in general and administrative expenses.

Net investment income

Net investment income increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 primarily due to (i) increased average assets under management due to growth in assets in the institutional market channel as a result of new reinsurance transactions and individual market channel sales from new business growth, (ii) increases in portfolio yields due to higher market interest rates on floating rate investments, and (iii) rotation into higher yielding assets. Offsetting these increases to net investment income was a decrease in variable investment income, primarily due to the non-recurrence of net realized gains from the sale of investments not related to asset/liability matching strategies.

Net cost of insurance

Net cost of insurance increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 primarily due to (i) growth in reserves in the institutional market as a result of new reinsurance transactions and in the individual market as a result of new business volumes, and (ii) higher funding costs on new business originated.

General, administrative and other expenses

General and administrative expenses increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 primarily due to (i) increased interest expense due to higher interest rates and debt outstanding, (ii) increased employee compensation and benefits-related expenses, (iii) increased professional service fees, and (iv) increased third-party administrator policy servicing fees, all due to growth of the business.

Net income attributable to noncontrolling interests

Net income (loss) attributable to noncontrolling interests increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 in proportion to the increase in insurance segment operating earnings for the comparable period. Net income attributable to noncontrolling interests represents the proportionate interest in the insurance segment operating earnings attributable to third party co-investors in Global Atlantic.

Analysis of Non-GAAP Performance Measures

Effective January 1 , 2023, we adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts ("LDTI") as of February 1, 2021, the date of the GA Acquisition, on a full retrospective basis. For a more detailed discussion of the adoption of the LDTI, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

The following is a discussion of our Non-GAAP performance measures for the three months ended March 31, 2023 and 2022:

	Three Months Ended		
	March 31, 2023	March 31, 2022	Change
	($ in thousands)		
Asset Management Segment Operating Earnings	$ 778,347	$ 1,127,445	$ (349,098)
Insurance Segment Operating Earnings	205,112	143,947	61,165
Distributable Operating Earnings	**983,459**	**1,271,392**	**(287,933)**
Interest Expense	(85,500)	(69,460)	(16,040)
Net Income Attributable to Noncontrolling Interests	(5,626)	(7,616)	1,990
Income Taxes on Operating Earnings	(173,057)	(220,279)	47,222
After-tax Distributable Earnings	**$ 719,276**	**$ 974,037**	**$ (254,761)**

Distributable Operating Earnings

The decrease in distributable operating earnings for the three months ended March 31, 2023 compared to the prior period is primarily due to a lower level of asset management segment operating earnings, partially offset by a higher level of insurance segment operating earnings. For a discussion of the asset management and insurance segment operating earnings, see "—Analysis of Asset Management Segment Operating Results" and "—Analysis of Insurance Segment Operating Results."

After-tax Distributable Earnings

The decrease in after-tax distributable earnings for the three months ended March 31, 2023 compared to the prior period was primarily due to a lower level of distributable operating earnings and an increase in interest expense, partially offset by a decrease in income taxes on operating earnings, as discussed above.

Interest Expense

The increase in interest expense for the three months ended March 31, 2023 compared to the prior period was primarily due to issuances of debt securities by KKR's financing subsidiaries.

Income Taxes on Operating Earnings

The decrease in income taxes on operating earnings for the three months ended March 31, 2023 compared to the prior period was primarily due to a lower level of asset management segment operating earnings.

For the three months ended March 31, 2023 and 2022, the amount of the tax benefit from equity-based compensation included in income taxes paid was $13.7 million and $11.8 million, respectively. The inclusion of the tax benefit from equity-based compensation in After-tax Distributable Earnings had the effect of increasing this measure by 2% and 1%, respectively, for the three months ended March 31, 2023 and 2022.

Non-GAAP Balance Sheet Measures

Book Value

The following table presents our calculation of book value as of March 31, 2023 and December 31, 2022:

		As of	
		March 31, 2023	December 31, 2022
		($ in thousands)	
(+)	Cash and Short-term Investments	$ 2,766,099	$ 3,256,515
(+)	Investments	17,955,482	17,628,327
(+)	Net Unrealized Carried Interest (1)	2,628,693	2,509,589
(+)	Other Assets, Net (2)	7,311,109	6,979,235
(+)	Global Atlantic Book Value	4,391,813	4,409,873
(-)	Debt Obligations - KKR (excluding KFN and Global Atlantic)	6,778,452	6,957,932
(-)	Debt Obligations - KFN	948,517	948,517
(-)	Tax Liabilities, Net	1,771,224	1,648,600
(-)	Other Liabilities	899,868	911,612
(-)	Noncontrolling Interests	29,288	32,843
	Book Value	**$ 24,625,847**	**$ 24,284,035**
	Book Value Per Adjusted Share	**$ 27.65**	**$ 27.27**
	Adjusted Shares	**890,621,712**	**890,628,190**

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

	As of	
	March 31, 2023	December 31, 2022
	($ in thousands)	
Private Equity Business Line	$ 2,231,530	$ 2,199,869
Real Assets Business Line	296,547	212,974
Credit and Liquid Strategies Business Line	100,616	96,746
Total	**$ 2,628,693**	**$ 2,509,589**

(2) Other Assets, Net include our (i) ownership interest in FS/KKR Advisor, (ii) minority ownership interests in hedge fund partnerships, and (iii) the net assets of KJRM.

Book value increased 1% from December 31, 2022. The increase was primarily attributable to (i) an increase in net unrealized carried interest, most notably from Americas Fund XII, Global Infrastructure Investors III, and Asia Pacific Infrastructure Investors, and (ii) the positive impact of our after-tax distributable earnings recognized in the period. Partially offsetting these increases was the payment of dividends during the period. The value of our asset management segment investments remained flat in the period. For a further discussion, see "—Consolidated Results of Operations (GAAP Basis) - Asset Management—Investment Income (Loss) - Asset Management—Unrealized Gains and Losses from Investment Activities." For a discussion of the changes in our investment portfolio, see "—Analysis of Asset Management Segment Operating Results—Assets Under Management." For a discussion of factors that impacted KKR's after-tax distributable earnings, see "—Analysis of Non-GAAP Performance Measures—After-tax Distributable Earnings" and for more information about the factors that may impact our business, financial performance, operating results and valuations, see "—Business Environment."

The following table presents the holdings of our investments in the asset management segment by asset class as of March 31, 2023. To the extent investments 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.

Investments [1]	As of March 31, 2023 ($ in thousands) Cost	Fair Value	Fair Value as a Percentage of Total Investments
Traditional Private Equity	$ 2,014,797	$ 3,391,315	18.9 %
Core Private Equity	2,716,688	5,700,661	31.7 %
Growth Equity	356,578	875,673	4.9 %
Private Equity Total	**5,088,063**	**9,967,649**	**55.5 %**
Energy	849,164	841,978	4.7 %
Real Estate	1,801,180	1,873,726	10.4 %
Infrastructure	1,154,221	1,362,629	7.6 %
Real Assets Total	**3,804,565**	**4,078,333**	**22.7 %**
Leveraged Credit	1,305,853	1,066,071	5.9 %
Alternative Credit	849,719	900,032	5.0 %
Credit Total	**2,155,572**	**1,966,103**	**10.9 %**
Other	2,297,519	1,943,397	10.9 %
Total Investments	**$ 13,345,719**	**$ 17,955,482**	**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 insurance businesses, including the general partner interests of KKR's investment funds. Investments presented are principally the assets measured at fair value that are held by KKR's asset management segment, which, among other things, does not include the underlying investments held by Global Atlantic and Marshall Wace.

Top 20 Investments: [1]	As of March 31, 2023 ($ in thousands) Cost	Fair Value
USI, Inc.	$ 531,425	$ 1,300,380
PetVet Care Centers, LLC	243,211	1,143,092
Heartland Dental, LLC	320,656	769,574
Exact Group B.V.	213,362	568,585
Arnott's Biscuits Limited	250,841	468,984
1-800 Contacts Inc.	300,178	405,243
Internet Brands, Inc.	340,312	372,628
Barracuda Networks, Inc.	343,092	343,092
ERM Worldwide Group Limited	228,710	343,065
IVIRMA Global SL	321,261	321,083
Teaching Strategies, LLC	307,162	307,162
Crescent Energy Company (NYSE: CRGY)	527,030	286,861
Roompot B.V.	193,578	259,599
Shriram General Insurance Co.	245,470	252,946
Resolution Life Group Holdings, L.P.	262,191	228,659
Atlantic Aviation FBO Inc.	170,274	203,570
BridgeBio Pharma, Inc. (NASDAQ: BBIO)	59,799	198,684
Viridor Limited	132,023	186,878
PortAventura	155,803	174,835
The Bay Clubs Company, LLC	160,127	160,127
Total Top 20 Investments	**$ 5,306,505**	**$ 8,295,047**

(1) This list of investments identifies the twenty largest companies or assets based on their fair values as of March 31, 2023. It does not deduct fund or vehicle level debt, if any, incurred in connection with funding the investment. This list excludes (i) investments expected to be syndicated, (ii) investments expected to be transferred in connection with a new fundraising, (iii) investments in funds and other entities that are owned by one or more third parties and established for the purpose of making investments and (iv) the portion of any investment that may be held through collateralized loan obligations or levered multi-asset investment vehicles, if any. For additional information about the asset classes of the investments held on KKR's balance sheet see "—Our Business—Principal Activities" for the "Holdings by Asset Class" pie chart. 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.

With respect to KKR's book value relating to its insurance business, KKR includes Global Atlantic's book value, which consists of KKR's pro rata equity interest in Global Atlantic on a GAAP basis, excluding (i) accumulated other comprehensive income and (ii) accumulated change in fair value of reinsurance embedded derivative balances and related assets, net of income tax. KKR believes this presentation of Global Atlantic's book value is comparable with the corresponding metric presented by other publicly traded companies in Global Atlantic's industry. As of March 31, 2023, KKR's pro rata interest in Global Atlantic's book value was $4.4 billion. For more information about the composition and credit quality of Global Atlantic's investments on a consolidated basis, please see "—Global Atlantic's Investment Portfolio" below.

Global Atlantic's Investment Portfolio

As of March 31, 2023, 95% and 87% of Global Atlantic's available-for-sale ("AFS") fixed maturity securities were considered investment grade under ratings from the Securities Valuation Office of the NAIC and NRSROs, respectively. As of December 31, 2022, 95% and 85% of Global Atlantic's AFS fixed maturity securities were considered investment grade under ratings from NAIC and NRSROs, respectively. Securities where a rating by an NRSRO was not available are considered investment grade if they have an NAIC designation of “1” or “2.” The three largest asset categories in Global Atlantic's AFS fixed-maturity security portfolio as of March 31, 2023 were Corporate, RMBS and CMBS securities, comprising 31%, 5% and 5% of Global Atlantic's investment portfolio, respectively. Within these categories, 94%, 96% and 95% of Global Atlantic's Corporate, RMBS and CMBS securities, respectively, were investment grade according to NAIC ratings and 94%, 52% and 54% of its Corporate, RMBS and CMBS securities, respectively, were investment grade according to NRSRO ratings as of March 31, 2023. The three largest asset categories in Global Atlantic's AFS fixed-maturity security portfolio as of December 31, 2022 were Corporate, RMBS and CMBS securities, comprising 29%, 5% and 5% of Global Atlantic's investment portfolio, respectively. Within these categories, 94%, 95% and 95% of Global Atlantic's Corporate, RMBS and CMBS securities, respectively, were investment grade according to NAIC ratings and 94%, 45% and 53% of its Corporate, RMBS and CMBS securities, respectively, were investment grade according to NRSRO ratings as of December 31, 2022. NRSRO and NAIC ratings have different methodologies. Global Atlantic believes the NAIC ratings methodology, which considers the likelihood of recovery of amortized cost as opposed to the recovery of all contractual payments including the principal at par, as the more appropriate way to view the ratings quality of its AFS fixed maturity portfolio since a large portion of its holdings were purchased at a significant discount to par value. The portion of Global Atlantic's investment portfolio consisting of floating rate assets was 30% and 29% as of March 31, 2023 and December 31, 2022, respectively.

Within the funds withheld receivable at interest portfolio, 97% of the fixed maturity securities were investment grade by NAIC designation as of both March 31, 2023 and December 31, 2022.

Trading fixed maturity securities back funds withheld payable at interest where the investment performance is ceded to reinsurers under the terms of the respective reinsurance agreements.

Credit quality of AFS fixed maturity securities

The Securities Valuation Office of the NAIC evaluates the AFS fixed maturity security investments of insurers for regulatory reporting and capital assessment purposes and assigns securities to one of six credit quality categories called "NAIC designations." Using an internally developed rating is permitted by the NAIC if no rating is available. These designations are generally similar to the credit quality designations of NRSROs for marketable fixed maturity securities, except for certain structured securities as described below. NAIC designations of "1," highest quality, and "2," high quality, include fixed maturity securities generally considered investment grade by NRSROs. NAIC designations "3" through "6" include fixed maturity securities generally considered below investment grade by NRSROs.

Consistent with the NAIC Process and Procedures Manual, an NRSRO rating was assigned based on the following criteria: (i) the equivalent S&P rating where the security is rated by one NRSRO; (ii) the equivalent S&P rating of the lowest NRSRO when the security is rated by two NRSROs; and (iii) the equivalent S&P rating of the second lowest NRSRO if the security is rated by three or more NRSROs. If the lowest two NRSROs' ratings are equal, then such rating will be the assigned rating. NRSROs' ratings available for the periods presented were S&P, Fitch, Moody's, DBRS, Inc. and Kroll Bond Rating Agency, Inc. If no rating is available from a rating agency, then an internally developed rating is used.

Substantially all of the AFS fixed maturity securities portfolio, 95% as of both March 31, 2023 and December 31, 2022 was invested in investment grade assets with a NAIC rating of 1 or 2.

The portion of the AFS fixed maturity securities portfolio that was considered below investment grade by NAIC designation was 5% as of both March 31, 2023 and December 31, 2022. Pursuant to Global Atlantic's investment guidelines, Global Atlantic actively monitors the percentage of its portfolio that is held in investments rated NAIC 3 or lower and must obtain an additional approval from Global Atlantic's management investment committee before making a significant investment in an asset rated NAIC 3 or lower.

Corporate fixed maturity securities

Global Atlantic maintains a diversified portfolio of corporate fixed maturity securities across industries and issuers. As of both March 31, 2023 and December 31, 2022, 59% of the AFS fixed maturity securities portfolio was invested in corporate fixed maturity securities. As of both March 31, 2023 and December 31, 2022, approximately, 5% of the portfolio is denominated in foreign currency.

As of both March 31, 2023 and December 31, 2022, 94% of the total fair value of corporate fixed maturity securities is rated NAIC investment grade and 94% is rated NRSROs investment grade, respectively.

Residential mortgage-backed securities

As of both March 31, 2023 and December 31, 2022, 10% of the AFS fixed maturity securities portfolio was invested in RMBS, respectively. RMBS are securities constructed from pools of residential mortgages and backed by payments from those pools. Excluding limitations on access to lending and other extraordinary economic conditions, Global Atlantic would expect prepayments of principal on the underlying loans to accelerate with decreases in market interest rates and diminish with increases in market interest rates.

The NAIC designations for RMBS, including prime, sub-prime, alt-A, and adjustable rate mortgages with variable payment options ("Option ARM"), are based upon a comparison of the bond's amortized cost to the NAIC's loss expectation for each security. Accordingly, an investment in the same security at a lower cost may result in a higher quality NAIC designation in recognition of the lower likelihood the investment would result in a realized loss. Prime residential mortgage lending includes loans to the most creditworthy borrowers with high quality credit profiles. Alt-A is a classification of mortgage loans where the risk profile of the borrower is between prime and sub-prime. Sub-prime mortgage lending is the origination of residential mortgage loans to borrowers with weak credit profiles.

As of March 31, 2023 and December 31, 2022, 91% and 90%, respectively, of RMBS securities that are below investment grade as rated by the NRSRO, carry an NAIC 1 ("highest quality") designation.

As of March 31, 2023, Alt-A, Option ARM, Re-Performing and Sub-prime represent 27%, 24%, 21% and 10% of the total RMBS portfolio ($7.0 billion), respectively. As of December 31, 2022, Alt-A, Option ARM, Re-Performing and Sub-prime represent 31%, 28%, 14% and 12% of the total RMBS portfolio ($6.4 billion), respectively.

Unrealized gains and losses for AFS fixed maturity securities

Global Atlantic's investments in AFS fixed maturity securities are reported at fair value with changes in fair value recorded in other comprehensive income as unrealized gains or losses, net of taxes and offsets. Unrealized gains and losses can be created by changes in interest rates or by changes in credit spreads.

As of March 31, 2023 and December 31, 2022, Global Atlantic had gross unrealized losses on below investment grade AFS fixed maturity securities of $925.0 million and $917.6 million based on NRSRO rating and $222.0 million and $224.9 million based on NAIC ratings, respectively. During the three months ended March 31, 2023, unrealized losses of $26.7 million were recognized in net income on these debt securities since, as of March 31, 2023, there were specific securities that, as of the balance sheet date, Global Atlantic intended to sell or Global Atlantic believed it was more likely than not that it will be required to sell before recovery of their cost or amortized cost basis. As of March 31, 2022, no loss was recognized as Global Atlantic did not believe there were specific securities that, as of that date, it intended to, or would be required to sell before recovery.

Mortgage and other loan receivables - Credit quality indicators

Mortgage and other loan receivables consist of commercial and residential mortgage loans, and other loan receivables. As of March 31, 2023 and December 31, 2022, 27% and 28%, respectively, of Global Atlantic's total investments consisted of mortgage and other loan receivables. Global Atlantic invests in U.S. mortgage loans, comprised of first lien and mezzanine real estate loans, residential mortgage loans, consumer loans, and other loan receivables.

Global Atlantic's commercial mortgage loans may also be rated based on NAIC designations, with designations "CM1" and "CM2" considered to be investment grade. As of March 31, 2023 and December 31, 2022, 89% and 88% of the commercial mortgage loan portfolio was rated investment grade based on NAIC designation, respectively. 99% of the commercial mortgage loan portfolio is in current status.

As of March 31, 2023, 96% of the residential mortgage loan portfolio is in current status, and approximately $221.0 million is 90 days or more past due (representing 2% of the total residential mortgage portfolio).

The loan-to-value ratio is expressed as a percentage of the current amount of the loan relative to the value of the underlying collateral. Approximately 84% of the commercial mortgage loans has a loan-to-value ratio of 70% or less and 2% has loan-to-value ratio over 90%.

Changing economic conditions affect Global Atlantic's valuation of commercial mortgage loans. Changing vacancies and rents are incorporated into the discounted cash flow analysis that Global Atlantic performs for monitored loans and may contribute to the establishment of (or increase or decrease in) a commercial mortgage loan valuation allowance for losses. In addition, Global Atlantic continuously monitors its commercial mortgage loan portfolio to identify risk. Areas of emphasis are properties that have exposure to specific geographic events or have deteriorating credit.

The weighted average loan-to-value ratio for residential mortgage loans was 65% and 64% as of March 31, 2023 and December 31, 2022, respectively.

Global Atlantic's residential mortgage loan portfolio is comprised mainly of re-performing loans that were purchased at a discount after they were modified and returned to performing status, as well as prime jumbo loans and mortgage loans backed by single family rental properties. Global Atlantic has also extended financing to counterparties in the form of repurchase agreements secured by mortgage loans, including performing and non-performing mortgage loans.

Global Atlantic's consumer loan portfolio is primarily comprised of home improvement loans, solar panel loans, student loans and auto loans. As of March 31, 2023, 97% of the consumer loan portfolio is in current status and approximately $35.2 million is 90 days or more past due (representing less than 1% of the total consumer loan portfolio).

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 months ended March 31, 2023 and 2022:

Revenues

	Three Months Ended	
	March 31, 2023	March 31, 2022
	($ in thousands)	
Total GAAP Revenues	**$ 3,127,482**	**$ 999,363**
Impact of Consolidation and Other	209,778	213,400
Asset Management Adjustments:		
Capital Allocation-Based Income (Loss) (GAAP)	(449,018)	945,743
Realized Carried Interest	172,689	579,767
Realized Investment Income	198,094	349,354
Capstone Fees	(19,805)	(15,485)
Expense Reimbursements	(15,544)	(41,303)
Insurance Adjustments:		
Net Premiums	(473,624)	(372,144)
Policy Fees	(313,802)	(313,782)
Other Income	(37,158)	(34,744)
(Gains) Losses from Investments (1)	260,507	167,102
Non-operating Changes in Policy Liabilities and Derivatives	(112,776)	286,721
Total Segment Revenues (2)	**$ 2,546,823**	**$ 2,763,992**

(1) Includes (gains) losses on funds withheld receivables and payables embedded derivatives.

(2) Total Segment Revenues is comprised of (i) Management Fees, (ii) Transaction and Monitoring Fees, Net, (iii) Fee Related Performance Revenues, (iv) Realized Performance Income, (v) Realized Investment Income, and (vi) Net Investment Income.

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

	Three Months Ended	
	March 31, 2023	March 31, 2022
	($ in thousands)	
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders (GAAP)	**$ 322,744**	**$ (9,786)**
Preferred Stock Dividends	17,250	17,250
Net Income (Loss) Attributable to Noncontrolling Interests	(80,306)	1,244,924
Income Tax Expense (Benefit)	148,747	36,651
Income (Loss) Before Tax (GAAP)	**$ 408,435**	**$ 1,289,039**
Impact of Consolidation and Other	93,511	(1,307,942)
Equity-based Compensation - KKR Holdings[1]	—	19,821
Income Taxes on Operating Earnings	(173,057)	(220,279)
Asset Management Adjustments:		
Unrealized (Gains) Losses	99,327	322,269
Unrealized Carried Interest	(202,659)	1,290,033
Unrealized Carried Interest Compensation (Carry Pool)	83,830	(513,987)
Strategic Corporate Related Charges	6,807	19,898
Equity-based Compensation	59,017	55,111
Equity-based Compensation - Performance based	67,273	57,953
Insurance Adjustments:[2]		
(Gains) Losses from Investments[2][3]	131,114	129,032
Non-operating Changes in Policy Liabilities and Derivatives[2]	106,491	(192,201)
Strategic Corporate Related Charges[2]	—	3,079
Equity-based and Other Compensation[2]	36,393	19,498
Amortization of Acquired Intangibles[2]	2,794	2,713
After-tax Distributable Earnings	**$ 719,276**	**$ 974,037**
Interest Expense	85,500	69,460
Net Income Attributable to Noncontrolling Interests	5,626	7,616
Income Taxes on Operating Earnings	173,057	220,279
Distributable Operating Earnings	**$ 983,459**	**$ 1,271,392**
Insurance Segment Operating Earnings	(205,112)	(143,947)
Realized Performance Income	(175,398)	(609,207)
Realized Performance Income Compensation	114,009	383,635
Realized Investment Income	(198,094)	(349,354)
Realized Investment Income Compensation	29,714	52,403
Fee Related Earnings	**$ 548,578**	**$ 604,922**
Insurance Segment Operating Earnings	205,112	143,947
Realized Performance Income	175,398	609,207
Realized Performance Income Compensation	(114,009)	(383,635)
Realized Investment Income	198,094	349,354
Realized Investment Income Compensation	(29,714)	(52,403)
Depreciation and Amortization	10,434	7,565
Adjusted EBITDA	**$ 993,893**	**$ 1,278,957**

(1) Represents equity-based compensation expense in connection with the allocation of KKR Holdings Units, which were not dilutive to common stockholders of KKR & Co. Inc.
(2) Amounts represent the portion allocable to KKR & Co. Inc.
(3) Includes (gains) losses on funds withheld receivables and payables embedded derivatives.

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

	As of	
	March 31, 2023	December 31, 2022
	($ in thousands)	
KKR & Co. Inc. Stockholders' Equity - Common Stock	**$ 18,546,889**	**$ 17,691,975**
Series C Mandatory Convertible Preferred Stock	1,115,792	1,115,792
Impact of Consolidation and Other	398,751	399,318
Exchangeable Securities	205,668	128,850
Accumulated Other Comprehensive Income (AOCI) and Other (Insurance)	4,358,747	4,948,100
Book Value	**$ 24,625,847**	**$ 24,284,035**

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

	As of	
	March 31, 2023	December 31, 2022
GAAP Shares of Common Stock Outstanding	861,104,000	861,110,478
Adjustments:		
Exchangeable Securities (1)	2,695,142	2,695,142
Common Stock - Series C Mandatory Convertible Preferred Stock (2)	26,822,570	26,822,570
Adjusted Shares (3)	**890,621,712**	**890,628,190**
Unvested Equity Awards and Exchangeable Securities (4)	**35,317,288**	**35,457,274**

(1) Consists of vested restricted holdings units granted under our 2019 Equity Incentive Plan, which are exchangeable for shares of KKR & Co. Inc. common stock on a one-for-one basis.

(2) Assumes that all shares of Series C Mandatory Convertible Preferred Stock have been converted into shares of KKR & Co. Inc. common stock on March 31, 2023 and December 31, 2022.

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

(4) Represents equity awards granted under our Equity Incentive Plans. Excludes market condition awards that did not meet their market-price based vesting conditions as of March 31, 2023 and December 31, 2022.

Liquidity

We manage our liquidity and capital requirements by (a) 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, and (b) seeking to maintain access to sufficient liquidity through various sources. The overall liquidity framework and cash management approach of our insurance business are also based on seeking to build an investment portfolio that is cash flow matched, providing cash inflows from insurance assets that meet our insurance companies' expected cash outflows to pay their liabilities. 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 through 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 capital commitments in our capital markets business; (vi) distributing cash flow to our stockholders and holders of our preferred stock; and (vii) paying borrowings, interest payments, and repayments under credit agreements, our senior and subordinated notes, and other borrowing arrangements. See "—Liquidity—Liquidity Needs—Dividends."

See "—Business Environment" for more information on factors that may impact 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) in our insurance business, cash inflows in respect of new premiums, policyholder deposits, reinsurance transactions and funding agreements, including through memberships in Federal Home Loan Banks; (v) realizations on and sales of investments and other assets, including the transfers of investments or other assets for fund formations (including CLOs and other investment vehicles); and (vi) borrowings, including advances under our revolving credit facilities, debt offerings, repurchase agreements, and other borrowing arrangements. In addition, we may generate cash proceeds from issuances of our or our subsidiaries' equity securities.

Many of our investment funds like our private equity and real assets funds provide for carried interest. With respect to our carry-paying investment funds, carried interest is eligible to be distributed to the general partner of the fund 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. Even after all of the preceding conditions are met, the general partner of the fund may, in its sole discretion, decide to defer the distribution of carried interest to it to a later date. In addition, these funds generally include what is called a “clawback” provision, which provides that the general partner must return any carried interest that is paid in excess of what the general partner is entitled to receive at the end of the term of the fund, as discussed further below.

As of March 31, 2023, certain of our investment 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.

As of March 31, 2023, netting holes in excess of $50 million only existed at European Fund V and Health Care Growth Fund in the amounts of $86 million and $60 million, respectively. 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. There are also investment funds that are not accruing carried interest and do not have a netting hole although they may be in a clawback position. If the investment fund has distributed carried interest, but subsequently does not have sufficient value to provide for the distribution of carried interest at the end of the life of the investment fund, the general partner is typically required to return previously distributed carried interest to the fund investors. Although our current and former employees who received distributions of carried interest subject to clawback are required to return them to KKR, it is KKR’s obligation to return carried interest subject to clawback to the fund investors. As of March 31, 2023, approximately $520 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 March 31, 2023 fair values. As of March 31, 2023, Asian Fund II is the only investment fund with a clawback obligation in excess of $50 million. See Note 25 "Commitments and Contingencies—Contingent Repayment Guarantees" in our financial statements included elsewhere in this report for further information. See also the negative amounts included in the Carried Interest column in the table included in this Item 2 in “Asset Management—Private Equity” for further information on clawback obligations.

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.

For a discussion of our debt obligations, including our debt securities, revolving credit agreements and loans, see Note 17 "Debt Obligations" in our financial statements.

Liquidity Needs

We expect that our (including Global Atlantic's) primary liquidity needs will consist of cash required to meet various obligations, including, without limitation, to:

- continue to support and grow our Asset Management business lines, including seeding new investment strategies, supporting capital commitments made by our vehicles to existing and future funds, co-investments and any net capital requirements of our capital markets companies and otherwise supporting the investment vehicles that we sponsor;
- continue to support and grow our insurance business;
- grow and expand our businesses generally, including by acquiring or launching new, complementary or adjacent businesses;
- warehouse investments in portfolio companies or other investments for the benefit of one or more of our funds, accounts or CLOs or other investment vehicles pending the contribution of committed capital by the fund investors in such vehicles, and advancing capital to them for operational or other needs;
- service debt obligations including the payment of obligations at maturity, on interest payment dates or upon redemption, as well as any contingent liabilities, including from litigation, that may give rise to future cash payments, including funding requirements to levered investment vehicles or structured transactions;
- fund cash operating expenses and contingencies, including for litigation matters and guarantees;
- pay corporate income taxes and other taxes;
- pay policyholders and amounts in our insurance business related to investment, reinvestment, reinsurance or funding agreement activity;
- pay amounts that may become due under our tax receivable agreement;
- pay cash dividends in accordance with our dividend policy for our common stock or the terms of our preferred stock, if any;
- underwrite commitments, advance loan proceeds and fund syndication commitments within our capital markets business;
- post or return collateral in respect of derivative contracts;
- 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 they may apply);
- address capital needs of regulated subsidiaries as well as non-regulated subsidiaries; and
- repurchase shares of our common stock or retire equity awards pursuant to the share repurchase program or repurchase or redeem other securities issued by us.

For a discussion of KKR's share repurchase program, see Note 23 "Equity" in our financial statements.

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 for our Principal Activities business line, including core investments and exposure to the Asia-Pacific region.

The following table presents our uncalled commitments to our active investment funds and other vehicles as of March 31, 2023:

		Uncalled Commitments
Private Equity		**($ in millions)**
Core Investment Vehicles	$	3,801
Asian Fund IV		367
North America Fund XIII		332
European Fund VI		250
Next Generation Technology Growth Fund III		196
Global Impact Fund II		145
Health Care Strategic Growth Fund II		124
Other Private Equity Vehicles		1,256
Total Private Equity Commitments		**6,471**
Real Assets		
Asia Pacific Infrastructure Investors II		357
Global Infrastructure Investors IV		272
Asia Real Estate Partners		146
Real Estate Partners Americas III		91
Real Estate Partners Europe II		77
Diversified Core Infrastructure Fund		13
Real Estate Credit Opportunity Partners II		8
Other Real Assets Vehicles		1,025
Total Real Assets Commitments		**1,989**
Credit and Liquid Strategies		
Asia Credit		96
Asset-Based Finance Partners		87
Dislocation Opportunities Fund		84
Lending Partners Europe II		11
Lending Partners III		10
Private Credit Opportunities Partners II		8
Other Credit and Liquid Strategies Vehicles		911
Total Credit and Liquid Strategies Commitments		**1,207**
Total Uncalled Commitments	**$**	**9,667**

Other Capital Commitments

In addition to the uncalled commitments to our investment funds as shown above, KKR has entered into contractual capital commitments primarily with respect to underwriting transactions, debt financing, revolving credit facilities, and equity syndications in our Capital Markets business line. As of March 31, 2023, these capital commitments amounted to $0.4 billion.

Whether these amounts are actually funded, in whole or in part, depends on the contractual terms of such capital 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 under certain circumstances when underwriting certain debt transactions, and thus our unfunded capital commitments as of March 31, 2023 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. For more information about our Capital Markets business line's risks, see "Risks Related to Our Business—Our capital markets activities expose us to material risks" in our Annual Report.

From time to time, we fund various underwriting, syndication and fronting commitments in our capital markets business in connection with the arranging or underwriting of loans, securities or other financial instruments, for which we may draw all or substantially all of our availability for borrowings under our available credit facilities. We generally expect these borrowings by our Capital Markets business line to be repaid promptly as these commitments are 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. For more information about our Capital Markets business line's risks, see "Risks Related to Our Business—Our capital markets activities expose us to material risks" in this report.

Tax Receivable Agreement

On May 30, 2022, KKR terminated the tax receivable agreement with KKR Holdings other than with respect to exchanges of KKR Holdings Units completed prior to such date. As of March 31, 2023, an undiscounted payable of $404.6 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 for certain exchanges of KKR Holdings Units that took place prior to the termination of the tax receivable agreement. As of March 31, 2023, approximately $76.7 million of cumulative cash payments have been made under the tax receivable agreement since inception.

Dividends and Stock Repurchases

A dividend of $0.165 per share of our common stock has been declared and will be paid on June 6, 2023 to holders of record of our common stock as of the close of business on May 22, 2023.

A dividend of $0.75 per share of Series C Mandatory Convertible Preferred Stock has been declared and set aside for payment on June 15, 2023 to holders of record of Series C Mandatory Convertible Preferred Stock as of the close of business on June 1, 2023.

When KKR & Co. Inc. receives distributions from KKR Group Partnership, holders of exchangeable securities receive their 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. We announced on February 7, 2023 that our current dividend policy will be to pay dividends to holders of our common stock in an annual aggregate amount of $0.66 per share (or a quarterly dividend of $0.165 per share) beginning with the dividend that was announced with the results for the first quarter of 2023.The declaration of dividends is 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 of Directors 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.

Since 2015, KKR has repurchased, or retired equity awards representing, a total of 86.3 million shares of common stock for $2.2 billion, which equates to an average price of $25.90 per share. For further information, see "Part II—Item 2—Unregistered Sales of Equity Securities and Use of Proceeds."

Contractual Obligations, Commitments and Contingencies

In the ordinary course of business, we (including Global Atlantic) and our consolidated funds and CFEs enter into contractual arrangements that may require future cash payments. Contractual arrangements include (1) commitments to fund the purchase of investments or other assets (including obligations to fund capital commitments as the general partner of our investment funds) or to fund collateral for derivative transactions or otherwise, (2) obligations arising under our senior notes, subordinated notes, and other indebtedness, (3) commitments by our capital markets business to underwrite transactions or to lend capital, (4) obligations arising under insurance policies written, (5) other contractual obligations, including servicing agreements with third-party administrators for insurance policy administration, and (6) commitments to fund the business, operations or investments of our subsidiaries. In addition, we may incur contingent liabilities for claims that may be made against us in the future. For more information about these contingent liabilities, please see Note 25 "Commitments and Contingencies" in our financial statements.

Off Balance Sheet Arrangements

We do not have any off-balance sheet financings or liabilities other than contractual commitments and other legal contingencies incurred in the normal course of our business.

Critical Accounting Policies and Estimates

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, capital allocation-based income (loss), expenses, investment income, and income taxes. 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.

For a further discussion about our critical accounting policies, see Note 2 "Summary of Significant Accounting Policies" in our financial statements included in this report.

Basis of Accounting

We consolidate the financial results of KKR Group Partnership and its consolidated entities, which include the accounts of our investment advisers, broker-dealers, Global Atlantic’s insurance 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.

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 an investment fund or entity does not have an effect on the amounts of Net Income Attributable to KKR or KKR's stockholders' equity 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.

The presentation in the financial statements reflect the significant industry diversification of KKR by its acquisition of Global Atlantic. Global Atlantic operates an insurance business, and KKR operates an asset management business, each of which possess distinct characteristics. As a result, KKR developed a two-tiered presentation approach for the financial statements in this Management's Discussion and Analysis. KKR believes that these separate presentations provide a more informative view of the consolidated financial position and results of operations than traditional aggregated presentations. KKR believes that reporting Global Atlantic’s insurance operations separately is appropriate given, among other factors, the relative significance of Global Atlantic’s policy liabilities, which are not obligations of KKR (other than the insurance companies that issued them). If a traditional aggregated presentation were to be used, KKR would expect to eliminate or combine several identical or similar captions, which would condense the presentations but would reduce transparency. KKR also believes that using a traditional aggregated presentation would result in no new line items compared to the two-tier presentation included in the financial statements in this report.

Consolidation

KKR consolidates all entities that it controls either through a majority voting interest or as the primary beneficiary of variable interest entities (“VIEs”). The following discussion is intended to provide supplemental information about how the application of consolidation principles impact our financial results, and management’s process for implementing those principles including areas of significant judgment. For a detailed description of our accounting policy on consolidation, see Note 2 "Summary of Significant Accounting Policies" in our financial statements included in this report.

As part of its consolidation procedures, KKR evaluates: (1) whether it holds a variable interest in an entity, (2) whether the entity is a VIE, and (3) whether the KKR's involvement would make it the primary beneficiary. The determination that KKR holds a controlling financial interest in an investment vehicle significantly changes the presentation of our consolidated financial statements.

The assessment of whether we consolidate an investment vehicle we manage requires the application of significant judgment. These judgments are applied both at the time we become involved with an investment vehicle and on an ongoing basis and include, but are not limited to:

- Determining whether our management fees, carried interests or incentive fees represent variable interests - We make judgments as to whether the fees we earn are commensurate with the level of effort required for those fees and at market rates. In making this judgment, we consider, among other things, the extent of third party investment in the entity and the terms of any other interests we hold in the VIE.
- Determining whether a legal entity qualifies as a VIE - For those entities where KKR holds a variable interest, management determines whether each of these entities qualifies as a VIE and, if so, whether or not KKR is the primary beneficiary. The assessment of whether the entity is a VIE is generally performed qualitatively, which requires judgment. These judgments include: (a) determining whether the equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) evaluating whether the equity holders, as a group, can make decisions that have a significant effect on the economic performance of the entity, (c) determining whether two or more parties' equity interests should be aggregated, and (d) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive returns from an entity. Entities that do not qualify as VIEs are generally assessed for consolidation as voting interest entities. Under the voting interest entity model, KKR consolidates those entities it controls through a majority voting interest.
- Concluding whether KKR has an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE - As there is no explicit threshold in GAAP to define "potentially significant," we must apply judgment and evaluate both quantitative and qualitative factors to conclude whether this threshold is met.

