
**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 **June 30, 2021**
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
(State or other Jurisdiction of
Incorporation or Organization)

26-0426107
(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
6.50% Series B Preferred Stock	KKR PR B	New York Stock Exchange
6.00% Series C Mandatory Convertible Preferred Stock	KKR PR C	New York Stock Exchange
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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 August 5, 2021, there were 583,030,973 shares of common stock of the registrant outstanding.

KKR & CO. INC.

FORM 10-Q

For the Quarter Ended June 30, 2021

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believe," "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 may constitute forward-looking statements. Forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements or cause the anticipated benefits and synergies from transactions to not be realized. We believe these factors include those described under the section entitled "Risk Factors" in this 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 U.S. Securities and Exchange Commission (the "SEC"). We do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

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

On January 1, 2020, KKR completed an internal reorganization (the "Reorganization"), which was undertaken to, among other purposes, simplify KKR's internal structure. In the Reorganization, KKR Management Holdings L.P. and KKR International Holdings L.P., which were former intermediate holding companies for KKR's business, were combined with another intermediate holding company, KKR Fund Holdings L.P., which changed its name to KKR Group Partnership L.P. ("KKR Group Partnership") and became the sole intermediate holding company for KKR's business. On May 8, 2020, we amended and restated our certificate of incorporation and our bylaws to, among other things, rename Class A common stock of KKR & Co. Inc. as common stock, and reclassify Class B common stock and Class C common stock of KKR & Co. Inc. into Series I preferred stock and Series II preferred stock, respectively (the "Reclassification"). References to "KKR Group Partnership" for periods prior to the Reorganization mean KKR Fund Holdings L.P., KKR Management Holdings L.P. and KKR International Holdings L.P., collectively, and references to "KKR Group Partnership" for periods following the Reorganization mean KKR Group Partnership L.P. References to a "KKR Group Partnership Unit" mean (i) one Class A partner interest in each of KKR Fund Holdings L.P., KKR Management Holdings L.P. and KKR International Holdings L.P., collectively, for periods prior to the Reorganization and (ii) one Class A partner interest in KKR Group Partnership for periods following the Reorganization. References to "common stock" for periods prior to the Reclassification mean Class A common stock of KKR & Co. Inc. and references to "Series I preferred stock" and "Series II preferred stock" for periods prior to the Reclassification mean Class B common stock and Class C common stock of KKR & Co. Inc., respectively. References to the "Series I preferred stockholder" are to KKR Management LLP, the holder of the sole share of our Series I preferred stock. Contemporaneously with the Reorganization, KKR acquired KKR Capstone Americas LLC and its affiliates ("KKR Capstone") on January 1, 2020. References to "non-employee operating consultants" for periods prior to the acquisition mean employees of KKR Capstone, who were not employees of KKR during such periods. Prior to the acquisition, KKR Capstone was owned and controlled by its senior management and was not a subsidiary or affiliate of KKR.

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

On February 1, 2021, KKR completed its acquisition of Global Atlantic. KKR holds all of the voting interests in Global Atlantic and owns 61.5% of the economic equity interests in Global Atlantic, following the completion of certain post-closing purchase price adjustments in the second quarter of 2021. Global Atlantic conducts its insurance business through its subsidiaries that are regulated insurance companies.

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, asset management segment revenues, distributable operating earnings, fee related earnings ("FRE"), 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—Reconciliations to GAAP Measures." This report also uses the terms 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."

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

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

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

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)

	June 30, 2021	December 31, 2020
Assets		
<i>Asset Management</i>		
Cash and Cash Equivalents	\$ 5,170,243	\$ 6,507,874
Restricted Cash and Cash Equivalents	168,295	485,583
Investments	83,441,638	69,274,715
Due from Affiliates	1,048,854	872,994
Other Assets	2,956,710	2,665,336
	<u>92,785,740</u>	<u>79,806,502</u>
<i>Insurance</i>		
Cash and Cash Equivalents	\$ 6,492,041	\$ —
Restricted Cash and Cash Equivalents	187,747	—
Investments	101,044,267	—
Reinsurance Recoverable	16,385,100	—
Insurance Intangible Assets	1,194,142	—
Other Assets	5,508,175	—
Separate Account Assets	5,637,651	—
	<u>136,449,123</u>	<u>—</u>
Total Assets	<u>\$ 229,234,863</u>	<u>\$ 79,806,502</u>
Liabilities and Stockholders' Equity		
<i>Asset Management</i>		
Debt Obligations	\$ 36,316,451	\$ 33,423,596
Due to Affiliates	334,728	325,177
Accrued Expenses and Other Liabilities	8,731,727	5,257,813
	<u>45,382,906</u>	<u>39,006,586</u>
<i>Insurance</i>		
Policy Liabilities	\$ 105,834,516	\$ —
Debt Obligations	1,435,971	—
Funds Withheld Payable at Interest	14,622,639	—
Accrued Expenses and Other Liabilities	3,646,401	—
Reinsurance Liabilities	175,518	—
Separate Account Liabilities	5,637,651	—
	<u>131,352,696</u>	<u>—</u>
Total Liabilities	<u>176,735,602</u>	<u>39,006,586</u>

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Commitments and Contingencies (See Note 23)		
Redeemable Noncontrolling Interests	\$ 92,499	\$ —
Stockholders' Equity		
Series A Preferred Stock, \$0.01 par value. 0 and 13,800,000 shares, issued and outstanding as of June 30, 2021 and December 31, 2020, respectively.		
Series B Preferred Stock, \$0.01 par value. 6,200,000 shares, issued and outstanding as of June 30, 2021 and December 31, 2020.	\$ 149,566	\$ 482,554
Series C Mandatory Convertible Preferred Stock, \$0.01 par value. 23,000,000 shares issued and outstanding as of June 30, 2021 and December 31, 2020.	1,115,792	1,115,792
Series I Preferred Stock, \$0.01 par value. 1 share authorized, 1 share issued and outstanding as of June 30, 2021 and December 31, 2020.	—	—
Series II Preferred Stock, \$0.01 par value. 499,999,999 shares authorized, 271,027,751 and 275,626,493 shares, issued and outstanding as of June 30, 2021 and December 31, 2020, respectively.	2,710	2,756
Common Stock, \$0.01 par value. 3,500,000,000 shares authorized, 583,030,973 and 572,893,738 shares, issued and outstanding as of June 30, 2021 and December 31, 2020, respectively.	5,830	5,729
Additional Paid-In Capital	8,700,224	8,687,817
Retained Earnings	6,200,585	3,440,782
Accumulated Other Comprehensive Income (Loss)	(106,348)	(18,612)
Total KKR & Co. Inc. Stockholders' Equity	<u>16,068,359</u>	<u>13,716,818</u>
Noncontrolling Interests	36,338,403	27,083,098
Total Equity	<u>52,406,762</u>	<u>40,799,916</u>
Total Liabilities and Equity	<u>\$ 229,234,863</u>	<u>\$ 79,806,502</u>

See notes to financial statements.

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

The following presents the portion of the consolidated balances presented in the consolidated statements of financial condition attributable to consolidated variable interest entities ("VIEs"). As of June 30, 2021 and December 31, 2020, 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.

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. The noteholders, creditors and equity holders of these VIEs have no recourse to the assets of any other KKR entity. 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 in transportation, renewable energy, consumer and other loans and fixed maturity securities. These VIEs issue beneficial interests primarily to Global Atlantic's insurance companies.

	June 30, 2021			
	Consolidated CLOs	Consolidated Funds	Other VIEs	Total
Assets				
<i>Asset Management</i>				
Cash and Cash Equivalents	\$ 1,715,941	\$ 419,166	\$ —	\$ 2,135,107
Restricted Cash and Cash Equivalents	—	124,462	—	124,462
Investments	21,144,203	39,464,748	—	60,608,951
Other Assets	378,452	346,430	—	724,882
	<u>23,238,596</u>	<u>40,354,806</u>	<u>—</u>	<u>63,593,402</u>
<i>Insurance</i>				
Cash and Cash Equivalents	—	—	976,297	976,297
Investments	—	—	14,689,883	14,689,883
Accrued investment income	—	—	48,231	48,231
Other Assets	—	—	551,982	551,982
	<u>—</u>	<u>—</u>	<u>16,266,393</u>	<u>16,266,393</u>
Total Assets	<u>\$ 23,238,596</u>	<u>\$ 40,354,806</u>	<u>\$ 16,266,393</u>	<u>\$ 79,859,795</u>
Liabilities				
<i>Asset Management</i>				
Debt Obligations	\$ 20,271,028	\$ 3,467,768	\$ —	\$ 23,738,796
Accrued Expenses and Other Liabilities	2,250,925	543,533	—	2,794,458
	<u>22,521,953</u>	<u>4,011,301</u>	<u>—</u>	<u>26,533,254</u>
<i>Insurance</i>				
Accrued Expenses and Other Liabilities	—	—	975,986	975,986
Total Liabilities	<u>\$ 22,521,953</u>	<u>\$ 4,011,301</u>	<u>\$ 975,986</u>	<u>\$ 27,509,240</u>