Changes to these judgments could result in a change in the consolidation conclusion for a legal entity.

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.

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 other 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.

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.

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 valuation of our Level III investments at March 31, 2023 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

Our investments and financial instruments 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 carried interest and investment income we realize. Additionally, a change in interest rates could have a significant impact on valuations.

Across the total Level III private equity investment portfolio (including core private equity investments), and including investments in both consolidated and unconsolidated investment funds, approximately 55% 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 2% 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 March 31, 2023, 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 38%, 54%, and 8%, respectively.

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. See "—Business Environment" for more information on factors that may impact our business, financial performance, operating results and valuations.

Key unobservable inputs that have a significant impact on our Level III valuations as described above are included in Note 10 "Fair Value Measurements" in our financial statements.

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 equity and real asset 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 approximately 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 private equity and real asset investments 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 equity and real asset investments. The valuations of certain real asset investments are determined solely by independent valuation firms without the preparation of preliminary valuations by our investment professionals, and instead such independent valuation firms rely on valuation information available to it as a broker or valuation firm. For credit investments, an independent valuation firm is generally engaged by KKR to assist with the valuations of most investments classified as Level III. The valuation firm either provides a value, provides a valuation range from which KKR's investment professionals select a point in the range to determine the valuation, or performs certain procedures in order to assess the reasonableness 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 March 31, 2023, less than 3% of the total value of our Level III credit investments were not valued with the engagement of an independent valuation firm.

For Level III investments in Asset Management, 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 equity investments and certain impact investments), growth equity (including certain impact investments), real estate, energy, 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 for investments in Asset Management 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 KKR's Co-Chief Executive Officers and its Chief Financial Officer, Chief Legal 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.

Level III investments held by Global Atlantic are valued on the basis of pricing services, broker-dealers or internal models. Global Atlantic performs a quantitative and qualitative analysis and review of the information and prices received from independent pricing services as well as broker-dealers to verify that it represents a reasonable estimate of fair value. As of March 31, 2023, approximately 89% of these investments were priced via external sources, while approximately 11% were valued on the basis of internal models. For all the internally developed models, Global Atlantic seeks to verify the reasonableness of fair values by analyzing the inputs and other assumptions used. These preliminary valuations are reviewed, based on certain thresholds, by an independent valuation firm engaged by Global Atlantic to perform certain procedures in order to assess the reasonableness of Global Atlantic's valuations. When valuations are approved by Global Atlantic's management, the valuations of its 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 March 31, 2023, upon completion by, where applicable, independent valuation firms of certain limited procedures requested to be performed by them on certain Level III investments, the independent valuation firms concluded that the fair values, as determined by KKR (including Global Atlantic), 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.

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 in Asset Management 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. With respect to Insurance, a decrease in investment income for certain assets where investment gains and losses are recognized through the statement of operations would impact KKR only to the extent of our economic ownership interest in Global Atlantic.

As of March 31, 2023, there were no investments which represented greater than 5% of total investments on a GAAP basis. On a non-GAAP basis, as of March 31, 2023, investments which represented greater than 5% of total non-GAAP investments consisted of USI, Inc. (financial services sector) and PetVet Care Centers, LLC (health care sector) and valued at $1,300 million and $1,143 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 Crescent Energy and BridgeBio Pharma, Inc. See "—Business Environment" for a discussion of factors that may impact the valuations of our investments, financial results, operating results and valuations, and "—Non-GAAP Balance Sheet Measures" for additional information regarding our largest holdings on a non-GAAP basis.

Business Combinations

KKR accounts for business combinations using the acquisition method of accounting, under which the purchase price of the acquisition is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date.

Management’s determination of fair value of assets acquired and liabilities assumed at the acquisition date is based on the best information available in the circumstances and may incorporate management’s own assumptions and involve a significant degree of judgment. We use our best estimates and assumptions to accurately assign fair value to the tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date as well as the useful lives of those acquired intangible assets. Examples of critical estimates in valuing certain of the intangible assets we have acquired include, but are not limited to, future expected cash inflows and outflows, future fundraising assumptions, expected useful life, discount rates and income tax rates. Our estimates for future cash flows are based on historical data, various internal estimates and certain external sources, and are based on assumptions that are consistent with the plans and estimates we are using to manage the underlying assets acquired. We estimate the useful lives of the intangible assets based on the expected period over which we anticipate generating economic benefit from the asset. We base our estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Unanticipated events and circumstances may occur that could affect the accuracy or validity of such assumptions, estimates or actual result.

Income Taxes

Significant judgment is required in estimating the provision for (benefit from) income taxes, current and deferred tax balances (including valuation allowance), accrued interest or penalties and uncertain tax positions. In evaluating these judgments, we consider, among other items, projections of taxable income (including the character of such income), beginning with historic results and incorporating assumptions of the amount of future pretax operating income. These assumptions about future taxable income require significant judgment and are consistent with the plans and estimates that KKR uses to manage its business. A portion of the deferred tax assets are not considered to be more likely than not to be realized. For that portion of the deferred tax assets for Global Atlantic, a valuation allowance has been recorded. Revisions in estimates and/or actual costs of a tax assessment may ultimately be materially different from the recorded accruals and unrecognized tax benefits, if any. Please see Note 19 "Income Taxes" in our financial statements in this report for further details.

Critical Accounting Policies and Estimates - Asset Management

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; and (v) 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.

Transaction fee calculations and management fee calculations based on committed capital or invested capital typically do not require discretion and therefore do not require the use of significant estimates or judgments. Management fee calculations based on net asset value depend on the fair value of the underlying investments within the investment vehicles. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds and could vary depending on the valuation methodology that is used as well as economic conditions.

Capital Allocation-Based Income (Loss)

Capital allocation-based income (loss) is earned from those arrangements whereby KKR serves as general partner and includes income or loss from KKR's capital interest as well as "carried interest" which entitles KKR to a disproportionate allocation of investment income or loss from an investment fund's limited partners.

Carried interest is recognized upon appreciation of the funds’ investment values above certain return hurdles set forth in their partnership agreement. KKR recognizes revenues attributable to capital allocation-based income based upon the amount that would be due pursuant to the fund partnership agreement at each period end as if the funds were terminated at that date. Accordingly, the amount recognized reflects KKR’s share of the gains and losses of the associated funds’ underlying investments measured at their then-current fair values relative to the fair values as of the end of the prior period. Because of the inherent uncertainty in measuring the fair value of investments in the absence of observable market prices as previously discussed, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and it is reasonably possible that the difference could be material.

Expenses

Compensation and Benefits

Compensation and Benefits expense includes (i) base cash compensation consisting of salaries and wages, (ii) benefits, (iii) carry pool allocations, (iv) equity-based compensation and (v) discretionary cash bonuses.

To supplement base cash compensation, benefits, carry pool allocations, and equity-based compensation, we typically pay discretionary cash bonuses, which are included in Compensation and Benefits expense in the consolidated statements of operations, based principally on the level of (i) management fees and other fee revenues (including incentive fees), (ii) realized carried interest and (iii) realized investment income earned during the year. The amounts paid as discretionary cash bonuses, if any, are at our sole discretion and vary from individual to individual and from period to period, including having no cash bonus. We accrue discretionary cash bonuses when payment becomes probable and reasonably estimable which is generally in the period when we make the decision to pay discretionary cash bonuses and is based upon a number of factors, including the recognition of fee revenues, realized carried interest, realized investment income and other factors determined during the year.

Beginning in 2021, we expect to pay our employees by assigning a percentage range to each component of asset management segment revenues. Based on the current components and blend of our asset management segment revenues on an annual basis, we expect to use approximately: (i) 20-25% of fee related revenues, (ii) 60-70% of realized carried interest and incentive fees not included in fee related performance revenues or earned from our hedge fund partnerships, and (iii) 10-20% of realized investment income and hedge fund partnership incentive fees, to pay our asset management employees. Because these ranges are applied to applicable asset management segment revenue components independently, and on an annual basis, the amount paid as a percentage of total asset management segment revenue will vary and will, for example, likely be higher in a period with relatively higher realized carried interest and lower in a period with relatively lower realized carried interest. We decide whether to pay a discretionary cash bonus and determine the percentage of applicable revenue components to pay compensation only upon the occurrence of the realization event. There is no contractual or other binding obligation that requires us to pay a discretionary cash bonus to the asset management employees, except in limited circumstances.

Assuming that we had accrued compensation of (i) 65% of the unrealized carried interest earned by the funds that allocate 40% and 43% to the carry pool and (ii) 15% of the unrealized net gains in our Principal Activities business line (in each case at the mid-point of the ranges above), KKR & Co. Inc. Stockholders' Equity – Common Stock as of March 31, 2023 would have been reduced by approximately $1.50 per share, compared to our reported $21.54 per share on such date, and our book value as of March 31, 2023 would have been reduced by approximately $1.45 per adjusted share, compared to our reported book value of $27.65 per adjusted share on such date.

Carry Pool Allocation

With respect to our funds that provide for carried interest, we allocate a portion of the realized and unrealized carried interest that we earn to a carry pool established at Associates Holdings, which is not a KKR subsidiary, from which our asset management employees and certain other carry pool participants are eligible to receive a carried interest allocation. The allocation is determined based upon a fixed arrangement between Associates Holdings and us, and we do not exercise discretion on whether to make an allocation to the carry pool upon a realization event. These amounts are accounted for as compensatory profit sharing arrangements in Accrued Expenses and Other Liabilities within the accompanying consolidated statements of financial condition in conjunction with the related carried interest income and are 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.

In February 2021, with the approval of a majority of our independent directors, KKR amended the percentage of carried interest that is allocable to the carry pool to 65% for (i) current investment funds for which no or de minimis amounts of carried interest was accrued as of December 31, 2020 and (ii) all future funds. For all other funds, the percentage of carried interest remains 40% or 43%, as applicable. The percentage of carried interest allocable to the carry pool may be increased above 65% only with the approval of a majority of our independent directors. To account for the difference in the carry pool allocation percentages, we expect to use a portion of realized carried interest from the older funds equal to the difference between 65% and 40% or 43%, as applicable, to supplement the carry pool and to pay amounts as discretionary cash bonus compensation as described above to our asset management employees. The amounts paid as discretionary cash bonuses, if any, are at our discretion and vary from individual to individual and from period to period, including having no cash bonus at all for certain employees. See "—Revenues—Capital Allocation-Based Income (Loss)" and "—Compensation and Benefits" above.

On the Sunset Date (which will not be later than December 31, 2026), KKR will acquire control of Associates Holdings and will commence making decisions regarding the allocation of carry proceeds pursuant to the limited partnership agreement of Associates Holdings. Until the Sunset Date, our Co-Founders will continue to make decisions regarding the allocation of carry proceeds to themselves and others, pursuant to the limited partnership agreement of Associates Holdings, provided that any allocation of carry proceeds to the Co-Founders will be on a percentage basis consistent with past practice. For additional information about the Sunset Date and the Reorganization Agreement, see Note 1 "Organization" in our financial statements included in this report.

Equity-based Compensation

In addition to the cash-based compensation and carry pool allocations as described above, employees receive equity awards under our Equity Incentive Plans, most of which are subject to service-based vesting typically over a three to five-year period from the date of grant, and some of which are also subject to the achievement of market-based conditions. Certain of these awards are subject to post-vesting transfer restrictions and minimum retained ownership requirements.

Compensation expense relating to the issuance of equity-based awards is measured at fair value on the grant date. In determining the aggregate fair value of any award grants, we make judgments as to the grant-date fair value, particularly for certain restricted units with a vesting condition based upon market conditions, whose grant date fair values are based on a probability distributed Monte-Carlo simulation. See Note 20 "Equity Based Compensation," in our financial statements included in this report for further discussion and activity of these awards.

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 the above "—Critical Accounting Policies and Estimates—Fair Value Measurements."

Critical Accounting Policies and Estimates – Insurance

Policy liabilities

Policy liabilities, or collectively, "reserves," are the portion of past premiums or assessments received that are set aside to meet future policy and contract obligations as they become due. Interest accrues on the reserves and on future premiums, which may also be available to pay for future obligations. Global Atlantic establishes reserves to pay future policy benefits, claims, and certain expenses for its life policies and annuity contracts.

Global Atlantic's reserves are estimated based on models that include many actuarial assumptions and projections. These assumptions and projections, which are inherently uncertain, involve significant judgment, including assumptions as to the levels and/or timing of premiums, benefits, claims, expenses, interest credits, investment results (including equity market returns), mortality, longevity, and persistency.

The assumptions on which reserves are based are intended to represent an estimation of experience for the period that policy benefits are payable. Global Atlantic reviews the adequacy of its reserves and the assumptions underlying those reserves at least annually. Global Atlantic cannot, however, determine with precision the amount or the timing of actual benefit payments. If actual experience is better than or equal to the assumptions, then reserves would be adequate to provide for future benefits and expenses. If experience is worse than the assumptions, additional reserves may be required to meet future policy and contract obligations. This would result in a charge to Global Atlantic's net income during the period in which excess benefits are paid or an increase in reserves occurs.

For a majority of Global Atlantic's in-force policies, including its interest-sensitive life policies and most annuity contracts, the base policy reserve is equal to the account value. For these products, the account value represents Global Atlantic's obligation to repay to the policyholder the amounts held with us on deposit. However, there are several significant blocks of business where policy reserves, in addition to the account value, are explicitly calculated, including variable annuities, fixed-indexed annuities, interest-sensitive life products (including those with secondary guarantees), and preneed policies.

The critical accounting estimates and related sensitivities, reported below have been updated from those reported in the Annual Report to reflect the impact from the adoption of LDTI (see Note 2 "Summary of Significant Accounting Policies" in our financial statements included in this report.)

Market risk benefits

Market risk benefits are contracts or contract features that both provide protection to the policyholder from other-than-nominal capital market risk and expose Global Atlantic to other-than-nominal capital market risk. Market risk benefits include certain contract features on fixed annuity and variable annuity products, including minimum guarantees to policyholders, such as guaranteed minimum death benefits (GMDBs), guaranteed minimum withdrawal benefits (GMWBs), and long-term care benefits (i.e., capped at the return of account value plus one or two times the account value).

Some of Global Atlantic's variable annuity and fixed-indexed annuity contracts contain a GMDB feature that provides a guarantee that the benefit received at death will be no less than a prescribed minimum amount, even if the account balance is reduced to zero. This amount is based on either the net deposits paid into the contract, the net deposits accumulated at a specified rate, the highest historical account value on a contract anniversary, or sometimes a combination of these values. If the GMDB is higher than the current account value at the time of death, Global Atlantic incurs a cost equal to the difference.

Global Atlantic issues fixed-indexed annuity and variable annuity contracts with a guaranteed minimum withdrawal feature. GMWB are an optional benefit where the contract owner is entitled to withdraw a maximum amount of their benefit base each year.

Once exercised, living benefit features provide annuity policyholders with a minimum guaranteed stream of income for life. A policyholder's annual income benefit is generally based on an annual withdrawal percentage multiplied by the benefit base. The benefit base is defined in the policy and is generally the initial premium, reduced by any partial withdrawals and increased by a defined percentage, formula or index credits. Any living benefit payments are first deducted from the account value. Global Atlantic is responsible for paying any excess guaranteed living benefits still owed after the account value has reached zero.

The ultimate cost of these benefits will depend on the level of market returns and the level of contractual guarantees, as well as policyholder behavior, including surrenders, withdrawals, and benefit utilization. For Global Atlantic's fixed-indexed annuity products, costs also include certain non-guaranteed terms that impact the ultimate cost, such as caps on crediting rates that Global Atlantic can, in its discretion, reset annually.

See Note 18 — "Policy liabilities" for additional information.

As of March 31, 2023, the net market risk liability balance totaled $740.1 million. As of March 31, 2023, the liability balances for market risk benefits were $611.2 million for fixed-indexed annuities and $128.9 million for variable and other annuities. The increase (decrease) to the net market risk benefit liability balance as a result of hypothetical changes in interest rates, equity market prices, policyholder behavior and annual equity growth is summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other assumptions used in or items considered in the measurement of such balances.

	As of March 31, 2023	
	Fixed-indexed annuity	**Other**
($ in thousands)		
Balance	**$ 611,221**	**$ 128,923**
Hypothetical change:		
+50 bps interest rates	(108,273)	(50,798)
-50 bps interest rates	120,421	59,420
+50 bps credit spreads	(115,572)	(23,006)
-50 bps credit spreads	130,017	25,373
+10% equity market prices	(37,232)	(39,460)
-10% equity market prices	20,904	43,997
95% of expected mortality	38,351	7,007
105% of expected mortality	(36,098)	(6,402)
90% of expected surrenders	14,853	7,667
110% of expected surrenders	(14,190)	(7,220)

Note: Hypothetical changes to the market risk benefits liability balance do not reflect the impact of related hedges.

Policy liabilities accounted for under a fair value option

Variable annuity contracts offered and assumed by Global Atlantic provides the contractholder with a GMDB. The liabilities for these benefits are included in policy liabilities. Global Atlantic elected the fair value option to measure the liability for certain of these variable annuity contracts valued at $378.7 million as March 31, 2023. Fair value is calculated as the present value of the estimated death benefits less the present value of the GMDB fees, using 1,000 risk neutral scenarios. Global Atlantic discounts the cash flows using the U.S. Treasury rates plus an adjustment for instrument-specific credit risk in the consolidated statement of financial condition. The change in the liabilities for these benefits is included in policy benefits and claims in the consolidated statement of operations.

As of March 31, 2023, variable annuities accounted for using the fair value option totaled $378.7 million. The increase (decrease) in the reserves for variable annuities accounted for using the fair value option as a result of hypothetical changes in interest rates, non-performance risk premium, and equity market prices is summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other assumptions used in or items considered in the measurement of such balances.

($ in thousands)	As of March 31, 2023 Variable annuities
Balance	**$ 378,721**
Hypothetical change:	
+50 bps interest rates	(20,755)
-50 bps interest rates	22,373
+50 bps credit spreads	(14,360)
-50 bps credit spreads	14,857
+10% equity market prices	(18,918)
-10% equity market prices	21,597
95% of expected mortality	(6,603)
105% of expected mortality	6,336
90% of expected surrenders	710
110% of expected surrenders	(716)

Note: Hypothetical changes to the liability balances do not reflect the impact of related hedges.

Liability for future policyholder benefits

A liability for future policy benefits, which is the present value of estimated future policy benefits to be paid to or on behalf of policyholders and certain related expenses less the present value of estimated future net premiums to be collected from policyholders, is accrued as premium revenue is recognized. The liability is estimated using current assumptions that include mortality, lapses, and expenses. These current assumptions are based on judgments that consider Global Atlantic's historical experience, industry data, and other factors, and are updated quarterly and the current period change in the liability is recognized as a separate component of benefit expense in the consolidated income statement.

As of March 31, 2023, the liability for future policy benefits totaled $7.5 billion, net of reinsurance, split between $7.1 billion associated with payout annuity products, and $421.0 million of life and other insurance products. The increase (decrease) as a result of hypothetical changes in projected assessments, interest rates, equity market prices, and annual equity growth, is summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other assumptions used in or items considered in the measurement of such balances.

	As of March 31, 2023	
($ in thousands)	Payout annuities	Life and other
Balance	**$ 7,078,616**	**$ 421,026**
Hypothetical change:		
+50 bps interest rates	(147,770)	(117,418)
-50 bps interest rates	160,188	126,737
+50 bps credit spreads	(150,686)	(119,630)
-50 bps credit spreads	156,886	124,286
95% of expected mortality(1)	56,316	31,005
105% of expected mortality(1)	(53,363)	(27,560)
90% of expected surrenders/lapses	—	(2,435)
110% of expected surrenders/lapses	—	1,917

Note: Hypothetical changes to the liability for future policy benefits balance do not reflect the impact of related hedges.

(1) Includes decrements for terminations of disability insurance

Additional liability for annuitization, death, or other insurance benefits: no-lapse guarantees

Global Atlantic has in-force interest-sensitive life contracts where it provides a secondary guarantee to the policyholder. The policy can remain in-force, even if the base policy account value is zero, as long as contractual secondary guarantee requirements have been met. The primary risk is that the premium collected under these policies, together with the investment return Global Atlantic earns on that premium, is ultimately insufficient to pay the policyholder's benefits and the expenses associated with issuing and administering these policies. Global Atlantic holds an additional reserve in connection with these guarantees.

The additional reserves related to interest-sensitive life products with secondary guarantees are calculated using methods similar to those described above under "Policyholder liabilities— Market risk benefits." The costs related to these secondary guarantees are recognized over the life of the contracts through the accrual and subsequent release of a reserve which is revalued each period. The reserve is calculated based on assessments, over a range of economic scenarios to incorporate the variability in the obligation that may occur under different environments. The change in the reserve is included in policy benefits and claims in the consolidated statements of operations.

As of March 31, 2023, the interest-sensitive life additional liability balance totaled $4.9 billion. The increase (decrease) to the interest-sensitive life additional liability balance, as a result of hypothetical changes in projected assessments, interest rates, equity market prices, and annual equity growth, is summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other assumptions used in or items considered in the measurement of the interest-sensitive life no-lapse guarantee liability balance.

	As of March 31, 2023
	Interest-sensitive life
($ in thousands)	
Balance	**$ 4,909,488**
Hypothetical change:	
+50 bps interest rates	313
-50 bps interest rates	(187)
+10% equity market prices	1,287
-10% equity market prices	15
1% lower annual equity growth	(5,417)
95% of expected mortality	(69,219)
105% of expected mortality	67,855
90% of expected surrenders	19,041
110% of expected surrenders	(18,183)

Note: Hypothetical changes to the interest-sensitive life additional liability for annuitization, death, or other insurance benefits balance do not reflect the impact of related hedges.

Embedded derivatives in policy liabilities and funds withheld

Global Atlantic's fixed-indexed annuity, variable annuity and indexed universal life products contain equity-indexed features, which are considered embedded derivatives and are required to be measured at fair value.

Global Atlantic calculates the embedded derivative as the present value of future projected benefits in excess of the projected guaranteed benefits, using an option budget as the indexed account value growth rate. In addition, the fair value of the embedded derivative is reduced to reflect instrument specific credit risk on Global Atlantic's obligation (i.e., Global Atlantic's credit risk).

Changes in interest rates, future index credits, instrument-specific credit risk, projected withdrawal and surrender activity, and mortality on fixed-indexed annuity and interest-sensitive life products can have a significant impact on the value of the embedded derivative.

Valuation of embedded derivatives – Fixed-indexed annuities

Fixed-indexed annuity contracts allow the policyholder to elect a fixed interest rate of return or a market indexed strategy where interest credited is based on the performance of an index, such as the S&P 500 Index, or other indexes. The market indexed strategy is an embedded derivative, similar to a call option. The fair value of the embedded derivative is computed as the present value of benefits attributable to the excess of the projected policy contract values over the projected minimum guaranteed contract values. The projections of policy contract values are based on assumptions for future policy growth, which include assumptions for expected index credits, future equity option costs, volatility, interest rates, and policyholder behavior. The projections of minimum guaranteed contract values include the same assumptions for policyholder behavior as are used to project policy contract values. The embedded derivative cash flows are discounted using a risk-free interest rate increased by instrument-specific credit risk tied to Global Atlantic's own credit rating.

Valuation of embedded derivatives – Interest-sensitive life products

Interest-sensitive life products allow a policyholder's account value to grow based on the performance of certain equity indexes, which result in an embedded derivative similar to a call option. The embedded derivative related to the index is bifurcated from the host contract and measured at fair value. The valuation of the embedded derivative is the present value of future projected benefits in excess of the projected guaranteed benefits, using the option budget as the indexed account value growth rate and the guaranteed interest rate as the guaranteed account value growth rate. Present values are based on discount rate curves determined at the valuation date/issue date as well as assumed lapse and mortality rates. The discount rate equals the forecast treasury rate increased by instrument-specific credit risk tied to Global Atlantic's own credit rating. Changes in discount rates and other assumptions such as spreads and/or option budgets can have a substantial impact on the embedded derivative.

Valuation of embedded derivatives in modified coinsurance or funds withheld

Global Atlantic's reinsurance agreements include modified coinsurance and coinsurance with funds withheld arrangements that include terms that require payment by the ceding company of a principal amount plus a return that is based on a proportion of the ceding company's return on a designated portfolio of assets. Because the return on the funds withheld receivable or payable is not clearly and closely related to the host insurance contract, these contracts are deemed to contain embedded derivatives, which are measured at fair value. Global Atlantic is exposed to both the interest rate and credit risk of the assets. Changes in discount rates and other assumptions can have a significant impact on this embedded derivative. The fair value of the embedded derivatives is included in the funds withheld receivable at interest and funds withheld payable at interest line items on our consolidated statement of financial condition. The change in the fair value of the embedded derivatives is recorded in net investment-related gains (losses) in the consolidated statement of operations.

As of March 31, 2023, the embedded derivative liability balance totaled $2.4 billion for fixed-indexed annuities, and $373.4 million for interest-sensitive life. The increase (decrease) to the embedded derivatives on fixed-indexed annuity and indexed universal life as a result of hypothetical changes in interest rates, own-credit spreads, and equity market prices is summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other assumptions used in or items considered in the measurement of such balances.

	As of March 31, 2023	
	Fixed-indexed annuities	**Interest sensitive life**
($ in thousands)		
Balance	**$ 2,402,427**	**$ 373,391**
Hypothetical change:		
+50 bps interest rates	(51,449)	(3,564)
-50 bps interest rates	54,840	3,731
+50 bps credit spreads	(63,279)	(3,564)
-50 bps credit spreads	66,314	3,731
+10% equity market prices	431,179	72,447
-10% equity market prices	(270,928)	(61,621)

Note: Hypothetical changes to the market risk benefits liability balance do not reflect the impact of related hedges.

As of March 31, 2023, the embedded derivative balance for modified coinsurance or funds withheld arrangements was a $3.0 billion net asset ($(18.0) million in funds withheld receivables at interest, and $(3.1) billion in funds withheld payable at interest). The increase (decrease) to the embedded derivatives on fixed-indexed annuity and interest-sensitive life products as a result of hypothetical changes in interest rates, non-performance risk premium, and equity market prices is summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other assumptions used in or items considered in the measurement of such balances.

	As of March 31, 2023	
	Embedded derivative on funds withheld receivable at interest	**Embedded derivative on funds withheld payable at interest**
($ in thousands)		
Balance	**$ (17,982)**	**$ (3,057,531)**
Hypothetical change:		
+50 bps interest rates	(14,367)	(712,731)
-50 bps interest rates	22,164	772,957
+50 bps credit spreads	(40,558)	(743,449)
-50 bps credit spreads	40,558	803,676

Note: Hypothetical changes to the funds withheld receivable and payable embedded derivative balances do not reflect the impact of related hedges or trading assets which back the funds withheld at interest.

Recently Issued Accounting Pronouncements

For a full discussion of recently issued accounting pronouncements, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Except for the item disclosed below, there was no material change to our market risks during the three months ended March 31, 2023. For a discussion of our market risks in general, please refer to our Annual Report. In addition, for a discussion of current market conditions and uncertainties, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Environment."

Insurance Segment Market Risks

The market risk sensitivities reported below have been updated from those reported in the Annual Report to reflect the impact from the adoption of LDTI (see Note 2 "Summary of Significant Accounting Policies" in our financial statements included in this report.)

Sensitivities

Interest rate risk

Effect of interest rate sensitivity

In the table below, Global Atlantic estimates the impact of a 50 basis point increase/(decrease) in interest rates, from a parallel shift in the yield curve, from levels as of March 31, 2023 to its net income and shareholders' equity, excluding AOCI. These sensitivities include the impact of related hedges and adjustments to DAC attributable to interest rate changes.

	March 31, 2023	
	Hypothetical change(1)	
	+50 Basis points	-50 Basis points
($ in thousands)		
Total estimated net income and shareholders' equity excluding AOCI sensitivity (point in time)	$ 193,524	$ (199,732)
Total estimated net income and shareholders' equity excluding AOCI sensitivity (over 12 months)(2)	55,286	(55,286)

(1) The point in time and over 12 months total estimated impacts reflect the impact of hedges within Global Atlantic's liability hedging program, as well as hedges designed to limit surplus volatility resulting from interest rate movements.
(2) Excludes point in time impact. Estimated sensitivity to a hypothetical change over 12 months does not take into account any management actions that may be taken to mitigate actual impacts.

The estimated point in time impact is driven by a net decrease/(increase) in the value of (i) the embedded derivatives associated with Global Atlantic's modified coinsurance and coinsurance with funds withheld payables and receivables, (ii) the embedded derivatives associated with its fixed-indexed annuity, interest-sensitive life products, and variable annuities accounted for under the fair value option, (iii) market risk benefits, and (iv) the remeasurement gain/loss of the liability for future policy benefits. These are largely offset by a loss/(gain) in financial instruments used in Global Atlantic's hedging program, investments classified as trading, and loans designated under the fair value option, based on balances in place as of quarter end. These estimated changes include the impact of related amortization of deferred revenue and expenses and related income tax impacts.

The impact over 12 months is driven by an increase/(decrease) in the income earned on Global Atlantic's floating-rate assets, and partially offset by an increase/(decrease) in the cost of its floating-rate liabilities.

In the table below, Global Atlantic estimates the impact of a 50 basis point increase/(decrease) in interest rates, for a parallel shift in the yield curve, from levels as of March 31, 2023 to Global Atlantic's AOCI.

	March 31, 2023	
	Hypothetical change(1)	
	+50 Basis points	-50 Basis points
($ in thousands)		
Total estimated AOCI sensitivity (point in time)	$ (1,286,383)	$ 1,385,126

The estimated point in time impact is driven by a (i) net (decrease)/increase in the value of Global Atlantic's available-for-sale fixed maturity securities which are carried at fair value with unrealized gains and losses, and (ii) the effect of changes in the discount rates used to measure traditional and limited-payment long duration insurance contracts, all reported in AOCI. The estimated changes include the impact of related amortization of deferred revenue and expenses and related income tax impacts.

Effect of credit spread sensitivity

In the table below, Global Atlantic estimates the impact of a 50 basis points increase/(decrease) in credit spreads from levels as of March 31, 2023 to its net income and shareholders' equity, excluding AOCI. These estimated changes include the impact of related amortization of deferred revenues and expenses and related income tax impacts and include impacts on its instrument-specific credit risk used in valuing embedded derivative liabilities.

	March 31, 2023	
	Hypothetical change(1)	
	+50 Basis points	-50 Basis points
($ in thousands)		
Total estimated net income and shareholders' equity excluding AOCI sensitivity (point in time)	$ 160,012	$ (169,349)

In the table below Global Atlantic estimates the impact of a 50 basis point increase/(decrease) in instrument-specific credit risk on market risk benefits, for a parallel shift in the yield curve, from levels as of March 31, 2023 to its AOCI.

	March 31, 2023	
	Hypothetical change(1)	
	+50 Basis points	-50 Basis points
($ in thousands)		
Total estimated AOCI sensitivity (point in time)	$ 109,477	$ (122,758)

The estimated point in time impact is driven by the effect of changes in the fair value of a market risk benefit attributable to a change in the instrument-specific credit risk. The estimated changes include the impact of related amortization of deferred revenue and expenses and related income tax impacts.

Effect of equity price sensitivity

In the table below, Global Atlantic estimates the impact of a 10% increase/(decrease) in equity prices from levels as of March 31, 2023 to its net income and shareholders' equity, excluding AOCI. These sensitivities include the impact of related hedges but exclude the potential impact of alternative assets, because the fair value of these investments does not necessarily move directly in line with movements in public equity markets.

	March 31, 2023	
	Hypothetical change(1)	
	+10% Equity Prices	-10% Equity Prices
($ in thousands)		
Total estimated net income and shareholders' equity excluding AOCI sensitivity (point in time)	$ (11,136)	$ 23,674
Total estimated net income and shareholders' equity excluding AOCI sensitivity (over 12 months)(2)	4,630	(5,011)

(1) From time to time, Global Atlantic may choose to enter into additional hedges to mitigate economic exposure to equity markets.
(2) Excludes point in time impact. Estimated sensitivity to a hypothetical change over 12 months does not take into account any management actions that may be taken to mitigate actual impacts.

The estimated point-in-time impact is driven by an increase/(decrease) in the value of (i) the embedded derivatives associated with Global Atlantic's fixed-indexed annuity and interest-sensitive life products, (ii) its variable annuity embedded derivatives, (iii) market risk benefits, and (iv) a gains (losses) in financial instruments used in its hedging program based on balances in place at year-end. These estimated changes include the impact of related amortization of deferred revenue and expenses and related income tax impacts.

The impact over 12 months is driven by an increase/(decrease) in fees earned and benefits paid in Global Atlantic's variable annuity and variable universal life blocks.

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 March 31, 2023. Based upon that evaluation, our Co-Chief Executive Officers and Chief Financial Officer have concluded that, as of March 31, 2023, our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

We adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts (“LDTI”) as of January 1, 2023 on a full retrospective basis to February 1, 2021 (the date of the GA Acquisition.) As a result, we implemented changes to our relevant business processes and internal controls over financial reporting.

Except as reported above, 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 quarter ended March 31, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

For a discussion of KKR's legal proceedings, see the section entitled "Litigation" appearing in Note 25 "Commitments and Contingencies" in our financial statements included elsewhere in this report, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS.

Other than as set forth 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 First Quarter of 2023

As of May 5, 2023, there is approximately $468 million remaining under KKR's share repurchase program.

Under our current 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 continue to 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, the repurchase program is 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.

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 for the periods presented. During the first quarter of 2023, no shares of common stock were repurchased, and no equity awards were retired.

Issuer Purchases of Common Stock

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

	Total Number of Shares Purchased	Average Price Paid Per Share	Total 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 (January 1, 2023 to January 31, 2023)	—	$ —	—	$ 77,856
Month #2 (February 1, 2023 to February 28, 2023)	—	$ —	—	$ 500,000
Month #3 (March 1, 2023 to March 31, 2023)	—	$ —	—	$ 500,000
Total through March 31, 2023	—	$ —	—	$ 500,000

(1) On February 7, 2023, KKR announced the increase to the total available amount under the repurchase program to $500 million. The repurchase program does not have an expiration date.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

KKR's 2023 Annual Meeting of Stockholders (the "Annual Meeting") will be held on Thursday, June 15, 2023 at 9:00 a.m., Eastern Time. The Annual Meeting will be held in a virtual meeting format only. Only stockholders of record at the close of business on May 22, 2023 may attend the meeting. To receive further information about how to attend the meeting, please register by sending an e-mail to Investor-Relations@kkr.com with the following information between May 22, 2023 and June 9, 2023. Please write "KKR 2023 Annual Meeting Registration" in the subject line of the e-mail, include your full name, address, and the number of shares of common stock owned by you as of the record date, and be prepared to confirm your ownership of such shares as of the record date. Please note that no discussion of KKR's business will be presented at the Annual Meeting, and no matter will be presented to its stockholders for a vote. Therefore, no action is expected to be taken at the Annual Meeting.

ITEM 6. EXHIBITS.

The following is a list of all exhibits filed or furnished as part of this report:

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of KKR & Co. Inc. (formerly KKR Aubergine Inc.) (incorporated by reference to Exhibit 3.1 to the KKR & Co. Inc. Current Report on Form 8-K12B filed on May 31, 2022).
3.2	Amended and Restated Bylaws of KKR & Co. Inc. (formerly KKR Aubergine Inc.) (incorporated by reference to Exhibit 3.2 to the KKR & Co. Inc. Current Report on Form 8-K12B filed on May 31, 2022).
10.1†	364-Day Revolving Credit Agreement, dated as of April 7, 2023, among KKR Capital Markets Holdings L.P., certain subsidiaries of KKR Capital Markets Holdings, L.P., Mizuho Bank Ltd., as administrative agent, and the one or more lenders party thereto.
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.
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 March 31, 2023 and December 31, 2022, (ii) the Condensed Consolidated Statements of Operations for the three months ended March 31, 2023 and March 31, 2022, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2023 and March 31, 2022; (iv) the Condensed Consolidated Statements of Changes in Equity for the three months ended March 31, 2023 and March 31, 2022, (v) the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2023 and March 31, 2022, 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 is the type that the registrant treats as private or confidential.

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: May 10, 2023

Exhibit 10.1

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) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

Execution Version

$750,000,000

364-DAY REVOLVING CREDIT AGREEMENT

Dated as of April 7, 2023

Among

KKR CAPITAL MARKETS HOLDINGS L.P.,
KKR CORPORATE LENDING LLC,
KKR CORPORATE LENDING (CA) LLC,
KKR CORPORATE LENDING (TN) LLC
and
KKR CORPORATE LENDING (UK) LLC
as Borrowers,

THE LENDERS PARTY HERETO

and

MIZUHO BANK, LTD.,
as Administrative Agent

MIZUHO BANK, LTD.,
as Sole Lead Arranger and Sole Bookrunner

TABLE OF CONTENTS

364-DAY REVOLVING CREDIT AGREEMENT dated as of April 7, 2023 (as further amended or otherwise modified from time to time, this "Agreement") 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."; KCMH, KCL U.S., KCL C.A., KCL T.N. and KCL U.K. and any Additional Borrower are collectively referred to herein as the "Borrowers" and individually sometimes as a "Borrower"), each of the Lenders (as defined below), and MIZUHO BANK, LTD., as administrative agent for the Lenders (in such capacity, the "Administrative Agent").