	December 31, 2020		
	Consolidated CLOs	Consolidated Funds	Total
Assets			
<i>Asset Management</i>			
Cash and Cash Equivalents	\$ 749,395	\$ 263,024	\$ 1,012,419
Restricted Cash and Cash Equivalents	—	59,490	59,490
Investments	17,706,976	32,699,562	50,406,538
Other Assets	161,621	150,696	312,317
Total Assets	<u>\$ 18,617,992</u>	<u>\$ 33,172,772</u>	<u>\$ 51,790,764</u>
Liabilities			
<i>Asset Management</i>			
Debt Obligations	\$ 17,372,740	\$ 4,253,645	\$ 21,626,385
Accrued Expenses and Other Liabilities	782,056	412,410	1,194,466
Total Liabilities	<u>\$ 18,154,796</u>	<u>\$ 4,666,055</u>	<u>\$ 22,820,851</u>

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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues				
<i>Asset Management</i>				
Fees and Other	\$ 675,526	\$ 393,473	\$ 1,168,837	\$ 774,045
Capital Allocation-Based Income (Loss)	1,525,393	938,521	4,210,040	(443,556)
	<u>2,200,919</u>	<u>1,331,994</u>	<u>5,378,877</u>	<u>330,489</u>
<i>Insurance</i>				
Net Premiums	(452,133)	—	724,009	—
Policy Fees	312,262	—	513,945	—
Net Investment Income	716,497	—	1,161,278	—
Net Investment Gains (Losses)	326,558	—	(129,144)	—
Other Income	32,078	—	50,222	—
	<u>935,262</u>	<u>—</u>	<u>2,320,310</u>	<u>—</u>
Total Revenues	<u>3,136,181</u>	<u>1,331,994</u>	<u>7,699,187</u>	<u>330,489</u>
Expenses				
<i>Asset Management</i>				
Compensation and Benefits	1,099,423	591,324	2,406,220	329,187
Occupancy and Related Charges	18,651	17,579	33,851	33,901
General, Administrative and Other	237,296	148,165	404,293	297,288
	<u>1,355,370</u>	<u>757,068</u>	<u>2,844,364</u>	<u>660,376</u>
<i>Insurance</i>				
Policy Benefits and Claims	411,199	—	1,896,517	—
Amortization of Policy Acquisition Costs	(20,031)	—	(40,509)	—
Interest Expense	11,373	—	22,045	—
Insurance Expenses	100,973	—	153,057	—
General, Administrative and Other	132,828	—	212,783	—
	<u>636,342</u>	<u>—</u>	<u>2,243,893</u>	<u>—</u>
Total Expenses	<u>1,991,712</u>	<u>757,068</u>	<u>5,088,257</u>	<u>660,376</u>
Investment Income (Loss) - Asset Management				
Net Gains (Losses) from Investment Activities	3,220,053	1,480,869	5,916,253	(2,463,635)
Dividend Income	125,821	9,969	201,567	178,668
Interest Income	381,254	331,732	748,709	685,187
Interest Expense	(265,056)	(240,067)	(516,812)	(501,536)
Total Investment Income (Loss)	<u>3,462,072</u>	<u>1,582,503</u>	<u>6,349,717</u>	<u>(2,101,316)</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Income (Loss) Before Taxes	4,606,541	2,157,429	8,960,647	(2,431,203)
Income Tax Expense (Benefit)	343,667	206,264	782,406	(154,415)
Net Income (Loss)	4,262,874	1,951,165	8,178,241	(2,276,788)
Net Income (Loss) Attributable to Redeemable Noncontrolling Interests	1,337	—	1,337	—
Net Income (Loss) Attributable to Noncontrolling Interests	2,946,262	1,244,196	5,191,793	(1,703,233)
Net Income (Loss) Attributable to KKR & Co. Inc.	1,315,275	706,969	2,985,111	(573,555)
Series A Preferred Stock Dividends	17,834	5,822	23,656	11,644
Series B Preferred Stock Dividends	2,519	2,519	5,038	5,038
Series C Mandatory Convertible Preferred Stock Dividends	17,250	—	34,500	—
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	\$ 1,277,672	\$ 698,628	\$ 2,921,917	\$ (590,237)
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock				
Basic	\$ 2.19	\$ 1.25	\$ 5.04	\$ (1.06)
Diluted	\$ 2.05	\$ 1.24	\$ 4.73	\$ (1.06)
Weighted Average Shares of Common Stock Outstanding				
Basic	582,398,367	558,774,162	579,578,831	558,961,992
Diluted	630,390,360	565,611,138	625,668,629	558,961,992

See notes to financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net Income (Loss)	\$ 4,262,874	\$ 1,951,165	\$ 8,178,241	\$ (2,276,788)
Other Comprehensive Income (Loss), Net of Tax:				
Unrealized Gains (Losses) on Available-For-Sale Securities and Other	1,293,984	—	(196,305)	—
Foreign Currency Translation Adjustments	3,765	1,855	(11,492)	(24,877)
Comprehensive Income (Loss)	5,560,623	1,953,020	7,970,444	(2,301,665)
Comprehensive Income (Loss) Attributable to Redeemable Noncontrolling Interests	1,337	—	1,337	—
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	3,702,466	1,244,264	5,068,609	(1,717,279)
Comprehensive Income (Loss) Attributable to KKR & Co. Inc.	<u>\$ 1,856,820</u>	<u>\$ 708,756</u>	<u>\$ 2,900,498</u>	<u>\$ (584,386)</u>

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 June 30, 2021		Six Months Ended June 30, 2021	
	Amounts	Shares	Amounts	Shares
Series A and B Preferred Stock				
Beginning of Period	\$ 482,554	20,000,000	\$ 482,554	20,000,000
Redemption of Series A Preferred Stock	(332,988)	(13,800,000)	(332,988)	(13,800,000)
End of Period	149,566	6,200,000	149,566	6,200,000
Series C Mandatory Convertible Preferred Stock				
Beginning of Period	1,115,792	23,000,000	1,115,792	23,000,000
End of Period	1,115,792	23,000,000	1,115,792	23,000,000
Series I Preferred Stock				
Beginning of Period	—	1	—	1
End of Period	—	1	—	1
Series II Preferred Stock				
Beginning of Period	2,733	273,367,712	2,756	275,626,493
Cancellation of Series II Preferred Stock	(23)	(2,339,961)	(46)	(4,598,742)
End of Period	2,710	271,027,751	2,710	271,027,751
Common Stock				
Beginning of Period	5,783	578,269,039	5,729	572,893,738
Private Placement Share Issuance	—	—	9	964,871
Exchange of KKR Holdings Units	23	2,339,961	46	4,598,742
Net Delivery of Common Stock	36	3,591,930	73	7,249,400
Clawback of Transfer Restricted Shares	—	(3,520)	—	(7,783)
Repurchases of Common Stock	(12)	(1,166,437)	(27)	(2,667,995)
End of Period	5,830	583,030,973	5,830	583,030,973
Additional Paid-In Capital				
Beginning of Period	8,708,339		8,687,817	
Private Placement Share Issuance	—		38,454	
Exchange of KKR Holdings Units	66,687		125,188	
Tax Effects - Exchange of KKR Holdings Units and Other	(212)		4,415	
Net Delivery of Common Stock	(51,077)		(106,987)	
Repurchases of Common Stock	(64,552)		(135,903)	
Equity-Based Compensation	41,039		87,240	
End of Period	8,700,224		8,700,224	
Retained Earnings				
Beginning of Period	5,007,223		3,440,782	
Net Income (Loss) Attributable to KKR & Co. Inc.	1,315,275		2,985,111	
Series A Preferred Stock Dividends (\$0.421875 and \$0.843750 per share for the three and six months ended June 30, 2021, respectively)	(5,822)		(11,644)	
Redemption of Series A Preferred Stock	(12,012)		(12,012)	
Series B Preferred Stock Dividends (\$0.406250 and \$0.812500 per share for the three and six months ended June 30, 2021, respectively)	(2,519)		(5,038)	
Series C Mandatory Convertible Preferred Stock Dividends (\$0.75 and \$1.50 per share for the three and six months ended June 30, 2021, respectively)	(17,250)		(34,500)	
Common Stock Dividends (\$0.145 and \$0.280 per share for the three and six months ended June 30, 2021, respectively)	(84,310)		(162,114)	
End of Period	6,200,585		6,200,585	
Accumulated Other Comprehensive Income (Loss) (net of tax)				
Beginning of Period	(646,368)		(18,612)	
Other Comprehensive Income (Loss)	541,545		(84,613)	
Exchange of KKR Holdings Units	(1,525)		(3,123)	
End of Period	(106,348)		(106,348)	
Total KKR & Co. Inc. Stockholders' Equity	16,068,359		16,068,359	
Noncontrolling Interests (See Note 21)	36,338,403		36,338,403	
Total Equity	\$ 52,406,762		\$ 52,406,762	
Redeemable Noncontrolling Interests (See Note 22)	\$ 92,499		\$ 92,499	

	Three Months Ended June 30, 2020		Six Months Ended June 30, 2020	
	Amounts	Shares	Amounts	Shares
Series A and B Preferred Stock				
Beginning of Period	\$ 482,554	20,000,000	\$ 482,554	20,000,000
End of Period	482,554	20,000,000	482,554	20,000,000
Series I Preferred Stock				
Beginning of Period	—	1	—	1
End of Period	—	1	—	1
Series II Preferred Stock				
Beginning of Period	2,865	286,477,271	2,904	290,381,345
Cancellation of Series II Preferred Stock	(5)	(498,776)	(44)	(4,402,850)
End of Period	2,860	285,978,495	2,860	285,978,495
Common Stock				
Beginning of Period	5,537	553,701,980	5,600	560,007,579
Exchange of KKR Holdings Units	5	498,776	44	4,402,850
Net Delivery of Common Stock	49	4,940,113	49	4,940,113
Repurchases of Common Stock	—	—	(102)	(10,209,673)
End of Period	5,591	559,140,869	5,591	559,140,869
Additional Paid-In Capital				
Beginning of Period	8,456,154		8,565,919	
Exchange of KKR Holdings Units	8,922		81,253	
Tax Effects - Exchange of KKR Holdings Units and Other	(4,456)		(5,882)	
Net Delivery of Common Stock	(40,639)		(40,639)	
Repurchases of Common Stock	—		(246,058)	
Equity-Based Compensation	39,933		90,936	
Transfer of Interests Under Common Control	—		14,385	
End of Period	8,459,914		8,459,914	
Retained Earnings				
Beginning of Period	433,546		1,792,152	
Net Income (Loss) Attributable to KKR & Co. Inc.	706,969		(573,555)	
Series A Preferred Stock Dividends (\$0.421875 and \$0.843750 per share for the three and six months ended June 30, 2020, respectively)	(5,822)		(11,644)	
Series B Preferred Stock Dividends (\$0.406250 and \$0.812500 per share for the three and six months ended June 30, 2020, respectively)	(2,519)		(5,038)	
Common Stock Dividends (\$0.135 and \$0.260 per share for the three and six months ended June 30, 2020, respectively)	(75,256)		(144,997)	
End of Period	1,056,918		1,056,918	
Accumulated Other Comprehensive Income (Loss) (net of tax)				
Beginning of Period	(54,694)		(41,639)	
Other Comprehensive Income (Loss)	1,787		(10,831)	
Exchange of KKR Holdings Units	(62)		(499)	
End of Period	(52,969)		(52,969)	
Total KKR & Co. Inc. Stockholders' Equity	9,954,868		9,954,868	
Noncontrolling Interests (See Note 21)	19,439,794		19,439,794	
Total Equity	\$ 29,394,662		\$ 29,394,662	

See notes to financial statements.

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

	Six Months Ended June 30,	
	2021	2020
Operating Activities		
Net Income (Loss)	\$ 8,178,241	\$ (2,276,788)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Equity-Based and Other Non-Cash Compensation	176,703	132,381
Net Realized (Gains) Losses - Asset Management	(923,325)	267,189
Change in Unrealized (Gains) Losses - Asset Management	(4,992,928)	2,196,446
Capital Allocation-Based (Income) Loss - Asset Management	(4,210,040)	443,556
Net Realized (Gains) Losses - Insurance	420,188	—
Net Accretion and Amortization	208,432	(23,634)
Interest Credited to Policyholder Account Balances (net of Policy Fees) - Insurance	710,025	—
Other Non-Cash Amounts	2,144	12,320
Cash Flows Due to Changes in Operating Assets and Liabilities:		
Reinsurance Transactions and Acquisitions, Net of Cash Provided - Insurance	908,826	—
Change in Premiums, Notes Receivable and Reinsurance Recoverable, Net of Reinsurance Premiums Payable - Insurance	142,774	—
Change in Deferred Policy Acquisition Costs - Insurance	(200,109)	—
Change in Policy Liabilities and Accruals, Net - Insurance	(385,941)	—
Change in Consolidation	(21,149)	—
Change in Due from / to Affiliates	(191,026)	(263,824)
Change in Other Assets	83,192	(401,478)
Change in Accrued Expenses and Other Liabilities	1,883,854	(118,969)
Investments Purchased - Asset Management	(33,830,192)	(17,200,657)
Proceeds from Investments - Asset Management	30,733,023	14,495,519
Net Cash Provided (Used) by Operating Activities	(1,307,308)	(2,737,939)
Investing Activities		
Acquisition of Global Atlantic, Net of Cash Acquired (See Note 3)	(473,779)	—
Purchases of Fixed Assets	(49,565)	(68,042)
Investments Purchased - Insurance	(16,306,487)	—
Proceeds from Investments - Insurance	13,950,539	—
Other Investing Activities, Net - Insurance	330,726	—
Development of Oil and Natural Gas Properties	—	(7,587)
Net Cash Provided (Used) by Investing Activities	(2,548,566)	(75,629)
Financing Activities		
Series A and B Preferred Stock Dividends	(16,682)	(16,682)
Series C Mandatory Convertible Preferred Stock Dividends	(34,500)	—
Common Stock Dividends	(162,114)	(144,997)
Distributions to Redeemable Noncontrolling Interests	(680)	—
Distributions to Noncontrolling Interests	(1,944,416)	(794,769)
Contributions from Noncontrolling Interests	5,216,609	2,310,303
Redemption of Series A Preferred Stock	(345,000)	—
Net Delivery of Common Stock (Equity Incentive Plans)	(106,914)	(40,590)
Repurchases of Common Stock	(135,930)	(246,160)
Private Placement Share Issuance	38,463	—
Proceeds from Debt Obligations	11,997,170	7,011,053
Repayment of Debt Obligations	(8,898,111)	(4,732,150)
Financing Costs Paid	(5,084)	(24,894)
Additions to Contractholder Deposit Funds	7,176,137	—
Withdrawals from Contractholder Deposit Funds	(3,886,151)	—
Other Financing Activity, Net	1,954	—

	Six Months Ended June 30,	
	2021	2020
Net Cash Provided (Used) by Financing Activities	8,894,751	3,321,114
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(14,008)	(6,333)
Net Increase/(Decrease) in Cash, Cash Equivalents and Restricted Cash	\$ 5,024,869	\$ 501,213
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	6,993,457	3,237,416
Cash, Cash Equivalents and Restricted Cash, End of Period	\$ 12,018,326	\$ 3,738,629
Cash, Cash Equivalents and Restricted Cash are comprised of the following:		
Beginning of the Period		
<i>Asset Management</i>		
Cash and Cash Equivalents	\$ 6,507,874	\$ 3,163,154
Restricted Cash and Cash Equivalents	485,583	74,262
Total Asset Management	6,993,457	3,237,416
<i>Insurance</i>		
Cash and Cash Equivalents	\$ —	\$ —
Restricted Cash and Cash Equivalents	—	—
Total Insurance	—	—
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	\$ 6,993,457	\$ 3,237,416
End of the Period		
<i>Asset Management</i>		
Cash and Cash Equivalents	\$ 5,170,243	\$ 3,605,103
Restricted Cash and Cash Equivalents	168,295	133,526
Total Asset Management	5,338,538	3,738,629
<i>Insurance</i>		
Cash and Cash Equivalents	\$ 6,492,041	\$ —
Restricted Cash and Cash Equivalents	187,747	—
Total Insurance	6,679,788	—
Cash, Cash Equivalents and Restricted Cash, End of Period	\$ 12,018,326	\$ 3,738,629

See notes to financial statements.

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

	Six Months Ended June 30,	
	2021	2020
Supplemental Disclosures of Cash Flow Information		
Payments for Interest	\$ 616,046	\$ 566,182
Payments for Income Taxes	\$ 356,565	\$ 41,424
Payments for Operating Lease Liabilities	\$ 22,459	\$ 27,008
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Equity-Based and Other Non-Cash Contributions	\$ 152,729	\$ 132,730
Non-Cash Contribution from Noncontrolling Interests	\$ 845,943	\$ —
Debt Obligations - Net Gains (Losses), Translation and Other	\$ 149,209	\$ 598,188
Tax Effects - Exchange of KKR Holdings L.P. Units and Other	\$ 4,415	\$ (5,882)
Right-of-Use Assets obtained in Exchange for new Operating Lease Liabilities	\$ 44,754	\$ 2,700
Investments Acquired through Reinsurance Agreements	\$ 386,180	\$ —
Policyholder Liabilities and Accruals Acquired through Reinsurance Agreements	\$ 1,621,867	\$ —
Change in Consolidation		
Investments	\$ (49,403)	\$ —
Other Assets	\$ (32,689)	\$ —
Debt Obligations	\$ (26,165)	\$ —
Due to Affiliates	\$ (238)	\$ —
Accrued Expenses and Other Liabilities	\$ (10,350)	\$ —
Noncontrolling Interests	\$ (66,488)	\$ —

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 and 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 Holdings Corp., which is the general partner of KKR Group Partnership L.P. ("KKR Group Partnership"). KKR & Co. Inc. both indirectly controls KKR Group Partnership and indirectly holds Class A partner interests in KKR Group Partnership ("KKR Group Partnership Units") representing economic interests in KKR's business. The remaining KKR Group Partnership Units are held by KKR Holdings L.P. ("KKR Holdings"), which is not a subsidiary of KKR & Co. Inc., and holders of other exchangeable securities. As of June 30, 2021, KKR & Co. Inc. held indirectly approximately 68.2% of the KKR Group Partnership Units. The percentage ownership in KKR Group Partnership will continue to change as KKR Holdings and these holders exchange their KKR Group Partnership Units for shares of common stock of KKR & Co. Inc. or when KKR & Co. Inc. otherwise issues or repurchases shares of common stock of KKR & Co. Inc. KKR Group Partnership also has outstanding limited partner interests that provide for a carry pool and preferred units with economic terms that mirror the Series B Preferred Stock and Series C Mandatory Convertible Preferred Stock issued by KKR & Co. Inc.