WHEREAS, the parties hereto hereby agree, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the following respective meanings:

"ABR" means a fluctuating interest rate per annum which shall at any time be the higher of:

(a) 1/2 of 1.00% per annum above the Federal Funds Rate; and

(b) Term SOFR for a one-month tenor in effect on such day plus 1.00%.

Any change in the ABR due to a change in the Federal Funds Rate or Term SOFR shall be effective from and including the effective date of such change in the Federal Funds Rate or Term SOFR, respectively.

"ABR Loan" means, at any time, a Loan which bears interest at rates based upon the ABR.

"ABR Term SOFR Determination Day" has the meaning specified in the definition of "Term SOFR".

"Additional Borrower" shall mean any Person who shall from time to time after the Closing Date become a party hereto as a "Borrower" hereunder upon the satisfaction of the conditions set forth in Section 6.01(i)(ii).

"Additional Borrower Joinder Agreement" shall mean the joinder agreement substantially in the form of Exhibit F.

"Administrative Agent" has the meaning specified in the introduction hereto.

"Administrative Agent's Account" means, with respect to any Currency, the account of the Administrative Agent for such Currency most recently designated by it as such by notice to KCMH and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means, with respect to a specified Person, another Person that directly or indirectly Controls or is Controlled by or is under common Control with such specified Person.

"Aggregate Borrowing Availability" means, at any time, the Aggregate Facility Amount at such time minus the Total Credit Exposure at such time.

"Aggregate Facility Amount" means, at any time, the aggregate amount of the Commitments then in effect. The initial Aggregate Facility Amount is $750,000,000.

"Allocable Amount" has the meaning specified in Section 2.06(b).

"Alternate Currency" means the Euro, Sterling and any other currency acceptable to the Lenders that is freely convertible into Dollars and available to be borrowed in the interbank market in London or the Principal Financial Center for such currency, so long as no central bank or other governmental authorization in the country of issue of such currency (including, in the case of the Euro, any authorization by the European Central Bank) is required to permit the use of such currency by any Lender for making any Loan hereunder and/or permit a Borrower to borrow and repay the principal thereof and to pay the interest thereon, unless such authorization has been obtained and is in full force and effect.

"Alternate Currency Equivalent" means, on any date, with respect to any amount denominated in a given currency, the amount of Alternate Currency that would be required to purchase such amount of such given currency at or about 11:00 a.m., Local Time, on such date, for delivery two Business Days later, as determined by the Administrative Agent on the basis of the spot selling rate for the offering of such given currency for Alternate Currency in the Principal Financial Center for the applicable given currency, all determinations thereof by the Administrative Agent to be conclusive and binding on the parties in the absence of manifest error.

"Applicable Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Lending Office" in the Administrative Questionnaire of such Lender or in the Assignment and Assumption pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to KCMH and the Administrative Agent. It is understood and agreed that unless otherwise hereafter notified, the Applicable Lending Office for MHCB and its Affiliates shall be its New York branch.

"Applicable Margin" has the meaning specified in Annex A.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender**.**

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 9.06(b)) and accepted by the Administrative Agent, substantially in the form of Exhibit D or any other form approved by the Administrative Agent.

"Available Tenor" means, as of any date of determination and with respect to the relevant then-current Benchmark, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an Interest Period pursuant to this Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 3.04(c).

"Availability Period" means the period from the Closing Date until the earlier of (a) the Commitment Termination Date and (b) the date of termination of the Commitments.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Benchmark" means, initially, with respect to any Term Benchmark Loan or RFR Loan in any Specified Currency, the applicable Relevant Rate for such Specified Currency; provided that if a Benchmark Transition Event has occurred with respect to a then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 3.04(c).

"Benchmark Replacement" means with respect to any Benchmark Transition Event, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(1) in the case of any Loan denominated in Dollars, the applicable Daily Simple RFR;

(2) the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor, if applicable, giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for syndicated credit facilities denominated in the applicable Specified Currency at such time and (b) the related Benchmark Replacement Adjustment; provided that, in the case of the immediately preceding clause (b), such adjustment shall not be in the form of an increase of the Applicable Margin.

If the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor, if applicable, giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in Dollars or the applicable Alternate Currency, as applicable; provided that such adjustment shall not be in the form of an increase of the Applicable Margin.

"Benchmark Replacement Conforming Changes" means, with respect to the use, administration or implementation of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "ABR," the definition of "Business Day," the definition of "U.S. Government Securities Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, the formula for calculating any successor rates identified pursuant to the definition of "Benchmark Replacement", the formula, methodology or convention for applying the successor floor to the successor Benchmark Replacement and other technical, administrative or operational matters) that the Administrative Agent decides (in consultation with the Borrower) may be appropriate to reflect the adoption and implementation of any such rate and to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice applicable to such rate (or, if the Administrative Agent decides (in consultation with the Borrower) that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides (in consultation with the Borrower) is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Benchmark Replacement Date" means, with respect to a then-current Benchmark, the earliest to occur of the following events with respect to such then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, (i) if the event giving rise to a Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the relevant Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the relevant "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) or with respect to any relevant Benchmark upon the occurrence of the applicable event or events set forth therein solely to the extent such event applies with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" (a) will be deemed to have occurred with respect to any Benchmark solely to the extent that a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period", with respect to each applicable then-current Benchmark, means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.04(c) and (y) ending at the time that a Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.04(c).

"Borrowers" and "Borrower" have the respective meanings specified in the heading hereof.

"Borrowing" means a borrowing consisting of simultaneous Loans of the same Type made by the Lenders to a Borrower pursuant to Section 2.01.

"Broker-Dealer Subsidiary" means each of (i) KCM U.K., (ii) KCM U.S., (iii) (x) prior to the KCM Asia Reorganization Effective Date, KCM Asia and (y) after the KCM Asia Reorganization Effective Date, KCM Asia II, (iv) KCM Japan, (v) KCM Ireland and (vi) any other direct or indirect broker-dealer Subsidiary of KCMH.

"Business Day" means (a) a day on which commercial banks are not authorized by law or required to close in New York City, (b) if such day relates to a Borrowing of, or a payment or prepayment of principal of or interest on or an Interest Period for a Term Benchmark Loan denominated in an Alternate Currency (other than Euros or Sterling), or a notice with respect thereto, that is also a day on which commercial banks and foreign exchange markets settle payments in the Principal Financial Center for such currency, (c) if such day relates to a Borrowing of, or a payment or prepayment of principal of or interest on or an Interest Period for, a Term Benchmark Loan denominated in Euros, or a notice with respect thereto, that is also a Target Operating Day (as defined in Section 9.17), (d) if such day relates to a Borrowing of, or a payment or prepayment of principal of or interest on, any SONIA Rate Loan, or a notice with respect thereto, a London Banking Day, (e) if such day relates to a Borrowing of, or a payment or prepayment of principal of or interest on or an Interest Period for a RFR Loan, or a notice with respect thereto, that is also a RFR Business Day and (f) if such day relates to a Borrowing of, or a payment or prepayment of principal of or interest on or an Interest Period for a Term Benchmark Loan, or a notice with respect thereto, that is also a U.S. Government Securities Business Day.

"Cash Equivalents" means:

(a) securities issued or unconditionally guaranteed by the United States government or any agency or instrumentality thereof, in each case having maturities of not more than 12 months from the date of acquisition thereof;

(b) securities issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof or any political subdivision of any such state or any public instrumentality thereof having maturities of not more than 12 months from the date of acquisition thereof and, at the time of acquisition, having an investment grade rating generally obtainable from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, then from another nationally recognized rating service);

(c) commercial paper issued by any Lender or any bank holding company owning any Lender;

(d) commercial paper maturing no more than 12 months after the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 or P-1 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service);

(e) certificates of deposit or bankers' acceptances, having a rating of at least A-1 or P-1 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service), maturing no more than one year after the date of acquisition thereof issued by any Lender or any other bank having combined capital and surplus of not less than $200,000,000 in the case of domestic banks and $100,000,000 (or the Dollar Equivalent thereof) in the case of foreign banks;

(f) repurchase agreements with a term of not more than 90 days for underlying securities of the type described in clauses (a), (b) and (e) above entered into with any bank meeting the qualifications specified in clause (e) above or securities dealers of recognized national standing;

(g) marketable short-term money market and similar funds having a rating of at least A-1 or P-1 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service);

(h) shares of investment companies that are registered under the Investment Company Act of 1940 and substantially all the investments of which are one or more of the types of securities described in clauses (a) through (g) above; and

(i) in the case of any non-U.S. organized Subsidiary or investment made in a country outside the United States, other customarily utilized high-quality investment in the country where such non-U.S. organized Subsidiary is located or in which such investment is made and of a type analogous to the foregoing.

"CBR Loan" means a Loan that bears interest at a rate determined by reference to the Central Bank Rate.

"CBR Spread" means the Applicable Margin, applicable to such Loan that is replaced by a CBR Loan.

"Central Bank Rate" means, (A) the greater of (i) for any Loan denominated in (a) Sterling, the Bank of England (or any successor thereto)'s "Bank Rate" as published by the Bank of England (or any successor thereto) from time to time, (b) Euro, one of the following three rates as may be selected by the Administrative Agent in its reasonable discretion: (1) the fixed rate for the main refinancing operations of the European Central Bank (or any successor thereto), or, if that rate is not published, the minimum bid rate for the main refinancing operations of the European Central Bank (or any successor thereto), each as published by the European Central Bank (or any successor thereto) from time to time, (2) the rate for the marginal lending facility of the European Central Bank (or any successor thereto), as published by the European Central Bank (or any successor thereto) from time to time or (3) the rate for the deposit facility of the central banking system of the Participating Member States, as published by the European Central Bank (or any successor thereto) from time to time and (e) any other Alternate Currency determined after the Closing Date, a central bank rate as determined by the Administrative Agent in its reasonable discretion and (ii) the Floor; plus (B) the applicable Central Bank Rate Adjustment.

"Central Bank Rate Adjustment" means, for any day, for any Loan denominated in (a) Euro, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of the EURIBOR Rate for the five most recent Business Days preceding such day for which the EURIBOR Screen Rate was available (excluding, from such averaging, the highest and the lowest EURIBOR Rate applicable during such period of five Business Days) minus (ii) the Central Bank Rate in respect of Euro in effect on the last Business Day in such period, (b) Sterling, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of Daily Simple RFR for Sterling Borrowings for the five most recent RFR Business Days preceding such day for which SONIA was available (excluding, from such averaging, the highest and the lowest such Daily Simple RFR applicable during such period of five RFR Business Days) minus (ii) the Central Bank Rate in respect of Sterling in effect on the last RFR Business Day in such period and (c) any other Alternate Currency determined after the Closing Date, a Central Bank Rate Adjustment as determined by the Administrative Agent in its reasonable discretion. For purposes of this definition, (x) the term Central Bank Rate shall be determined disregarding clause (B) of the definition of such term and (y) the EURIBOR Rate on any day shall be based on the EURIBOR Screen Rate on such day at approximately the time referred to in the definition of such term for deposits in the applicable Specified Currency for a maturity of one month.

"Change in Law" means the occurrence, after the date of this Agreement, of the adoption of any law, rule, regulation or treaty, or of any change in applicable law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority having jurisdiction or the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (a) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (b) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, as amended (including as such law forms a part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended, including without limitation, by the European Union (Withdrawal Agreement) Act 2020)), shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued; provided further, that any increased costs associated with a Change in Law based on the foregoing clauses (a) and/or (b) may only be imposed to the extent the relevant Lender or Issuing Lender, as applicable, imposes the same charges generally on other similarly situated borrowers under comparable credit facilities.

"Change of Control" means, and shall be deemed to have occurred if, (a) KKR and/or its Affiliates shall at any time not own, directly or indirectly, beneficially and of record, (i) more than 50% of the voting power of the outstanding Voting Shares of KCMH and (ii) at least 25% of the outstanding Equity Interests of KCMH; (b) KCMH shall at any time not own, directly or indirectly, beneficially and of record, more than 50% of the voting power of the outstanding Voting Shares of KCM U.S., KCM U.K. or KCM Asia II; or (c) during any period of 12 consecutive months, a majority of the members of the board of directors or other equivalent governing body of KCMH cease to be composed of individuals who are employees, partners, members, directors or officers of KKR or its Affiliates.

"Closing Date" means April 7, 2023.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" has the meaning specified in the Guarantee and Security Agreement.

"Commitment" means, as to each Lender, the commitment of such Lender to make Loans to the Borrowers under Section 2.01(a)(i) and purchase participations in L/C Exposure in an aggregate amount at any one time outstanding up to the amount set forth opposite such Lender's name on Schedule I or, if such Lender has entered into an Assignment and Assumption, set forth for such Lender in the Register, as such amount may be reduced pursuant to Section 2.04(b).

"Commitment Percentage" means, with respect to any Lender, at any time, the percentage of the Aggregate Facility Amount represented by such Lender's Commitment; provided, that if the Commitments have terminated or expired, the Commitment Percentages shall equal the percentage of aggregate outstanding Loans and L/C Exposure held by such Lender and if there is no outstanding Loans and L/C Exposure, the Commitment Percentage shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Commitment Termination Date" means the date 364 days after the Closing Date, provided that if such date is not a Business Day, the Commitment Termination Date shall be the immediately preceding Business Day.

"Continuation", "Continue" and "Continued" refer to a continuation of Term Benchmark Loans from one Interest Period to the next Interest Period pursuant to Section 3.05(b).

"Control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise, and "Controlling" and "Controlled" have meanings correlative thereto.

"Convert", "Conversion" and "Converted" refer to a conversion of Loans of one Type into Loans of the other Type pursuant to Section 3.04 or Section 3.05, except that no Conversion may be made into Daily Simple RFR Loans denominated in Dollars until after the occurrence of a Benchmark Replacement pursuant to clause (1) of the definition thereof in accordance with Section 3.04(c).

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Cure Right" has the meaning specified in Section 7.02.

"Currencies" means, collectively, Dollars and the Alternate Currencies.

"Daily Simple RFR" means, for any day (an "RFR Interest Day"), a rate per annum equal to, for any Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to:

(a) Dollars, the greater of (i) SOFR for the day (such day, a "Dollar RFR Determination Day") that is five RFR Business Days prior to (A) if such RFR Interest Day is an RFR Business Day, such RFR Interest Day or (B) if such RFR Interest Day is not an RFR Business Day, the RFR Business Day immediately preceding such RFR Interest Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator's Website; provided that if by 5:00 p.m. (New York City time) on the second (2nd) RFR Business Day immediately following any Dollar RFR Determination Day, SOFR in respect of such Dollar RFR Determination Day has not been published on the SOFR Administrator's Website and a Benchmark Replacement Date with respect to the Daily Simple RFR for Dollars has not occurred, then SOFR for such Dollar RFR Determination Day will be SOFR as published in respect of the first preceding RFR Business Day for which such SOFR was published on the SOFR Administrator's Website; provided further that SOFR as determined pursuant to this proviso shall be utilized for purposes of calculation of Daily Simple RFR for no more than three (3) consecutive RFR Interest Days, and (ii) the Floor; and

(b) Sterling, the greater of (i) SONIA for the day (such day, a "Sterling RFR Determination Day") that is five RFR Business Days prior to (A) if such RFR Interest Day is an RFR Business Day, such RFR Interest Day or (B) if such RFR Interest Day is not an RFR Business Day, the RFR Business Day immediately preceding such RFR Interest Day, in each case, as such SONIA is published by the SONIA Administrator on the SONIA Administrator's Website; provided that if by 5:00 p.m. (London time) on the second (2nd) RFR Business Day immediately following any Sterling RFR Determination Day, SONIA in respect of such Sterling RFR Determination Day has not been published on the SONIA Administrator's Website and a Benchmark Replacement Date with respect to the Daily Simple RFR for Sterling has not occurred, then SONIA for such Sterling RFR Determination Day will be SONIA as published in respect of the first preceding RFR Business Day for which such SONIA was published on the SONIA Administrator's Website; provided further that SONIA as determined pursuant to this proviso shall be utilized for purposes of calculation of Daily Simple RFR for no more than three (3) consecutive RFR Interest Days and (ii) the Floor.

"Debt to Equity Ratio" means, as of any date of determination, the ratio of Total Debt to Total Equity.

"Default" means any event or condition that constitutes an Event of Default or that, with notice or lapse of time or both, would become an Event of Default.

"Defaulting Lender" means, subject to Section 3.14(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the requesting Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, the Issuing Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit) within two Business Days of the date when due, (b) has notified KCMH, the Administrative Agent or the Issuing Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or KCMH, to confirm in writing to the Administrative Agent and KCMH that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and KCMH), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any bankruptcy, insolvency, reorganization or similar law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 3.14(b)) upon delivery of written notice of such determination to KCMH, the Issuing Lender and each Lender.

"Designated Entity" means at any time, any corporation, partnership, limited liability company or other entity formed or acquired after the Closing Date that is not a Borrower and of which at least a majority but less than 100% of the Voting Shares are at the time directly or indirectly owned or controlled by KCMH or one or more Subsidiaries of KCMH, which has been designated in a written notice from KCMH to the Administrative Agent as a Designated Entity; provided that at the time of such designation (a) no Default or Event of Default would result from such designation and (b) after giving pro forma effect to such designation the Debt to Equity Ratio is less than or equal to [**] to 1.00. KCMH may, by written notice to the Administrative Agent, de-designate any Designated Entity and thereafter such entity shall not longer constitute a Designated Entity, but only if (a) no Default or Event of Default would result from such de-designation and (b) after giving pro forma effect to such de-designation the Debt to Equity Ratio is less than or equal to [**] to 1.00; provided further that notwithstanding the foregoing, KKR-MM Vector GP LLC, KKR-MM Vector L.P., Merchant Capital Solutions LLC, MCS Corporate Lending LLC, MCS Capital Markets LLC, [**], [**], any entity formed for the purpose of acting in an administrative or other agency roles in respect of financings (with written notice thereof provided by KCMH to the Administrative Agent) and any of their respective direct or indirect subsidiaries, now existing or hereafter formed, shall each be deemed a Designated Entity (unless otherwise de-designated by KCMH in accordance with this definition).

"Determination Day" has the meaning specified in the definition of "Term SOFR".

"Disqualified Equity Interests" means any Equity Interest which, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests other than Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise, (b) is redeemable at the option of the holder thereof (other than solely for Equity Interests other than Disqualified Equity Interests), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case of clauses (a) through (d) above, prior to the date that is ninety-one days after the Commitment Termination Date.

"Dollar Equivalent" means, on any date, with respect to any amount denominated in an Alternate Currency, the amount of Dollars that would be required to purchase such amount of such Alternate Currency at or about 11:00 a.m., Local Time, on such date, for delivery two Business Days later, as determined by the Administrative Agent on the basis of the spot selling rate for the offering of such Alternate Currency for Dollars in the Principal Financial Center for the applicable Alternate Currency, all determinations thereof by the Administrative Agent to be conclusive and binding on the parties in the absence of manifest error.

"Dollar RFR Determination Day" has the meaning specified in the definition of "Daily Simple RFR".

"Dollars" and "$" refers to lawful money of the United States.

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

"Domestic Subsidiary" means any Subsidiary that is organized under the Laws of the United States, any state thereof or the District of Columbia.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Assignee" means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person) approved by the Administrative Agent and the Issuing Lender and, unless an Event of Default of the kind referred to in Section 7.01(a), 7.01(b), 7.01(g) or 7.01(h) has occurred and is continuing, by KCMH (each such approval not to be unreasonably withheld or delayed); provided, that notwithstanding the foregoing, assignments to any private equity fund, credit fund, hedge fund or other similar investment vehicle shall require the consent of KCMH in its sole discretion.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company (including any securities convertible or exchangeable for such stock or interests), beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any Person that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than those events for which the 30-day notice period is waived pursuant to Department of Labor Reg. Section 4043 as in effect on the date hereof); (b) the failure of any Plan to satisfy the minimum funding standards (as defined in Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, whether or not waived; (c) the filing pursuant to Section

412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any of its ERISA Affiliates from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any of its ERISA Affiliates of any notice, or the receipt by any Multiemployer Plan from the Borrower or any of its ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent within the meaning of Title IV of ERISA.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"EURIBOR Rate" means, with respect to any Term Benchmark Borrowing denominated in Euros and for any Interest Period, the EURIBOR Screen Rate, two TARGET Days prior to the commencement of such Interest Period.

"EURIBOR Screen Rate" means the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters as published at approximately 11:00 a.m. Brussels time two TARGET Days prior to the commencement of such Interest Period.

"Euro" has the meaning specified in Section 9.17.

"Events of Default" has the meaning specified in Section 7.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Excluded Taxes" means, with respect to any recipient of any payment made to or for such recipient's account, arising from any obligation of the Borrowers hereunder to the Administrative Agent and each Lender, Taxes (a) imposed on or measured by its overall net income (however denominated), franchise Taxes and branch profit Taxes, in each case, imposed by a jurisdiction (or any political subdivision thereof) as a result of a connection between such recipient and the jurisdiction (or political subdivision thereof) imposing such tax (other than any such Taxes that would not have been imposed but for such recipient's execution, delivery or performance of its obligations under, or its receipt of one or more payments pursuant to, this Agreement), (b) that are attributable to such recipient's failure to comply with the requirements of paragraph (e) or (f) of Section 3.11, (c) that are withholding taxes imposed on amounts payable to such recipient pursuant to a law in effect on the date on which (i) such recipient acquires an applicable interest in a Loan or Commitment or (ii) such recipient changes its lending office, except in each case to the extent that such recipient's assignor (if any) or such recipient was entitled, immediately before the time of assignment or immediately before it changed its lending office, to receive additional amounts from the Borrower with respect to such Taxes pursuant to Section 3.11(b) and (d) any withholding Taxes imposed under FATCA.

"Existing Credit Agreement" means that certain 364-Day Revolving Credit Agreement dated April 8, 2022 among KCMH, KCL U.S., KCL, U.K., KCL C.A., KCL T.N., MHCB as administrative agent and the lenders party thereto, as from time to time further amended, modified, supplemented, refinanced or replaced.

"FATCA" means Sections 1471 through 1474 of the Code, as of the Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code and any law, regulation, rule, promulgation, or official agreement implementing an official government agreement with respect to the foregoing.

"Federal Funds Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Finance Lease Obligation" shall mean, as applied to any Person, an obligation that is required to be accounted for as a finance or capital lease (and not an operating lease) on both the balance sheet and income statement for financial reporting purposes in accordance with GAAP. At the time any determination thereof is to be made, the amount of the liability in respect of a finance or capital lease would be the amount required to be reflected as a liability on such balance sheet (excluding the footnotes thereto) in accordance with GAAP.

"Finance Subsidiary" means KCL U.K., KCL U.S., KCL C.A., KCL T.N., KCL Cayman, KKR Nitro and any other direct or indirect Subsidiary of KCMH formed for the purpose of providing financing in KCMH's financing business.

"Finance Subsidiary Debt" means Indebtedness under any warehouse credit facility or other similar line of credit entered into for the purpose of funding Indebtedness originated or extended by any Finance Subsidiary.

"Financial Officer" means the chief financial officer, principal financial officer, treasurer, controller or a director of a Borrower.

"FINRA" means the Financial Industry Regulatory Authority, or any other Self Regulatory Organization that succeeds to the functions thereof.

"Five-Year Credit Agreement" means that certain Third Amended and Restated 5-Year Revolving Credit Agreement dated March 20, 2020 among KCMH, KCL U.S., KCL, U.K., MHCB as administrative agent and the lenders party thereto, as amended by the First Amendment, dated as of November 3, 2020, the Second Amendment dated as of April 9, 2021, the Third Amendment, dated as of January 7, 2022, the Fourth Amendment, dated as of February 4, 2022, the Fifth Amendment, dated as of April 8, 2022 and the Sixth Amendment, dated as of November 4, 2022, and as further amended, modified, supplemented, refinanced or replaced from time to time.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to Dollars or any Alternate Currency. For the avoidance of doubt the initial Floor for each of Term SOFR, EURIBOR Rate, each Daily Simple RFR and the Central Bank Rate shall be 0.0%.

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"Fund" means any Person (other than a natural person) that is or will be engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"General Partner" means KKR Capital Markets Holdings GP LLC, a Delaware limited liability company.

"GAAP" means accounting principles generally accepted in the United States as in effect from time to time.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or to advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guarantee issued to support such Indebtedness; provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made (or, if such Guarantee is limited by its terms to a lesser amount, such lesser amount) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith.

"Guarantee and Security Agreement" means the Guaranty and Security Agreement, dated as of the date hereof, among the Obligors and the Administrative Agent in substantially the form of Exhibit B, as from time to time amended, modified or supplemented.

"Guarantors" means, at any time, collectively, those Subsidiaries of KCMH that are parties to the Guarantee and Security Agreement.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement or other derivative transaction.

"Indebtedness" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or similar instruments, (b) the deferred purchase price of assets or services that in accordance with GAAP would be included as a liability on the balance sheet of such Person, (c) the face amount of all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder and all direct obligations arising under bankers' acceptances, bank guaranties, surety bonds and similar instruments, (d) all Indebtedness of any other Person secured by any Lien on any property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (e) the principal component of all Finance Lease Obligations, (f) all obligations of such Person under interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts, commodity price protection agreements or other commodity price hedging agreements and other similar agreements, (g) without duplication, all Guarantees by such Person of Indebtedness of others and (h) all obligations of such Person in respect of Disqualified Equity Interests, provided that Indebtedness shall not include (i) trade and other ordinary course payables and accrued expenses arising in the ordinary course of business, (ii) deferred or prepaid revenue and (iii) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller. The amount of Indebtedness of any Person for purposes of clause (d) shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

"Indemnified Taxes" means (a) Taxes other than Excluded Taxes, and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnitee" has the meaning specified in Section 9.04(b).

"Intercreditor Agreement" means that certain First Lien Intercreditor Agreement dated April 7, 2023, among the Administrative Agent, the administrative agent in respect of the Five-Year Credit Agreement, the other parties thereto from time to time and acknowledged by the Obligors, as from time to time amended, modified, supplemented or replaced.

"Interest Period" means, for any Term Benchmark Loan, the period beginning on the date such Term Benchmark Loan is made, or Continued or Converted from an ABR Loan, and ending on the last day of the period selected by the Borrower pursuant to the provisions below, and thereafter each subsequent period commencing on the last day of the immediately preceding Interest Period therefor and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one month, or if agreed by the Administrative Agent, three or six months (or if available to all relevant Lenders, twelve months), as the Borrower may select by notice to the Administrative Agent no later than 11:00 a.m. (New York time) on the third Business Day (or, with respect to such twelve-month periods, fourth Business Day) prior to the first day of such Interest Period.

Notwithstanding the foregoing:

(w) if any Interest Period would otherwise commence before and end after the Commitment Termination Date, such Interest Period shall end on the Commitment Termination Date,

(x) each Interest Period that would otherwise end on a day that is not a Business Day shall end on the next succeeding Business Day, unless such next succeeding Business Day would fall in the succeeding month, in which case such Interest Period shall end on the next preceding Business Day,

(y) each Interest Period that commences on the last day of a month (or on any day for which there is no numerically corresponding day in the appropriate subsequent month) shall end on the last Business Day of the appropriate subsequent calendar month, and

(z) Interest Periods commencing on the same day for Term Benchmark Loans comprising part of the same Borrowing shall be of the same duration.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or interest in, another Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit or all or a substantial part of the business of, such Person.

"Issuing Lender" means MHCB, and/or any other Lender from time to time designated as an Issuing Lender in a writing signed by such Lender, KCMH and the Administrative Agent (MHCB and such other Lender being collectively referred to herein as the "Issuing Lender" unless the context otherwise requires).

"KCL Cayman" means KKR Corporate Lending (Cayman) Ltd., a Cayman limited liability company, and includes any successor thereto in accordance with this Agreement.

"KCL C.A." has the meaning specified in the heading hereof, and includes any successor thereto in accordance with this Agreement.

"KCL T.N." has the meaning specified in the heading hereof, and includes any successor thereto in accordance with this Agreement.

"KCL U.K." has the meaning specified in the heading hereof, and includes any successor thereto in accordance with this Agreement.

"KCL U.S." has the meaning specified in the heading hereof, and includes any successor thereto in accordance with this Agreement.

"KCMH" has the meaning specified in the heading hereof, and includes any successor thereto in accordance with this Agreement.

"KCM Asia" means KKR Capital Markets Asia Limited, a Hong Kong company limited by shares, and includes any successor thereto in accordance with this Agreement.

"KCM Asia II" means KKR Capital Markets Asia II Limited, a Hong Kong company limited by shares, and includes any successor thereto in accordance with this Agreement.

"KCM Asia Reorganization Effective Date" means the date upon which KCM Asia ceases to be a subsidiary of KCMH; provided that on or prior to such date, (i) KCM Asia II has become a licensed corporation under the SFO to carry on Type 1 and Type 4 regulated activities and (ii) KKR Asia LLC has received SFC approval to be a substantial shareholder of KCM Asia.

"KCM Group Entity" means KCMH and any entity in which KCMH, directly or indirectly, owns an Equity Interest.

"KCM Ireland" means KKR Capital Markets (Ireland) Limited, an Ireland limited liability company, and includes any successor thereto in accordance with this Agreement.

"KCM Japan" means KKR Capital Markets Japan Holdings LLC, a Delaware limited liability company, and includes any successor thereto in accordance with this Agreement.

"KCM U.S." means KKR Capital Markets LLC, a Delaware limited liability company, and includes any successor thereto in accordance with this Agreement.

"KCM U.K." means KKR Capital Markets Limited, a United Kingdom limited liability company, and includes any successor thereto in accordance with this Agreement.

"KKR" means Kohlberg Kravis Roberts & Co. L.P., a Delaware limited partnership and includes any successor thereto in accordance with this Agreement.

"KKR Nitro" means KKR Nitro Holdings Limited, a Cayman limited liability company, and includes any successor thereto in accordance with this Agreement.

"L/C Exposure" means, at any time, the sum of (a) the aggregate undrawn face amount of all outstanding Letters of Credit and (b) the aggregate amount of unreimbursed L/C Payments under all outstanding Letters of Credit (or, if applicable with respect to clauses (a) and (b), the Dollar Equivalent thereof).

"L/C Payment" means a payment by an Issuing Lender of a draft or demand drawn under a Letter of Credit.

"L/C Reimbursement Obligation" means the obligation of a Borrower to reimburse an Issuing Lender for an L/C Payment pursuant to Section 2.02(d)(ii).

"L/C Related Documents" has the meaning specified in Section 2.02(c)(i).

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case, whether or not having the force of law.

"Lead Arranger" means MHCB, in its capacity as sole lead arranger and sole bookrunner.

"Lender" means each bank or other financial institution listed on the signature pages hereof and each Person that shall become a party hereto pursuant to 9.06.

"Letter of Credit" has the meaning specified in Section 2.02(a)(i).

"Letter of Credit Facility Amount" means the lesser of (a) $0 and (b) the Aggregate Facility Amount.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Loan" has the meaning specified in Section 2.01(a)(i).

"Loan Documents" means, collectively, this Agreement, the Notes, the Guarantee and Security Agreement and the Intercreditor Agreement.

"Local Time" means (a) with respect to any Loan denominated or any payment to be made in Dollars, New York time, and (b) with respect to any Term Benchmark Loan or RFR Loan denominated or any payment to be made in an Alternate Currency, the local time in the Principal Financial Center for such Alternate Currency.

"London Banking Day" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

"Majority Lenders" means, at any time, (a) Lenders holding more than 50% of the Commitments, or (b) if the Commitments have terminated or expired, Lenders having collectively more than 50% of the sum of (i) aggregate amount of the unpaid principal amount of the Loans and (ii) L/C Exposure (computed at any time, in the case of Loans and L/C Exposure denominated in an Alternate Currency, as the Dollar Equivalent thereof as determined by the Administrative Agent); provided that the unused Commitment of, and the portion of the Total Credit Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Majority Lenders.

"Material Adverse Effect" means a material adverse effect on (a) the business, financial condition, properties or operations of KCMH and its Subsidiaries taken as a whole, (b) the ability of any Obligor to perform any of its material obligations under any Loan Document or (c) the material rights and remedies of, or benefits available, to the Administrative Agent or the Lenders under any Loan Document.

"Material Foreign Subsidiary" means any Foreign Subsidiary (inclusive of its Subsidiaries) that, as of the last day of the fiscal quarter of KCMH most recently ended for which financial statements have been delivered pursuant to Section 6.01(a)(i) or (ii), (a) generated over 25% of consolidated revenues of KCMH and its Subsidiaries for the period of two years ended at the end of such fiscal quarter or (b) to which more than $[**] of the Aggregate Facility Amount has been funded as of such date and has been funded for the period of six months immediately preceding such date.

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

"Material Indebtedness" means Indebtedness of the type described in clause (a) of the definition thereof issued or incurred under any agreement or instrument in an aggregate outstanding principal amount of $[**] or more.

"Material Subsidiary" means any Subsidiary that constitutes a "significant subsidiary" as defined under Regulation S-X promulgated by the SEC, as in effect from time to time; provided that each of KCM U.S. and KCM U.K. shall be a Material Subsidiary.

"MHCB" means Mizuho Bank, Ltd. or any successor thereto.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Non-U.S. Lender" has the meaning specified in Section 3.11(e).

"Note" has the meaning specified in Section 2.01(e).

"Notice of Borrowing" has the meaning specified in Section 2.01(b)(ii).

"Notice of Issuance" has the meaning specified in Section 2.02(c)(i).

"Obligations" means (a) all obligations of the Borrowers under the Loan Documents to pay the principal of and interest on the Loans and the L/C Reimbursement Obligations and all fees, premiums, costs, expenses, indemnification payments and other amounts or obligations whatsoever, whether direct or indirect, absolute or contingent, now or hereafter from time to time owing to the Secured Creditors arising under, out of, or in connection with the Loan Documents and all obligations of the Borrowers to any Lender (or any Affiliate thereof) under any Hedging Agreement and (b) in the case of each of the foregoing, including all interest thereon and expenses related thereto, including any interest or expenses accruing or arising after the commencement of any case with respect to any Obligor under the United States Bankruptcy Code or any other bankruptcy or insolvency law (whether or not such interest or expenses are allowed or allowable as a claim in whole or in part in such case).

"Obligors" means, collectively, the Borrowers and the Guarantors.

"Other Taxes" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document, except any such taxes imposed with respect to an assignment.

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

"Participant" has the meaning specified in Section 9.06(d).

"Participant Register" has the meaning specified in Section 9.06(d).

"Patriot Act" has the meaning specified in Section 9.15.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in Section 4002 of ERISA and any successor entity performing similar functions.

"Permitted Liens" means:

(a) Liens for taxes, assessments or governmental charges or claims not yet overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings for which appropriate reserves have been established to the extent required by and in accordance with GAAP, or for property taxes on property that the Borrower or one of its Subsidiaries has determined to abandon if the sole recourse for such tax, assessment, charge or claim is to such property;

(b) Liens in respect of property or assets of KCMH or any of its Subsidiaries imposed by law, such as carriers', warehousemen's and mechanics' Liens and other similar Liens arising in the ordinary course of business, in each case so long as such Liens arise in the ordinary course of business and do not individually or in the aggregate have a Material Adverse Effect;

(c) Liens arising from judgments or decrees in circumstances not constituting an Event of Default under 7.01(j);

(d) Liens incurred or deposits made in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business;

(e) ground leases in respect of real property on which facilities owned or leased by the Borrower or any of its Subsidiaries are located;

(f) easements, rights-of-way, restrictions, minor defects or irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of KCMH and its Subsidiaries, taken as a whole;

(g) any interest or title of a lessor or secured by a lessor's interest under any lease permitted by this Agreement;

(h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(i) leases, licenses, subleases or sublicenses granted to others not interfering in any material respect with the business of KCMH and its Subsidiaries, taken as a whole;

(j) Liens arising from precautionary UCC financing statement or similar filings made in respect of operating leases entered into by the Borrower or any of its Subsidiaries;

(k) Liens created in the ordinary course of business in favor of banks and other financial institutions over credit balances of any bank accounts, brokerage accounts or commodities accounts of KCMH and its Subsidiaries held at such banks or financial institutions, including any accounts maintained with any clearing or settlement bank or other financial institution; and

(l) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of KCMH and its Subsidiaries, taken as a whole.

"Permitted Subordinated Debt" shall mean senior subordinated notes, or other senior subordinated Indebtedness, issued by a Borrower or any Guarantor, (a) the terms of which (i) do not provide for any scheduled repayment, mandatory redemption or sinking fund obligation prior to a date 91 days after Commitment Termination Date (other than customary offers to purchase upon a change of control, asset sale or event of loss and customary acceleration rights after an event of default) and (ii) provide for customary subordination to the obligations of the Obligors under the Loan Documents, (b) the covenants, events of default, guarantees, collateral and other terms of which (other than interest rate and redemption premiums), taken as a whole, are not more restrictive to KCMH and its Subsidiaries than those herein; provided that a certificate of a Financial Officer of KCMH is delivered to the Administrative Agent at least seven Business Days (or such shorter period as the Administrative Agent may reasonably agree) prior to the incurrence of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto, stating that KCMH has determined in good faith that such terms and conditions satisfy the foregoing requirement shall be conclusive evidence that such terms and conditions satisfy the foregoing requirement unless the Administrative Agent notifies KCMH within such period that it disagrees with such determination (including a reasonable description of the basis upon which it disagrees), (c) of which no Subsidiary of KCMH (other than a Guarantor) is an obligor and (d) after giving pro forma effect to the issuance thereof, KCMH shall be in compliance with the financial covenant set forth in Section 6.03.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledged Equity" has the meaning specified in the Guarantee and Security Agreement.