Acquisition of Global Atlantic Financial Group

In July 2020, KKR and Global Atlantic Financial Group Limited announced a strategic transaction whereby KKR agreed to acquire Global Atlantic, a leading retirement and life insurance and reinsurance company. The transaction, which closed on February 1, 2021, was funded with a combination of: (i) cash on hand, (ii) proceeds from syndication of the equity interests in Global Atlantic to minority co-investors, (iii) proceeds from the offering of \$1,150 million of 6.00% Series C Mandatory Convertible Preferred Stock by KKR & Co. Inc. and (iv) proceeds from the offering of \$750 million aggregate principal amount of 3.500% Senior Notes due 2050 by KKR Group Finance Co. VIII LLC.

Global Atlantic's results are included in KKR's consolidated financial statements commencing from the GA Acquisition Date. Refer to Note 3 "Acquisition of Global Atlantic" for additional information on the transaction.

References herein to "KKR," refer to KKR & Co. Inc. and its subsidiaries, including Global Atlantic, unless the context requires otherwise such as in sections where it refers to the asset management business only.

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. The consolidated balance sheet data as of December 31, 2020 were derived from audited financial statements included in KKR's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission (the "SEC") on February 19, 2021, 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 non-controlling 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, certain other entities including CFEs and Global Atlantic. References in the accompanying financial statements to "principals" are to KKR's senior employees who hold interests in KKR's business through KKR Holdings. References to Global Atlantic hereafter includes the insurance companies of Global Atlantic, which are consolidated by KKR starting on the GA Acquisition Date (refer to Note 3 "Acquisition of Global Atlantic" for additional information on the transaction).

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 addition, in connection with the Global Atlantic acquisition, we organized our business into two segments: Asset Management and Insurance. Global Atlantic's operations constitute the Insurance segment. See Note 20 "Segment Reporting".

The summary of the significant accounting policies has been organized considering the two-tiered approach and includes a section for common accounting policies and an accounting policy section for each of the two tiers when a policy is specific to one of the tiers.

All intercompany transactions and balances have been eliminated.

SIGNIFICANT ACCOUNTING POLICIES - COMMON AMONG ASSET MANAGEMENT AND INSURANCE**COVID-19 and Global Economic and Market Conditions**

The novel strain of coronavirus ("COVID-19") has caused, and continues to cause in certain cases, severe disruptions to the U.S. and global economies. The outbreak of COVID-19 and the actions taken in response have had far reaching impact on the U.S. and global economies, contributing to significant volatility in the financial markets, resulting in increased volatility in currencies, interest rates, and equity prices (including our common stock). Shutdowns in some locations are causing furloughs and layoffs. Furthermore, supply chain disruptions are causing wage, freight and material prices to rise, resulting in margin pressure in certain sectors. Although a number of vaccines for COVID-19 have been developed and are in the process of being deployed in certain countries, including the United States, the timing for widespread vaccination and immunity is uncertain, and these vaccines may be less effective against new mutated strains of the virus that have started to spread globally.

Given the ongoing nature of the pandemic, at this time KKR cannot reasonably predict the ultimate impact that COVID-19 will have on KKR's business, financial performance and operating results. The estimates and assumptions underlying the consolidated financial statements are based on the information available as of June 30, 2021 for the current period and as of June 30, 2020 or December 31, 2020, as applicable. Actual events could differ materially from those estimated or assumed for purposes of KKR's financial reporting.

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, (vi) the valuation of embedded derivatives, (vii) the determination of the allowance for loan losses, and (viii) amortization of deferred revenues and expenses associated with the insurance business. Actual results could differ from those estimates, and such differences could be material to the financial statements.

Principles of Consolidation

The types of entities KKR assesses for consolidation include (i) subsidiaries, including management companies, broker-dealers and general partners of investment funds that KKR manages, (ii) entities that have the attributes of an investment company, like investment funds, (iii) CFEs, (iv) Global Atlantic and its insurance companies beginning on February 1, 2021, and (v) other entities. Each of these entities is assessed for consolidation on a case by case basis depending on the specific facts and circumstances surrounding that entity. For further information on the acquisition accounting for Global Atlantic see Note 3 "Acquisition of Global Atlantic".

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

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

An entity in which KKR holds a variable interest is a VIE if any one of the following conditions exist: (a) the total equity investment at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support, (b) the holders of the equity investment at risk (as a group) lack either the direct or indirect ability through voting rights or similar rights to make decisions about a legal entity's activities that have a significant effect on the success of the legal entity or the obligation to absorb the expected losses or right to receive the expected residual returns, or (c) the voting rights of some investors are disproportionate to their obligation to absorb the expected losses of the legal entity, their rights to receive the expected residual returns of the legal entity, or both and substantially all of the legal entity's activities either involve or are conducted on behalf of an investor with disproportionately few voting rights. Limited partnerships and other similar entities where unaffiliated limited partners have not been granted (i) substantive participatory rights or (ii) substantive rights to either dissolve the partnership or remove the general partner ("kick-out rights") are VIEs. KKR's investment funds that are not CFEs (i) are generally limited partnerships, (ii) generally provide KKR with operational discretion and control, and (iii) generally have fund

Notes to Financial Statements (Continued)

investors with no substantive rights to impact ongoing governance and operating activities of the fund, including the ability to remove the general partner, and, as such, the limited partners do not have kick-out rights. Accordingly, most of KKR's investment funds are categorized as VIEs.

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

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

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

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

In March 2021, KKR invested approximately \$20 million in the sponsor shareholder of KKR Acquisition Holdings I Corp., a special purpose acquisition company ("SPAC"). The sponsor shareholder is a limited liability company whose only assets are equity securities of the SPAC. The investors in the sponsor shareholder are KKR and an unaffiliated investor. KKR is not the managing member of the sponsor shareholder, and KKR does not have the sole power to direct the activities that most significantly impact the sponsor shareholder. As such, KKR treats its investment in the sponsor shareholder as an equity method investment.

Global Atlantic has formed certain VIEs to hold investments, including investments in transportation, renewable energy, consumer and other loans and fixed maturity securities. These VIEs issue beneficial interests primarily to Global Atlantic's insurance companies, and Global Atlantic maintains the power to direct the activities of the VIEs that most significantly impact their economic performance and bears the obligation to absorb losses or receive benefits from the VIEs that could potentially be significant. Accordingly, Global Atlantic is the primary beneficiary of these VIEs, which are consolidated in Global Atlantic's results. Where these VIEs or entities consolidated by these VIEs issue beneficial interests to third-party investors, they are reported as non-controlling interests by Global Atlantic.

For certain consolidated renewable energy partnerships consolidated by Global Atlantic's insurance companies, Global Atlantic uses a hypothetical liquidation at book value method ("HLBV") to allocate income and cash flows based on third-party investors' claim to net assets, including those for the noncontrolling interests and redeemable noncontrolling interests.

KKR classifies certain noncontrolling interests with redemption features that are not solely within the control of KKR outside of permanent equity on its consolidated statements of financial condition. These redeemable non-controlling interests are reported using the greater of the carrying value at each reporting date as determined by the HLBV method or the estimated redemption value in each reporting period.

Cash and Cash Equivalents

KKR considers all liquid short-term investments with original maturities of 90 days or less when purchased to be cash equivalents. Cash and cash equivalents includes cash held at consolidated entities, which represents cash that, although not legally restricted, is not available generally to fund liquidity needs of KKR, as the use of such funds is generally limited to the investment activities of KKR's investment funds and CFEs. In prior periods, those amounts were classified in a separate line "*Cash and Cash Equivalents Held at Consolidated Entities*" on the statement of financial condition, and the comparable information have been recasted to current presentation. The carrying values of cash and cash equivalents are considered to be reasonable estimates of their fair values.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents primarily represent amounts that are held by third parties under certain of KKR's financing and derivative transactions. The duration of this restricted cash generally matches the duration of the related financing or derivative transaction. Global Atlantic's restricted cash principally includes certain cash and cash equivalents held in trusts formed for the benefit of ceding companies or held in connection with open derivative transactions. The carrying values of restricted cash and cash equivalents are considered to be reasonable estimates of their fair values.

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. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation techniques are applied. These valuation techniques involve varying levels of management estimation and judgment, the degree of which is dependent on a variety of factors.

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

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

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

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

Level III - Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation. The types of financial instruments generally included in this category are private portfolio companies, real assets investments, certain credit investments, equity method investments for which the fair value option was elected, certain fixed-income and structured securities held by the consolidated insurance subsidiaries, reinsurance recoverables carried at fair value, certain insurance policy liabilities carried at fair value, and certain embedded derivatives related to (i) certain funds withheld payable at interest, and (ii) annuities and indexed universal life products, which contain equity-indexed features.

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

Notes to Financial Statements (Continued)

lowest level input that is significant to the fair value measurement in its entirety. KKR's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the asset.

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

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

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

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

Level II Valuation Methodologies

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

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

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

Equity Securities: The valuation of certain equity securities is based on (i) an observable price for an identical security adjusted for the effect of a restriction or leverage that collateralized the equity securities and (ii) quoted prices for identical or similar instruments in markets that are not active.

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

Level III Valuation Methodologies

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

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

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

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

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

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

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

Energy investments are generally valued using a discounted cash flow approach, and where applicable, a market approach using comparable companies and transactions. Key inputs used in our valuations include (i) the weighted average cost of capital,

Notes to Financial Statements (Continued)

(ii) future commodity prices, as quoted on indices, and long-term commodity price forecasts, and (iii) the asset's projected future operating performance.

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

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

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

Other Investments: With respect to other investments including equity method investments, KKR generally employs the same valuation methodologies as described above for private equity, credit investments and real assets investments when valuing these other investments.

Funds withheld at interest: The funds withheld receivables and payables at interest carried at fair value are primarily valued based on the fair value of the underlying investments, which have quoted prices or other observable inputs to pricing. A portion of the funds withheld receivable and payables at interest carried at fair value represent embedded derivatives and are valued using present value techniques that consider inputs including contract duration.

Reinsurance recoverables: Reinsurance recoverables carried at fair value are valued using present value techniques that consider inputs including mortality and surrender rates for the associated policies, as well as estimates of policy expenses and the cost of capital held in support of the related closed block policy liabilities.

Insurance liabilities and insurance embedded derivatives: Policy liabilities carried at fair value are valued using present value techniques that discount estimated liability cash flows at a rate that reflects the riskiness of those cash flows and also consider policyholder behavior (including lapse rates, surrender rates and mortality). Closed block policy liabilities carried at fair value are valued using present value techniques that consider inputs including mortality and surrender rates for the respective policies, as well as estimates of policy expenses and the cost of capital held in support of the liabilities. The funds withheld payable at interest carried at fair value represents embedded derivatives and is valued based on the change in the fair value of the assets supporting the payable. Other embedded derivative liabilities are related to our fixed-indexed annuity, variable annuity and indexed universal life products, which contain equity-indexed features. The embedded derivative liabilities are calculated 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 and considering an adjustment to reflect the risk of nonperformance on our obligation and inputs such as projected withdrawal and surrender activity, and mortality. KKR calculates nonperformance risk using a blend of observable peer holding company credit spreads, adjusted to reflect the claims paying ability of our insurance entities, as well as an adjustment to reflect the priority of policyholder claims.

Key unobservable inputs that have a significant impact on KKR's Level III valuations as described above are included in Note 9 "Fair Value Measurements." KKR utilizes several unobservable pricing inputs and assumptions in determining the fair value of its Level III financial instruments. These unobservable pricing inputs and assumptions may differ by financial instruments and in the application of KKR's valuation methodologies. KKR's reported fair value estimates could vary materially if KKR had chosen to incorporate different unobservable pricing inputs and other assumptions or, for certain applicable investments, if KKR only used either the discounted cash flow methodology or the market comparables methodology instead of assigning a weighting to both methodologies.

There is inherent uncertainty involved in the valuation of Level III financial instruments and there is no assurance that, upon liquidation or sale, 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 financial instruments existed, and it is reasonably possible that the difference could be material.

Notes to Financial Statements (Continued)

Goodwill and Intangible Assets

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

KKR has the option to either (i) perform a quantitative impairment test or (ii) first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, in which case the quantitative test would then be performed. When performing a quantitative impairment test, KKR compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit is less than its carrying amount, the goodwill impairment loss is equal to the excess of the carrying value over the fair value, limited to the carrying amount of goodwill allocated to that reporting unit. The estimated fair values of the reporting units are derived based on valuation techniques KKR believes market participants would use for each respective reporting unit. The estimated fair values are generally determined by utilizing a discounted cash flow methodology or methodologies that incorporate market multiples of certain comparable companies.

KKR tests goodwill for impairment at the reporting unit level, which is generally at the level of or one level below its reportable segments. Goodwill recorded as a result of the acquisition of Global Atlantic has been allocated to the Insurance Segment. See Note 20 "Segment Reporting".

Intangible assets, which primarily relate to intangible assets acquired in the GA Acquisition are recorded in Other Assets in the accompanying consolidated statements of financial condition and are amortized over their estimated useful lives and are reviewed for impairment on an interim basis when impairment indicators are present. Impairment losses are recorded within Insurance Expenses in the consolidated statements of operations. The finite lived intangible assets are amortized using the straight-line method over the useful life of the assets which is between 15 to 19 years. The indefinite lived intangible assets are not subject to amortization.

For additional details on the GA Acquisition and the acquisition accounting see Note 3 "Acquisition of Global Atlantic".

Fixed Assets, Depreciation and Amortization

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

Foreign Currency

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

Leases

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

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

Operating lease expense is recognized on a straight-line basis over the lease term and is recorded within Occupancy and Related Charges in the accompanying consolidated statements of operations. The ROU assets are included in Other Assets and the lease liabilities are included in Accrued Expenses and Other Liabilities in the accompanying consolidated statements of financial condition. See Note 14 "Other Assets and Accrued Expenses and Other Liabilities."

Comprehensive Income (Loss)

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

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.

Deferred Income Taxes

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

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

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

Uncertain Tax Positions

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

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

SIGNIFICANT ACCOUNTING POLICIES - ASSET MANAGEMENT

The significant accounting policies applicable to KKR's asset management business are described below.

Investments

Investments consist primarily of private equity, credit, investments of consolidated CFEs, real assets, equity method and other investments. Investments denominated in currencies other than the entity's functional currency are valued based on the spot rate of the respective currency at the end of the reporting period with changes related to exchange rate movements reflected in the consolidated statements of operations. Security and loan transactions are recorded on a trade date basis. Further disclosure on investments is presented in Note 7 "Investments."

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

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

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

Investments of Consolidated CFEs - Consists primarily of investments in below investment grade corporate debt securities (primarily high yield bonds and syndicated bank loans) held directly by the consolidated CLOs.

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

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

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

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

Investments held by Consolidated Investment Funds

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

Notes to Financial Statements (Continued)

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

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

Energy Investments held by KKR

On August 18, 2020, KKR transferred all the working and royalty interests in oil and natural gas properties, which were directly held by KKR and not held through investment funds, into a consolidated investment fund. Before the transfer, oil and natural gas activities were accounted for under the successful efforts method of accounting and such working and royalty interests were consolidated based on the proportion of the working and royalty interests held by KKR. Subsequent to the transfer, such working and royalty interests are carried at fair value in accordance with ASC 946, Financial Services - Investment Companies, and recorded within investments in the consolidated statements of financial condition. Any changes in fair value are recorded within Net Gains (Losses) from Investment Activities in the consolidated statements of operations. No gain or loss has been recorded in the consolidated statement of operations as result of the transfer. KKR recognized the differential between the net carrying value of such working and royalty interests and the fair value at the time of the transfer within stockholders' equity. This transaction resulted in an adjustment to KKR Group Partnership's equity, and accordingly, both KKR's equity and noncontrolling interests held by KKR Holdings were adjusted for their proportionate share based on their ownership in KKR Group Partnership at the time of transfer. See the consolidated statements of changes in equity and Note 21 "Equity". The fair value has been determined in accordance with KKR's Level III Valuation Methodologies.

Fair Value Option

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

Equity Method

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

For equity method investments for which KKR has not elected the fair value option, KKR records its proportionate share of the investee's earnings or losses based on the most recently available financial information of the investee, which in certain cases may lag the date of KKR's financial statements by no more than three calendar months. As of June 30, 2021, equity method investees for which KKR reports financial results on a lag include Marshall Wace LLP ("Marshall Wace").

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

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

Notes to Financial Statements (Continued)***Financial Instruments held by Consolidated CFEs***

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

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

Due from and Due to Affiliates

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

Freestanding Derivatives

Freestanding derivatives are instruments that KKR and certain of its consolidated funds have entered into as part of their overall risk management and investment strategies. These derivative contracts are not designated as hedging instruments for accounting purposes. Such contracts may include forward, swap and option contracts related to foreign currencies and interest rates to manage foreign exchange risk and interest rate risk arising from certain assets and liabilities. All derivatives are recognized in Other Assets or 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.

Securities Sold Short

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

Notes to Financial Statements (Continued)

Revenues

For the three and six months ended June 30, 2021 and 2020, respectively, revenues consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Management Fees	\$ 306,194	\$ 219,736	\$ 582,375	\$ 442,425
Fee Credits	(122,284)	(60,872)	(157,682)	(96,259)
Transaction Fees	374,887	161,458	540,780	260,454
Monitoring Fees	32,953	26,902	68,341	58,051
Incentive Fees	2,692	—	6,130	668
Expense Reimbursements	60,056	28,002	87,785	56,226
Oil and Gas Revenue	—	1,052	—	14,367
Consulting Fees	21,028	17,195	41,108	38,113
Total Fees and Other	675,526	393,473	1,168,837	774,045
Carried Interest	1,196,668	759,331	3,337,094	(451,594)
General Partner Capital Interest	328,725	179,190	872,946	8,038
Total Capital Allocation-Based Income (Loss)	1,525,393	938,521	4,210,040	(443,556)
Total Revenues - Asset Management	\$ 2,200,919	\$ 1,331,994	\$ 5,378,877	\$ 330,489

Fees and Other

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

Notes to Financial Statements (Continued)

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

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

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

(2) For amounts classified in Other Assets, see Note 14 "Other Assets and Accrued Expenses and Other Liabilities." For amounts classified in Due from Affiliates, see Note 19 "Related Party Transactions."

Management Fees

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

Management fees earned from KKR's consolidated investment funds and other vehicles and entities are eliminated in consolidation. However, because these amounts are funded by, and earned from, noncontrolling interests, KKR's allocated share of the net income from the consolidated investment funds and other vehicles is increased by the amount of fees that are

Notes to Financial Statements (Continued)

eliminated. Accordingly, the elimination of these fees does not impact the net income (loss) attributable to KKR or KKR stockholders' equity.