"Principal Financial Center" means, for any Currency, the principal financial center in the country of issue of such Currency, as reasonably determined by the Administrative Agent.

"Property" of any Person means any property or assets, or interest therein, of such Person.

"Reference Time" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is Term SOFR, 5:00 a.m. (New York time) on the day that is two Business Days preceding the date of such setting, (2) if such Benchmark is EURIBOR Rate, 11:00 a.m. Brussels time two TARGET Days preceding the date of such setting, (3) if such Benchmark is Daily Simple RFR, then four Business Days prior to such setting, or (4) if such Benchmark is none of Term SOFR, the EURIBOR Rate or Daily Simple RFR, the time determined by the Administrative Agent in its reasonable discretion.

"Register" has the meaning specified in Section 9.06(c).

"Regulations T, U and X" means, respectively, Regulations T, U and X of the Board of Governors of the Federal Reserve System (or any successor), as from time to time amended, modified or supplemented.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"Relevant Governmental Body" means (i) with respect to a Benchmark Replacement in respect of Loans denominated in Dollars, the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto, (ii) with respect to a Benchmark Replacement in respect of RFR Loans denominated in Sterling, the Bank of England, or a committee officially endorsed or convened by the Bank of England or, in each case, any successor thereto, or (iii) with respect to a Benchmark Replacement in respect of Loans denominated in an Alternate Currency (other than Sterling), (a) the central bank for such Alternate Currency in which such Benchmark is denominated or any central bank or the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), (b) any working group or committee officially endorsed or convened by (1) the central bank for such Alternate Currency in which such Benchmark is denominated, (2) any central bank or other supervisor that is responsible for supervising either (A) such Benchmark or (B) the administrator of such Benchmark, (3) a group of those central banks or other supervisors, (4) the Financial Stability Board or any part thereof, (c) an insolvency official with jurisdiction over the administrator for such Benchmark (or such component),

(d) a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or (e) a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component).

"Relevant Rate" means (i) with respect to any Term Benchmark Borrowing denominated in Dollars, Term SOFR, (ii) with respect to any Term Benchmark Borrowing denominated in Euros, the EURIBOR Rate or (iii) with respect to any Borrowing denominated in Sterling (or, subject to Section 3.04(c) Dollars), the applicable Daily Simple RFR, as applicable.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of any Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to any Person's stockholders, partners or members (or the equivalent Person thereof).

"RFR" means, for any RFR Loan denominated in (a) Dollars, SOFR, and (b) Sterling, SONIA.

"RFR Borrowing" means, as to any Borrowing, the RFR Loans comprising such Borrowing.

"RFR Business Day" means, for any Loan denominated in (a) Sterling, any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which banks are closed for general business in London and (b) Dollars, a U.S. Government Securities Business Day.

"RFR Interest Day" has the meaning specified in the definition of "Daily Simple RFR".

"RFR Loan" means a Loan that bears interest at a rate based on the Daily Simple RFR.

"Rule 15c3-1" means Rule 15c3-1 of the General Rules and Regulations promulgated by the SEC under the Exchange Act (17 CFR 240, 15c3-1), as from time to time amended, modified or supplemented, or such other rule or regulation of the SEC which replaces Rule 15c3-1.

"S&P" means Standard & Poor's Rating Services or any successor thereto.

"Screen Rate" means (i) with respect to any Term Benchmark Borrowing denominated in Dollars, the Term SOFR Reference Rate or (ii) with respect to any Term Benchmark Borrowing denominated in Euros, the EURIBOR Screen Rate, as applicable, as applicable.

"Secured Creditors" means, collectively, the Lenders (including each Issuing Lender) and the Administrative Agent, any other holder from time to time of any of the Obligations and, in each case, their respective successors and assigns.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to the principal functions thereof.

"Self Regulatory Organization" has the meaning assigned to such term in Section 3(a)(26) of the Exchange Act.

"SFC" means the Securities and Futures Commission of Hong Kong.

"SFO" means the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong.

"SIPA" means the Securities Investor Protection Act of 1970, as from time to time amended, modified or supplemented.

"SIPC" means the Securities Investor Protection Corporation established pursuant to SIPA or any other corporation succeeding to the principal functions thereof.

"SOFR" means a rate per annum equal to the secured overnight financing rate as administered by the SOFR Administrator.

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"Solvent" and "Solvency" mean, with respect to any Person, that as of the Closing Date, (a) (i) the sum of such Person's debts (including contingent liabilities) does not exceed the present fair saleable value of such Person's present assets; (ii) such Person's capital is not unreasonably small in relation to its business as contemplated on the Closing Date; and (iii) such Person has not incurred and does not intend to incur, or believe that it will incur, debts including current obligations beyond its ability to pay such debts as they become due (whether at maturity or otherwise); and (b) such Person is "solvent" within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"SONIA" means, with respect to any Business Day, a rate per annum equal to the Sterling Overnight Index Average for such Business Day published by the SONIA Administrator on the SONIA Administrator's Website on the immediately succeeding Business Day.

"SONIA Administrator" means the Bank of England (or any successor administrator of the Sterling Overnight Index Average).

"SONIA Administrator's Website" means the Bank of England's website, currently at http://www.bankofengland.co.uk, or any successor source for the Sterling Overnight Index Average identified as such by the SONIA Administrator from time to time.

"SONIA Rate" when used in reference to any Loan or Borrowing, refers to such Loan, or the Loans comprising such Borrowing, which are bearing interest at a rate determined by reference to the Daily Simple RFR for Loans denominated in Sterling.

"Sterling" means the lawful currency of the United Kingdom.

"Sterling RFR Determination Day" has the meaning specified in the definition of "Daily Simple RFR".

"Subordinated Indebtedness" means any Permitted Subordinated Debt or any other Indebtedness the terms of which provide for customary subordination in right of payment to the obligations of a Borrower or any of its Subsidiaries, as applicable, under this Agreement and the other Loan Documents.

"Subsidiary" means, at any time, any corporation, partnership, limited liability company or other entity of which at least a majority of the Voting Shares are at the time directly or indirectly owned or controlled by KCMH or one or more Subsidiaries of KCMH; provided that no Designated Entity shall be a Subsidiary.

"Support Payment" has the meaning specified in Section 2.06(a).

"Taxes" means all present and future taxes, duties, levies, imposts, deductions, charges or withholdings or similar charges, with respect to any amount payable on or in respect of any Loan Document, Loans, Notes or Letters of Credit, and all interest, penalties and similar amounts with respect thereto, now or thereafter imposed, assessed, levied or collected by any jurisdiction from which any amount payable under the Loan Documents is paid, or any political subdivision or taxing authority thereof or therein, or any organization or federation of which any of the foregoing may be a member or associated.

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

"TARGET Day" means any day on which TARGET2 (or, if such payment system ceases to be operative, such other payment system, if any, determined by the Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euro.

"Term Benchmark" when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to Term SOFR (other than pursuant to clause (c) of the definition of "ABR") or the EURIBOR Rate.

"Term SOFR" means,

(a) for any calculation with respect to a Term Benchmark Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "Determination Day") that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Determination Day; and

(b) for any calculation with respect to an ABR Loan on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the "ABR Term SOFR Determination Day") that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any ABR Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such ABR Term SOFR Determination Day.

provided, further, that if Term SOFR determined as provided above (including pursuant to the provision under clause (a) or clause (b) above) shall ever be less than the Floor, then Term SOFR shall be deemed to be the Floor, "Term SOFR Administrator" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

"Term SOFR Reference Rate" means the forward-looking term rate based on SOFR.

"Total Credit Exposure" means, at any time, the sum of (a) the aggregate outstanding principal amount of the Loans (being the Dollar Equivalent thereof in the case of Loans denominated in an Alternate Currency) plus (b) the aggregate outstanding L/C Exposure.

"Total Debt" means, at any date, (a) all Indebtedness of the types described in clause (a), clause (c) (but, in the case of clause (c), only to the extent of any unreimbursed drawings under any letter of credit) and clause (e) of the definition thereof actually owing by KCMH and/or its Subsidiaries on such date to the extent appearing on the consolidated balance sheet of KCMH determined in accordance with GAAP (provided that the amount of any Finance Lease Obligations or any such Indebtedness issued at a discount to its face value shall be determined in accordance with GAAP) minus (b) the aggregate cash and Cash Equivalents included on the consolidated balance sheet of KCMH as at such date to the extent the use thereof for application to the payment of Indebtedness is not prohibited by law or any contract to which KCMH or any Subsidiary is a party; provided that for the purposes of this definition, Indebtedness shall not include (i) any Finance Subsidiary Debt (unless such Indebtedness is incurred by a Finance Subsidiary that is also a Borrower under this Agreement), (ii) any liabilities includable solely based on the application of ASC 810 or ASC 860 and (iii) any Indebtedness of any Designated Entity.

"Total Equity" means, as of any date of determination, (a) KCMH's consolidated partners' capital (or stockholders' equity, as the case may be) measured on a GAAP basis, minus (b) the sum of (i) any declared but unpaid distribution or dividend to KCMH's general or limited partners (or any other equity holders) and (ii) any loans or advances made to KCMH's general or limited partners (or any other equity holders); provided that Total Equity shall not include KCMH's partners' capital (or stockholders' equity, as the case may be) attributable to any Designated Entity and, in the event all or a substantial portion of the equity in a Finance Subsidiary is pledged to a third party, such Finance Subsidiary.

"Type" refers to whether a Loan is an ABR Loan, a Term Benchmark Loan or a RFR Loan.

"UCC" means the Uniform Commercial Code as in effect in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended form time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"United States" or "U.S." means the United States of America.

"U.S. Government Securities Business Day" means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"Voting Shares" means, with respect to any Person, such Person's Equity Interests having the right to vote for the election of directors, or other individuals performing similar functions, of such Person under ordinary circumstances.

"Wholly-Owned Subsidiary" means, with respect to any Person, any Subsidiary of which all of the Equity Interests (other than, in the case of a corporation, directors' qualifying shares) are directly or indirectly owned or controlled by such Person or one or more Wholly-Owned Subsidiaries of such Person or by such Person and one or more Wholly-Owned Subsidiaries of such Person.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” mean “to but excluding”. The words “include”, “includes” and “including” shall be deemed in each case to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed in each case as referring to such agreement, instrument or other document as from time to time amended, modified or supplemented, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed in each case to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import shall be construed in each case to refer to this Agreement in its entirety and not to any particular provision hereof, and (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement. For the avoidance of doubt, references in Articles VIII and IX to the Lenders shall include in each case the Issuing Lender, unless the context otherwise requires. For the purposes of Section 2.05 only, the term “Borrower” or “Borrowers” shall exclude any Broker-Dealer Subsidiary.

SECTION 1.03. Accounting Terms; GAAP; Calculation of Debt to Equity Ratio

(a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that if the Borrower notifies the Administrative Agent that it requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Majority Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

(b) Calculation of the Debt to Equity Ratio shall be based on relevant information in the financial statements and asset schedules delivered pursuant to Sections 6.01(a)(i), (ii) and (vi) giving pro forma effect to such information where appropriate; provided that the amount of Total Debt shall be the amount outstanding as of the date of determination after giving effect to the incurrence of any Indebtedness on such date of determination.

SECTION 1.04. Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

SECTION 1.05. Interest Rates. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to ABR, Term SOFR Reference Rate, Term SOFR, EURIBOR Rate, Daily Simple RFR or any Benchmark or with respect to any alternative, successor or replacement rate thereof (including any Benchmark Replacement), or any calculation, component definition thereof or rate referenced in the definition thereof, including, without limitation, (i) any such alternative, successor or replacement rate (including any Benchmark Replacement) implemented pursuant to Section 3.04 upon the occurrence of a Benchmark Transition Event, and (ii) the effect, implementation or composition of any Benchmark Replacement Conforming Changes pursuant to Section 3.04(c), including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of ABR, Term SOFR Reference Rate, Term SOFR, EURIBOR Rate, Daily Simple RFR or any Benchmark or have the same volume or liquidity as did ABR, Term SOFR Reference Rate, Term SOFR, EURIBOR Rate, Daily Simple RFR or any Benchmark prior to its discontinuance or unavailability. In addition, the discontinuation of ABR, Term SOFR Reference Rate, Term SOFR, EURIBOR Rate, Daily Simple RFR or any Benchmark and any alternative, successor or replacement reference rate may result in a mismatch between the reference rate referenced in this Agreement and your other financial instruments, including potentially those that are intended as hedges. The Administrative Agent and its Affiliates and/or other related entities may engage in transactions that affect the calculation of ABR, Term SOFR Reference Rate, Term SOFR, EURIBOR Rate, Daily Simple RFR or any Benchmark or any alternative, successor or replacement rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, with all determinations of such ABR, Term SOFR Reference Rate, Term SOFR, EURIBOR Rate, Daily Simple RFR or any Benchmark or such alternative, successor or replacement rate by the Administrative Agent to be conclusive, absent manifest error. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain ABR, Term SOFR Reference Rate, Term SOFR, EURIBOR Rate, Daily Simple RFR or any Benchmark or any such alternative, successor or replacement rate, in each case pursuant to the terms of this Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time), and shall have no liability to any Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

ARTICLE II

THE COMMITMENTS

SECTION 2.01. The Loans.

(a) (i) Each Lender severally agrees, on and subject to the terms and conditions of this Agreement, to make loans to the Borrowers under this Section 2.01(a)(i) (each, a "Loan") from time to time on any Business Day during the Availability Period, in an aggregate principal amount at any one time outstanding up to but not exceeding the Commitment of such Lender and, as to all Lenders and all Borrowers, in an aggregate principal amount at any one time outstanding up to but not exceeding the Aggregate Borrowing Availability (or the Alternate Currency Equivalent thereof).

(ii) ABR Loans shall be denominated in Dollars, Term Benchmark Loans may be denominated in Dollars or Euros, and RFR Loans shall be denominated in Sterling (or subject to a Benchmark Replacement, Dollars).

(iii) Anything in this Agreement to the contrary notwithstanding, the Total Credit Exposure shall not at any time exceed the then Aggregate Facility Amount.

(iv) Within such limits, the Borrowers may from time to time borrow under this Section 2.01, prepay Loans in whole or in part pursuant to Section 3.06(a) and reborrow under this Section 2.01.

(v) The Borrowers shall be co-borrowers with respect to each Borrowing, and shall be jointly and severally liable for all obligations and liabilities with respect thereto in accordance with Sections 2.05 and 2.06.

(b) Borrowing Procedure. (i) Each Borrowing shall be in a minimum amount of $5,000,000 in the case of a Borrowing of Term Benchmark Loans and RFR Loans, or $1,000,000, in the case of a Borrowing of ABR Loans, or in each case an integral multiple of $1,000,000 in excess thereof (or, in the case of a Borrowing denominated in an Alternate Currency, the Alternate Currency Equivalent thereof, rounded to the nearest 1,000 units of such Alternate Currency), and shall be made on notice by the requesting Borrower to the Administrative Agent not later than 11:00 a.m. (New York time) on the third Business Day (or, with respect to Interest Periods other than one, three or six months, fourth Business Day) prior to the date of such Borrowing in the case of a Borrowing consisting of Term Benchmark Loans or RFR Loans or not later than 11:00 a.m. (New York time) on the date of such Borrowing in the case of a Borrowing consisting of ABR Loans, and the Administrative Agent shall give each Lender prompt notice thereof.

(ii) Each such notice of a Borrowing (a "Notice of Borrowing") shall be irrevocable and binding on the Borrowers and shall be in substantially the form of Exhibit C, specifying therein the requested (1) date of such Borrowing (which shall be a Business Day), (2) Type of Loans comprising such Borrowing, (3) aggregate amount of such Borrowing, stated in Dollars, and the Currency thereof and (4) in the case of a Borrowing of Term Benchmark Loans, initial Interest Period for such Loans.

(iii) Each Lender shall, before 1:00 p.m. (New York time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the

Administrative Agent at the Administrative Agent's Account, in same day funds, such Lender's ratable portion of such Borrowing.

(iv) After the Administrative Agent's receipt of such funds, and subject to the satisfaction of the applicable conditions set forth in Article IV, the Administrative Agent will make such funds available to the requesting Borrower by promptly crediting the amounts so received, in like funds, to such account of such Borrower as the Administrative Agent and such Borrower may agree.

(v) If the requesting Borrower fails to specify a Type of Loan in a Notice of Borrowing, then the applicable Loans shall be made as ABR Loans. If the requesting Borrower fails to provide a timely notice of Conversion or Continuation with respect to a Borrowing of Term Benchmark Loans, then such Borrower shall be deemed to have requested a Continuation with respect thereto with an Interest Period of one month. If the requesting Borrower requests a Borrowing of, Conversion to, or Continuation of Term Benchmark Loans in any such Notice of Borrowing, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. If the requesting Borrower requests a Borrowing of, Conversion to, or Continuation of Term Benchmark Loans in any such Notice of Borrowing, but fails to specify the Currency thereof, it will be deemed to have specified such Loans in Dollars.

(vi) After giving effect to all Borrowings, all Conversions and all Continuations, there shall not be more than 15 Interest Periods in effect.

For the avoidance of doubt, in no event shall any Borrower be permitted to request a Daily Simple RFR Loan denominated in Dollars until after the occurrence of a Benchmark Replacement pursuant to clause (1) of the definition thereof in accordance with Section 3.04(c).

(c) Types of Loans. Each Borrowing and each Conversion or Continuation thereof shall consist of Loans of the same Type (and, if such Loans are Term Benchmark Loans, having the same Interest Period) made, Continued or Converted on the same day by the Lenders ratably according to their Commitment Percentages.

(d) Accounts. (i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(ii) The Administrative Agent shall maintain accounts in which it shall record (x) the amount of each Loan, the Type thereof and the Interest Period applicable thereto, (y) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (z) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(iii) The entries made in the accounts maintained pursuant to this clause (d) shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Loans made to any Borrower or make payments for other obligations (including L/C Reimbursement Obligations) in accordance with the terms of this Agreement.

(e) Notes. Any Lender may, through the Administrative Agent, request that the Loans to be made by it be evidenced by a promissory note of the Borrowers. In such event, the Borrowers shall prepare, execute and deliver to such Lender a joint and several promissory note payable to such Lender (or its registered assigns), substantially in the form of Exhibit A (each, a "Note"), in the amount of the Commitment of such Lender, dated the Closing Date and otherwise appropriately completed.

SECTION 2.02. Letter of Credit Facility.

(a) Letters of Credit. (i) Each Issuing Lender agrees, on and subject to the terms and conditions of this Agreement, to issue one or more letters of credit (each, a "Letter of Credit") for the account of a Borrower from time to time on any Business Day during the period from the Closing Date until the date ten Business Days before the Commitment Termination Date, provided, that the total L/C Exposure with respect to Letters of Credit may not at any time exceed the Letter of Credit Facility Amount.

(ii) Letters of Credit may be denominated in Dollars or any Alternate Currency, as requested in writing by the Borrower.

(iii) Anything in this Agreement to the contrary notwithstanding, the issuance of Letters of Credit shall be subject to the limitations set forth in Section 2.01(a)(iii).

(iv) Within the foregoing limits, and subject to the terms and conditions hereof, a Borrower's ability to obtain Letters of Credit shall be revolving, and accordingly a Borrower may, during the period referred to in clause (i) above, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(v) The Borrowers shall be co-obligors with respect to each Letter of Credit, and shall be jointly and severally liable for all obligations and liabilities with respect thereto in accordance with Sections 2.05 and 2.06.

(b) Terms; Issuance. (i) Each Letter of Credit shall be in a form reasonably satisfactory to the relevant Issuing Lender and have a stated expiration date that is no later than the earlier of (x) one year after its date of issuance and (y) five Business Days prior to the Commitment Termination Date; provided that a Letter of Credit with a one-year tenor may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond a date five Business Days prior to the Commitment Termination Date (except that one or more Letters of Credit may expire up to one year after the Commitment Termination Date if each such Letter of Credit has been cash collateralized or otherwise backstopped on terms reasonably satisfactory to the Borrowers, the relevant Issuing Lender and the Administrative Agent)).

(ii) An Issuing Lender shall be under no obligation to issue any Letter of Credit if (A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Lender from issuing such Letter of Credit, or any law applicable to such Issuing Lender or any directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Lender shall prohibit, or direct that such Issuing Lender refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Lender with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Lender is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such Issuing Lender any unreimbursed loss, cost or expense which was not applicable on the Closing Date (for which such Issuing Lender is not otherwise compensated hereunder), or (B) the issuance of such Letter of Credit would violate any laws binding upon such Issuing Lender.

(c) Issuance Procedure. (i) Each Letter of Credit shall be issued upon notice, given not later than 11:00 a.m. (New York time) on the third Business Day prior to the proposed issuance date of such Letter of Credit, by the requesting Borrower to the relevant Issuing Lender (or such shorter notice as shall be acceptable to such Issuing Lender), with a copy to the Administrative Agent, and the Administrative Agent shall give to each Lender prompt notice thereof by telecopier or email. Each such notice from the requesting Borrower (a "Notice of Issuance") shall be by telecopier or email, confirmed promptly by hard copy, specifying therein the Issuing Lender and the requested date of issuance (which shall be a Business Day) of such Letter of Credit, its face amount and expiration date and the name and address of the beneficiary thereof, and shall attach the proposed form thereof (or such other information as shall be necessary to prepare such Letter of Credit). If requested by the applicable Issuing Lender, the requesting Borrower shall supply such application and agreement for letter of credit, in the form reasonably satisfactory to the relevant Issuing Lender, as the relevant Issuing Lender may require in connection with such requested Letter of Credit ("L/C Related Documents") along with such other information reasonably related to the requested Letter of Credit.

(ii) If the proposed Letter of Credit complies with the requirements of this Section 2.02, such Issuing Lender will, unless the Issuing Lender has received written notice from the Administrative Agent, that one or more of the applicable conditions set forth in Article IV shall not be satisfied, make such Letter of Credit available to the requesting Borrower as agreed with the requesting Borrower in connection with such issuance. In the event and to the extent that the provisions of any L/C Related Documents shall conflict with this Agreement, the provisions of this Agreement shall govern.

(iii) Each Issuing Lender shall furnish (A) upon request of the Administrative Agent, copies of the Letters of Credit issued by it hereunder, and (B) to the Administrative Agent on the first Business Day of each fiscal quarter a written report setting forth the Letters of Credit issued in Alternate Currencies, solely for purposes of determining the Dollar Equivalent thereof.

(d) Reimbursement; Syndicate Participation. (i) Automatically upon the issuance of each Letter of Credit, each Lender shall be deemed to have automatically and unconditionally acquired a participation therein to the extent of such Lender's Commitment Percentage on the terms provided in this clause (d) without any further action.

(ii) Upon receipt from the beneficiary of any Letter of Credit of any notice of drawing under such Letter of Credit, the relevant Issuing Lender shall notify the requesting Borrower and the Administrative Agent thereof. Not later than 1:00 p.m. (New York time) on the second Business Day following any L/C Payment by an Issuing Lender (the "Honor Date"), the Borrowers jointly and severally agree to reimburse such Issuing Lender directly in an amount equal to the amount of such L/C Payment.

(iii) If the Borrowers fail to so reimburse such Issuing Lender by such date, or if any amounts reimbursed by any Borrower are required to be returned or disgorged for any reason, such Issuing Lender shall promptly notify the Administrative Agent and the Administrative Agent shall promptly notify each Lender of the Honor Date, the unreimbursed amount of such L/C Payment (the "Unreimbursed Amount"), and the amount of such Lender's pro rata share thereof. In such event, such Borrower shall be irrevocably deemed to have requested a Borrowing of ABR Loans to be disbursed on the Honor Date in an aggregate Dollar Equivalent amount equal to the Unreimbursed Amount (without regard to the minimum and multiples specified in Section 2.01(b)); provided that, notwithstanding any other provision to the contrary in this Section 2.02, no such Borrowing of ABR Loans shall be permitted unless the Debt to Equity Ratio shall be less than or equal to [**] to 1.00 after giving pro forma effect to such Borrowing and the conditions specified in clauses (a) and (b) of Section 4.02 have been satisfied on or as of the date of such Borrowing. Any notice given by an Issuing Lender or the Administrative Agent pursuant to this Section 2.02(d)(iii) may be given by telephone if immediately confirmed in writing; provided, that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(iv) Subject to the proviso in Section 2.02(d)(iii), each Lender (including any Lender acting as an Issuing Lender) unconditionally agrees upon any notice pursuant to Section 2.02(d)(iii) to make funds available to the Administrative Agent for the account of the relevant Issuing Lender at the Administrative Agent's Account in an amount equal to its Commitment Percentage of the unpaid L/C Reimbursement Obligation not later than 1:00 p.m. (New York time) on the Business Day specified in such notice by the Administrative Agent, whereupon each Lender that so makes funds available shall be deemed to have made an ABR Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the relevant Issuing Lender.

(v) The Borrowers jointly and severally agree to pay interest on the unreimbursed amount of each L/C Reimbursement Obligation to the relevant Issuing Lender, for each day from the date of the relevant L/C Payment until such L/C Reimbursement Obligation is reimbursed or refinanced in full as herein provided, at the rate provided in Section 3.02(b)(ii).

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

(vi) Subject to the proviso in Section 2.02(d)(iii), each Lender's obligation to make the payments provided in clause (iv) above to reimburse an Issuing Lender for any L/C Payment shall be absolute and unconditional and shall not be affected by (A) any setoff or counterclaim which such Lender may have against an Issuing Lender, any Borrower or any other Person, (B) the occurrence or continuance of a Default or any reduction or termination of the Commitments or any of them, (C) any of the matters referred to in clause (e) below or (D) any other circumstance whatsoever.

(vii) If any Lender fails timely to make available to the Administrative Agent for the account of an Issuing Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.02, such Issuing Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to such Issuing Lender at a rate per annum equal to the Federal Funds Rate from time to time in effect (without duplication of amounts paid by any Borrower under clause (v) above). A certificate of such Issuing Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vii) shall be conclusive absent manifest error.

(viii) At any time after an Issuing Lender has made an L/C Payment and has received funds from a Lender in respect of such payment in accordance with Section 2.02, if the Administrative Agent receives for the account of such Issuing Lender any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from a Borrower or otherwise, including proceeds of cash collateral applied thereto by the Administrative Agent), the Administrative Agent will promptly distribute to such Lender its pro rata share thereof in the same funds as those received by the Administrative Agent.

(e) Borrowers Obligations Unconditional. The joint and several obligation of the Borrowers to reimburse each Issuing Lender for each L/C Payment under each Letter of Credit shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances whatsoever, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, any Loan Document or any other agreement or instrument relating thereto;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the Borrower may have at any time against any beneficiary of such Letter of Credit (or any Person for whom any such beneficiary may be acting), such Issuing Lender or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto; or

(iii) any sight draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, or any loss or delay in the transmission or otherwise of any document required in order to obtain an L/C Payment under such Letter of Credit; or

(iv) any payment by such Issuing Lender under such Letter of Credit against presentation of a sight draft or certificate that does not strictly comply with the terms of such Letter of Credit or any payment made by such Issuing Lender under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any bankruptcy, insolvency, reorganization or similar law.

(f) Issuing Lender Rights. Each Lender and each Borrower agrees that, in making any L/C Payment under a Letter of Credit, the relevant Issuing Lender shall not have any responsibility to obtain any document (other than any sight draft, certificate and other document expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering the same. None of the Issuing Lenders, the Administrative Agent, any of the respective Related Parties, nor any correspondents, participants or assignees of the Issuing Lender shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Majority Lenders, as applicable, (ii) any action taken or omitted in the absence of bad faith, gross negligence or willful misconduct, or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or L/C Related Document. None of the Issuing Lenders, the Administrative Agent, any of the respective Related Parties, nor any correspondents, participants or assignees of the Issuing Lender, shall be liable or responsible for any of the matters described in Section 2.02(e); provided that anything therein or elsewhere in this Agreement to the contrary notwithstanding, the Borrowers may have a claim against an Issuing Lender, and such Issuing Lender may be liable to the Borrowers, to the extent, but only to the extent, of any direct (as opposed to special, indirect, consequential or punitive) damages suffered by the Borrowers which were directly caused by such Issuing Lender's bad faith, willful misconduct or gross negligence as determined by a final and nonappealable ruling of a court of competent jurisdiction. In furtherance and not in limitation of the foregoing, each Issuing Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(g) Applicability of ISP98. Unless otherwise expressly agreed by an Issuing Lender and the requesting Borrower when a Letter of Credit is issued, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each Letter of Credit.

SECTION 2.03. Fees.

(a) Agency Fee. The Borrowers jointly and severally agree to pay to the Administrative Agent, for the Administrative Agent's own account, an administrative agency fee at the times and in the amounts as agreed in writing by KCMH and the Administrative Agent.

(b) Facility Fee. The Borrowers jointly and severally agree to pay to the Administrative Agent, for the account of each Lender, a facility fee on the amount of the Commitment of such Lender for each day during the period from the date hereof until the Commitment Termination Date, at the rate per annum described in the fee schedule set forth on Annex A, payable quarterly in arrears on the entire Aggregate Facility Amount (irrespective of usage) on the last Business Day of March, June, September and December of each year, on the Commitment Termination Date and on the date of termination of the Commitments.

(c) Letter of Credit Fees.

(i) The Borrowers jointly and severally agree to pay to the Administrative Agent, for the pro rata account of the Lenders based on their respective Commitment Percentages, a commission on the average daily undrawn amount of each outstanding Letter of Credit at a rate equal to the Applicable Margin then in effect for Loans (minus the amount of the fronting fee referred to below), payable quarterly in arrears on the last Business Day of March, June, September and December of each year and on the Commitment Termination Date, commencing on the first such date after the date hereof.

(ii) The Borrowers jointly and severally agree to pay to each Issuing Lender, for the sole account of such Issuing Lender, (x) a fronting fee with respect to each Letter of Credit issued by such Issuing Lender, payable quarterly in arrears on the last Business Day of each March, June, September and December and on the Commitment Termination Date, in an amount equal to [**]% per annum of the average daily available amount of such Letter of Credit and (y) such customary fees and charges in connection with the issuance or administration of each Letter of Credit issued by such Issuing Lender as may be agreed in writing between KCMH and such Issuing Lender from time to time. The Issuing Lender will notify the Borrowers of any and all such fees and charges payable under this Section.

(d) Other Fees. The Borrower shall pay to the Administrative Agent and the Lead Arranger for their own respective accounts such other fees in the amounts and at the times as may be agreed in writing between KCMH and the Administrative Agent and/or the Lead Arranger.

SECTION 2.04. Changes of Commitments.

(a) Commitment Termination Date. The Commitment of each Lender shall be automatically reduced to zero on the Commitment Termination Date.

(b) Commitment Termination or Reduction. KCMH shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole or reduce ratably in part the unused portions of the Commitments; provided, that (i) each partial reduction shall be in a minimum aggregate amount of $5,000,000 and (ii) after giving effect to such termination or reduction, (A) the Total Credit Exposure does not exceed the Aggregate Facility Amount and (B) the L/C Exposure does not exceed the Letter of Credit Facility Amount. Once terminated or reduced, the Commitments may not be reinstated.

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

SECTION 2.05. Concerning Joint and Several Liability of the Borrowers.

(a) Each of the Borrowers is accepting joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Lenders and the Administrative Agent under this Agreement, for the mutual benefit, directly and indirectly, of each of the Borrowers and in consideration of the undertakings of each other Borrower to accept joint and several liability for the Obligations.

(b) Each of the Borrowers, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a primary obligor and co-debtor, joint and several liability with each other Borrower, with respect to the payment and performance of all of the Obligations (including, without limitation, any Obligations arising under this Section 2.05), it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each of the Borrowers without preferences or distinction among them.

(c) If and to the extent that any of the Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then, in each such event, the other Borrowers will make such payment with respect to, or perform, such Obligation.

(d) The Obligations of each of the Borrowers under the provisions of this Section 2.05 constitute the full recourse Obligations of each of the Borrowers enforceable against each such Person to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement or the other Loan Documents or any other circumstance whatsoever.

(e) Except as otherwise expressly provided herein, each Borrower hereby waives promptness, diligence, presentment, demand, protest, notice of acceptance of its joint and several liability, notice of any and all advances of the Loans made under this Agreement and any promissory note issued hereunder, notice of occurrence of any Default or Event of Default (except to the extent notice is expressly required to be given pursuant to the terms of this Agreement or any of the other Loan Documents), or of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by the Administrative Agent or the Lenders under or in respect of any of the Obligations hereunder, any requirement of diligence and, generally, all demands, notices and other formalities of every kind in connection with this Agreement and the other Loan Documents. Each Borrower hereby waives all defenses which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, any right to require the marshaling of assets of the Borrowers and any other entity or Person primarily or secondarily liable with respect to any of the Obligations, and all surety ship defenses generally. Each Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment, or place or manner for payment, compromise, refinancing, consolidation or renewals of any of the Obligations hereunder, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by the Administrative Agent and the Lenders at any time or times in respect of any default by any Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Agreement and the other Loan Documents, any and all other indulgences whatsoever by the Administrative Agent and the Lenders in respect of any of the Obligations hereunder, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of such Obligations or the addition, substitution or release, in whole or in part, of any Borrower or any other entity or Person primarily or secondarily liable for any Obligation. Each Borrower further agrees that its Obligations shall not be released or discharged, in whole or in part, or otherwise affected by the adequacy of any rights which the Administrative Agent or any Lender may have against any collateral security, guaranty or other means of obtaining repayment of any of the Obligations, the impairment of any collateral security securing or guaranty supporting the Obligations, including, without limitation, the failure to protect or preserve any rights which any Administrative Agent or any Lender may have in such collateral security or guaranty or the substitution, exchange, surrender, release, loss or destruction of any such collateral security, any other act or omission which might in any manner or to any extent vary the risk of such Borrower, or otherwise operate as a release or discharge of such Borrower, all of which may be done without notice to such Borrower. If for any reason any other Borrower has no legal existence or is under no legal obligation to discharge any of the Obligations, or if any of the Obligations have become irrecoverable from any other Borrower by reason of such other Borrower's insolvency, bankruptcy or reorganization or by other operation of law or for any reason, this Agreement and the other Loan Documents to which it is a party shall nevertheless be binding on such Borrower to the same extent as if such Borrower at all times had been the sole obligor on such Obligations. Without limiting the generality of the foregoing, each Borrower assents to any other action or delay in acting or failure to act on the part of the Administrative Agent and the Lenders, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder which might, but for the provisions of this Section 2.05, afford grounds for terminating, discharging or relieving such Borrower, in whole or in part, from any of its obligations under this Section 2.05, it being the intention of each Borrower that, so long as any of the Obligations hereunder remain unsatisfied, the obligations of such Borrower under this Section 2.05 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each Borrower under this Section 2.05 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any reconstruction or similar proceeding with respect to any other Borrower, or any of the Lenders. The joint and several liability of the Borrowers hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, ownership, membership, constitution or place of formation of any Borrower or the Lenders. Each of the Borrowers acknowledges and confirms that it has itself established its own adequate means of obtaining from the other Borrowers on a continuing basis all information desired by such Borrower concerning the financial condition of the other Borrowers and that each such Borrower will look to the other Borrowers and not to the Administrative Agent or any Lender in order for such Borrower to keep adequately informed of changes in the other Borrowers' respective financial conditions.

(f) The provisions of this Section 2.05 are made for the benefit of the Lenders and the Administrative Agent and their respective permitted successors and assigns, and may be enforced by it or them from time to time against any or all of the Borrowers as often as occasion therefor may arise and without requirement on the part of the Lenders, the Administrative Agent or such successor or assign first to marshal any of its or their claims or to exercise any of its or their rights against the other Borrowers or to exhaust any remedies available to it or them against any other Borrower or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 2.05 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied and all Commitments terminated. If at any time, any payment, or any part thereof made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by any Lender or the Administrative Agent upon the insolvency, bankruptcy or reorganization of any of the Borrowers, or otherwise, the provisions of this Section 2.05 will forthwith be reinstated in effect, as though such payment had not been made.

(g) Each of the Borrowers hereby agrees that it will not enforce any of its rights of reimbursement, contribution, subrogation or the like against any other Borrower with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to any of the Lenders or the Administrative Agent with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been indefeasibly paid in full in cash and all Commitments terminated. Any claim which any Borrower may have against any other Borrower with respect to any payments to the Lenders or the Administrative Agent hereunder or under any other Loan Documents are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such Obligations shall be paid in full before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor.

(h) Each of the Borrowers hereby agrees that the payment of any amounts due with respect to the indebtedness owing by any Borrower to any other Borrower is hereby subordinated to the prior payment in full in cash of the Obligations and the termination of the all Commitments. Each Borrower hereby agrees that after the occurrence and during the continuance of any Event of Default, unless the Administrative Agent otherwise agrees, such Borrower will not demand, sue for or otherwise attempt to collect any indebtedness of any other Borrower owing to such Borrower until the Obligations shall have been paid in full in cash. If, notwithstanding the foregoing sentence, such Borrower shall collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by such Borrower as trustee for the Administrative Agent on account of the Obligations and shall be paid promptly after receipt to the Administrative Agent.

SECTION 2.06. Contribution.

(a) To the extent that any Borrower shall make a payment under Section 2.05 of all or any of the Obligations (other than Loans made to that Borrower for which it is primarily liable) (a "Support Payment") that, taking into account all other Support Payments then previously or concurrently made by any other Borrower, exceeds the amount that such Borrower would otherwise have paid if each Borrower had paid the aggregate Obligations satisfied by such Support Payment in the same portion that such Borrower's Allocable Amount (as determined immediately prior to such Support Payment) bore to the aggregate Allocable Amounts of each of the Borrowers as determined immediately prior to the making of such Support Payment, then, following indefeasible payment in full in cash of the Obligations and termination of the Commitments, such Borrower shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, the other Borrowers for the net amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Support Payment.

(b) As of any date of determination, the "Allocable Amount" of any Borrower shall be equal to the maximum amount of the claim that could then be recovered from such Borrower under Section 2.06(a) without rendering such claim voidable or avoidable under Section 548 of Chapter 11 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law.

(c) This Section 2.06 is intended only to define the relative rights of Borrowers and nothing set forth in this Section 2.06 is intended or shall impair the obligations of the Borrowers, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Agreement, including Section 2.05. Nothing contained in this Section 2.06 shall limit the liability of any Borrower to pay the Loans or L/C Reimbursement Obligations made directly or indirectly to or for the benefit of that Borrower and accrued interest, fees and expenses with respect thereto for which such Borrower shall be primarily liable.

(d) The parties hereto acknowledge that the rights of contribution and indemnification of any Borrower under this Section 2.06 shall constitute assets of such Borrower.

(e) The rights of an indemnifying Borrower against the other Borrowers under this Section 2.06 shall be exercisable upon the full and indefeasible payment of the Obligations and the termination of Commitments.

ARTICLE III

PAYMENTS

SECTION 3.01. Repayment. Each Borrower agrees to repay the full principal amount of each Loan by each Lender, and each such Loan shall mature, on the Commitment Termination Date.

SECTION 3.02. Interest.

(a) Ordinary Interest. The Borrowers jointly and severally agree to pay interest on the unpaid principal amount of each Loan, from the date of such Loan until such principal amount shall be paid in full, at the following rates per annum:

(i) ABR Loans. While such Loan is an ABR Loan, a rate per annum equal to the ABR in effect from time to time plus the Applicable Margin as in effect from time to time, interest under this clause (i) to be payable quarterly in arrears on the last Business

Day of each March, June, September and December and on the date such ABR Loan shall be Converted and on the date of each payment of principal thereof.

(ii) Term Benchmark Loans. While such Loan is a Term Benchmark Loan (x) denominated in Dollars , a rate per annum for each such Interest Period for such Loan equal to Term SOFR for such Interest Period plus the Applicable Margin as in effect from time to time and (y) denominated in Euros, a rate per annum for each such Interest Period for such Loan equal to the EURIBOR Rate, and in each case, interest under this clause (ii) to be payable on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on the date three months after the first day of such Interest Period, and on each date on which such Term Benchmark Loan shall be Continued or Converted and on the date of each payment of principal thereof.

(iii) RFR Loans. While such Loan is a RFR Loan, a rate per annum equal to the applicable Daily Simple RFR in effect from time to time plus the Applicable Margin as in effect from time to time, interest under this clause (iii) to be payable quarterly in arrears on the last Business Day of each March, June, September and December and on the date such RFR Loan shall be Converted and on the date of each payment of principal thereof.

(b) Default Interest. Notwithstanding the foregoing, the Borrowers jointly and severally shall pay interest on:

(i) any principal of any Loan that is not paid when due (whether at scheduled maturity or otherwise), payable on demand and in any event on the date such amount shall be paid, at a rate per annum equal at all times to two percent (2%) per annum above the rate per annum required to be paid on such Loan pursuant to said Section 3.02(a)(i) or (a)(ii), as applicable; and

(ii) any interest, fee or other amount thereof (other than any principal) that is not paid when due, from the due date thereof until such amount shall be paid, payable on demand and in any event on the date such amount shall be paid in full, at a rate per annum equal at all times to two percent (2%) per annum above the rate per annum then required to be paid on ABR Loans.

SECTION 3.03. [Reserved].

SECTION 3.04. Interest Rate Determinations.

(a) Notice of Interest Rates. The Administrative Agent shall give prompt notice to KCMH and the Lenders of the applicable interest rates determined by the Administrative Agent.

(b) Inability to Determine Rates. Subject to clause (c) of this Section 3.04, if, the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (x)(i) prior to the commencement of any Interest Period for a Term Benchmark Borrowing, that adequate and reasonable means do not exist for ascertaining Term SOFR or the EURIBOR Rate (including because the Screen Rate is not available or published on a current basis for such Interest Period), for the applicable Specified Currency and such Interest Period or (ii) at any time, that adequate and reasonable means do not exist for ascertaining the applicable Daily Simple RFR for the applicable Specified Currency or (y) the Majority Lenders notify the Administrative Agent that (i) prior to the commencement of any Interest Period for a Term Benchmark Borrowing, Term SOFR or the EURIBOR Rate, as applicable, for such Loans will not fairly reflect the cost to such Majority Lenders of making, funding or maintaining their respective Term Benchmark Loans or (ii) at any time, the applicable Daily Simple RFR will not fairly reflect the cost to such Majority Lenders of making, funding or maintaining their respective RFR Loans, the Administrative Agent shall so notify KCMH and the Lenders, whereupon the Administrative Agent will promptly so notify the Borrower and each Lender and:

(i) any Notice of Borrowing requesting a Borrowing comprised of Term Benchmark or RFR Loans, as applicable, shall be ineffective;

(ii) each Term Benchmark Loan will automatically, on the last day of the then current Interest Period and each RFR Loan will automatically, on the last day of the then current calendar quarter, as applicable, be Converted into an ABR Loan; and

(iii) the obligation of the Lenders to make or Continue, or to Convert Loans into, Term Benchmark Loans or RFR Loans shall be suspended until the Administrative Agent shall notify KCMH and such Lenders that the circumstances causing such suspension no longer exist.

(c) Benchmark Replacement Setting.

(i) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document (and any Hedging Agreement shall be deemed not to be a "Loan Document" for purposes of this 3.04(c)), if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the relevant then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided by the Administrative Agent to the Lenders and the Borrower without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Majority Lenders. If the Benchmark Replacement is Daily Simple RFR denominated in Dollars, all interest payments will be payable on a quarterly basis.

(ii) Benchmark Replacement Conforming Changes. In connection with the use, implementation or administration of Term SOFR or the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent, in consultation with the Borrower, will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document (other than as provided in the definition of Benchmark Replacement Conforming Changes).

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (u) any occurrence of a Benchmark Transition Event, (v) the occurrence of a Benchmark Replacement Date, (w) the implementation of any Benchmark Replacement, (x) the effectiveness of any Benchmark Replacement Conforming Changes, (y) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (iv) below and (z) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent, the Borrower or, if applicable, any Lender (or group of Lenders) pursuant to this Section 3.04(c), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 3.04(c).

(iv) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (x) if a then-current Benchmark is a term rate (including the Term SOFR Reference Rate or EURIBOR Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) administrator of such Benchmark or the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark (1) is no longer representative or will no longer be representative as of a specified date or (2) will cease to be provided by the administrator permanently or indefinitely as of a specified date, then the Administrative Agent may modify the definition of “Interest Period” for any setting of such Benchmark at or after such time to remove such unavailable, non-representative, non-compliant or non-aligned tenor and (y) if a tenor that was removed pursuant to clause (x) above either (A) is subsequently displayed on a screen or information service for such Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is no longer or will no longer be representative for such Benchmark (including a Benchmark Replacement) or will cease to be provided by the administrator, then the Administrative Agent may modify the definition of “Interest Period” for all settings of such Benchmark at or after such time to reinstate such previously removed tenor.

(v) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any pending request for a borrowing of Term Benchmark Loans or RFR Loans, or Conversion to or Continuation of Term Benchmark Loans to be made, Converted or Continued in the relevant then-current Benchmark during any Benchmark Unavailability Period and, failing that, either (x) the Borrower will be deemed to have Converted any request for a borrowing of Term Benchmark Loans denominated in Dollars into a request for a borrowing of or Conversion to an ABR Borrowing and (y) any request for a borrowing of Term Benchmark Loans or RFR Loans denominated in an Alternate Currency shall be ineffective. Furthermore, if any Term Benchmark Loan or RFR Loan in any Specified Currency is outstanding on the date of the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period with respect to a Relevant Rate applicable to such Term Benchmark or RFR Loan, then until such time as a Benchmark Replacement for such Specified Currency is implemented pursuant to this Section 3.04(c), (x) if such Loan is denominated in Dollars, then (A) any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan (or the next succeeding Business Day if such day is not a Business Day), be converted by the Administrative Agent to, and shall constitute, an ABR Loan and (B) any RFR Loan shall on and from such day be converted by the Administrative Agent to, and shall constitute an ABR Loan, (y) if such Loan is denominated in any Alternate Currency, then (A) any Term Benchmark Loan shall, on the last day of the Interest Period applicable to such Loan (or the next succeeding Business Day if such day is not a Business Day) bear interest at the Central Bank Rate for the applicable Alternate Currency plus the CBR Spread; provided that, if the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable Alternate Currency cannot be determined, any outstanding affected Term Benchmark Loans denominated in any Alternate Currency shall, at the Borrower's election prior to such day: (a) be prepaid by the Borrower on such day or solely for the purpose of calculating the interest rate applicable to such Term Benchmark Loan, such Term Benchmark Loan denominated in any Alternate Currency shall be deemed to be a Term Benchmark Loan denominated in Dollars and shall accrue interest at the same interest rate applicable to Term Benchmark Loans denominated in Dollars at such time and (B) any RFR Loan shall bear interest at the Central Bank Rate for the applicable Alternate Currency plus the CBR Spread; provided that, if the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable Alternate Currency cannot be determined, any outstanding affected RFR Loans denominated in any Alternate Currency, at the Borrower's election, shall either (A) be converted into ABR Loans denominated in Dollars (in an amount equal to the Dollar Equivalent of such Alternate Currency) immediately or (B) be prepaid in on the last day of such calendar quarter.

(d) Certain Mandatory Conversions.

(i) Upon the occurrence and during the continuance of any Event of Default, (x) each Term Benchmark Loan will automatically, on the last day of the then current Interest Period, and each RFR Loan will automatically, on the last day of the then current calendar quarter, as applicable, therefor, be Converted into an ABR Loan and (y) the obligation of the Lenders to make or Continue, or to Convert Loans into, Term Benchmark Loans or RFR Loans shall be suspended.

(ii) If this Agreement shall require that any Term Benchmark Loan or RFR Loan be Converted to an ABR Loan and such Term Benchmark Loan or RFR Loan is denominated in an Alternate Currency, the Borrowers jointly and severally shall on the last day of the current Interest Period (in the case of a Term Benchmark Loan) or calendar quarter (in the case of a RFR Loan), as applicable, pay or prepay the full amount of such Term Benchmark Loan or RFR Loan, as applicable (provided, that the foregoing shall not prevent the Borrower from borrowing additional Loans to the extent otherwise permitted hereunder).

SECTION 3.05. Voluntary Conversion or Continuation of Loans.

(a) Conversions. The requesting Borrower may on any Business Day, upon written notice (or telephonic notice promptly confirmed in writing) given to the Administrative Agent not later than 11:00 a.m. (New York time) on the third Business Day (or, with respect to Interest Periods other than one, three or six months, fourth Business Day) prior to the date of the proposed Conversion, Convert all or any portion of the outstanding Loans of one Type comprising part of the same Borrowing into Loans of the other Type; provided that in the case of any such Conversion of a Term Benchmark Loan into an ABR Loan on a day other than the last day of an Interest Period, the Borrowers jointly and severally shall promptly reimburse the Lenders the amounts provided in Section 3.12 relating to such prepayment. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Loans to be Converted, and (z) if such Conversion is into Term Benchmark Loans, the duration of the initial Interest Period for each such Loan. Each notice of Conversion shall be irrevocable and binding on the Borrowers.

(b) Continuations. The requesting Borrower may, on any Business Day, upon written notice (or telephonic notice promptly confirmed in writing) given to the Administrative Agent not later than 11:00 a.m. (New York time) on the third Business Day (or, with respect to Interest Periods other than one, three or six months, fourth Business Day) prior to the date of the proposed Continuation, Continue all or any portion of the outstanding Term Benchmark Loans comprising part of the same Borrowing for one or more Interest Periods. Each such notice of a Continuation shall, within the restrictions specified above, specify (i) the date of such Continuation, (ii) the Term Benchmark Loans to be Continued and (y) the duration of the next such Interest Period for such Term Benchmark Loans subject to such Continuation. Each notice of Continuation shall be irrevocable and binding on the Borrowers.

SECTION 3.06. Prepayments of Loans.

(a) Optional Prepayment. The requesting Borrower may, on notice (given not later than 11:00 a.m. (New York time) on the Business Day of the proposed prepayment of Loans, with respect to ABR Loans, and on the third Business Day prior to the date of prepayment with respect to Term Benchmark Loans or RFR Loans) stating the proposed date and aggregate principal amount (stated in Dollars) of the prepayment, and if such notice is given the Borrowers jointly and severally shall, prepay the outstanding principal amounts of the Loans comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (i) each partial prepayment shall be in an aggregate principal amount not less than $5,000,000 or integral multiples of $1,000,000 in excess thereof (or, in the case of Loans denominated in an Alternate Currency, the Alternate Currency Equivalent thereof in such Alternate Currency) and (ii) in the case of any such prepayment of a Term Benchmark Loan on a day other than the last day of an Interest Period therefor, the Borrowers jointly and severally shall reimburse the Lenders the amounts provided in Section 3.12 relating to such prepayment.

(b) Alternate Currency Revaluation. If at any time by reason of fluctuations in foreign exchange rates the Total Credit Exposure exceeds 105% of the then aggregate amount of the Commitments, and the Majority Lenders so request, the Administrative Agent shall use all reasonable efforts to give prompt written notice thereof to KCMH, specifying the amount to be prepaid under this clause (b), and the Borrowers jointly and severally shall prepay Loans or, if no Loans are outstanding, provide cash collateral for or otherwise backstop outstanding Letters of Credit on terms reasonably satisfactory to KCMH, the Issuing Lender and the Administrative Agent, in such aggregate amount as may be required to cause the Total Credit Exposure (treating such cash collateralization or other backstopping for purposes hereof as a reduction in such Total Credit Exposure) to be equal to or less than the aggregate amount of the Commitments, such payments or other measures to be made within 10 Business Days of demand or, in the case of prepayment of Term Benchmark Loans, on the date that is the earlier of (i) the last day of the then current Interest Period therefor and (ii) the last Business Day of the first full calendar month after such revaluation, provided that any such prepayment shall be accompanied by any amounts payable under Section 3.12. The determinations of the Administrative Agent hereunder shall be conclusive and binding on the Borrowers in the absence of manifest error.

SECTION 3.07. Payments; Computations; Etc.

(a) Pro Rata Payments. The Loans comprising each Borrowing shall be made pro rata among the Lenders based on their respective Commitment Percentages. Except as otherwise provided hereunder, all payments of principal of and interest on the Loans shall be made for the pro rata account of the Lenders based on the respective outstanding principal amounts thereof, and all payments of commitment fees and letter of credit commission shall be made for the pro rata account of the Lenders based on their respective Commitment Percentages.

(b) Lenders' Obligations Several. The obligations of the Lenders under this Agreement are several and the failure of any Lender to make any Loan or any payment required to be made by it hereunder shall not relieve any other Lender of its obligations hereunder, nor shall any Lender be responsible for any other Lender's failure to make any Loan required to be made by such other Lender.

(c) Currencies. All payments by the Borrower of or in respect of principal of and interest on and other amounts directly relating to any Loan that are denominated in an Alternate Currency shall be made in such Alternate Currency. All payments of principal and interest on any Loan denominated in Dollars, all payments in respect of any Letter of Credit, and all payments of fees payable pursuant to Section 2.03(c), commitment fees and agency fees hereunder and all other payments by any Borrower provided for in this Agreement, except as provided in the preceding sentence, shall be made in Dollars.

(d) Payments.

(i) The Borrowers shall make each payment hereunder and under each other Loan Document without set-off, counterclaim or deduction of any kind to the Administrative Agent at the Administrative Agent's Account in the Principal Financial Center for the relevant Currency not later than 11:00 a.m. Local Time on the due date of such payment (each such payment made after such time on such date to be deemed to have been made on the next Business Day).

(ii) The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest ratably to the Lenders as provided in Section 3.07(a) for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Assumption and recording of the information contained therein in the Register pursuant to Section 9.06(c), from and after the assignment date set forth therein, the Administrative Agent shall remit all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Assumption shall make all appropriate adjustments in such payments for periods prior to such assignment date directly between themselves.

(e) Computations. All computations of interest based on the ABR (except any Federal Funds Rate component thereof) or the SONIA Rate shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable. All computations of interest based on the Term SOFR Reference Rate, Daily Simple RFR with respect to Dollars or the Federal Funds Rate and of commitment fee shall be made by the Administrative Agent, and any computations of amounts payable pursuant to Section 3.03, shall be made on the basis of a year of 360 days, for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or other amount is payable. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(f) Payment Dates. Whenever any payment hereunder or under the Notes would be due on a day other than a Business Day, such due date shall be extended to the next succeeding Business Day, and any such extension of such due date shall in such case be included in the computation of interest; provided, that if such extension would cause payment of principal or interest in respect of Term Benchmark Loans or RFR Loans to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(g) Presumption by Administrative Agent.

(i) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made its share available at such time in accordance with Section 2.01(b) and may (but shall not be obligated), in reliance upon such assumption, make available to a Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then (A) the applicable Lender, on one hand, and (B) the Borrowers on a joint and several basis on the other hand, severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to a Borrower to but excluding the date of payment to the Administrative Agent, at (x) in the case of a payment to be made by such Lender, the greater of (I) the Federal Funds Rate and (II)(a) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (if such Loan is denominated in Dollars), (b) at the overnight London interbank offered rate for the relevant Currency (if such Loan is denominated in an Alternate Currency, other than Sterling) or (c) at SONIA Rate if such Loan is denominated in Sterling and (y) in the case of a payment to be made by a Borrower, the interest rate applicable to ABR Loans. If a Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to such Borrower the amount of such interest paid by such Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by a Borrower shall be without prejudice to any claim such Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(ii) Unless the Administrative Agent shall have received notice from KCMH prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may (but shall not be obligated), in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of (x) the Federal Funds Rate and (y)(i) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (if such Loan is denominated in Dollars), (ii) at the EURIBOR Rate if such Loan is denominated in Euros or (iii) at SONIA Rate if such Loan is denominated in Sterling.

SECTION 3.08. Sharing of Payments, Etc. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender's receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided, that:

(i) if any such participation is purchased and all or any portion of the related payment is recovered, such participation shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this subsection shall not be construed to apply to (x) any payment made by the Borrowers pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans other than to a Borrower or any Subsidiary thereof (as to which the provisions of this subsection shall apply).

The Borrowers consent to the foregoing and agree, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrowers, jointly and severally, rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrowers in the amount of such participation.

SECTION 3.09. Increased Costs.

(a) Increased Costs. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.03) or the Issuing Lender; or

(ii) impose on any Lender or the Issuing Lender or applicable offshore interbank market for the applicable Alternate Currency any other condition, cost or expense affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Term Benchmark Loan (or of maintaining its obligation to make any Term Benchmark Loan), or to increase the cost to such Lender or the Issuing Lender of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the Issuing Lender hereunder (whether of principal, interest or any other amount) then, from time to time upon request of such Lender or the Issuing Lender, the Borrowers jointly and severally will pay to such Lender or the Issuing Lender such additional amount or amounts as will compensate such Lender or the Issuing Lender, as the case may be, for such additional costs incurred or reduction suffered. This Section 3.09 shall not apply to Excluded Taxes or any matters covered by Section 3.11 relating to Taxes.

(b) Capital Requirements. If any Lender or the Issuing Lender determines that any Change in Law affecting such Lender or the Issuing Lender or any lending office of such Lender or the Issuing Lender or such Lender's or the Issuing Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Lender's capital or on the capital of such Lender's or the Issuing Lender's holding company as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letter of Credit issued by the Issuing Lender, to a level below that which such Lender or the Issuing Lender or such Lender's or the Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Lender's policies and the policies of such Lender's or the Issuing Lender's holding company with respect to capital adequacy), then from time to time upon request of such Lender or the Issuing Lender, the Borrowers jointly and severally will pay to such Lender or the Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Lender or such Lender's or the Issuing Lender's holding company for such reduction.

(c) Certificates for Reimbursement. A certificate of any Lender or the Issuing Lender setting forth the amount or amounts and a reasonable basis for the determination thereof necessary to compensate such Lender or the Issuing Lender or its holding company, as the case may be, as specified in clauses (a) or (b) of this Section 3.09 and delivered to KCMH shall be conclusive on all Borrowers absent manifest error. The Borrowers jointly and severally shall pay such Lender or the Issuing Lender, as the case may be, the amount shown as due on any such certificate within 10 Business Days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or the Issuing Lender to demand compensation pursuant to this Section 3.09 shall not constitute a waiver of such Lender's or the Issuing Lender's right to demand such compensation, provided, that the Borrowers shall not be required to compensate a Lender or the Issuing Lender pursuant to this Section for any increased costs incurred or reductions suffered more than 180 days prior to the date that such Lender or the Issuing Lender, as the case may be, notifies KCMH of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 3.10. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other Governmental Authority asserts that it is unlawful, for such Lender or its Lending Office to perform its obligations hereunder to make or continue Term Benchmark Loans or RFR Loans or to fund or otherwise maintain Term Benchmark Loans or RFR Loans hereunder, (a) the obligation of such Lender to make or Continue, or to Convert Loans into, Term Benchmark Loans or RFR Loans shall be suspended until the Administrative Agent shall notify KCMH and the Lenders that the circumstances causing such suspension no longer exist and (b) each Term Benchmark Loan or RFR Loan of such Lender shall Convert into an ABR Loan at the end of the then current Interest Period for such Term Benchmark Loan, as applicable, if such Lender may lawfully continue to maintain such Term Benchmark Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Term Benchmark Loans.

SECTION 3.11. Taxes.

(a) All payments on account of the principal of and interest on the Loans and the Notes, fees and all other amounts whatsoever payable by the Borrowers under the Loan Documents shall be made free and clear of and without reduction or liability for any Taxes, except as required by applicable law, decree or regulation.

(b) In the event that any Borrower or the Administrative Agent shall be required by applicable law, decree or regulation to deduct or withhold any Tax from any amounts payable to the Administrative Agent or any Lender on, under or in respect of this Agreement, the Loans or any Loan Document, the Borrowers jointly and severally shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law, decree or regulation and, if such Tax is an Indemnified Tax, then the Borrowers jointly and severally shall promptly pay such recipient such additional amounts as may be required, after the deduction or withholding of Indemnified Taxes, to enable such recipient to receive from the Borrowers on the due date thereof an amount equal to the full amount stated to be payable to such recipient.

(c) The Borrowers jointly and severally shall indemnify the Administrative Agent and each Lender (including each Issuing Lender) against, and reimburse them upon demand for, any incremental Taxes, interest or penalties, that they may incur at any time arising out of or in connection with any such failure of the Borrowers to make any payment of Indemnified Taxes when due.

(d) KCMH shall furnish to the Administrative Agent original or certified copies of official tax receipts in respect of each payment of Indemnified Taxes required under this Section 3.11, as soon as practicable after the date such payment is made, and the Borrowers shall promptly furnish to the Administrative Agent at its request or at the request of any Lender (through the Administrative Agent) to KCMH any other information, documents and receipts that the Administrative Agent or such Lender may reasonably require to establish that full and timely payment has been made of all Indemnified Taxes required to be paid under this Section 3.11.

(e)

(i) Each Lender or Participant that is not a “U.S. Person” as defined in Section 7701(a)(30) of the Code (a “Non-U.S. Lender”) shall deliver to KCMH and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable, Form W-8ECI, Form W-8 IMY, Form W-8 EXP, or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of “portfolio interest”, a statement substantially in the form of Exhibit E-1, Exhibit E-2, Exhibit E-3 or Exhibit E-4, as applicable, and a Form W-8BEN or W-8BEN-E, as applicable, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation) and from time to time thereafter upon the reasonable request of KCMH or the Administrative Agent.

(ii) Each Lender that is a "U.S. Person" as defined in Section 7701(a)(30) of the Code shall deliver to KCMH and the Administrative Agent (or, in the case of a Participant of a Lender, to such Lender) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of KCMH or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender or Participant, as applicable, is exempt from U.S. Federal backup withholding tax.

(iii) If the Administrative Agent is a "U.S. Person" as defined in Section 7701(a)(30) of the Code, then it shall, on or prior to the date of this Credit Agreement (or, in the case of a successor Administrative Agent, on or before the date on which it becomes the Administrative Agent hereunder), provide the Borrowers with a properly completed and duly executed copy of IRS Form W-9 (or any applicable successor form) confirming that the Administrative Agent is exempt from U.S. federal backup withholding. If the Administrative Agent is not a "U.S. Person" as defined in Section 7701(a)(30) of the Code, then it shall, on or prior to the date of this Credit Agreement (or, in the case of a successor Administrative Agent, on or before the date on which it becomes the Administrative Agent hereunder), provide the Borrowers with, (i) with respect to payments made to the Administrative Agent for its own account, a properly completed and duly executed copy of IRS Form W-8ECI (or other applicable IRS Form W-8), and (ii) with respect to payments made to the Administrative Agent on behalf of the Lenders, a properly completed and duly executed IRS Form W-8IMY confirming that the Administrative Agent agrees (A) to be treated as a "United States person" for U.S. federal withholding Tax purposes and the payments it receives for the account of such Lenders are not effectively connected with the conduct of its trade or business in the United States or (B) is a "Qualified Intermediary" for U.S. federal withholding Tax purposes; provided, in each case, that the Administrative Agent shall not be required to deliver any documentation pursuant to this Section 3.11(e)(iii) that it is not legally eligible to deliver as a result of any change in, or in the interpretation by any Governmental Authority of, any law or the method by which such Administrative Agent must comply therewith occurring after the date hereof (or, in the case of a successor Administrative Agent, occurring after the date on which it becomes the Administrative Agent hereunder). Such Administrative Agent agrees that if such documentation previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or promptly notify the Borrowers in writing of its legal inability to do so.

(f) Each Lender shall deliver to any Borrower and the Administrative Agent at the time or times prescribed by applicable law and at such time or times reasonably requested by such Borrower or the Administrative Agent such documentation prescribed by applicable law and such additional documentation reasonably requested by such Borrower or the Administrative Agent as may be necessary for such Borrower or the Administrative Agent to comply with any obligations of such Borrower or the Administrative Agent, or to determine that such Lender has complied with its obligations or to determine the amount to deduct and withhold from any payment, under FATCA or any similar regime arising as a result of the transactions contemplated under any Loan Document. Solely for purposes of this paragraph (f), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

In addition, each Lender shall deliver such forms promptly upon the written request of KCMH after the obsolescence or invalidity of any form previously delivered by such Lender under this Section 3.11. Each Lender shall promptly notify KCMH at any time it determines that it is no longer in a position to provide any previously delivered certificate to KCMH (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Lender shall not be required to deliver any form pursuant to this paragraph that such Lender is not legally able to deliver.

(g) A Lender that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which a Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to KCMH (with a copy to the Administrative Agent), on or prior to the date on which such Lender becomes a Lender under this Agreement or at the time or times prescribed by applicable law or reasonably requested by KCMH, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(h) If the Administrative Agent, any Lender or the Issuing Lender determines, in its sole discretion, that it has received a refund or credit (in lieu of such refund) of any Taxes or Other Taxes as to which it has been indemnified by the Borrowers or with respect to which a Borrower has paid additional amounts pursuant to this Section 3.11, it shall pay to such Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 3.11 with respect to the Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent, any Lender or the Issuing Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that each Borrower, upon the request of the Administrative Agent, any Lender or the Issuing Lender, agrees to repay the amount paid over to such Borrower to the Administrative Agent, any Lender or the Issuing Lender in the event the Administrative Agent, any Lender or the Issuing Lender is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require the Administrative Agent, any Lender or the Issuing Lender to make available its tax returns or its books or records (or any other information relating to its taxes that it deems confidential) to any Borrower or any other Person.

(i) Notwithstanding anything in this Agreement to the contrary, if pursuant to this Section 3.11 a Borrower is required to pay to or for the account of any Lender any additional amounts, then such Lender shall use commercially reasonable efforts to change the jurisdiction of its Applicable Lending Office if, in the sole and absolute judgment of such Lender, such change (i) would eliminate or reduce any such excess additional amounts and (ii) would not otherwise be materially disadvantageous to such Lender.

SECTION 3.12. Break Funding Payments. The Borrowers jointly and severally agree to indemnify each Lender and to hold each Lender harmless from any loss, cost or expense incurred by such Lender which is in the nature of funding breakage costs or costs of liquidation or redeployment of deposits or other funds and any other related expense (but excluding loss of margin or other loss of anticipated profit), which such Lender may sustain or incur as a consequence of (a) default by any Borrower in making any Borrowing of Term Benchmark Loans after a Borrower has given a Notice of Borrowing requesting the same in accordance with the provisions of this Agreement (including as a result of any failure to fulfill, on or before the date specified in such Notice of Borrowing, the applicable conditions set forth in Article IV), (b) default by any Borrower in making any prepayment of any Term Benchmark Loan when due after such Borrower has given notice thereof in accordance with this Agreement, (c) the making by any Borrower of a prepayment of any Term Benchmark Loan on a day which is not the last day of an Interest Period with respect thereto, (d) default by any Borrower in payment when due of the principal of or interest on any Term Benchmark Loan, (e) the Conversion or Continuation of any Term Benchmark Loan on a day other than on the last day of an Interest Period with respect thereto, and (f) any assignment such Lender is required to make pursuant to Section 3.13(b) if such Lender holds Term Benchmark Loans at the time of such assignment. A certificate of any Lender setting forth any amount or amounts and a reasonable basis for the determination thereof that such Lender is entitled to receive pursuant to this Section and delivered to KCMH shall be conclusive absent manifest error. The Borrowers jointly and severally shall pay to such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 3.13. Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.09, or requires any Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.11, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, if, in the sole and absolute judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.09 or 3.11, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.09, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.11, or if any Lender becomes a Defaulting Lender, or if any Lender has failed to consent to a proposed amendment, waiver, discharge or termination that, pursuant to the terms of Section 9.01, requires the consent of all of the Lenders or all of the Lenders affected (and such Lender is an affected Lender) and with respect to which the Majority Lenders shall have granted their consent, then such Borrower may, at the Borrowers' joint and several sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(i) no Default or Event of Default has occurred and is continuing on and as of the date of such notice and the date of such assignment;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.12) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 3.09 or payments required to be made pursuant to Section 3.11, such assignment will result in a reduction in such compensation or payments thereafter; and

(iv) such assignment does not conflict with applicable Laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling a Borrower to require such assignment and delegation cease to apply. A Lender so replaced shall not be required to pay the processing and recordation fee referred to in Section 9.06(b).

SECTION 3.14. Defaulting Lenders

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Majority Lenders.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.03 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Issuing Lender hereunder; *third*, to cash collateralize the Issuing Lenders' L/C Exposure with respect to such Defaulting Lender; *fourth*, as any Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and KCMH, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) cash collateralize the Issuing Lender's future L/C Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement; *sixth*, to the payment of any amounts owing to the Lenders or the Issuing Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender or the Issuing Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to any Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or L/C Payments in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Payments owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Payments owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Reimbursement Obligations are held by the Lenders pro rata in accordance with their Commitments without giving effect to Section 3.14(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section 3.14(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. Each Defaulting Lender shall be entitled to receive the facility fee pursuant to Section 2.03(b) for any period during which that Lender is a Defaulting Lender only to extent allocable to the sum of (1) the outstanding principal amount of the Loans funded by it, and (2) its Commitment Percentage of the stated amount of Letters of Credit for which it has provided cash collateral. Each Defaulting Lender shall be entitled to receive letter of credit fees pursuant to Section 2.03(c) for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Commitment Percentage of the stated amount of Letters of Credit for which it has provided cash collateral pursuant to the terms hereof. With respect to any facility fee or letter of credit fee not required to be paid to any Defaulting Lender pursuant to this Section 3.14(a)(iii), the Borrowers jointly and severally shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Letters of Credit that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to the Issuing Lender the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to the Issuing Lender's L/C Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce L/C Exposure. All or any part of such Defaulting Lender's participation in Letters of Credit shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Commitment Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x), if requested by the applicable Issuing Lender, the conditions set forth in Section 4.02 are satisfied at the time of such reallocation (and, unless the Borrowers shall have otherwise notified the Administrative Agent at such time, the Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate of the Total Credit Exposure allocable to any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation

(v) Cash Collateral. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrowers shall jointly and severally, without prejudice to any right or remedy available to it hereunder or under law, promptly cash collateralize the Issuing Lenders' L/C Exposure.

(b) Defaulting Lender Cure. If KCMH, the Administrative Agent and the Issuing Lender agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any cash collateral), such Lender will, to the extent applicable, purchase that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit to be held on a *pro rata* basis by the Lenders in accordance with their Commitment Percentages (without giving effect to Section 3.14(a)(iv)), whereupon that Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) New Letters of Credit. So long as any Lender is a Defaulting Lender, the Issuing Lender shall not be required to issue, extend, renew or increase any Letter of Credit unless it is reasonably satisfied that it will have no L/C Exposure after giving effect thereto.

ARTICLE IV

CONDITIONS PRECEDENT

SECTION 4.01. Closing Conditions. Effectiveness of this Agreement is subject to the satisfaction or waiver of the following conditions precedent:

(a) The Administrative Agent's receipt of the following:

(i) this Agreement, duly executed and delivered by the Borrower and each of the other parties hereto;

(ii) the Guarantee and Security Agreement, duly executed and delivered by the Borrowers as of the Closing Date, together with duly prepared financing statements in form for filing under the applicable UCC in the jurisdiction of formation of each Borrower;

(iii) 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 Loan Documents to which it is a party;

(iv) a certificate of an officer of each Borrower certifying the names and true signatures of the officers authorized to sign the Loan Documents and any other documents to be delivered hereunder by each Borrower;

(v) the legal opinion of Simpson Thacher & Bartlett LLP, counsel to the Borrowers, in a form reasonably acceptable to the Administrative Agent;

(vi) a certificate of an officer of KCMH, dated the Closing Date, certifying that (a) the representations and warranties contained in Section 5.01 and in the other Loan Documents 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;

(vii) a certificate attesting to the Solvency of KCMH and its Subsidiaries, taken as a whole, after giving effect to the effectiveness of this Agreement and any Loans made or Letters of Credit issued or outstanding on the Closing Date; and

(viii) (a) all documentation and other information reasonably requested in writing at least five Business Days prior to the Closing Date in order to allow the Administrative Agent to comply with applicable "know your customer" and anti-money laundering rules and regulations, including without limitation, the Patriot Act and (b) any other such documents in customary form and previously agreed between the parties.

(b) KCMH shall have (a) paid (i) all accrued and unpaid fees and any outstanding and accrued and unpaid principal and interest thereon under the Existing Credit

Agreement and (ii) all fees and expenses (including fees, charges and disbursements of counsel invoiced prior to the Closing Date) required to be paid on or prior to the Closing Date to the Administrative Agent or the Lead Arranger in connection with this Agreement and (b) delivered a written notice of termination of the Existing Credit Agreement in form and substance reasonably acceptable to the Administrative Agent.

The Administrative Agent will promptly notify the Lenders of the occurrence of the Closing Date.

SECTION 4.02. Conditions Precedent to Each Borrowing and Issuance. The obligation of each Lender to make a Loan during the Availability Period on the occasion of each Borrowing and of the Issuing Lender to issue each Letter of Credit shall be subject to the conditions precedent that on the date of and after giving effect to such Borrowing or issuance, the Total Credit Exposure shall not exceed the then Aggregate Facility Amount, and that the following statements shall be true:

(a) the representations and warranties contained in Section 5.01 and in the other Loan Documents are true and correct in all material respects on and as of the date of such Borrowing or issuance as though made on and as of such date, except to the extent such representation or warranty expressly relates to an earlier date, in which case it is true and correct in all material respects on and as of such earlier date;

(b) no event has occurred and is continuing, or would result from such Borrowing or issuance or from the application of the proceeds from such Borrowing, which constitutes a Default or an Event of Default;

(c) the Debt to Equity Ratio shall be less than or equal to [**] to 1.00 after giving pro forma effect to such Borrowing or issuance; and

(d) the Administrative Agent and, if applicable, the Issuing Lender shall have received a request for Borrowing or issuance of Letter of Credit in accordance with the requirements hereof.

Each request for a Borrowing or issuance of a Letter of Credit (other than a notice for Conversion or Continuation of Loans) submitted by a Borrower shall be deemed to be a representation and warranty that the conditions specified in clauses (a), (b) and (c) of this Section 4.02 have been satisfied on and as of the date of such request.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

SECTION 5.01. Representations and Warranties. Each Borrower represents and warrants to the Administrative Agent and the Lenders as follows:

(a) Organization. Each Borrower is duly organized, validly existing and in good standing as a limited partnership or limited liability company, as applicable, under the laws

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

of Delaware, and each Guarantor and the General Partner is duly organized, validly existing and in good standing (to the extent such concept is recognized under such law) under the laws of its jurisdiction of organization. Each Obligor (i) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (A) own or lease its assets and carry on its business and (B) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (ii) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (i)(A) or (ii), to the extent that failure to do so would not reasonably be expected to result in a Material Adverse Effect

(b) Authorization. The execution, delivery and performance by each Borrower of this Agreement and the other Loan Documents are within its powers as set forth in its applicable constituent documents, as the case may be, and have been duly authorized by all necessary action thereunder, and the execution, delivery and performance by each Guarantor of the Guarantee and Security Agreement are within the powers of such Guarantor and have been duly authorized by all necessary action and the execution, delivery and performance by KCMH of the Loan Documents have been duly authorized by all necessary action of the General Partner.