Fee Credits

Under the terms of the management agreements with certain of its investment funds, KKR is required to share with such funds an agreed upon percentage of certain fees, including monitoring and transaction fees earned from portfolio companies ("Fee Credits"). Investment funds earn Fee Credits only with respect to monitoring and transaction fees that are allocable to the fund's investment in the portfolio company and not, for example, any fees allocable to capital invested through co-investment vehicles. Fee Credits are calculated after deducting certain costs incurred in connection with pursuing potential investments that do not result in completed transactions ("broken-deal expenses") and generally amount to 80% for older funds formed on or prior to January 1, 2015, or 100% for newer funds, of allocable monitoring and transaction fees after broken-deal expenses are recovered, although the actual percentage may vary from fund to fund. Fee Credits are recognized and owed to investment funds concurrently with the recognition of monitoring fees, transaction fees and broken-deal expenses. Since Fee Credits are payable to investment funds, amounts owed are generally applied as a reduction of the management fee that is otherwise billed to the investment fund. Fee credits are recorded as a reduction of revenues in the consolidated statement of operations. Fee Credits owed to investment funds are recorded in Due to Affiliates on the consolidated statements of financial condition. See Note 19 "Related Party Transactions."

Transaction Fees

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

Monitoring Fees

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

Incentive Fees

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

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

Expense Reimbursements

Providing investment management services to investment funds and monitoring KKR's portfolio companies require KKR to arrange for services on behalf of them. In those situations where KKR is acting as an agent on behalf of its investment funds or portfolio companies, it presents the cost of services on a net basis as a reduction of Revenues. In all other situations, KKR is primarily responsible for fulfilling the services and is therefore acting as a principal for those arrangements for accounting

Notes to Financial Statements (Continued)

purposes. As a result, the expense and related reimbursement associated with those services is presented on a gross basis. Costs incurred are classified within Expenses and reimbursements of such costs are classified as Expense Reimbursements within Revenues on the consolidated statements of operations. After the contract is established, there are no significant judgments made when determining the transaction price.

Oil and Gas Revenue

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

Consulting Fees

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

Capital Allocation-Based Income (Loss)

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

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

Compensation and Benefits

Compensation and Benefits expense includes (i) 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, KKR typically pays 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

Notes to Financial Statements (Continued)

any, are at KKR's sole discretion and vary by individual to individual and from period to period, including having no cash bonus. KKR accrues discretionary cash bonuses when payment becomes probable and reasonably estimable which is generally in the period when KKR makes 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.

KKR decides whether to pay a discretionary cash bonus and determines 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 KKR to pay a discretionary cash bonus to its employees, except in limited circumstances.

While most cash bonuses paid to most employees are borne by KKR and result in customary compensation and benefits expense, certain cash bonuses that are paid to certain of KKR's principals can be borne by KKR Holdings. These bonuses can be funded with distributions that KKR Holdings receives on KKR Group Partnership Units held by KKR Holdings but are not then passed on to holders of unvested units of KKR Holdings. Because KKR principals are not entitled to receive distributions on units that are unvested, any amounts allocated to principals in excess of a principal's vested equity interests are reflected as employee compensation and benefits expense. These compensation charges, if any, are currently recorded based on the amount of cash expected to be paid by KKR Holdings.

Carry Pool Allocation

With respect to KKR's funds that provide for carried interest, KKR allocates a portion of the realized and unrealized carried interest that it earns to a carry pool established at KKR Associates Holdings L.P. (which is not a subsidiary of KKR), from which its 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 KKR Associates Holdings L.P. and KKR, and KKR does 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, following the approval of a majority of KKR & Co. Inc.'s 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 KKR & Co. Inc.'s independent directors.

Equity-based Compensation

In addition to the cash-based compensation and carry pool allocations as described above, employees receive equity awards under the Amended and Restated KKR & Co. Inc. 2010 Equity Incentive Plan (the "2010 Equity Incentive Plan") and the Amended and Restated KKR & Co. Inc. 2019 Equity Incentive Plan (the "2019 Equity Incentive Plan" and, together with the 2010 Equity Incentive Plan, the "Equity Incentive Plans"). Most of these awards are subject to service-based vesting typically over a three to five-year period from the date of grant, while in certain cases vesting is subject to the achievement of market conditions. Certain of these awards are subject to transfer restrictions and minimum retained ownership requirements.

Profit Sharing Plan

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

General, Administrative and Other

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

Investment Income

Investment income consists primarily of the net impact of:

- (i) Realized and unrealized gains and losses on investments, securities sold short, derivatives and debt obligations of consolidated CFEs which are recorded in Net Gains (Losses) from Investment Activities. Upon disposition of an investment, previously recognized unrealized gains or losses are reversed and a realized gain or loss is recognized.
- (ii) Foreign exchange gains and losses relating to mark-to-market activity on foreign exchange forward contracts, foreign currency options and foreign denominated debt which are recorded in Net Gains (Losses) from Investment Activities.
- (iii) Dividends, which are recognized on the ex-dividend date, or, in the absence of a formal declaration of a record date, on the date it is received.
- (iv) Interest income, which is recognized as earned.
- (v) Interest expense, which is recognized as incurred.

SIGNIFICANT ACCOUNTING POLICIES - INSURANCE

The significant accounting policies applicable to KKR's insurance business, which is conducted by Global Atlantic, are described below.

Investments

In the normal course of business, Global Atlantic enters into transactions involving various types of investments.

Investments include the following: U.S. government and agency obligations; commercial mortgage-backed securities ("CMBS"), residential mortgage-backed securities ("RMBS"), CLOs, collateralized bond obligations ("CBOs") and all other structured securities (consisting primarily of asset-backed securities ("ABS") (collectively, "structured securities"); corporate bonds; state and political subdivision obligations; foreign government obligations; equity securities; mortgage and other loan receivables; policy loans; and other non-derivative investments. Investments are recorded on a trade-date basis.

Available-for-sale fixed maturity securities

Global Atlantic primarily accounts for its fixed maturity securities (including bonds, structured securities and redeemable preferred stock) as available-for-sale ("AFS"). AFS fixed maturity securities are carried at fair value. Impairment associated with AFS fixed maturity securities is recognized as an allowance for credit losses. The allowance for credit losses is established either by a charge to net investment losses in the consolidated statements of operations, for securities identified as credit impaired after purchase, or by a gross-up recognition of an initial allowance for purchased credit deteriorated ("PCD") securities.

PCD securities are those purchased by Global Atlantic that were assessed at acquisition as having experienced a more-than-insignificant deterioration in credit quality since their origination. Global Atlantic considers an AFS fixed maturity security to be PCD if there are indicators of a credit loss at the acquisition date or, in the case of structured securities, if there is a significant difference between contractual cash flows and expected cash flows at acquisition. PCD securities also include those AFS fixed maturity securities previously held by Global Atlantic that were similarly assessed at the time of the KKR acquisition. The initial amortized cost for a PCD security equals the purchase price plus the initial allowance for credit losses. The initial allowance for credit losses is determined using a discounted cash flow method based on the best estimate of the present value of cash flows expected to be collected. After purchase, the accounting for a PCD security is consistent with that applied to all other securities.

Unrealized gains and losses on AFS fixed maturity securities, net of tax and insurance intangible amortization, are reported in accumulated other comprehensive income in the consolidated statements of financial condition. Realized investment gains and losses are recognized on a first-in first-out basis and are reported in net investment losses in the consolidated statements of operations. The amortized cost of fixed maturity securities is adjusted for impairment charge-offs, amortization of premiums and accretion of discounts. Such amortization and accretion is calculated using the effective yield method and included in net investment income in the consolidated statements of operations.

Notes to Financial Statements (Continued)

For structured securities, Global Atlantic recognizes interest income using a constant effective yield based on estimated cash flows generated from internal models utilizing interest rate, default and prepayment assumptions. Effective yields for structured securities that are not of high credit quality are recalculated and adjusted prospectively based on changes in expected undiscounted future cash flows, after consideration of any appropriate recognition or release of an allowance for credit losses. For structured securities that are of high credit quality, effective yields are recalculated based on payments received and updated prepayment expectations, and amortized cost is adjusted to the amount that would have existed had the new effective yield been applied since acquisition with a corresponding charge or credit to net investment income. Prepayment fees are recorded when earned in net investment income in the consolidated statements of operations.

Global Atlantic generally suspends accrual of interest for securities that are more than 90 days past due and reverses any related accrued interest to net investment income in the consolidated statements of operations. When a security is in non-accrual status, coupon payments are recognized as interest income as cash is received, subject to consideration as to the overall collectibility of the security. A security is returned to accrual status when Global Atlantic determines that the collection of amounts due is probable. The allowance for credit losses excludes accrued interest from the amortized cost basis for which losses are estimated.

Trading fixed maturity securities

Global Atlantic accounts for certain fixed maturity securities as trading at acquisition, based on intent or via the election of the fair value option. Trading securities are carried at fair value, with realized and unrealized gains and losses reported in net investment gains (losses) in the consolidated statements of operations. Interest income from these securities is reported in net investment income. These trading securities, for which investment results accrue to the benefit of either contractholders or reinsurance counterparties, are primarily used to match asset and liability accounting.

Equity securities

Global Atlantic accounts for its investments in equity securities (including common stock and non-redeemable preferred stock) that do not require equity method accounting or result in consolidation, at fair value. Realized and unrealized investment gains and losses are reported in net investment gains (losses) in the consolidated statements of operations.