(c) Approvals; No Conflicts; Etc. The execution, delivery and performance by each Obligor of the Loan Documents to which it is a party (i) do not require any consent or approval of, or registration or filing with, any Governmental Authority or Self Regulatory Organization (except for (A) such as have been obtained or made and are in full force and effect in all material respects, (B) filings and recordings in respect of Liens created pursuant to the Guarantee and Security Agreement and (C) such licenses, approvals, authorizations or consents the failure to obtain or make would not reasonably be expected to result in a Material Adverse Effect), (ii) will not violate any applicable Law, regulation or order of any Governmental Authority the violation of which would be reasonably expected to result in a Material Adverse Effect, and (iii) will not violate or constitute an event of default under any credit agreement, loan agreement, note or indenture, or any other material agreement, binding upon it or its Property; and no Default has occurred and is continuing.

(d) Enforceability. Each Obligor has duly executed and delivered each Loan Document to which it is a party and each such Loan Document constitutes the legal, valid and binding obligation of such Obligor enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and subject to general principles of equity.

(e) No Material Adverse Change. Since December 31, 2022, no event or circumstance has occurred that has had, or would reasonably be expected to have, a Material Adverse Effect.

(f) No Litigation. There are no actions, suits or proceedings by or before any Governmental Authority pending against or, to the knowledge of KCMH, threatened against or affecting it or any of its Subsidiaries that would reasonably be expected to result in a Material Adverse Effect.

(g) Compliance with Laws. Each Obligor is in compliance with all Laws and all orders, writs, injunctions and decrees of any Governmental Authority applicable to it or its Property (including, without limitation, the Patriot Act, ERISA, environmental laws and Rule 15c3-1), except where the failure to be in compliance, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(h) Investment Company Status; Margin Regulations. None of the Obligors is required to register under and none of the Obligors is subject to regulation under the Investment Company Act of 1940, as amended. No Borrower is engaged and no Borrower will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U), or extending credit for the purpose of purchasing or carrying margin stock, in each case in violation of such Regulation U. Each U.S. Broker-Dealer Subsidiary is a broker-dealer subject to Regulation T. Neither the making of any Loan hereunder, nor the use of proceeds thereof, will violate or be inconsistent with the provisions of Regulation T, U or X.

(i) Disclosure. No written report, financial statement, certificate or other written information furnished by or on behalf of it to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole, in the light of the circumstances under which they were made, not misleading; provided that with respect to projected financial information, it represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time and that actual results may differ materially from such information.

(j) Use of Proceeds. The proceeds of the Loans and Letters of Credit shall be used by KCMH and/or its Subsidiaries to facilitate debt capital markets “fronting” arrangements pursuant to which KCMH or such Subsidiary is acting as the initial purchaser or lender of a debt instrument that has been reserved by KCMH or such Subsidiary for purchase by another Person from whom an order has been received and such arrangement involves terms that are customary in the market for “fronting” transactions.

(k) Guarantee and Security Agreement. The Guarantee and Security Agreement is effective to create in favor of the Administrative Agent, for the benefit of the Secured Creditors, a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof (except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors’ rights generally and subject to general principles of equity). Subject to the Intercreditor Agreement, in the case of the Pledged Equity represented by certificates described in the Guarantee and Security Agreement, when any stock certificates representing such Pledged Equity are delivered to the Administrative Agent (or its designee), and in the case of the other Collateral described in the Guarantee and Security Agreement, when financing statements in appropriate form are duly completed and filed in the offices specified on Annex I to the Guarantee and Security Agreement and such other filings as are specified on Annex I to the Guarantee and Security Agreement have been completed, the Guarantee and Security Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Obligors in such Collateral and the proceeds thereof, as security for the

Obligations (as defined in the Guarantee and Security Agreement), in each case prior and superior in right to any other Person (other than with respect to Liens permitted by this Agreement), in each case to the extent security interests in such Collateral may be perfected by delivery of such certificates representing Pledged Equity or such filings.

(l) Ownership of Property. KCMH and each of its Subsidiaries has good record and marketable title to, or valid leasehold interests in, all property necessary in the ordinary conduct of its business, except for such defects in title as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(m) Taxes. Except as would not reasonably be expected to have a Material Adverse Effect, KCMH and each of its Subsidiaries have paid and discharged all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, other than those (i) not yet delinquent or (ii) contested in good faith as to which adequate reserves have been provided to the extent required by Law and in accordance with GAAP and which would not reasonably be expected to result in a Material Adverse Effect.

(n) ERISA Matters. (i) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan and (ii) neither KCMH nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan, which in either case of (i) or (ii) has not been fully satisfied or, with respect to clauses (i) and (ii), except as would not reasonably be expect to result in any Material Adverse Effect.

(o) Subsidiaries. Schedule II is a complete list of Subsidiaries of KCMH as of the Closing Date.

(p) Registered Broker-Dealer; Membership. Each of KCM U.S. and each other U.S. Broker-Dealer Subsidiary is duly registered with the SEC as a broker-dealer and is a member in good standing of FINRA, and each non-U.S. Broker-Dealer Subsidiary is duly registered with, or licensed by, any Governmental Authority that requires registration or licensing and is a member in good standing of any local body similar to FINRA, including, but not limited to, the Financial Services Authority (in the case of KCM U.K.) and the Securities and Futures Commission (in the case of (i) prior to the KCM Asia Reorganization Effective Date, KCM Asia and (ii) after the KCM Asia Reorganization Effective Date, KCM Asia II) to the extent that such membership is required by any Governmental Authority.

(q) SIPC Assessments. No U.S. Broker-Dealer Subsidiary is in arrears with respect to any assessment made upon it by the SIPC, and no non-U.S. Broker Dealer Subsidiary is in arrears with respect to any assessment made upon it by any local body which is similar to the SIPC.

ARTICLE VI

COVENANTS

SECTION 6.01. Affirmative Covenants. So long as any principal of or interest on any Loan or any other amount or obligation under the Loan Documents (other than contingent indemnity obligations not then due) shall remain unpaid or unsatisfied or any Lender shall have any Commitment or any Letter of Credit shall remain outstanding hereunder (unless such Letter of Credit has been cash collateralized or otherwise backstopped on terms reasonably satisfactory to the relevant Issuing Lender), KCMH covenants and agrees that, unless the Majority Lenders shall otherwise consent in writing:

(a) Reporting Requirements. KCMH will furnish to the Lenders:

(i) within 50 days after the end of each of the first three fiscal quarters, its unaudited consolidated balance sheet and related statements of income, stockholders' equity and cash flows, in each case as of the end of and for such fiscal quarter, setting forth in each case in comparative form (if applicable) the figures for the corresponding period of the previous fiscal year, certified by a Financial Officer to the effect that such financial statements present fairly in all material respects the financial condition and results of operations of KCMH and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to the absence of (or absence of a requirement to have) footnotes and to year-end adjustments;

(ii) within 100 days after the end of each fiscal year, KCMH's unaudited consolidated balance sheet and related statements of income, stockholders' equity and cash flows as of the end of and for such fiscal year, setting forth in each case in comparative form (if applicable) the figures for the previous fiscal year, certified by a Financial Officer to the effect that such financial statements present fairly in all material respects the financial condition and results of operations of KCMH and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to the absence of (or absence of a requirement to have) footnotes;

(iii) concurrently with any delivery of financial statements under clauses (i) and (ii) above, a certificate of a Financial Officer (x) certifying that no Default has occurred or, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (y) identifying any Subsidiary that has become a Material Foreign Subsidiary during the most recently ended fiscal quarter and (z) setting forth calculations demonstrating in reasonable detail compliance with Section 6.03;

(iv) concurrently with the delivery of financial statements under clause (ii) above, an operating income budget of KCMH in reasonable detail for the current fiscal year as customarily prepared by management of KCMH for their internal use, setting forth the principal assumptions upon which such budget is based;

(v) as soon as available, but in any event within five Business Days of delivery to any Governmental Authority or Self Regulatory Organization, the audited annual financial statements of any Broker-Dealer Subsidiary required to be furnished to such Governmental Authority or Self Regulatory Organization; and

(vi) promptly upon request by the Administrative Agent on behalf of the Majority Lenders, such other information regarding the business, operations and financial condition of any Obligor as such Lender may reasonably request (it being understood that the Administrative Agent shall use reasonable efforts to coordinate any such requests).

(b) Existence; Conduct of Business. It will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and, except to the extent that failure to do so would not reasonably be expected to result in a Material Adverse Effect, the rights, licenses, permits, privileges and franchises material to the conduct of its business (including, in the case of each Broker-Dealer Subsidiary, its registration, license or qualification as a broker-dealer with the SEC and/or such other applicable domestic or foreign Governmental Authority); provided that the foregoing shall not prohibit any transaction expressly permitted under Section 6.02(c).

(c) Compliance with Laws. It will, and will cause each of its Subsidiaries to, comply with all Laws and all orders, writs, injunctions and decrees of any Governmental Authority applicable to it, its business or its Property (including, in the case of each Broker-Dealer Subsidiary, such rules and regulations of the SEC, FINRA and/or such other applicable domestic or foreign Governmental Authority or Self Regulatory Organization) except, with respect to all matters other than noncompliance by any Broker-Dealer Subsidiary with applicable minimum capital requirements, where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(d) Maintenance of Insurance. It will, and will cause each of its Subsidiaries to, maintain with financially sound and reputable insurance companies insurance on all its tangible Property in at least such amounts and against at least such risks as KCMH believes (in the good faith judgment of KCMH) are usually insured against in the same general area by companies of a similar size engaged in the same or a similar business and in a manner that is consistent with KCMH's and its Subsidiaries' past practices.

(e) Payment of Taxes. It will, and will cause each of its Subsidiaries to, pay and discharge, all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which material penalties attach thereto, and all lawful material claims in respect of any Taxes imposed, assessed or levied that, if unpaid, could reasonably be expected to become a material Lien upon any Property of KCMH or any Subsidiary, provided that neither KCMH, nor any Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim that is being contested in good faith and by proper proceedings if it has maintained adequate reserves (in the good faith judgment of management of KCMH) with respect thereto in accordance with GAAP or the failure to pay would not reasonably be expected to result in a Material Adverse Effect.

(f) Maintenance of Properties. It will, and will cause each of its Subsidiaries to, keep and maintain all Property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, except to the extent failure to do so would not reasonably be expected to result in a Material Adverse Effect.

(g) Books and Records; Visitation and Inspection Rights. It will, and will cause each Borrower as well as each of its Material Subsidiaries to, keep proper books of record and account in accordance with GAAP, and permit representatives designated by the Administrative Agent, upon reasonable prior notice, to visit and inspect its Properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants (it being agreed that KCMH shall be given the opportunity to participate in any such discussion with its independent accountants), all at the reasonable expense of KCMH and at such reasonable times during normal business hours, but in each case subject to and in accordance with all applicable laws of any Governmental Authority and such confidentiality measures relating thereto as KCMH may reasonably require; provided that, other than after the occurrence of and during the continuance of an Event of Default, (i) such visitations and inspections shall not be permitted on more than two instances in any calendar year and (ii) only one such visitation and inspection shall be at the expense of KCMH.

(h) Notices of Material Events. It will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(i) the occurrence of any Default or Event of Default;

(ii) the filing or commencement of any action, suit or proceeding by or before any Governmental Authority against or affecting it or any of its Subsidiaries which would reasonably be expected to be adversely determined and, if so determined, would reasonably be expected to result in a Material Adverse Effect; and

(iii) any other event that has had, or would reasonably be expected to have, a Material Adverse Effect.

Each notice delivered under this subsection shall be accompanied by a statement of a Financial Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

(i) Additional Guarantors and Grantors; Additional Borrowers.

(i) Subject to any applicable limitations set forth in the Guarantee and Security Agreement, KCMH will promptly cause each direct or indirect domestic Wholly-Owned Subsidiary (other than any Domestic Subsidiary of a Foreign Subsidiary or a Domestic Subsidiary substantially all of whose assets consist of capital stock and/or indebtedness of one or more Foreign Subsidiaries) formed or otherwise purchased or acquired after the date hereof, to execute a supplement to the Guarantee and Security Agreement substantially in the form attached to the Guarantee and Security Agreement (or otherwise in a form reasonable satisfactory to the Administrative Agent) in order to become a Guarantor and a grantor thereunder and take all other action reasonably requested by the Administrative Agent to grant a perfected security interest in its assets to substantially the same extent as granted by the Obligors on the Closing Date; provided that in any event, no Broker-Dealer Subsidiary shall be required to enter into, provide a guarantee, or grant any security interests in its assets under the Guarantee and Security Agreement or any other Loan Document.

(ii) From time to time after the Closing Date, with fifteen Business Days' prior written notice to the Administrative Agent and subject to the satisfaction of the conditions set forth in this Section 6.01(i)(ii), KCHM may designate any Subsidiary as an Additional Borrower; provided that in no event shall a Subsidiary become an Additional Borrower if such Subsidiary either (A) is an entity that would not be required to be an additional Guarantor under Section 6.01(i)(i), or (B) is a direct or indirect Subsidiary of a Person that is not required to be an additional Guarantor under Section 6.01(i)(i); and provided further that:

(A) such Subsidiary is a Wholly-Owned Subsidiary of KCMH organized or incorporated in the United States or a jurisdiction otherwise approved by the Administrative Agent and the applicable Lenders; provided that, in the case of a jurisdiction in which no Borrower is organized or incorporated on the Closing Date, such designation shall be prohibited if the Administrative Agent or any applicable Lender shall not have the ability or authorization to lend into such jurisdiction;

(B) such Subsidiary is or becomes a Guarantor prior to or contemporaneously with becoming an Additional Borrower;

(C) no Default or Event of Default has occurred and is continuing or would result from such Subsidiary becoming an Additional Borrower;

(D) the Administrative Agent and the Lenders shall have received at least ten Business Days prior to the date such Subsidiary becomes an Additional Borrower such documentation and information as is reasonably requested in writing by the Administrative Agent or any applicable Lender to the extent required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act;

(E) the Administrative Agent shall have received a duly executed and delivered Additional Borrower Joinder Agreement and a duly executed and delivered pledge of the equity of such Subsidiary in accordance with the Guarantee and Security Agreement; and

(F) the Administrative Agent shall have received (i) a copy of the resolutions of the board of directors or other managers of such Subsidiary (or a duly authorized committee thereof) authorizing (a) the execution, delivery, and performance of the Additional Borrower Joinder Agreement and the other Loan Documents (and any agreements relating thereto) to which it is a party and (b) the extensions of credit contemplated hereunder, (ii) the certificate of incorporation and by-laws, certificate of formation and operating agreement or other comparable organizational documents, as applicable, of such Subsidiary, (iii) signature and incumbency certificates (or other comparable documents evidencing the same) of the authorized officers of such Subsidiary executing the Additional Borrower Joinder Agreement and the other Loan Documents to which it is a party, and (iv) if requested by Administrative Agent, a customary legal opinion from outside counsel to the Borrower as to customary joinder matters.

(iii) Upon any Subsidiary becoming an Additional Borrower in accordance with Section 6.01(i), such Subsidiary shall be, jointly and severally, for all purposes, and with all rights and obligations of, a "Borrower" under this Agreement and the other Loan Documents.

(j) Pledge of Material Foreign Subsidiaries. Subject to any applicable limitations set forth in the Guarantee and Security Agreement, KCMH will promptly deliver to the Administrative Agent a local law pledge agreement under the jurisdiction of organization or formation of each Subsidiary that is directly owned by an Obligor and identified as a Material Foreign Subsidiary in accordance with Section 6.01(a)(iii)(y) in a customary form reasonably satisfactory to the Administrative Agent, together with (i) copies of such Material Foreign Subsidiary's constitutive documents and documents evidencing that such Material Foreign Subsidiary has taken of all necessary action authorizing and approving the execution, delivery and performance of the Loan Documents to which it is a party, and (ii) a legal opinion in a form reasonably satisfactory to the Administrative Agent from counsel to such Material Foreign Subsidiary.

(k) Pledge of Additional Stock and Evidence of Indebtedness. Subject to the Intercreditor Agreement and to any applicable limitations set forth in the Guarantee and Security Agreement or with respect to which, in the reasonable judgment of the Administrative Agent (confirmed in writing by notice to KCMH), the cost or other consequences (including any adverse tax consequences) of doing so shall be excessive in view of the benefits to be obtained by the Lenders therefrom, KCMH will cause (i) all certificates representing Equity Interests (if any) of any Subsidiary held directly by any Borrower or any Guarantor and (ii) all evidences of Indebtedness in excess of $5,000,000 received by any Borrower or any of the Guarantors, in each case, promptly to be delivered along with applicable instruments of transfer duly executed in blank to the Administrative Agent (or its designee) as security for the obligations owed under the Loan Documents, under the Guarantee and Security Agreement.

(l) Further Assurances. Subject to the Intercreditor Agreement, it will, and will cause each of the Guarantors to, from time to time give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other paper that is necessary to cause the Liens created by the Guarantee and Security Agreement to be valid first priority perfected Liens on the Property purported to be covered thereby (including after-acquired Property, it being understood that, except as set forth in paragraph (j) above, there shall be no requirement to enter into or deliver security agreements or pledge agreements governed by the laws of any non-U.S. jurisdiction or otherwise take steps to perfect any security interest or Lien securing the Obligations under the laws of any non-U.S. jurisdiction), subject to no equal or prior Lien except as otherwise permitted by the Loan Documents, and promptly from time to time obtain and maintain in full force and effect, and cause each of the Guarantors to obtain and maintain in full force and effect, all licenses, consents, authorizations and approvals of, and make all filings and registrations with, any Governmental Authority necessary under the Laws of the jurisdiction of organization of such Guarantor (or any other jurisdiction in which part of the Collateral owned by it or by any Guarantor may be situated) for the making and performance by it of the Loan Documents to which it is a party. Notwithstanding the foregoing or anything to the contrary in any Loan Document, it is hereby agreed and acknowledged that any requirement to take any action to establish perfection by control under any Loan Document is subject to the Intercreditor Agreement, and the establishment of such control by the Administrative Agent's designee or bailee set forth in the Intercreditor Agreement shall constitute compliance with any such requirement to establish such control by the Administrative Agent under the Loan Documents.

SECTION 6.02. Negative Covenants. So long as any principal of or interest on any Loan or any other amount or obligation under the Loan Documents (other than contingent indemnity obligations not then due) shall remain unpaid or unsatisfied or any Lender shall have any Commitment or any Letter of Credit shall remain outstanding hereunder (unless such Letter of Credit has been cash collateralized or otherwise backstopped on terms reasonably satisfactory to the relevant Issuing Lender), KCMH covenants and agrees that, unless the Majority Lenders shall otherwise consent in writing:

(a) Indebtedness. It will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, provided that KCMH and any Subsidiary may incur Indebtedness (and all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest with regard to such Indebtedness) if (x) immediately before and after such incurrence, no Default or Event of Default shall have occurred and be continuing and (y) the Debt to Equity Ratio is less than or equal to [**] to 1.00 after giving pro forma effect thereto. The limitations set forth in the immediately preceding sentence shall not apply to any of the following items:

(i) Indebtedness arising under the Loan Documents;

(ii) Intercompany Indebtedness owed among the Borrowers and/or their Subsidiaries (including any Indebtedness used to finance any financing transaction);

(iii) Permitted Subordinated Debt;

(iv) Indebtedness in respect of Hedging Agreements;

(v) Indebtedness in respect of overdraft facilities, netting services, automatic clearinghouse arrangements and other cash management and similar arrangements in the ordinary course of business;

(vi) additional Indebtedness of KCMH and its Subsidiaries in an aggregate principal amount not to exceed $[**] at any time outstanding;

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

(vii) Indebtedness arising under the Five-Year Credit Agreement (and the other Loan Documents (as defined therein)), and any refinancing, renewal or replacement thereof;

(viii) Indebtedness arising under fronting and/or settlement facilities ("Fronting Facilities"); provided that, at least 10 Business Days prior to incurring any such Indebtedness (or such shorter period as MHCB shall reasonably agree, it being agreed MHCB shall use commercially reasonable efforts to provide a response to KCMH as soon as practicable after receipt of such notice), KCMH and/or the relevant Subsidiary shall have provided MHCB a bona fide opportunity (through a written notice to MHCB) to provide such Indebtedness, including an offer regarding the timing of establishing such indebtedness, and MHCB shall have either (1) declined (through a written notice from the Administrative Agent to KCMH and/or such Subsidiary) to accept such offer to provide such Indebtedness or (2) failed to respond in writing to such offer, in each case, within such 10 Business Day period; and

(ix) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (i) through (viii) above.

(b) Liens. It will not, nor will it permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any Property now owned or hereafter acquired by it, except Liens under the Guarantee and Security Agreement and other Liens in favor of the Administrative Agent as contemplated hereby and except:

(i) Liens arising under the Loan Documents;

(ii) Liens securing Finance Subsidiary Debt; provided that the terms of any Finance Subsidiary Debt (including any intercreditor arrangements entered into in connection therewith) shall provide that the Liens on the Collateral granted under the Guarantee and Security Agreement have at least second priority (to the extent the terms of such Finance Subsidiary Debt do not permit the obligations under the Loan Documents to be secured on a first priority basis pari passu with such Finance Subsidiary Debt) after giving effect to the incurrence of such Finance Subsidiary Debt; provided further that the assets securing any such Finance Subsidiary Debt shall be limited to (A) the assets of the Finance Subsidiary or Finance Subsidiaries incurring such Finance Subsidiary Debt and (B) the common equity interests of such Finance Subsidiary or Finance Subsidiaries;

(iii) Permitted Liens;

(iv) Liens securing Indebtedness or other obligations of a KCMH or any Subsidiary of KCMH in favor of KCMH or any Subsidiary of KCMH;

(v) Liens (A) of a collecting bank arising under Section 4-208 of the UCC on items in the course of collection, (B) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business; and (C) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off);

(vi) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business;

(vii) Liens that are contractual rights of set-off (A) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (B) relating to pooled deposit or sweep accounts of KCMH or any of its Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of KCMH and its Subsidiaries or (C) relating to agreements entered into with customers of KCMH or any of its Subsidiaries in the ordinary course of business;

(viii) additional Liens so long as the aggregate principal amount of the obligations secured thereby at any time outstanding does not exceed $[**];

(ix) the modification, replacement, extension or renewal of any Lien permitted by this Section 6.02(b) upon or in the same assets theretofore subject to such Lien (or upon or in after-acquired property that is affixed or incorporated into the property covered by such Lien or any proceeds or products thereof) or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor except to the extent otherwise permitted hereunder) of the Indebtedness secured thereby;

(x) Liens securing obligations in respect of Indebtedness outstanding under Section 6.02(a)(vii), provided such Liens shall only extend to Collateral and shall be pari passu with the Liens securing the Obligations hereunder and subject to the Intercreditor Agreement, or junior to the Liens securing the Obligations and subject to an intercreditor agreement in form and substance reasonably satisfactory to the Administrative Agent and KCMH; and

(xi) Liens securing obligations in respect of Indebtedness outstanding under Section 6.02(a)(viii), provided such Liens only extend to the loans made pursuant to such Fronting Facility and other assets related thereto, and in each case, the proceeds thereof. It is agreed that upon the incurrence of a Lien permitted pursuant to this clause (xi), any Collateral subject to such Lien shall be automatically released from the Liens securing the Obligations (and the Administrative Agent shall take such actions as reasonably requested by KCMH to evidence such release (or absence) of such Lien, it being understood that the Lenders authorize the Administrative Agent to enter into any such documentation, with the Administrative Agent authorized to rely on a certificate from KCMH confirming the automatic release (or absence) of such Lien hereunder in delivering any such documentation).

(c) Mergers, Consolidations, Sales of Assets, Etc. It will not merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its Property (in each case, whether now owned or hereafter acquired), or liquidate or dissolve (provided, that, if at the time thereof and immediately after giving effect thereto no Default or Event of Default shall have occurred and be continuing, any Person may merge into KCMH in a transaction in which KCMH is the surviving entity) and it will not permit any of its Subsidiaries to merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with any Subsidiary, if a Default or Event of Default would result as a result from any such merger or consolidation and, if involving a Borrower or a Guarantor, unless such Borrower or Guarantor is the surviving entity or such successor entity is a Subsidiary of KCMH immediately following such merger or consolidation and expressly assumes the obligations of such Borrower or Guarantor, as applicable, under the Loan Documents; provided further that Subsidiaries of KCMH shall be permitted to liquidate or dissolve, except to the extent such liquidation or dissolution would reasonably be expected to result in a Material Adverse Effect and provided that upon or prior to the liquidation or dissolution of any Borrower no Borrowings of such Borrower or Letters of Credit issued for the account of such Borrower are outstanding.

(d) Investments. Without the prior written consent of the Majority Lenders (such consent not to be unreasonably withheld), it will not, and will not permit any of its Subsidiaries to, make any Investment in KKR or its Affiliates; provided, that so long as no Event of Default has occurred and is continuing, KCMH and its Subsidiaries may make Investments in the ordinary course of KCMH and its Subsidiaries' capital markets business and in compliance with Section 6.02(i) in (i) any KCM Group Entity, (ii) any portfolio company (or any entity controlled by a portfolio company) of any fund, separately managed account or partnership managed or controlled or sponsored by KKR and/or its Affiliates (any such fund, account or partnership, a "KKR Vehicle") and (iii) any KKR Vehicle with publicly traded securities or securities issued pursuant to Rule 144A of the Securities Act of 1933 or any foreign equivalent or with respect to which a registration statement or equivalent foreign document has been filed.

(e) Dividends. It will not, and will not permit any of its Subsidiaries to, declare or pay any dividends or make distributions (other than dividends or distributions payable solely in its Equity Interests (other than Disqualified Equity Interests)) or return any capital to its equity holders or make any other distribution, payment or delivery of property or cash to its equity holders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration, any of its Equity Interests or Equity Interests of any direct or indirect parent thereof now or hereafter outstanding, or set aside any funds for any of the foregoing purposes, or permit any of its Subsidiaries to purchase or otherwise acquire for consideration any Equity Interests of KCMH, now or hereafter outstanding (all of the foregoing, "dividends"), provided that KCMH and any Subsidiary may pay dividends if (x) immediately before and after paying such dividend, no (1) Default or (2) Event of Default shall have occurred and be continuing and (y) the Debt to Equity Ratio is less than or equal to [**] to 1.00 after giving pro forma effect thereto. The limitations set forth in the immediately preceding sentence (other than subclause (x)(2) in the proviso thereto) shall not apply to any of the following items so long as KCMH is in compliance with Section 6.03 after giving pro forma effect thereto:

(i) it may (or may pay dividends to permit any direct or indirect parent thereof to) redeem in whole or in part any of its Equity Interests for another class of its

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

(or such parent's) Equity Interests (other than Disqualified Equity Interests) or with proceeds from substantially concurrent equity contributions or issuances of new Equity Interests (other than Disqualified Equity Interests), provided that such new Equity Interests contain terms and provisions at least as advantageous to the Lenders in all respects material to their interests as those contained in the Equity Interests redeemed thereby;

(ii) it may pay dividends, the proceeds of which will be used to pay (or to pay dividends to allow any direct or indirect parent of KCMH to pay (including to the individual owners of any direct or indirect parent of KCMH)) the tax liability of such parent and the individual owners of any direct or indirect parent, determined at the highest combined federal, state and local income tax rate applicable to an individual resident in New York City, attributable to the direct or indirect ownership of KCMH or its Subsidiaries determined as if KCMH and its Subsidiaries filed separately;

(iii) it or any of its Subsidiaries may (i) pay cash in lieu of fractional Equity Interests in connection with any dividend, split or combination thereof and (ii) honor any conversion request by a holder of convertible Indebtedness and make cash payments in lieu of fractional shares in connection with any such conversion; and

(iv) any Subsidiary of KCMH may pay dividends to its direct parent; provided that if any such dividends are paid by a non-Wholly-Owned Subsidiary, such dividends shall be made ratably based on the equity holder's interests therein (or any other amount more favorable to KCMH), provided further that if the proceeds of any outstanding Loans or Letters of Credit have been used for an Investment in such non-Wholly-Owned Subsidiary, any cash dividends paid to such parent shall be applied to prepay such Loans or cash collateralize such Letters of Credit if no Loans are outstanding, at the option of the Administrative Agent, without application of Section 3.12 or at the end of the next Interest Period(s) (in the case of a Term Benchmark Loan) or calendar quarter (in the case of an ABR Loan or RFR Loan), as applicable.

(f) Subordinated Debt Payments. It will not, and will not permit any of its Subsidiaries to, prepay, repurchase or redeem, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Subordinated Indebtedness; provided that KCMH and any Subsidiary may prepay, repurchase or redeem, defease or otherwise satisfy any Subordinated Indebtedness if (x) immediately before and after such payment, no Default or Event of Default shall have occurred and be continuing and (y) the Debt to Equity Ratio is less than or equal to [**] to 1.00 after giving pro forma effect thereto. Notwithstanding the foregoing, nothing in this Section 6.02(f) shall prohibit the repayment or prepayment of intercompany Subordinated Indebtedness owed among KCMH and/or its Subsidiaries, in either case unless an Event of Default has occurred and is continuing and KCMH has received a notice from the Administrative Agent instructing it not to make or permit any such repayment or prepayment.

(g) Burdensome Agreements. It will not, and will not permit any of its Subsidiaries to, enter into or suffer to exist or become effective any agreement that prohibits or limits the ability (i) of any Obligor to create, incur, assume or suffer to exist any Lien upon any

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

of its material Property or revenues, whether now owned or hereafter acquired, to secure the Obligations or, in the case of any Guarantor, its obligations under the Guarantee and Security Agreement, or (ii) of any Subsidiary to make Restricted Payments to any Borrower or any Guarantor or to otherwise transfer property to or invest in any Borrower or any Guarantor, other than (A) this Agreement and the other Loan Documents, (B) any agreements governing Finance Subsidiary Debt and, in the case of clause (i) above only, purchase money Liens (or any permitted refinancing in respect thereof) or Finance Lease Obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby and in the case of any permitted refinancing of purchase money Indebtedness, no more restrictive than that in the relevant refinanced agreement), (C) any such agreement in effect at the time any Subsidiary becomes a Subsidiary of KCMH, so long as such agreement was not entered into solely in contemplation of such Person becoming a Subsidiary of KCMH, (D) any such agreement imposed or required by or otherwise entered into with any applicable Governmental Authority, (E) any agreement in respect of Indebtedness outstanding under Section 6.02(a)(vii) or (viii) and (F) any agreement in respect of Indebtedness permitted to be outstanding under this Agreement, provided such restrictions do not, in the good faith judgment of KCMH, impair in any material respect the ability of the Borrowers hereunder to comply with their payment obligations under the Loan Documents.

(h) Affiliate Transactions. It will not, and will not permit any of its Subsidiaries to, enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of Property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate (other than KCMH or any of its Subsidiaries) unless such transaction is (a) otherwise permitted under this Agreement, including the payment and receipt of any dividend permitted pursuant to Section 6.02(e), and (b) upon terms that, in the aggregate, are no less favorable to KCMH or such Subsidiary, as the case may be, than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate; provided that nothing in this Section 6.02(h) shall prohibit KCMH or any of its Subsidiaries from providing placement, advisory or other services in the ordinary course of business so long as such services do not include a funding obligation of KCMH or such Subsidiary.

(i) Line of Business. It will not, nor will it permit any of its Subsidiaries to, enter into any business, either directly or through any Subsidiary, except for those businesses in which KCMH and its Subsidiaries are engaged on the Closing Date or that are reasonably related thereto.

(j) Change in Fiscal Year. It will not make any change to its fiscal year; provided that KCMH may, upon written notice to the Administrative Agent, change its fiscal year end to any other fiscal year end reasonably acceptable to the Administrative Agent, in which case KCMH and the Administrative Agent will, and are hereby authorized by the other parties hereto to, make any adjustments to this Agreement that are necessary to effect such change.

SECTION 6.03. Financial Covenant. So long as any principal of or interest on any Loan or any other amount or obligation under the Loan Documents (other than contingent indemnity obligations not then due) shall remain unpaid or unsatisfied or any Lender shall have any Commitment or any Letter of Credit shall remain outstanding hereunder (unless such Letter of Credit has been cash collateralized or otherwise backstopped on terms reasonably satisfactory to the relevant Issuing Lender and the Administrative Agent), KCMH covenants and agree that, unless the Majority Lenders shall otherwise consent in writing, KCMH will not permit the Debt to Equity Ratio on the last day of any fiscal quarter of KCMH to exceed [**] to 1.00.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) any Borrower shall fail to pay when due any principal of any Loan;

(b) any Borrower shall fail for five Business Days or more to pay any interest, fee or L/C Reimbursement Obligation or any other amount (other than principal) payable by such Borrower under any Loan Document when and as the same shall become due and payable;

(c) any representation or warranty made or deemed made by an Obligor in this Agreement, any other Loan Document or in any certificate furnished pursuant to this Agreement shall prove to have been untrue in any material respect when made or deemed made;

(d) any Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 6.01(b) (with respect to the legal existence of such Borrower), (h)(i), 6.02 (other than those contained in clause (j) of such Section) or 6.03;

(e) any Obligor shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Section) or in any other Loan Document, and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to KCMH;

(f) any Borrower or any Subsidiary (other than any Finance Subsidiary that is not a Borrower) shall fail to make any payment of principal of or interest on any Material Indebtedness when and as the same shall become due and payable (beyond any period of grace, if any); or any event or condition occurs that results in the acceleration (or, solely with respect to any Material Indebtedness incurred under Section 6.02(a)(iii), permits the holders of such Indebtedness (or a trustee or agent on behalf of such holders) to cause such acceleration) of such Material Indebtedness prior to its scheduled maturity;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, winding up, reorganization or other relief in respect of any Borrower or any Material Subsidiary (other than any Finance Subsidiary that is not a Borrower) or its debts, or of a substantial part of its Property, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any Material Subsidiary (other than any Finance

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

Subsidiary that is not a Borrower) or for a substantial part of its Property, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) any Borrower or any Material Subsidiary (other than any Finance Subsidiary that is not a Borrower) shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, winding up, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any Material Subsidiary (other than any Finance Subsidiary) or for a substantial part of its Property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(i) any Borrower or any Material Subsidiary (other than any Finance Subsidiary that is not a Borrower) shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) one or more judgments for the payment of money in an aggregate amount in excess of $[**] shall be rendered against KCMH or any Subsidiary and the same shall remain undischarged for a period of 60 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any Property of KCMH or any Subsidiary to enforce any such judgment;

(k) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred for which liability has not been fully satisfied, would reasonably be expected to result in a Material Adverse Effect; or

(l) the Guarantee and Security Agreement shall cease to be valid and binding on, or enforceable against, (i) KCMH or (ii) any other Borrower or Guarantor which is a Material Subsidiary (other than pursuant to the terms hereof or thereof or as a result of acts or omissions of the Administrative Agent or any Lender), or KCMH or any such other Borrower or Guarantor shall so assert in writing; or

(m) a Change of Control shall occur;

then the Administrative Agent shall upon the request of the Majority Lenders, by notice to KCMH, take any or all of the following actions, at the same or different times: (i) terminate the Commitments and thereupon they shall terminate immediately, (ii) terminate any obligation of the Issuing Lender to issue Letters of Credit hereunder, and thereupon such obligations shall terminate, (iii) declare the Loans and all other amounts payable by the Obligors under the Loan Documents to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of each Borrower accrued and other amounts payable by the Obligors under the Loan Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower, and/or (iv) require the Borrowers to jointly and severally provide cash collateral for L/C Reimbursement Obligations and the outstanding undrawn Letters of Credit in an aggregate amount equal to the then aggregate L/C Exposure and thereupon the Borrowers shall forthwith provide such cash collateral on terms and subject to documentation reasonably satisfactory to the relevant Issuing Lenders and the Administrative Agent; and in case of any event applicable to any Borrower described in clause (g) or (h) of this Section, the Commitments and such obligations of the Issuing Lender shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Obligors accrued under the Loan Documents, shall automatically become due and payable, and the Borrowers jointly and severally shall automatically be required to provide such cash collateral, all without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower. Nothing herein shall terminate or otherwise modify the obligations of the Lenders under Section 2.02(d).

SECTION 7.02. Investors' Right to Cure.

(a) Notwithstanding anything to the contrary contained in Section 7.01(d), in the event that KCMH fails to comply with the requirements of the covenant set forth in Section 6.03, until the expiration of the tenth day after the date on which financial statements for the fiscal period in which the covenant set forth in such Section 6.03 is being measured are required to be delivered pursuant to Section 6.01(a), any Person shall have the right to make a direct or indirect equity investment in KCMH in cash (the "Cure Right"), and upon the receipt by such Person of net cash proceeds pursuant to the exercise of the Cure Right (including through the capital contribution of any such net cash proceeds to such Person), the covenant set forth in such Section 6.03 shall be recalculated, giving effect to a pro forma increase to Total Equity as of the relevant date of determination in an amount equal to such net cash proceeds.

(b) If, after the exercise of the Cure Right and the recalculations pursuant to clause (a) above, KCMH shall then be in compliance with the requirements of the covenant set forth in Section 6.03 for the relevant fiscal quarter, KCMH shall be deemed to have satisfied the requirements of such covenant as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable Default or Event of Default under Section 7.01(d) that had occurred shall be deemed cured.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

SECTION 8.01. Appointment and Authority. (a) Each of the Lenders hereby irrevocably appoints MHCB to act on its behalf as the Administrative Agent under and in connection with the Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders and the Borrowers shall have no rights as a third party beneficiary of any of such provisions.

(b) Each Issuing Lender shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and each such Issuing Lender shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article VIII with respect to any acts taken or omissions suffered by such Issuing Lender in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in this Article VIII included such Issuing Lender with respect to such acts or omissions, and (ii) as additionally provided herein with respect to such Issuing Lender.

(c) The Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Lenders and the Issuing Lender hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender and the Issuing Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Obligors to secure any of the obligations of the Obligors under the Loan Documents, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as "collateral agent" and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 8.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Loan Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of this Article VIII and Article IX as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents as if set forth in full herein with respect thereto.

SECTION 8.02. Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Obligor or any Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 8.03. Exculpatory Provisions.

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(iii) shall not, except as expressly set forth in the Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Obligor or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Majority Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 9.01) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by a Borrower or a Lender.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 8.04. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan or issuance of a Letter of Credit that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan or such issuance. The Administrative Agent may consult with legal counsel (who may be counsel for a Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.05. Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers under any Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent and any Issuing Lender may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent and the Issuing Lender, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

SECTION 8.06. Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders and KCMH. Upon receipt of any such notice of resignation, the Majority Lenders shall have the right, in consultation with KCMH, to appoint a successor, which shall be a nationally recognized bank with an office in New York, New York or an Affiliate of any such bank with an office in New York, New York. If no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above, provided, that if the Administrative Agent shall notify KCMH and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Majority Lenders appoint a successor Administrative Agent as provided for above in this subsection. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations under the Loan Documents (if not already discharged therefrom as provided above in this subsection). The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between KCMH and such successor. After the retiring Administrative Agent's resignation, the provisions of this Article and Section 9.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

SECTION 8.07. Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon any Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 8.08. No Other Duties; Etc. Anything herein to the contrary notwithstanding, the Lead Arranger and any bookrunner listed on the cover page hereof shall not, in such capacities, have any powers, duties or responsibilities under any of the Loan Documents.

SECTION 8.09. Intercreditor Agreement Governs. The Administrative Agent, each Lender and each Obligor hereby agrees that it will be bound by and will take no actions contrary to the provisions of the Intercreditor Agreement and any other intercreditor agreement entered into pursuant to the terms hereof. Each Lender hereby authorizes and instructs the Administrative Agent to enter into the Intercreditor Agreement and each other intercreditor agreement entered into pursuant to the terms hereof (including any amendments or other modifications thereof) and to subject the Liens securing the Obligations to the provisions thereof.

SECTION 8.10. Collateral Matters; Credit Bidding.

(a) Except with respect to the exercise of setoff rights in accordance with Section 9.03 or with respect to a Secured Creditor's right to file a proof of claim in an insolvency proceeding, no Secured Creditor shall have any right individually to realize upon any of the Collateral or to enforce any Guarantee of the Obligations, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Administrative Agent on behalf of the Secured Creditors in accordance with the terms thereof.

(b) The Secured Creditors hereby irrevocably authorize the Administrative Agent, at the direction of the Majority Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of any bankruptcy laws, including under Sections 363, 1123 or 1129 of the United States Bankruptcy Code, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable law*; provided* that to the extent the Loans are paid in full in cash, the Commitments are terminated and the Letters of Credit cash collateralized in accordance with the terms hereof, the consent of Majority Lenders shall not be required in connection with any such credit bid. In connection with any such credit bid and purchase, the Obligations owed to the Secured Creditors shall be entitled to be, and shall be, credit bid by the Administrative Agent at the direction of the Majority Lenders and, except as set forth above, with the consent of the Majority Lenders, on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the equity interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid, (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles, (ii) each of the Secured Creditors' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing such sale, (iii) the Administrative Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or equity interests thereof, shall be governed, directly or indirectly, by, and the governing documents shall provide for, control by the vote of the Majority Lenders or their permitted assignees under the terms of this Agreement or the governing documents of the applicable acquisition vehicle or vehicles, as the case may be, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Majority Lenders contained in Section 9.01 of this Agreement), (iv) the Administrative Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Creditors, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Creditor or acquisition vehicle to take any further action, and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of Obligations credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Creditors pro rata with their original interest in such Obligations and the equity interests and/or debt instruments issued by any acquisition vehicle on account of such Obligations shall automatically be cancelled, without the need for any Secured Creditor or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Creditor are deemed assigned to the acquisition vehicle or vehicles as set forth in clause (ii) above, each Secured Creditor shall execute such documents and provide such information regarding the Secured Creditor (and/or any designee of the Secured Creditor which will receive interests in or debt instruments issued by such acquisition vehicle) as the Administrative Agent may reasonably request in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments, Etc.

(a) No amendment or waiver of any provision of this Agreement or any other Loan Document, nor consent to any departure by a Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrowers and the Majority

Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, that no amendment, waiver or consent shall, unless in writing and signed by each Lender directly and adversely affected thereby, do any of the following: (i) subject such Lender to any additional obligations including, without limitation, any extension of the expiry date of the Commitment of such Lender or increase the Commitment of such Lender, (ii) reduce the principal of, or rate of interest on, any Loan, L/C Reimbursement Obligation or any fees or other amounts payable hereunder, (iii) postpone any date for payment of principal of, or interest on, any Loan, L/C Reimbursement Obligation or any fees or other amounts payable hereunder when due (other than fees or other amounts payable for the sole account of an Issuing Lender), or (iv) modify any of the provisions of the Loan Documents relating to pro rata payments; and provided further, that no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders, change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans, or the number of Lenders, which shall be required for the Lenders or any of them to take any action hereunder, (A) amend Section 3.07(a) or (b), or this Section 9.01, or (B) release all or substantially all of the Collateral or all or substantially all of the value of the Guarantees provided by the Guarantors; and provided further, that (x) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent and the Issuing Lenders in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent or, as the case may be, the Issuing Lenders under any Loan Document and (y) if the Administrative Agent and KCMH shall have jointly identified an obvious error or any error or omission of a technical or immaterial nature in any provision of the Loan Documents, then the Administrative Agent and KCMH shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Majority Lenders within five Business Days after notice thereof. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender (it being understood that any Commitments or Loans held or deemed held by any Defaulting Lender shall be excluded for a vote of the Lenders hereunder requiring any consent of the Lenders).

(b) This Agreement, the other Loan Documents and the other agreements provided for herein constitute the entire agreement of the parties hereto and thereto with respect to the subject matter hereof and thereof.

SECTION 9.02. Notices, KCMH as Administrative Borrower, Etc.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsections (b) and (c) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier, and all notices and other communications expressly permitted hereunder to given by telephone shall be made to the applicable telephone number, in each case, as follows:

(i) if to any Borrower or any Guarantor:

c/o KKR Capital Markets Holdings L.P.
30 Hudson Yards, Suite 7500
New York, New York 10001
Attention: John Knox – Financial Controller; Jeff Schwartz - Counsel
Telephone: 212-750-8300
Facsimile: 212-750-0003
Electronic Mail: john.knox@kkr.com

(ii) if to the Administrative Agent:

Mizuho Bank, Ltd.
New York Branch
1271 Avenue of the Americas
New York, New York 10020
Attention: Sean Pattap
Telephone: 212-282-4098
Electronic Mail: sean.pattap@mizuhogroup.com

(iii) if to the Issuing Lender:

Mizuho Bank, Ltd.

New York Branch
1271 Avenue of the Americas
New York, New York 10020
Attention: Sean Pattap
Telephone: 212-282-4098

Electronic Mail: sean.pattap@mizuhogroup.com

(iv) if to a Lender, to it at its address (or telecopier number, electronic mail address or telephone number) set forth in its Administrative Questionnaire;

provided, that any party may change its address, telecopier number, electronic mail address or telephone number for notices and other communications hereunder by notice to the other parties. Except as provided in clause (d) below, notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient), except that notices and communications to the Administrative Agent pursuant to Article II or Article VII shall not be effective until received by the Administrative Agent. Notices delivered through electronic communications to the extent provided in clause (b) below, shall be effective as provided in said clause (b).

(b) Notices and other communications to any Lender hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or any Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Each Borrower further agrees that the Administrative Agent may make communications to Lenders available to the Lenders by posting the communications on Intralinks or a substantially similar electronic transmission system (the "Platform"). THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT OR ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ADVISORS OR REPRESENTATIVES (COLLECTIVELY, THE "AGENT PARTIES") HAVE ANY LIABILITY TO ANY OBLIGOR, ANY LENDER OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF SUCH OBLIGOR'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(d) The Administrative Agent agrees that the receipt of the communications by the Administrative Agent at its e-mail address set forth above shall constitute effective delivery of the communications to the Administrative Agent for purposes of the Loan Documents. Each Lender agrees that notice to it (as provided in the next sentence) specifying that the communications have been posted to the Platform shall constitute effective delivery of the communications to such Lender for purposes of the Loan Documents. Each Lender agrees (i) to provide to the Administrative Agent in writing (including by electronic communication), promptly after the date of this Agreement, one or more e-mail addresses to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such e-mail address or addresses.

(e) Nothing herein shall prejudice the right of the Administrative Agent or any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

(f) The Borrowers each hereby irrevocably appoint KCMH as the administrative borrower with respect to this Agreement and the other Loan Documents, and all notices, demands and interactions with KCMH are hereby authorized by the other Borrowers, and shall be conclusive and binding on the other Borrowers, who duly and irrevocably authorize KCMH to act on their behalf for all purposes under this Agreement and the other Loan Documents, and the Administrative Agent and the Lenders may conclusively rely on all notices, directions, and other interactions with KCMH without consulting in any manner with the other Borrowers.

SECTION 9.03. No Waiver; Remedies; Setoff.

(a) No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

(b) If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender to or for the credit or the account of any Borrower against any and all of the obligations of such now or hereafter existing under this Agreement or any other Loan Document to such Lender irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Borrower may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender may have. Each Lender agrees to notify KCMH and the Administrative Agent promptly after any such setoff and application, provided, that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 9.04. Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrowers jointly and severally shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Lead Arranger and their respective Affiliates (including the reasonable fees, charges and disbursements of one counsel (together with one local counsel in each relevant jurisdiction)), in connection with the syndication of the facility contemplated hereby, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof, (ii) all out-of-pocket expenses incurred by the Administrative Agent and the Lenders (including the fees, charges and disbursements of one counsel (together with one local counsel in each relevant jurisdiction) and, after notice to KCMH, of more than one such counsel to the extent the Administrative Agent or any Lender reasonably determines that there is an actual conflict of interest requiring the employment of separate counsel) in connection with the enforcement (including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect thereof) or, during the continuance of an Event of Default, protection of its rights in connection with this Agreement and the other Loan Documents, including its rights under this Section and (iii) all reasonable and documented out-of-pocket expenses incurred by the Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder.

(b) Indemnification by the Borrower. The Borrowers jointly and severally hereby indemnify the Administrative Agent, the Lead Arranger, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of one counsel for the Indemnitees (together with one local counsel in each relevant jurisdiction) and, after notice to KCMH, of more than one such counsel to the extent any Indemnitee reasonably determines that there is an actual conflict of interest requiring the employment of separate counsel), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Borrower or any other Obligor arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Borrower or any other Obligor and regardless of whether any Indemnitee is a party thereto, provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a final and nonappealable judgment of a court of competent jurisdiction to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by any Borrower against an Indemnitee for material breach of such Indemnitee's obligations hereunder or under any other Loan Document, if such Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. This Section 9.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Borrowers for any reason fail to indefeasibly pay any amount required under clause (a) or (b) of this Section to be paid by it to the Administrative Agent, the Issuing Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent, the Issuing Lender or such Related Party, as the case may be, such Lender's Commitment Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided, that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or the Issuing Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent or the Issuing Lender in connection with such capacity.

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, each party hereto agrees that it will not assert, and hereby waives, any claim against any other party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, any Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof or any Letter of Credit or the use of proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the bad faith, gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable not later than 15 Business Days after demand therefor.

SECTION 9.05. Binding Effect, Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent and each Lender and their respective successors and permitted assigns, except that no Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Administrative Agent and the Lenders.

SECTION 9.06. Assignments and Participations.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of clause (b) of this Section, (ii) by way of participation in accordance with the provisions of clause (d) of this Section or (iii) by way of pledge or assignment of a security interest in accordance with clause (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in clause (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided, that

(i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $5,000,000 or an integral multiple of $1,000,000 in excess thereof, unless each of the Administrative Agent and, unless an Event of Default has occurred and is continuing, KCMH otherwise consents (each such consent not to be unreasonably withheld or delayed);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned;

(iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; and

(iv) no assignment shall be made to a natural person.

Subject to notice to KCMH and acceptance and recording thereof by the Administrative Agent pursuant to clause (c) of this Section, from and after the Assignment Date specified in each Assignment and Assumption (an "Assignment Date"), the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.09, 3.11, 3.12 and 9.04 with respect to facts and circumstances occurring prior to such Assignment Date. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at its address specified in Section 9.02 a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, any Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or any Borrower or any of any of KCMH's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided, that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso of Section 9.01 that affects such Participant. Subject to clause (e) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits and obligations of Sections 3.09, 3.11, and 3.12 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section 9.06. Each Lender that sells a participation agrees, at the Borrowers' request and expense, to use reasonable efforts to cooperate with the Borrowers to effectuate the provisions of Section 3.13(b) with respect to any Participant. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United

States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Sections 3.09, 3.11 and 3.12 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant.

(f) Certain Pledges. Any Lender, without the consent of any Borrower or the Administrative Agent may at any time grant security interest in all or any portion of its rights under this Agreement or any Note to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided, that no such pledge or assignment shall release such Lender from any of its obligations hereunder.

(g) Resignation as Issuing Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time MHCB assigns all of its Commitment and Loans pursuant to Section 9.06(b), MHCB may, upon 30 days' notice to KCMH and the Lenders, resign as Issuing Lender. In the event of any such resignation as Issuing Lender, KCMH shall be entitled to appoint, from among the Lenders, a successor Issuing Lender hereunder; provided, however, that no failure by KCMH to appoint any such successor shall affect the resignation of MHCB as Issuing Lender. If MHCB resigns as Issuing Lender, it shall retain all the rights, powers, privileges and duties of the Issuing Lender hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Issuing Lender and all L/C Exposure with respect thereto. Upon the appointment of a successor Issuing Lender, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Lender, and (b) the successor Issuing Lender shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to MHCB to effectively assume the obligations of MHCB with respect to such Letters of Credit.

SECTION 9.07. **GOVERNING LAW; JURISDICTION; ETC.**

(A) **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

(B) **SUBMISSION TO JURISDICTION. EACH BORROWER IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH BORROWER IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR**

PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH BORROWER AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(C) **WAIVER OF VENUE. EACH BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN CLAUSE (B) ABOVE. EACH BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.**

(D) **SERVICE OF PROCESS. EACH BORROWER AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, AT ITS ADDRESS SET FORTH IN SECTION 9.02, OR AT SUCH OTHER ADDRESS OF WHICH THE ADMINISTRATIVE AGENT SHALL HAVE BEEN NOTIFIED IN WRITING BY KCMH.**

SECTION 9.08. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.09. Counterparts; Effectiveness; Execution.

(a) Counterparts; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Loan Documents or any Assignments. The words "execution," "signed," "signature," and words of like import in this Agreement or any other Loan Documents or any Assignment and Assumption 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 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.

SECTION 9.10. Survival. The provisions of Sections 3.09, 3.11 and 3.12 and Article VIII and Section 9.04 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.11. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.12. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and will be subject to customary confidentiality obligations of professional practice or will agree (which agreement may be oral or pursuant to company policy) to be bound by the terms of this Section 9.12 (or language substantially similar to this Section 9.12)), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any Self Regulatory Organization), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies under this Agreement or any other Loan Document or any action or proceeding relating to the Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to any

Borrower and its obligations, (g) with the consent of KCMH or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a non-confidential basis from a source other than KCMH or its Subsidiary.

For purposes of this Section, "Information" means all information received from KCMH or any of its Subsidiaries relating to KCMH or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by KCMH or any of its Subsidiaries. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. No Fiduciary Relationship. In connection with all aspects of each transaction contemplated hereby, each Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's length commercial transaction between the Borrowers and their Affiliates, on the one hand, and the Administrative Agent and the Lead Arranger, on the other hand, and each Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification thereof); (b) in connection with the process leading to such transaction, the Administrative Agent and the Lead Arranger, each is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for any Borrower or any of its Affiliates, equity holders, creditors or employees or any other Person; (c) neither the Administrative Agent nor the Lead Arranger has assumed or will assume an advisory, agency or fiduciary responsibility in favor of any Borrower with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment waiver or other modification hereof or of any other Loan Document (irrespective of whether the Administrative Agent or the Lead Arranger has advised or is currently advising any Borrower or any of its Affiliates on other matters) and neither the Administrative Agent nor the Lead Arranger has any obligation to any Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (d) the Administrative Agent and the Lead Arranger and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers and their Affiliates, and neither the Administrative Agent nor the Lead Arranger has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (e) the Administrative Agent and the Lead Arranger have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and the Borrowers have consulted their own legal, accounting, regulator and tax advisors to the extent it has deemed appropriate. Each Borrower hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent and the Lead Arranger with respect to any breach or alleged breach of agency or fiduciary duty.

SECTION 9.14. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.15. USA PATRIOT Act. Each Lender hereby notifies each Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies such Borrower, which information includes the name and address of the Borrowers and other information that will allow such Lender to identify such Borrower in accordance with the Patriot Act.

SECTION 9.16. Judgment Currency. This is an international loan transaction in which the specification of Dollars or an Alternate Currency, as the case may be (the "Specified Currency"), and any payment in New York City or the country of the Specified Currency, as the case may be (the "Specified Place"), is of the essence, and the Specified Currency shall be the currency of account in all events relating to amounts denominated in such Specified Currency. The payment obligations of the Borrowers under this Agreement and the other Loan Documents shall not be discharged by an amount paid in another currency or in another place, whether pursuant to a judgment or otherwise, to the extent that the amount so paid on conversion to the Specified Currency and transfer to the Specified Place under normal banking procedures does not yield the amount of the Specified Currency at the Specified Place due hereunder. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in the Specified Currency into another currency (the "Second Currency"), the rate of exchange which shall be applied shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the Specified Currency with the Second Currency on the Business Day next preceding that on which such judgment is rendered. The obligation of the Borrowers in respect of any such sum due from it to the Administrative Agent or any Lender hereunder shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be due hereunder or under the Notes in the Second Currency to the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase and transfer to the Specified Place the Specified Currency with the amount of the Second Currency so adjudged to be due; and the Borrowers hereby, as a separate obligation and notwithstanding any such judgment, jointly and severally agree to indemnify the Administrative Agent or such Lender, as the case may be, against, and to pay the Administrative Agent or such Lender, as the case may be, on demand in the Specified Currency, any difference between the sum originally due to the Administrative Agent or such Lender, as the case may be, in the Specified Currency and the amount of the Specified Currency so purchased and transferred.

SECTION 9.17. European Monetary Union. (a) Definitions. In this Section 9.17 and in each other provision of this Agreement to which reference is made in this Section 9.17 (whether expressly or impliedly), the following terms have the following respective meanings:

"EMU" shall mean economic and monetary union as contemplated in the Treaty on European Union.

"EMU Legislation" shall mean legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency, being in part the implementation of the third stage of EMU.

"Euro" shall mean the single currency of Participating Member States of the European Union, which shall be a Currency under this Agreement.

"Euro Unit" shall mean a currency unit of the Euro.

"National Currency Unit" shall mean a unit of any Currency (other than a Euro Unit) of a Participating Member State.

"Participating Member State" shall mean each state so described in any EMU Legislation.

"Target Operating Day" shall mean any day that is not (a) a Saturday or Sunday, (b) Christmas Day or New Year's Day or (c) any other day on which the Trans-European Real-time Gross Settlement Express Transfer system (or any successor settlement system) is not operating (as determined by the Administrative Agent).

"Treaty on European Union" shall mean the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht on February 7, 1992, and came into force on November 1, 1993), as amended from time to time.

(b) Alternative Currencies. If and to the extent that any EMU Legislation provides that an amount denominated either in the Euro or in the National Currency Unit of a Participating Member State and payable within the Participating Member State by crediting an account of the creditor can be paid by the debtor either in the Euro Unit or in that National Currency Unit, any party to this Agreement shall be entitled to pay such amount either in the Euro Unit or in such National Currency Unit.

(c) Payments by the Administrative Agent Generally. With respect to the payment of any amount denominated in the Euro or in a National Currency Unit, the Administrative Agent shall not be liable to any Borrower or any of the Lenders in any way whatsoever for any delay, or the consequences of any delay, in the crediting to any account of any amount required by this Agreement to be paid by the Administrative Agent if the Administrative Agent shall have taken all relevant steps to achieve, on the date required by this Agreement, the payment of such amount in immediately available, freely transferable, cleared funds (in the Euro Unit or, as the case may be, in a National Currency Unit) to the account of any Borrower or any Lender, as the case may be, in the Principal Financial Center in the Participating Member State which the Borrower or, as the case may be, such Lender shall have specified for such purpose. In this paragraph (c), "all relevant steps" shall mean all such steps as may be prescribed from time to time by the regulations or operating procedures of such clearing or settlement system as the Administrative Agent may from time to time reasonably determine for the purpose of clearing or settling payments of the Euro.

(d) [Reserved].

(e) Rounding. Without prejudice and in addition to any method of conversion or rounding prescribed by the EMU Legislation, each reference in this Agreement to a minimum amount (or a multiple thereof) in a National Currency Unit to be paid to or by the Administrative Agent shall be replaced by a reference to such reasonably comparable and convenient amount (or a multiple thereof) in the Euro Unit as the Administrative Agent may from time to time specify.

(f) Other Consequential Changes. Without prejudice to the respective liabilities of the Borrowers to the Lenders and the Lenders to the Borrowers under or pursuant to this Agreement, except as expressly provided in this Section 9.17, each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be necessary or appropriate to reflect the introduction of or changeover to the Euro in Participating Member States.

SECTION 9.18. Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

SECTION 9.19. Administrative Matters. Notwithstanding the termination of the Existing Credit Agreement on the Closing Date, for administrative convenience, the principal amount of Loans outstanding under and governed by the Existing Credit Agreement immediately prior to the Closing Date shall be transferred to and deemed to be outstanding under this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers or representatives thereunto duly authorized, 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

By: /s/ Adam Smith
Name: Adam Smith
Title: Chief Executive Officer

KKR CORPORATE LENDING (CA) LLC, as a Borrower

By: /s/ Adam Smith
Name: Adam Smith
Title: Chief Executive Officer

KKR CORPORATE LENDING (TN) LLC, as a Borrower

By: /s/ Adam Smith
Name: Adam Smith
Title: Chief Executive Officer

KKR CORPORATE LENDING (UK) LLC, as a Borrower

By: /s/ Adam Smith
Name: Adam Smith
Title: Chief Executive Officer

MIZUHO BANK, LTD.,
as Administrative Agent and as a Lender

By: /s/ Donna DeMagistris
Name: Donna DeMagistris
Title: Executive Director

[Signature Page to 364-Day Revolving Credit Agreement]

PRICING GRID

The Applicable Margin ("Applicable Margin") in respect of Borrowings, Letters of Credit under Section 2.03(c)(i) and the facility fee payable under Section 2.03(b) shall equal the amounts indicated in the pricing grid (the "Pricing Grid") below (based, in the case of the Applicable Margin for Loans, on the number of days such Loan (or as applicable, Letter of Credit) remains outstanding after the date it is initially outstanding, as set forth below):

Days From Date Loan (or as applicable letter of credit) is Initially Outstanding	**Applicable Margin for Term Benchmark Loans and RFR Loans**	**Applicable Margin for ABR Loans**	**Applicable Margin for Facility Fee**
[**]	1.50%	0.50%	[**]%
[**]	[**]%	[**]%	[**]%
[**]	[**]%	[**]%	[**]%
[**]	2.75%	1.75%	[**]%

[**]=Certain information contained in this document, marked by "[**]", has been excluded because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

EXHIBIT B

[FORM OF GUARANTEE AND SECURITY AGREEMENT]

GUARANTEE AND SECURITY AGREEMENT

GUARANTEE AND SECURITY AGREEMENT, dated as of April 7, 2023 (as amended, supplemented or otherwise modified from time to time, this "Agreement"), among KKR CAPITAL MARKETS HOLDINGS L.P., a Delaware limited partnership ("KCMH"), each Subsidiary of KCMH identified under the caption "GUARANTORS" on the signature pages hereto and each entity, if any, that becomes a "Guarantor" hereunder as contemplated by Section 7.13 hereof (individually, a "Guarantor" and, collectively, the "Guarantors" and, together with KCMH, the "Obligors"), and MIZUHO BANK, LTD., as administrative agent for the parties defined as "Lenders" under the Credit Agreement referred to below (in such capacity, together with its successors in such capacity, the "Administrative Agent").

Reference is made to that certain 364-Day Revolving Credit Agreement, dated as of April 7, 2023, among 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."), any Additional Borrower party thereto, and KKR CORPORATE LENDING (UK) LLC, a Delaware limited liability company ("KCL U.K."; each of KCMH, KCL U.S., KCL C.A., KCL T.N., KCL U.K. and any Additional Borrower party thereto are individually referred to herein as a "Borrower" and collectively referred to herein as the "Borrowers") and the Administrative Agent (as the same may be amended, modified, supplemented, refinanced or replaced from time to time, the "Credit Agreement"), providing, subject to the terms and conditions thereof, for extensions of credit (by means of loans and letters of credit) to be made by the Lenders to the Borrowers. In addition, the Borrowers may from time to time be obligated to various Lenders (or their Affiliates) in respect of one or more Hedging Agreements.

Each Obligor is, as of the date hereof, the owner of (a) the shares of Equity Interests (the "Initial Pledged Equity"), (b) the indebtedness (the "Initial Pledged Debt") and (c) the deposit account the ("Pledged Deposit Account"), each as set forth opposite such Obligor's name on Part A of Annex II hereto.

To induce each Lender to enter into the Credit Agreement and to extend credit thereunder and under any Hedging Agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor, jointly and severally with each other Guarantor, has agreed to guarantee the Guaranteed Obligations (as hereinafter defined) and each Obligor has agreed to grant a security interest in the Collateral (as so defined) as security for the Secured Obligations (as so defined) and each Guarantor and each other Obligor have agreed to enter into this Agreement pursuant to the terms set forth below.

Accordingly, the parties hereto hereby agree as follows:

SECTION 1. Definitions, Etc.

1.01 Terms Generally. Terms used herein and not otherwise defined herein are used herein as defined in the Credit Agreement.

1.02 Certain Uniform Commercial Code Terms. As used herein, the terms "Account", "Chattel Paper", "Deposit Accounts", "Document", "Equipment", "General Intangible", "Instrument", "Inventory", "Investment Property", "Letter-of-Credit Right", "Commercial Tort Claims" and "Proceeds" have the respective meanings set forth in Article 9 of the UCC, and the terms "Entitlement Holder", "Financial Asset" and "Securities Account" have the respective meanings set forth in Article 8 of the UCC.

1.03 Additional Definitions. In addition, as used herein:

"Bankruptcy Law" has the meaning assigned to such term in Section 2.01.

"Collateral" has the meaning assigned to such term in Section 4.

"Collateral Account" has the meaning assigned to such term in Section 5.01.

"Excess Funding Guarantor" has the meaning assigned to such term in Section 2.08.

"Excess Payment" has the meaning assigned to such term in Section 2.08.

"Guaranteed Obligations" has the meaning assigned to such term in Section 2.01.

"Initial Pledged Debt" has the meaning assigned to such term in the preamble hereto.

"Initial Pledged Equity" has the meaning assigned to such term in the preamble hereto.

"L/C Exposure Sub-Account" has the meaning assigned to such term in Section 5.04.

"Pledged Deposit Account" has the meaning assigned to such term in the preamble hereto.

"Pledged Debt" has the meaning assigned to such term in Section 4(b)(iv).

"Pledged Equity" has the meaning assigned to such term in Section 4(b)(iii).

"Pro Rata Share" has the meaning assigned to such term in Section 2.08.

"Secured Creditors" means, collectively, the Lenders (including each Issuing Lender) and the Administrative Agent, any other holder from time to time of any of the Secured Obligations and, in each case, their respective successors and assigns.

"Secured Obligations" means, collectively, (a) in the case of the Borrowers, (i) all obligations of the Borrowers under the Loan Documents to pay the principal of and interest on the Loans and the L/C Reimbursement Obligations and all fees, premiums, costs, expenses, indemnification payments and other amounts or obligations whatsoever, whether direct or indirect, absolute or contingent, now or hereafter from time to time owing to the Secured Creditors or any of them under the Loan Documents and (ii) all obligations of the Borrowers to any Lender (or any Affiliate thereof) under any Hedging Agreement, (b) in the case of the Guarantors, all obligations of the Guarantors under Section 2 hereof and (c) in the case of each of the foregoing, including all interest thereon and expenses related thereto, including any interest or expenses accruing or arising after the commencement of any case with respect to any Obligor under the United States Bankruptcy Code or any other bankruptcy or insolvency law (whether or not such interest or expenses are allowed or allowable as a claim in whole or in part in such case).

"Security Collateral" has the meaning assigned to such term in Section 4(b).

"Subagent" has the meaning assigned to such term in Section 6.15(b).

"Subordinated Obligations" has the meaning assigned to such term in Section 2.10.

1.04 Treatment of Hedging Agreements. For purposes hereof, it is understood that any obligations of any Borrower to a Person arising under a Hedging Agreement entered into with a Lender or an Affiliate thereof shall nevertheless continue to constitute Secured Obligations and Guaranteed Obligations, and such Person shall continue to be a Secured Creditor, for purposes hereof, notwithstanding that such Person (or its Affiliates) may have assigned all of its Loans and other interests in the Credit Agreement and, therefore, at the time a claim is to be made in respect of such obligations, such Person (or its Affiliates) is no longer a "Lender" party to the Credit Agreement.

SECTION 2. Guarantee.

2.01 The Guarantee. Each Guarantor hereby absolutely, unconditionally and irrevocably guarantees to each of the Secured Creditors and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of:

(a) the principal of and interest on the Loans and the L/C Reimbursement Obligations and all fees, premiums, costs, expenses, indemnification payments and other amounts or obligations whatsoever, whether direct or indirect, absolute or contingent, now or hereafter from time to time owing to the Lenders or the Administrative Agent or any of them by any Obligor under any of the Loan Documents, and

(b) all obligations of any Borrower to any Lender (or any Affiliate thereof) under any Hedging Agreement,

in each case in accordance with the terms thereof and including all interest and expenses accrued or incurred subsequent to the commencement of any bankruptcy or insolvency proceeding with respect to any Obligor, whether or not such interest or expenses are allowed as a claim in such proceeding (such obligations being herein collectively called the "Guaranteed Obligations"). Each Guarantor hereby further jointly and severally agrees that if any Obligor shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, such Guarantor will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the

Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

Each Guarantor, the Administrative Agent and each other Secured Creditor, hereby confirms that it is the intention of all such Persons that this Agreement and the obligations of each Guarantor hereunder do not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law (as hereinafter defined), the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to this Agreement and the obligations of each Guarantor hereunder. To effectuate the foregoing intention, the Administrative Agent, the other Secured Creditors and the Guarantors hereby irrevocably agree that the Guaranteed Obligations of each Guarantor at any time shall be limited to the maximum amount as will result in the obligations of such Guarantor not constituting a fraudulent transfer or conveyance. For purposes hereof, "Bankruptcy Law" means any proceeding of the type referred to in Sections 7.01(g) or (h) of the Credit Agreement or under Title 11, U.S. Code, or any similar foreign, federal or state law for the relief of debtors.

2.02 Obligations Unconditional. The obligations of each Guarantor under Section 2.01 are absolute and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of any Obligor under any of the Loan Documents or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 2.02 that the obligations of such Guarantor hereunder shall be absolute and unconditional, joint and several, under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of such Guarantor hereunder, which shall remain absolute and unconditional as described above: at any time or from time to time, without notice to the Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(b) any of the acts mentioned in any of the provisions of the Loan Documents or any other agreement or instrument referred to herein or therein shall be done or omitted;

(c) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Loan Documents shall be waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(d) any Lien in favor of any Secured Creditor as security for any of the Guaranteed Obligations shall fail to be perfected or be released;

(e) any lack of validity or enforceability of any Loan Document or any agreement or instrument relating thereto; or

(f) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by any Secured Creditor that might otherwise constitute a defense available to, or discharge of, any Obligor or any other guarantor or surety.

Each Guarantor hereby expressly, unconditionally and irrevocably waive diligence, presentment, promptness, demand of payment, protest, default, acceleration and all notices whatsoever, and any requirement that any Secured Creditor exhaust any right, power or remedy or proceed against any Obligor under any of the Loan Documents or against any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations.

Each Guarantor hereby unconditionally and irrevocably waives (a) any defense arising by reason of any claim or defense based upon an election of remedies by any Secured Creditor that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of such Guarantor or other rights of such Guarantor to proceed against any of the other Obligors, any other guarantor or any other Person or any Collateral and (b) any defense based on any right of set-off or counterclaim against or in respect of the obligations of such Guarantor hereunder.

Each Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Loan Documents and that the waivers set forth in this Section 2 are knowingly made in contemplation of such benefits.

2.03 Reinstatement. The obligations of each Guarantor under this Section 2 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Borrower in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor jointly and severally agrees that it will indemnify the Secured Creditors on demand for all reasonable costs and expenses (including fees of counsel) incurred by the Secured Creditors in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

2.4 Subrogation. Each Guarantor jointly and severally agrees that, until the payment and satisfaction in full of all Guaranteed Obligations (other than contingent indemnity obligations not then due) and the expiration and termination of the Commitments under the Credit Agreement and the expiry, termination or cash collateralization or other back-stopping on terms reasonably satisfactory to the relevant Issuing Lender, the Administrative Agent and KCMH of all Letters of Credit thereunder, they shall not exercise any right or remedy (whether or not arising in equity or under contract, statute or common law) arising by reason of any existence, payment, enforcement or performance by such Guarantor of its obligations under any Loan Document, whether by subrogation or otherwise, against any Obligor or any other guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations.

2.5 Remedies. Each Guarantor jointly and severally agrees that, as between such Guarantor and the Lenders, the obligations of any Borrower under the Credit Agreement may be declared to be forthwith due and payable as provided in Article VII of the Credit Agreement (and shall be deemed to have become automatically due and payable in the circumstances provided in said Article VII) for purposes of Section 2.01 notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against any Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by any Borrower) shall forthwith become due and payable by the Guarantors for purposes of Section 2.01.

2.6 Instrument for the Payment of Money. Each Guarantor acknowledges that the guarantee in this Section 2 constitutes an instrument for the payment of money, and consents and agrees that any Secured Creditor, at its sole option, in the event of a dispute by such Guarantor in the payment of any moneys due hereunder, shall have the right to bring motion-action under New York CPLR Section 3213.

2.07 Continuing Guarantee; Assignments. The guarantee in this Section 2 is a continuing guarantee, and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Guaranteed Obligations (other than any contingent indemnity obligations not then due), (ii) the termination or expiration of all the Commitments of the Lenders and (iii) the latest date of expiration or termination of all Letters of Credit (unless cash collateralized or otherwise backstopped on terms reasonably satisfactory to the relevant Issuing Lender, the Administrative Agent and KCMH), (b) be binding upon each Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Secured Creditors and their successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, any Secured Creditor may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitments, the Loans owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Secured Creditor herein or otherwise, in each case as and to the extent provided in Section 9.06 of the Credit Agreement.

2.08 Rights of Contribution. The Guarantors hereby agree, as between themselves, that if any Guarantor shall become an Excess Funding Guarantor (as defined below) by reason of the payment by such Guarantor of any Guaranteed Obligations, then each other Guarantor shall, upon the demand of such Excess Funding Guarantor (but subject to the next sentence), pay to such Excess Funding Guarantor an amount equal to such Guarantor's Pro Rata Share (as defined below and determined, for this purpose, without reference to the properties, debts and liabilities of such Excess Funding Guarantor) of the Excess Payment (as defined below) in respect of such Guaranteed Obligations. The payment obligation of a Guarantor to any Excess Funding Guarantor under this Section 2.08 shall be subordinate and subject in right of payment to the prior payment in full of the obligations of such Guarantor to the Secured Creditor under the other provisions of this Section 2 and such Excess Funding Guarantor shall not exercise any right or remedy with respect to such excess until payment and satisfaction in full of all of such obligations.