Mortgage and other loan receivables

Global Atlantic purchases and originates mortgage and other loan receivables, and these loans are carried at cost, less the allowance for credit losses and as adjusted for amortization/accretion of premiums/discounts. The allowance for credit losses is established either by a charge to net investment losses in the consolidated statements of operations or, for PCD mortgage and other loan receivables, by a gross-up recognition of the initial allowance in the consolidated statements of financial condition.

PCD mortgage and other loan receivables are those purchased by Global Atlantic that were assessed at acquisition as having experienced a more-than-insignificant deterioration in credit quality since their origination. PCD mortgage and other loan receivables also include those mortgage and other loan receivables previously held by Global Atlantic that were similarly assessed at the time of the GA Acquisition. The initial amortized cost for a PCD mortgage or other loan receivable equals the purchase price plus the initial allowance for credit losses. The initial allowance for credit losses is determined using a method consistent with that used for other similar loans. See further discussion of allowance methods below. After purchase, the accounting for a PCD mortgage or other loan receivable is consistent with that applied to all other mortgage and other loan receivables. As part of the GA Acquisition, Global Atlantic identified \$3.7 billion of PCD mortgage and other loan receivables with a related allowance of \$120.3 million. The allowance on the Non-PCD mortgage and other loan receivables, instead, had to be recognized outside the purchase accounting analysis and had an impact on the consolidated statement of operations of \$183.6 million.

Loan premiums or discounts are amortized or accreted using the effective yield method. Interest income is accrued on the principal balance of each loan based on its contractual interest rate. The accrual of interest is generally suspended when the collection of interest is no longer probable or the collection of any portion of principal is doubtful. Global Atlantic generally suspends accrual of interest for loans that are more than 90 days past due and reverses any related accrued interest to net investment income in the consolidated statements of operations. When a loan is in non-accrual status, coupon payments are generally recognized as interest income as cash is received, subject to consideration as to the overall collectibility of the loan. A loan is returned to accrual status when Global Atlantic determines that the collection of amounts due is probable. The allowance for credit losses excludes accrued interest from the amortized cost basis for which losses are estimated.

Notes to Financial Statements (Continued)**Policy loans**

Policy loans are loans policyholders take out against their life insurance policies. Each policy loan is fully collateralized by the cash surrender value of the policyholder's life insurance policy. Policy loans are carried at unpaid principal balances. Interest income on such loans is recognized as earned using the contractually agreed upon interest rate and reflected in net investment income in the consolidated statements of operations. Generally, interest is capitalized on the associated policy's anniversary date.

Other investments

Other investments in the consolidated statements of financial condition include Global Atlantic's investments in investment partnerships, for which Global Atlantic does not have voting control or power to direct activities. These investments are accounted for using the equity method of accounting unless Global Atlantic's interest is so minor that it has virtually no influence over partnership operating or financial policies. The equity method of accounting requires that the investments be initially recorded at cost and the carrying amount of the investment subsequently be adjusted to recognize Global Atlantic's share of the earnings and losses of the investee. Where there is a difference between the cost of the investment and Global Atlantic's proportionate share of the equity method investee's net assets, this basis difference is accreted to net investment income over the life of the underlying assets. In applying the equity method, Global Atlantic uses financial information provided by the investee, generally on a one to three month lag due to the timing of the receipt of related financial statements.

The income from Global Atlantic's equity method investments is included in net investment income in the consolidated statements of operations. In limited circumstances, Global Atlantic elects to apply the fair value option to investment partnerships, which are carried at fair value with unrealized gains and losses reported in net investment gains (losses) in the consolidated statements of operations. The contributions to and distributions from investment partnerships are classified as investing activities within the consolidated statements of cash flows.

Global Atlantic consolidates investment partnerships and other entities when it is deemed to control or is considered the primary beneficiary of a VIE. The results of certain consolidated investment entities are reported on a one to three month lag and intervening events are evaluated for materiality and recognition by disclosure or otherwise, as appropriate.

Included in other investments are Global Atlantic's investments in renewable energy entities, including partnerships and limited liability companies. Respective investments are consolidated when Global Atlantic has control, or are accounted for using the equity method of accounting when Global Atlantic has the ability to exercise significant influence but not control. These investments involve tiered capital structures that facilitate a waterfall of returns and allocations to ensure the efficient use of tax credits. A conventional income statement oriented approach to the equity method of accounting, or to the recognition of non-controlling interests (when Global Atlantic is consolidating the investment), based on ownership percentages does not accurately reflect the proper allocation of income and cash flows for these investments. Instead, Global Atlantic uses the hypothetical liquidation at book value method ("HLBV") which is a balance sheet oriented approach to the equity method of accounting and to the recognition of non-controlling interests that allocates income and cash flows based on changes to each investor's claim to net assets assuming a liquidation of the investee as of each reporting date, including an assessment of the likelihood of liquidation in determining the contractual provisions to utilize when applying the HLBV method.

Investments in real assets included in other investments in the consolidated statements of financial condition relate to Global Atlantic's consolidated investments in renewable energy entities and investments in transportation assets. The income, as well as the depreciation and other expenses associated with these tangible assets is reported in net investment income in the consolidated statements of operations.

Income on consolidated investments in renewable energy entities is earned from the sale of the energy generated under long-term contracts. Income on investments in transportation assets is earned from the lease of these assets. Tangible assets associated with renewable energy entities primarily comprise solar energy systems, which are depreciated on a straight-line basis over their estimated useful lives of generally 35 years. Transportation assets are primarily aircraft and railcars, which are depreciated to their estimated salvage value on a straight-line basis over their remaining useful lives. These useful lives generally range up to 25 years for aircraft and 45 years for railcars, as determined from the date of manufacture.

Global Atlantic has investments in real estate, some of which are accounted for at cost less depreciation. The useful lives for these real estate investments generally range up to 30 years. Other investments in real estate held in consolidated investment companies that account for such real estate at fair value under investment company accounting. Net rental income on the investments in real estate is recognized in net investment income and changes in the fair value of real estate held in consolidated investment companies are recognized in net investment gains (losses) in the consolidated statements of operations.

Notes to Financial Statements (Continued)

Investments in Federal Home Loan Bank ("FHLB") common stock are also included in other investments in the consolidated statements of financial condition and are accounted at cost.

Derivative instruments

Derivatives are instruments that derive their values from underlying asset prices, indices, foreign exchange rates, reference rates and other inputs or a combination of these factors. Derivatives may be privately negotiated contracts, which are usually referred to as over-the-counter ("OTC") derivatives, or they may be listed and traded on an exchange ("exchange-traded"). Global Atlantic's derivative instruments are primarily used to hedge certain risks, including interest rate risk and equity market risk, and to a lesser extent foreign exchange and inflation risks. Where certain criteria are met, some of these hedging arrangements may achieve hedge accounting.

Derivative instruments are generally recognized at estimated fair value in either funds withheld receivable at interest, other assets, funds withheld payable at interest or accrued expenses and other liabilities in the consolidated statements of financial condition, with changes in fair value recorded in net investment gains (losses) in the consolidated statements of operations. Where certain qualifying criteria are met, some derivative instruments are designated as accounting hedges and are recognized at estimated fair value in derivative assets or accrued expenses and other liabilities in the consolidated statements of financial condition. For derivative instruments designated as fair value hedges, changes in fair value are recognized in the consolidated statements of operations, in the same line where the hedged item is reported. For derivative instruments designated as cash flow hedges, changes in fair value are initially recognized in accumulated other comprehensive income (loss) in the consolidated statements of financial condition and subsequently reclassified to the consolidated statements of operations, in the same line item where the hedged item is reported.

Derivative receivables and payables with a counterparty that are subject to an International Swaps and Derivatives Association Master Agreement ("ISDA") or other similar agreement that provides a legal right of setoff, are presented at their net amounts. Where the legal right of setoff exists, Global Atlantic also offsets the fair value of cash collateral received or posted under an ISDA, or other similar agreement with a counterparty, against the related derivative balances as appropriate.

Investment credit losses and impairment

Available-for-sale fixed maturity securities

One of the significant estimates related to AFS securities is the evaluation of those investments for credit losses. The evaluation of investments for credit losses is a quantitative and qualitative quarterly process that is subject to risks and uncertainties and involves significant estimates and judgments by management. Changes in the estimates and judgments used in such analysis can have a significant impact on the consolidated statements of operations.

Global Atlantic regularly reviews its AFS securities for declines in fair value below amortized cost that it determines to be due to credit losses. For fixed maturity securities, Global Atlantic first considers the intent to sell a security, or whether it is more-likely-than-not that it will be required to sell the security, before the recovery of its amortized cost. If Global Atlantic intends to sell an AFS fixed maturity security with an unrealized loss or it is more-likely-than-not that it will be required to sell an AFS fixed maturity security with an unrealized loss before recovery of its amortized cost basis, the amortized cost is written down to fair value and a corresponding charge is recognized to net investment losses.

For AFS fixed maturity securities in an unrealized loss position that Global Atlantic does not intend to sell, and will not be required to sell, Global Atlantic bifurcates the impairment into two components: credit impairment and non-credit impairment. Credit impairments are measured as the difference between the security's cost or amortized cost and its estimated recoverable value, which is the present value of its expected future cash flows discounted at the current effective interest rate. The estimated recoverable value is subject to a floor equal to the fair value of the security. The remaining difference between the security's fair value and the recoverable value, if any, is the non-credit impairment. Credit impairments are recognized in the allowance for credit losses on AFS fixed maturity securities, which is established via a charge to net investment losses in the consolidated statements of operations, and non-credit impairments are charged to accumulated other comprehensive income in the consolidated statements of financial condition.