For purposes of this Section 2.08, (a) "Excess Funding Guarantor" means, in respect of any Guaranteed Obligations, a Guarantor that has paid an amount in excess of its Pro Rata Share of such Guaranteed Obligations, (b) "Excess Payment" means, in respect of any

Guaranteed Obligations, the amount paid by an Excess Funding Guarantor in excess of its Pro Rata Share of such Guaranteed Obligations and (c) "Pro Rata Share" means, for any Guarantor, the ratio (expressed as a percentage) of (x) the amount by which the aggregate fair saleable value of all properties of such Guarantor (excluding any shares of stock or other equity interest of any other Guarantor) exceeds the amount of all the debts and liabilities of such Guarantor (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of such Guarantor hereunder and any obligations of any other Guarantor that have been Guaranteed by such Guarantor) to (y) the amount by which the aggregate fair saleable value of all properties of all of the Guarantors exceeds the amount of all the debts and liabilities (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of the Guarantors hereunder and under the other Loan Documents) of all of the Guarantors, determined (i) with respect to any Guarantor that is a party hereto on the date hereof, as of the date hereof, and (ii) with respect to any other Guarantor, as of the date such Guarantor becomes a Guarantor hereunder.

2.09 Payments Free and Clear of Taxes, Etc. Any and all payments made by any Guarantor under or in respect of this Agreement or any other Loan Document shall be made free and clear of and without deduction for any and all present or future Indemnified Taxes or Other Taxes on the same terms and to the same extent that payments by the Borrowers are required to be made free and clear of Indemnified Taxes and Other Taxes pursuant to Section 3.11 of the Credit Agreement.

2.10 Subordination. Each Guarantor hereby subordinates any and all debts, liabilities and other obligations owed to such Guarantor by each other Obligor (the "Subordinated Obligations") to the Guaranteed Obligations to the extent and in the manner hereinafter set forth in this Section 2.10:

(a) Prohibited Payments, Etc. Except after the occurrence of and during the continuance of an Event of Default (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to any other Obligor), each Guarantor may receive regularly scheduled payments from any other Obligor on account of the Subordinated Obligations.

(b) Prior Payment of Guaranteed Obligations. After the occurrence and during the continuance of any Default or Event of Default (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to any other Obligor), however, unless the Administrative Agent otherwise agrees, no Guarantor shall demand, accept or take any action to collect any payment on account of the Subordinated Obligations.

(c) Prior Payment of Guaranteed Obligations. In any proceeding under any Bankruptcy Law relating to any other Obligor, each Guarantor agrees that the Secured Creditors shall be entitled to receive payment in full in cash of all Guaranteed Obligations before such Guarantor receives payment of any Subordinated Obligations.

(d) Turn-Over. After the occurrence and during the continuance of any Event of Default (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to any other Obligor), each Guarantor shall, if the Administrative Agent so requests, collect, enforce and receive payments on account of the Subordinated Obligations as trustee for the Secured Creditors and deliver such payments to the Administrative Agent on account of the Guaranteed Obligations, together with any necessary endorsements or other instruments of transfer, but without reducing or affecting in any manner the liability of such Guarantor under the other provisions of this Agreement.

2.11 Covenants. Each Guarantor covenants and agrees that, so long as any part of the Guaranteed Obligations shall remain unpaid (other than any contingent indemnity obligations not then due), any Letter of Credit shall be outstanding (unless cash collateralized or otherwise backstopped on terms reasonably satisfactory to the relevant Issuing Lender, the Administrative Agent and KCMH) or any Lender shall have any Commitment, such Guarantor will perform and observe, and cause each of its Subsidiaries to perform and observe, all of the terms, covenants and agreements set forth in the Loan Documents that any Borrower has agreed to cause such Guarantor or such Subsidiaries to perform or observe.

SECTION 3. Representations and Warranties. Each Obligor represents and warrants to the Lenders and the Administrative Agent for the benefit of the Secured Creditors that:

3.01 Organizational Matters; Enforceability, Etc. In the case of each Guarantor the representations and warranties of the Borrowers relating to such Guarantor in Article V of the Credit Agreement are true as of the date such representations were made.

3.02 Title. Such Obligor is the sole beneficial owner of the Collateral in which it purports to grant a security interest pursuant to Section 4 and no Lien exists upon the Collateral (and no right or option to acquire the same exists in favor of any other Person) other than (a) Liens permitted by the Credit Agreement and (b) the security interest created or provided for herein, which security interest constitutes a valid first priority perfected Lien on the Collateral (or in the case of Collateral upon which Liens permitted by Section 6.02(b)(ii) of the Credit Agreement exist, a valid second priority perfected Lien on the Collateral) subject to Liens permitted by the Credit Agreement; provided that, except in the case of the Pledged Deposit Agreement listed on Part A of Annex II (subject to Section 6.01(m) of the Credit Agreement) or any other deposit account used as the primary account to deposit funds from the Credit Agreement, possession of certificated securities and Instruments, no Obligor shall be required to perfect the security interest created or provided for herein by any means other than filings pursuant to the UCC or with the United States Patent and Trademark Office ("PTO") or the United States Copyright Office (and any similar office in any other country).

3.03 Names, Etc. The full and correct legal name, type of organization, jurisdiction of organization, organizational identification number (if applicable) and mailing address of each Obligor as of the date hereof are correctly set forth in Annex I hereto. Said Annex I correctly specifies (a) the place of business of such Obligor or, if such Obligor has more than one place of business, the location of the chief executive office of such Obligor, and (b) each location where any financing statement naming such Obligor as debtor is currently on file.

3.04 Changes in Circumstances. Such Obligor has not (a) within the period of three months prior to the date hereof, changed its location (as defined in Section 9-307 of the UCC), (b) heretofore changed its name, type of organization, jurisdiction of organization or organizational identification number or (c) heretofore become a "new debtor" (as defined in

Section 9-102(a)(56) of the UCC) with respect to a currently effective security agreement previously entered into by any other Person.

3.05 Guarantors. Each Wholly-Owned Subsidiary of KCMH that is a Domestic Subsidiary, other than any Broker-Dealer Subsidiary, existing on the date hereof, has executed this Agreement and is identified under the caption "GUARANTOR" on the signature pages hereto.

3.06 Security

(a) If such Obligor is an issuer of Security Collateral, such Obligor confirms that it has received notice of the security interest granted hereunder.

(b) The Pledged Equity pledged by such Obligor hereunder, to the extent such Pledged Equity has been issued by another Obligor or Subsidiary of KCMH, has been duly authorized and validly issued and is fully paid and non-assessable (to the extent such terms are applicable). The Pledged Debt pledged by such Obligor hereunder, to the extent such Pledged Debt has been issued by another Obligor or Subsidiary of KCMH, has been duly authorized, authenticated or issued and delivered, is the legal, valid and binding obligation of the issuers thereof.

(c) The Initial Pledged Equity pledged by such Obligor constitutes, as of the date hereof, the percentage of the issued and outstanding Equity Interests of the issuers thereof indicated on Annex II hereto. The Initial Pledged Debt constitutes all of the outstanding indebtedness owed to such Obligor by the issuers thereof that is evidenced by instruments on the date hereof and is outstanding in the principal amount indicated on Annex II hereto.

(d) As of the date hereof, other than as set forth on Annex II, such Obligor has (i) no deposit accounts and (ii) no Securities Accounts.

SECTION 4. Collateral. As collateral security for the payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, each Obligor hereby pledges and grants to the Administrative Agent for the ratable benefit of the Secured Creditors, as hereinafter provided, a security interest in all of such Obligor's right, title and interest in, to and under the following property, in each case whether tangible or intangible, wherever located, and whether now owned by such Obligor or hereafter acquired and whether now existing or hereafter coming into existence:

(a) all Accounts, Chattel Paper, Collateral Accounts, Deposit Accounts, Documents, Equipment, General Intangibles, Instruments, Inventory, Investment Property, money; and

(b) the following (collectively, the "Security Collateral"):

(i) the Initial Pledged Equity and the certificates, if any, representing the Initial Pledged Equity, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Initial Pledged Equity, all warrants, rights or options issued thereon or with respect thereto and all general intangibles (including membership status, control rights and economic interests) arising therefrom;

(ii) the Initial Pledged Debt and the instruments, if any, evidencing the Initial Pledged Debt, and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Initial Pledged Debt;

(iii) all additional shares of stock and other Equity Interests from time to time acquired by such Obligor in any manner (such shares and other Equity Interests, together with the Initial Pledged Equity, being the "Pledged Equity"), and the certificates, if any, representing such additional shares or other Equity Interest, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares or other Equity Interests, all warrants, rights or options issued thereon or with respect thereto and all general intangibles (including membership status, control rights and economic interests) arising therefrom;

(iv) all additional indebtedness from time to time owed to such Obligor (such indebtedness, together with the Initial Pledged Debt, being the "Pledged Debt") and the instruments, if any, evidencing such indebtedness, and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such indebtedness;

(v) the Securities Accounts, all security entitlements with respect to all financial assets from time to time credited to the Securities Accounts, and all financial assets, and all dividends, distributions, return of capital, interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such security entitlements or financial assets and all warrants, rights or options issued thereon or with respect thereto; and

(vi) all other investment property (including, without limitation, all (A) securities, whether certificated or uncertificated, (B) security entitlements, (C) securities accounts, (D) commodity contacts and (E) commodity accounts) in which such Obligor has now, or acquires from time to time hereafter, any right, title or interest in any manner, and the certificates or instruments, if any, representing or evidencing such investment property, and all dividends, distributions, return of capital, interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such investment property and all warrants, rights or options issued thereon or with respect thereto;

(c) all Proceeds of, collateral for, income, royalties and other economic rights or payments now or hereafter due and payable with respect to, any of the Collateral, all substitutions and replacements for, any of the Collateral, cash and, to the extent related to any Collateral, all books, correspondence, credit files, records, invoices and other papers (including all tapes, cards, computer runs and other papers and documents in the possession or under the control of such Obligor or any computer bureau or service company from time to time acting for such Obligor),

(all of the property described in this Section 4 being collectively referred to herein as "Collateral") PROVIDED, HOWEVER, that notwithstanding anything to the contrary in this Agreement, this Agreement shall not constitute a grant of a security interest in (a) more than 65% of the issued and outstanding Voting Shares of any non-Domestic Subsidiary (or any Domestic Subsidiary substantially all of whose assets consist of capital stock and/or indebtedness of one of more Foreign Subsidiaries), (b) motor vehicles and other assets subject to certificates of title, Letter of Credit Rights and Commercial Tort Claims, (c) any application for registration of a trademark filed with the PTO on an intent-to-use basis until such time (if any) as a statement of use or amendment to allege use is accepted by the PTO, at which time such trademark shall automatically become part of the Collateral and subject to the security interest pledged, (d) those assets over which the granting of security interests in such assets would be prohibited by applicable law, regulation, or agreements containing anti-assignment clauses not overridden by the UCC or other applicable law and (e) those assets as to which the Administrative Agent and the Borrower reasonably determine that the cost of obtaining such a security interest or perfection thereof are excessive in relation to the benefit to the Lenders of the security to be afforded thereby.

SECTION 5. Collateral Account and Deposit Account.

5.01 Collateral Account. The Administrative Agent will, if so directed by the Issuing Lender or the Majority Lenders, as applicable, cause to be established at the Administrative Agent a collateral account (the "Collateral Account"), that

(a) to the extent of all Investment Property or Financial Assets (other than cash) credited thereto shall be a Securities Account in respect of which the Administrative Agent shall be the Entitlement Holder or which shall be subject to a control agreement in form and substance satisfactory to the Administrative Agent, and

(b) to the extent of any cash credited thereto shall be a Deposit Account in respect of which the Administrative Agent shall be the depositary bank's customer and shall have control over such Deposit Account, and

into which each Obligor agrees to deposit from time to time the cash proceeds of any of the Collateral required to be delivered to the Administrative Agent pursuant hereto or pursuant to any other Loan Document, and into which the Obligors may from time to time deposit any additional amounts that it wishes to provide as additional collateral security hereunder. The Collateral Account, and any money or other property from time to time therein, shall constitute part of the Collateral hereunder and shall not constitute payment of the Secured Obligations until applied as hereinafter provided.

5.02 Withdrawals. The balance from time to time in the Collateral Account shall be subject to withdrawal only as provided in this Section 5.02 and Section 5.03 below. The Administrative Agent shall (except as otherwise provided in the last sentence of this Section 5.02 and except after the occurrence of and during the continuation of an Event of Default) remit the collected balance standing to the credit of the Collateral Account to or upon the order of the relevant Obligor as such Obligor (through KCMH) shall from time to time instruct. At any time following the occurrence of and during the continuance of an Event of Default, the Administrative Agent may (and, if instructed by the Lenders as provided in the Credit Agreement, shall) in its (or their) discretion, after written notice to KCMH, apply or cause to be applied (subject to collection) the balance from time to time standing to the credit of the Collateral Account (regardless of the origin thereof) to the prepayment of the principal of the

Loans (and/or to provide payment or cover for L/C Exposure) in the manner specified in Article VII of the Credit Agreement.

5.03 Investment of Balance in Collateral Account. The cash balance standing to the credit of the Collateral Account shall be invested from time to time as the respective Obligor through KCMH or, after the occurrence and during the continuance of an Event of Default, the Administrative Agent shall determine which investments shall be held in the name and be under the control of the Administrative Agent (and credited to the Collateral Account); provided that at any time after the occurrence and during the continuance of an Event of Default, the Administrative Agent may (and, if instructed by the Lenders as provided in the Credit Agreement, shall) in its (or their) discretion at any time and from time to time elect to liquidate any such investments and to apply or cause to be applied the proceeds thereof to the payment of the Secured Obligations then due and payable in the manner specified in Section 6.08.

5.04 Cover for L/C Exposure. Amounts deposited into the Collateral Account as cover for L/C Exposure under the Credit Agreement as contemplated by Article VII thereof shall be held by the Administrative Agent in a separate sub-account (designated "L/C Exposure Sub-Account") and all amounts held in such sub-account shall constitute collateral security first for the L/C Exposure outstanding from time to time and second as collateral security for the other Secured Obligations hereunder.

5.05 Delivery of Security Collateral. All certificates or instruments representing or evidencing Security Collateral (if and to the extent certificated and, with respect to Indebtedness (other than Intercompany Indebtedness), in an amount in excess of $5,000,000), other than Security Collateral that is subject to a Lien permitted by Section 6.02(b)(ii), shall be promptly delivered to and held by or on behalf of the Administrative Agent (or its bailee or designee) pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Administrative Agent (or its bailee or designee).

5.06 Maintaining Pledged Deposit Account. Subject to Section 6.01(m) of the Credit Agreement, so long as any Guaranteed Obligation or Secured Obligation shall remain unpaid (other than any contingent obligations not then due), any Letter of Credit shall be outstanding (unless cash collateralized or otherwise backstopped on terms reasonably satisfactory to the relevant Issuing Lender, the Administrative Agent and KCMH), or any Lender shall have any Commitment, each Obligor will maintain the primary account to deposit funds from the Credit Agreement only with the financial institution acting as Administrative Agent hereunder or with a bank that has agreed with such Obligor and the Administrative Agent (or its bailee or designee) to comply with instructions originated by the Administrative Agent (or its bailee or designee) directing the disposition of funds in such deposit account without the further consent of such Obligor, such agreement to be in form and substance reasonably satisfactory to the Administrative Agent (or its bailee or designee). As of the Closing Date the Pledged Deposit Account is used as the primary account to deposit funds from the Credit Agreement and, for the avoidance of doubt, such Pledged Deposit Account may be replaced by another deposit account as the primary account to deposit funds from the Credit Agreement, subject to the requirements of this Section 5.06.

SECTION 6. Collateral Account and Deposit Further Assurances; Remedies. In furtherance of the grant of the security interest pursuant to Section 4, each Obligor hereby, jointly and severally with each other Obligor, agrees with the Administrative Agent for the benefit of the Secured Creditors as follows:

6.01 Delivery and Other Perfection. Each Obligor shall promptly from time to time give, execute, deliver, file, record, authorize or obtain all such financing statements, continuation statements, notices, instruments, documents, agreements or consents or other papers as may be necessary to create, preserve, perfect, maintain the perfection of or validate the security interest granted pursuant hereto or to enable the Administrative Agent to exercise and enforce its rights hereunder with respect to such security interest, including recordations before the PTO, United States Copyright Office (and any similar office in any other country), as appropriate. Each Obligor hereby authorizes the Administrative Agent to file one or more financing statements indicating that such financing statement covers all assets or all personal property (or words of similar effect) of such Obligor, in each case without the signature of such Obligor, and regardless of whether any particular asset described in such financing statements falls within the scope of the UCC or the granting clause of this Agreement. A photocopy or other reproduction of this Agreement shall be sufficient as a financing statement where permitted by law.

6.02 Other Financing Statements or Control. Subject to the Intercreditor Agreement and except to the extent otherwise permitted by the Loan Documents, no Obligor shall (a) file or suffer to be on file, or authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to any of the Collateral in which the Administrative Agent is not named as the sole secured party for the benefit of the Secured Creditors, or (b) cause or permit any Person other than the Administrative Agent to have "control" (as defined in Section 9-106 of the UCC) of any Equity Interest held by such Obligor in any of its Subsidiaries constituting part of the Collateral.

6.03 Preservation of Rights. The Administrative Agent shall not be required to take steps necessary to preserve any rights against prior parties to any of the Collateral.

6.04 Remedies. (a) Rights and Remedies Generally upon Default. Subject to the Intercreditor Agreement, if an Event of Default shall have occurred and is continuing, the Administrative Agent, in addition to other rights and remedies provided for herein or in any other Loan Document, or otherwise available to it, shall have all of the rights and remedies with respect to the Collateral of a secured party under the UCC (whether or not the UCC is in effect in the jurisdiction where the rights and remedies are asserted) and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including the right, to the fullest extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Administrative Agent were the sole and absolute owner thereof (and each Obligor agrees to take all such action as may be appropriate to give effect to such right); and without limiting the foregoing:

(i) the Administrative Agent in its discretion may, in its name or in the name of any Obligor or otherwise, demand, sue for, collect or receive any money or other property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so;

(ii) the Administrative Agent may make any reasonable compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, any of the Collateral; provided that the Administrative Agent shall provide KCMH with prior notice thereof;

(iii) the Administrative Agent may require the Obligors to notify (and each Obligor hereby authorizes the Administrative Agent to so notify) each account debtor in respect of any Account, Chattel Paper or General Intangible, and each obligor on any Instrument, constituting part of the Collateral that such Collateral has been assigned to the Administrative Agent hereunder, and to instruct that any payments due or to become due in respect of such Collateral shall be made directly to the Administrative Agent or as it may direct (and if any such payments, or any other Proceeds of Collateral, are received by any Obligor they shall be held in trust by such Obligor for the benefit of the Administrative Agent and as promptly as possible remitted or delivered to the Administrative Agent for application as provided herein);

(iv) the Administrative Agent may prohibit withdrawals from, and/or apply to the payment of the Secured Obligations, any money or other property in the Collateral Account; provided that the Administrative Agent shall provide KCMH with prior notice thereof;

(v) the Administrative Agent may require the Obligors to cause any securities constituting part of the Collateral, to be transferred of record into the name of the Administrative Agent or its nominee (and the Administrative Agent agrees that if any of such securities is transferred into its name or the name of its nominee, the Administrative Agent will thereafter promptly give to respective Obligor (through KCMH) copies of any notices and communications received by it with respect to such securities);

(vi) the Administrative Agent may sell, lease, license, assign or otherwise dispose of all or any part of the Collateral now owned or hereafter acquired at such place or places as the Administrative Agent deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required by applicable statute and cannot be waived), and the Administrative Agent or any other Secured Creditor or anyone else may be the purchaser, lessee, licensee, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of the Obligors, any such demand, notice and right or equity being hereby expressly waived and released. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned; and

(vii) if the Administrative Agent shall determine to exercise its right to sell all or any of the Security Collateral of any Obligor pursuant this Section 6, each Obligor agrees that, upon the request of the Administrative Agent, such Obligor will, at its own expense, do or cause to be done all such other acts and things as may be necessary to make such sale of such Security Collateral or any part thereof valid and binding and in compliance with applicable law.

The Proceeds of each collection, sale or other disposition under this Section 6.04, shall be applied in accordance with Section 6.08.

(b) Certain Securities Act Limitations. The Obligors recognize that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof. The Obligors acknowledge that any such public sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agree that any such public sale shall be deemed to have been made in a commercially reasonable manner and that the Administrative Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to permit the issuer thereof to register it for public sale.

(c) Notice. The Obligors agree that to the extent the Administrative Agent is required by applicable law to give reasonable prior notice of any sale or other disposition of any Collateral, fifteen Business Days' notice shall be deemed to constitute reasonable prior notice.

6.05 Deficiency. If the proceeds of sale, collection or other realization of or upon the Collateral pursuant to Section 6.04 are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, the Obligors shall remain liable for any deficiency.

6.06 Locations; Names, Etc. Without at least 30 days' prior written notice to the Administrative Agent (or such shorter period of time as the Administrative Agent shall reasonably agree), no Obligor shall (a) change its location (as defined in Section 9-307 of the UCC) or (b) change its name, type of organization, mailing address or jurisdiction of organization from those set forth in Annex I hereto.

6.07 Public Sale. None of the Secured Creditors and the Administrative Agent shall incur any liability as a result of the sale of the Collateral, or any part thereof, at any public sale pursuant to Section 6.04 conducted in a commercially reasonable manner. Each Obligor hereby waives any claims against the Secured Creditors or the Administrative Agent arising by reason of the fact that the price at which the Collateral may have been sold at such a public sale was less than the price that might have been obtained at a public sale without such restrictions or was less than the aggregate amount of the Secured Obligations, even if the Administrative Agent accepts the first offer received and does not offer the Collateral to more than one offeree.

6.08 Application of Proceeds. Subject to the Intercreditor Agreement, except as otherwise herein expressly provided and except as provided below in this Section 6.08, the Proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by the Administrative Agent under Section 5 or this Section 6, shall be applied by the Administrative Agent:

First, to the payment of the costs and expenses of such collection, sale or other realization, including reasonable out-of-pocket costs and expenses of the Administrative Agent and the fees and expenses of its agents and counsel, and all expenses incurred and advances made by the Administrative Agent in connection therewith;

Second, to payment of that portion of the Secured Obligations constituting fees, indemnities, expenses and other amounts (other than principal and interest but including fees, charges and disbursements of counsel to the Administrative Agent) payable to the Administrative Agent in its capacity as such;

Third, to payment of that portion of the Secured Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit fees) payable to the Lenders and the Issuing Lender (including fees, charges and disbursements of counsel to the respective Lenders and the Issuing Lender), equally and ratably in accordance with the respective amounts thereof then due and owing;

Fourth, to payment of that portion of the Secured Obligations constituting accrued and unpaid Letter of Credit fees and interest on the Loans, L/C Reimbursement Obligations and other obligations of the Obligors under the Loan Documents, equally and ratably in accordance with the respective amounts thereof then due and owing;

Fifth, to the payment in full of the Secured Obligations (other than those specified in clauses Second, Third and Fourth above), in each case equally and ratably in accordance with the respective amounts thereof then due and owing or as the Lenders holding the same may otherwise agree; and

Finally, to the payment to the relevant Obligor, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining.

Notwithstanding the foregoing, the proceeds of any cash or other amounts held in the L/C Exposure Sub-Account of the Collateral Account pursuant to Section 5.04 shall be applied first to the L/C Exposure outstanding from time to time and second to the other Secured Obligations in the manner provided above in this Section 6.08.

6.09 Attorney-in-Fact. Without limiting any rights or powers granted by this Agreement to the Administrative Agent while no Event of Default has occurred and be continuing, upon the occurrence and during the continuance of any Event of Default the Administrative Agent is hereby appointed the attorney-in-fact of each Obligor for the purpose of carrying out the provisions of this Section 6 and taking any action and executing any instruments that the Administrative Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, so long as the Administrative Agent shall be entitled under this Section 6 to make collections in respect of the Collateral, the Administrative Agent shall have the right and power to receive, endorse and collect all checks made payable to the order of any Obligor representing any dividend, payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

6.10 Continuing Security Interest; Assignments. (a) This Agreement shall create a continuing security interest in the Collateral and shall, subject to clause (b) below, (i) remain in full force and effect until the latest of (A) the payment in full in cash of the Secured Obligations (other than any contingent obligations indemnity not then due), (B) the termination or expiration of all of the Commitments of the Lenders and (C) the termination or expiration of all Letters of Credit (unless cash collateralized or otherwise backstopped on terms reasonably satisfactory to the relevant Issuing Lender, the Administrative Agent and KCMH), (ii) be binding upon each Obligor, its successors and assigns and (iii) inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Secured Creditors and their respective successors, transferees and permitted assigns. Without limiting the generality of the foregoing clause (iii), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitments, the Loans owing to it and the Note or Notes, if any, held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender Party herein or otherwise, in each case as provided in Section 9.06 of the Credit Agreement.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Obligor in a transaction not otherwise prohibited by any Loan Document, then such Collateral shall automatically be released from the Liens created hereby or under any other Loan Document and the Administrative Agent, at the request and sole expense of any Obligor, shall execute and deliver to such Obligor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral. At the request and sole expense of any Obligor, such Obligor (other than KCMH) shall be released from its obligations hereunder in the event that such Obligor shall cease to be a Wholly-Owned Subsidiary of KCMH pursuant to a transaction not otherwise prohibited by any Loan Document.

6.11 Termination. When all Secured Obligations shall have been paid in full in cash (other than contingent indemnity obligations not then due) and the Commitments of the Lenders under the Credit Agreement and all L/C Exposure shall have expired or been terminated or have been cash collateralized or otherwise back-stopped on terms reasonably satisfactory to the relevant Issuing Lender, the Administrative Agent and KCMH, this Agreement shall terminate, and the Administrative Agent shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or on the order of the relevant Obligor. The Administrative Agent shall also, at the expense of such Obligor, execute and deliver to the respective Obligor upon such termination such UCC termination statements, as shall be reasonably requested by the respective Obligor to effect the termination and release of the Liens on the Collateral as required by this Section 6.11.

6.12 Further Assurances and Post-Closing Matters. Subject to the Intercreditor Agreement, each Obligor agrees that from time to time (at the expense of such Obligor) upon the written request of the Administrative Agent, such Obligor will execute and deliver such further instruments and documents and do such other acts and things as the Administrative Agent may reasonably request in order to fully effect the purposes of this Agreement and to enable the Administrative Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

6.13 Voting Rights; Dividends; Etc. (a) So long as no Event of Default shall have occurred and be continuing:

(i) Each Obligor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Security Collateral of such Obligor or any part thereof for any purpose not in violation of this Agreement or the other Loan Documents;

(ii) Each Obligor shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of the Security Collateral of such Obligor if and to the extent that the payment thereof is not otherwise prohibited by the terms of the Loan Documents; provided, however, that any and all dividends, interest and other distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Security Collateral shall, if received by such Obligor, be received in trust for the benefit of the Administrative Agent and, if required by Section 5.05, promptly be delivered to the Administrative Agent and held as Security Collateral in the same form received (with any necessary endorsements); and

(iii) The Administrative Agent will execute and deliver (or cause to be executed and delivered) to each Obligor all such proxies and other instruments as such Obligor may reasonably request for the purpose of enabling such Obligor to exercise the voting and other rights that it is entitled to exercise pursuant to paragraph (i) above and to receive the dividends, interest and other payments that it is authorized to receive and retain pursuant to paragraph (ii) above.

(b) Subject to the Intercreditor Agreement, after the occurrence and during the continuance of an Event of Default:

(i) All rights of each Obligor (x) to exercise or refrain from exercising the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to Section 6.13(a) shall, upon notice to such Obligor by the Administrative Agent, cease and (y) to receive the dividends, interest and other distributions that it would otherwise be authorized to receive and retain pursuant to Section 6.13(a) shall, upon notice to such Obligor by the Administrative Agent, cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to exercise or refrain from exercising such voting and other consensual rights and to receive and hold as Security Collateral such dividends, interest and other distributions.

(ii) All dividends, interest and other distributions that are received by any Obligor contrary to the provisions of paragraph (i) of this Section 6.13(b) shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other funds of such Obligor and shall be forthwith paid over to the Administrative Agent as Security Collateral in the same form as so received (with any necessary endorsement).

6.14 Administrative Agent May Perform. If any Obligor fails to perform any agreement contained herein, the Administrative Agent may, but without any obligation to do so and without notice, itself perform, or cause the performance of, such agreement, and the reasonable expenses of the Administrative Agent incurred in connection therewith shall be payable by such Obligor.

6.15 The Administrative Agent's Duties. (a) The powers conferred on the Administrative Agent hereunder are solely to protect the Secured Creditors' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Administrative Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Secured Creditor has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which it accords its own property.

(b) Anything contained herein to the contrary notwithstanding, the Administrative Agent may from time to time, when the Administrative Agent deems it to be necessary, appoint one or more subagents (each a "Subagent") for the Administrative Agent hereunder with respect to all or any part of the Collateral. In the event that the Administrative Agent so appoints any Subagent with respect to any Collateral, (i) the assignment and pledge of such Collateral and the security interest granted in such Collateral by each Obligor hereunder shall be deemed, for purposes of this Agreement, to have been made to such Subagent, in addition to the Administrative Agent, for the ratable benefit of the Secured Creditors, as security for the Secured Obligations of such Obligor, (ii) such Subagent shall automatically be vested, in addition to the Administrative Agent, with all rights, powers, privileges, interests and remedies of the Administrative Agent hereunder with respect to such Collateral and (iii) the term "Administrative Agent," when used herein in relation to any rights, powers, privileges, interests and remedies of the Administrative Agent with respect to such Collateral, shall include such Subagent; provided, however, that no such Subagent shall be authorized to take any action with respect to any such Collateral unless and except to the extent expressly authorized in writing by the Administrative Agent.

SECTION 7. Miscellaneous.

7.01 Notices. All notices, requests, consents and demands hereunder shall be in writing and telecopied or delivered to the intended recipient at its "address for notices" specified pursuant to Section 9.02 of the Credit Agreement and shall be deemed to have been given at the times specified in said Section 9.02. Any notice to be delivered to any Guarantor hereunder shall be delivered to KCMH (at its aforesaid address) on behalf of such Guarantor.

7.02 No Waiver. No failure on the part of any Secured Creditor to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by any Secured Creditor of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

7.03 Amendments, Etc. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by each applicable Obligor and the Administrative Agent (with the consent of the Lenders as specified in Section 9.01 of the Credit Agreement). Any such amendment or waiver shall be binding upon the Secured Creditors and each Obligor.

7.04 Indemnification by the Obligors. Each Obligor shall indemnify each Secured Creditor and each Related Party (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of one counsel for the Indemnitees (together with one local counsel in each relevant jurisdiction) and, after notice to KCMH, of more than one such counsel to the extent any Indemnitee reasonably determines that there is an actual conflict of interest requiring the employment of separate counsel), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Obligor arising out of, in connection with, or as a result of, this Agreement, including, without limitation, enforcement of this Agreement, whether based on contract, tort or any other theory, whether brought by a third party or by any Obligor and regardless of whether any Indemnitee is a party thereto, provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by an Obligor against an Indemnitee for material breach of such Indemnitee's obligations hereunder, if such Obligor has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

7.05 Expenses. The Obligors jointly and severally agree to reimburse each of the Secured Creditors for all reasonable costs and expenses incurred by them (including the reasonable fees and expenses of one legal counsel for the Secured Creditors in each relevant jurisdiction or of more than one such legal counsel to the extent any Secured Creditor reasonably determines that there is an actual conflict of interest requiring the employment of separate legal counsel) in connection with (a) any enforcement of their rights hereunder, or, during the continuation of an Event of Default, protection of its rights in connection with this Agreement or collection proceeding resulting therefrom, including, without limitation, all manner of participation in or other involvement with (i) performance by the Administrative Agent of any obligations of the Obligors in respect of the Collateral that the Obligors have failed or refused to perform, (ii) bankruptcy, insolvency, receivership, foreclosure, winding up or liquidation proceedings, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of the Administrative Agent in respect thereof, by litigation or otherwise, including expenses of insurance, (iii) judicial or regulatory proceedings and (iv) workout, restructuring or other negotiations or proceedings (whether or not the workout, restructuring or transaction contemplated thereby is consummated), (b) the enforcement of this Section 7.05, (c) the administration of this Agreement and (d) the custody, preservation, use or sale of any of the Collateral, and all such costs and expenses shall be Secured Obligations entitled to the benefits of the collateral security provided pursuant to Section 4.

7.06 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of each Obligor and the Secured Creditors; provided that no Obligor shall assign or transfer its rights or obligations hereunder without the prior written consent of the Administrative Agent.

7.07 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

7.08 Governing Law; Submission to Jurisdiction; Etc. (a) Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Submission to Jurisdiction. Each Guarantor hereby irrevocably and unconditionally submits, for itself and its Property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each Guarantor irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by applicable law, in such Federal court. Each Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Secured Creditor may otherwise have to bring any action or proceeding relating to this Agreement against any Obligor or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. Each Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section 7.08. Each Guarantor irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

7.09 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE

BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

7.10 Captions. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

7.11 Agents and Attorneys-in-Fact. The Administrative Agent may employ agents and attorneys-in-fact in connection herewith and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith.

7.12 Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Secured Creditors in order to carry out the intentions of the parties hereto as nearly as may be possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

7.13 Additional Subsidiary Guarantors. The Obligors shall cause any Wholly-Owned Subsidiary of KCMH that is a Domestic Subsidiary, other than any Broker-Dealer Subsidiary or any Domestic Subsidiary of a Foreign Subsidiary or a Domestic Subsidiary substantially all of whose assets consist of capital stock and/or indebtedness of one or more Foreign Subsidiaries, formed or acquired after the date hereof to become a "Guarantor" and an "Obligor" under this Agreement, by executing and delivering to the Administrative Agent a Guarantee Assumption Agreement in the form of Exhibit 1 hereto (together with an appropriate legal opinion of counsel, as referred to in said Exhibit 1). Accordingly, upon the execution and delivery of any such Guarantee Assumption Agreement by any such new Subsidiary, such new Subsidiary shall automatically and immediately, and without any further action on the part of any Person, become a "Guarantor" and an "Obligor" under and for all purposes of this Agreement and the other Loan Documents, each reference in this Agreement and the other Loan Documents to the "Collateral" shall also mean and be a reference to the Collateral granted by such new Subsidiary and each reference in this Agreement to an Annex shall also mean and be a reference to the annex as attached to such Guaranteed Assumption Agreement. In addition, upon the execution and delivery of any such Guarantee Assumption Agreement, the new Guarantor makes the representations and warranties set forth in Section 3 hereof. Notwithstanding the foregoing, none of (i) KCM U.S. nor any other Broker-Dealer Subsidiary or (ii) any Wholly-Owned Domestic Subsidiary, the giving of a guarantee hereunder would, in the reasonable determination of KCMH, materially and adversely affect the ability of such Subsidiary to comply with applicable Laws and regulations, shall be a Guarantor under this Agreement.

7.14 Set off. Subject to the Intercreditor Agreement, if an Event of Default shall have occurred and be continuing, each Secured Creditor is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Secured Creditor to or for the credit or the account of any Guarantor against any and all of the obligations of such now or hereafter existing under this Agreement or any other Loan Document to such

Secured Creditor irrespective of whether or not such Secured Creditor shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Guarantor may be contingent or unmatured or are owed to a branch or office of such Secured Creditor different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Secured Creditor under this Section are in addition to other rights and remedies (including other rights of setoff) that such Secured Creditor may have. Each Secured Creditor agrees to notify such Guarantor and the Administrative Agent promptly after any such setoff and application, provided, that the failure to give such notice shall not affect the validity of such setoff and application.

7.15 Intercreditor Agreements. Notwithstanding anything herein to the contrary, the Lien and Security Interest granted to the Administrative Agent pursuant to this Agreement and the exercise of any right or remedy by the Administrative Agent hereunder, are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and the terms of this Agreement, the terms of such Intercreditor Agreement shall govern and control. No right, power or remedy granted to the Administrative Agent hereunder shall be exercised by the Administrative Agent, and no direction shall be given by the Administrative Agent, in contravention of any such Intercreditor Agreement.

[*Signature pages follow.*]

IN WITNESS WHEREOF, the parties hereto have caused this Guarantee and Security Agreement to be duly executed and delivered as of the day and year first above written.

KKR CAPITAL MARKETS HOLDINGS L.P.

By: KKR CAPITAL MARKETS HOLDINGS GP LLC, its General Partner

By ______________________________
Name:
Title:

GUARANTORS:

KKR CORPORATE LENDING LLC

By ______________________________
Name:
Title:

KKR CORPORATE LENDING (CA) LLC

By ______________________________
Name:
Title:

KKR CORPORATE LENDING (TN) LLC

By ______________________________
Name:
Title:

KKR CORPORATE LENDING (UK) LLC

By ______________________________
Name:
Title:

MIZUHO BANK, LTD.,
as Administrative Agent

By ____________________________
Name:
Title:

Exhibit 31.1

CO-CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Joseph Y. Bae, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2023 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: May 10, 2023

/s/ Joseph Y. Bae

Joseph Y. Bae
Co-Chief Executive Officer

Exhibit 31.2

CO-CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Scott C. Nuttall, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2023 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: May 10, 2023

/s/ Scott C. Nuttall

Scott C. Nuttall
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 March 31, 2023 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: May 10, 2023

/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 March 31, 2023 as filed with the Securities and Exchange Commission (the "Report"), I, Joseph Y. Bae, 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: May 10, 2023

/s/ Joseph Y. Bae
Joseph Y. Bae
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 March 31, 2023 as filed with the Securities and Exchange Commission (the "Report"), I, Scott C. Nuttall, 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: May 10, 2023

/s/ Scott C. Nuttall
Scott C. Nuttall
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 March 31, 2023 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: May 10, 2023

/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.