The review of each AFS fixed maturity in an unrealized loss position for credit losses includes an analysis of gross unrealized losses by severity. A severe unrealized loss position on a fixed maturity security may not impact the recoverability of all contractual cash flows or the ability to recover an amount at least equal to the investment's amortized cost. The facts and circumstances available relevant to the severity of the loss position are analyzed, including changes in market interest rates, credit issues, changes in business climate, management changes, litigation, government actions, and other similar factors that may

Notes to Financial Statements (Continued)

impact the issuer's ability to meet current and future principal and interest obligations. Indicators of credit impairment may include changes in the issuers' credit ratings, the frequency of late payments, pricing levels and deterioration in any, or a combination of, key financial ratios, financial statements, revenue forecasts and cash flow projections.

In determining the estimated recoverable value, the review of expected future cash flows for structured securities includes assumptions about key systemic risks (e.g., unemployment rates, housing prices) and loan-specific information (e.g., delinquency rates, loan-to-value ratios). Estimating future cash flows is a quantitative and qualitative process that incorporates information received from third parties, along with assumptions and judgments about the future performance of the underlying collateral. For corporate and government bonds the recoverable value is determined using cash flow estimates that consider facts and circumstances relevant to the security and the issuer, including overall financial strength and secondary sources of repayment as well as pending restructuring or disposition of assets. Where information for such cash flow estimates is limited or deemed not reliable, fair value is considered the best estimate of the recoverable value.

In periods subsequent to the initial recognition of an allowance for credit losses on a fixed maturity security, whether for a PCD security or a security impaired since purchase, Global Atlantic continues to monitor credit loss expectations. Deterioration in the estimated recoverable value of a credit impaired security is recognized as an addition to the allowance for credit losses, as limited by the amount by which the security's fair value is less than amortized cost. Improvements in the estimated recoverable value of a credit impaired security or improvements in the fair value of a credit impaired security that limit the amount of the allowance result in reductions in the allowance for credit losses, which are recognized as a credit to net investment gains in the consolidated statements of income.

Amounts are charged off against the allowance for credit losses when deemed uncollectible or when Global Atlantic determines that it intends to sell, or more likely than not will be required to sell, the security. Charge-offs are reflected as a decrease in the allowance and a direct write down in the amortized cost of the security. If Global Atlantic recovers all or a portion of an amount previously written off on a credit impaired security, the recovery is recognized as a realized investment gain.

Mortgage and other loan receivables

Global Atlantic updates its estimate of the expected credit losses on its investments in mortgage and other loan receivables each quarter. For loans that share similar risk characteristics, expected credit losses are measured on a pool basis.

For commercial mortgage loans, the current expected credit losses are estimated using a model that evaluates the probability that each loan will default and estimates the amount of loss given the occurrence of such a default over the life of each loan in the portfolio. The model incorporates historical and current data on the relevant property market and projects potential future paths for each loan's collateral, considering both the net income to be generated by the collateral real estate and its market value. The model considers how macroeconomic forecasts (such as gross domestic product, unemployment, and interest rates) influence commercial real estate market factors (including vacancy rates, rental and income growth rates, property value changes), and in turn how commercial real estate market conditions, in combination with loan specific information (including debt service coverage and loan to value), drive commercial mortgage loan credit risk.

For residential mortgage loans and consumer loans, the current expected credit losses are primarily estimated using a discounted cash flow model. The model considers loan-specific information as well as current, historical and forecasted data relevant to the respective loans, including home prices, interest rates and unemployment. Expected cash flows are projected for each loan and are discounted using the effective interest rate of the respective loan. Any shortfalls between the discounted cash flows and the amortized cost of each individual loan are aggregated to determine the total allowances on the residential mortgage loan and consumer loan portfolios. For certain residential mortgage loans secured by single-family rental properties, current expected credit losses are determined using a model consistent with that described above for commercial mortgage loans.

With regard to the use of forecasts in the determination of Global Atlantic's current expected credit losses, the reversion of forecasts to historical data is based on reversion dynamics that depend on the specific variable and its interaction with the other parameters of the respective model; however, the forecasts generally tend to revert to a long-term equilibrium trend within two to three years from the forecast start date.

For the investment in other loan receivables, a variety of methodologies are used to estimate the respective current expected credit losses. These methodologies consider the terms specific to each loan, including the value of any collateral, and evaluate the risk of loss over the life of these loans.

Global Atlantic also assesses and measures an allowance for credit losses arising from off-balance sheet commitments, including loan commitments, that are not unconditionally cancellable by Global Atlantic. This allowance for credit losses for off-

Notes to Financial Statements (Continued)

balance sheet commitments is determined using methods consistent with those used for the associated mortgage and other loan receivable class, as described above, and is recognized in other liabilities in the consolidated statements of financial condition, since there is no funded asset for the committed amount.

When all or a portion of a loan is deemed uncollectible, the uncollectible portion of the carrying amount of the loan is charged off against the allowance. If Global Atlantic recovers all or a portion of an amount previously written off on a credit impaired loan, the recovery is recognized as a realized investment gain.

Other investments

The determination of the amount of impairment on other classes of investments also requires significant judgment and is based upon a periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such assessments are revised as conditions change and new information becomes available.

Impairment of consolidated renewable energy assets and transportation assets is assessed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of impairment are present, a recoverability test is performed to determine if the sum of the estimated undiscounted future cash flows attributable to the assets is greater than the carrying amount. If the undiscounted estimated future cash flows are less than the carrying amount, an impairment loss is recognized based on the amount by which the carrying amount exceeds its estimated fair value.

Impairment of investments subject to the equity method of accounting is assessed whenever events or circumstances suggest that the carrying amount may not be recoverable. An impairment charge is recognized in earnings for a decline in value that is determined to be other than temporary and is measured as the difference between the carrying amount and the fair value of the equity method investment as of the balance sheet date.

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. Deferred sales inducements ("DSI") are generated by annuities that offer enhanced crediting rates or bonus payments to policyholders and is included in other assets in the consolidated statements of financial condition. 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 in-force 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.

Revenues from certain universal life insurance products are deferred to future periods and an unearned revenue reserve ("URR") liability is established. The amount deferred is equal to the excess of the revenue collected over an estimate of the ultimate future level of these revenues and included in policy liabilities in the consolidated statements of financial condition.

Deferred revenue liability ("DRL") represents the gross premium less the net premium on limited pay contracts (i.e., payout annuities.) DRL is included 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 included in policy liabilities in the consolidated statements of financial condition.

Amortization

For interest-sensitive products (fixed-indexed annuities and variable annuities, most universal life including preneed contracts, and variable universal life), DAC and DSI assets are generally amortized in proportion to actual historical gross profits and estimated future gross profits over the estimated lives of the contracts. The amount of gross profit consists principally of investment returns (including hedge gains and losses) in excess of the amounts credited to policyholders, asset-based and other policy fees, and surrender charges reduced by death and other excess benefits and expenses. Numerous factors including

Notes to Financial Statements (Continued)

mortality, benefit utilization, surrender activity, premium persistency, and the economic environment influence the level and timing of gross profits.

Estimated gross profits are updated each reporting period with actual gross profits as part of the amortization process for the interest-sensitive policies. When actual gross profits are higher in the period than had been previously estimated, more amortization is recognized than planned. When actual gross profits are lower than had been previously estimated, less amortization is recognized than planned. These relationships hold provided that future estimates of gross profits remain unchanged, which may not always be true.

VOBA is generally amortized on a constant level basis using policy count over the estimated lives of the contracts.

When a different basis of amortization is determined to be more representative of the economics, such as when negative estimated gross profits or margins occur, an alternative basis of amortization may be selected for DAC and VOBA.

For most term and whole life products, DAC is amortized in proportion to premium revenue recognized.

DRL is amortized on a straight-line basis for whole life and term life insurance policies. For annuities, universal life and indexed universal life policies, DRL is amortized in proportion to the pattern of policyholder death benefits in-force. For payout annuities, DRL is recognized in income in a constant relationship with the amount of expected future payments.

URR is amortized consistent with the amortization of DAC on similar products. UFEL is amortized consistent with the method used in the amortization of DAC for preneed contracts.

The key assumptions used in the calculation of the amortization of DAC, VOBA and DSI are periodically updated as part of the assumptions review process, which results in revisions to the estimated future gross profits. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made. The following are types of changes to future assumptions that would generally result in a negative unlocking (i.e., an acceleration of amortization resulting in a reduction to net income): lower equity returns, lower investment returns, higher operating expenses, higher mortality, and unfavorable lapses.

The carrying amounts of DAC, DSI, URR and UFEL are adjusted for the effects of realized and unrealized gains and losses on debt and equity securities classified as AFS and certain derivatives.

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, Global Atlantic does not change the accounting and amortization of existing DAC and related actuarial balances (i.e., continuation of contract accounting). 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 variable annuities, fixed-indexed annuities, universal life with secondary guarantees, indexed universal life and preneed policies.

Fixed-rate and fixed-indexed annuities

Contractholder deposits fund reserves 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 “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 constant 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.

Global Atlantic issues funding agreements to certain unaffiliated (and non-unconsolidated) special purpose entities that have issued debt securities for which payment of interest and principal is secured by such funding agreements. Global Atlantic’s funding agreements are considered investment type contracts and liabilities are calculated as the present value of future payments. 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 income.

Notes to Financial Statements (Continued)

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 DAC) is established at inception and amortized under the constant yield method.

Guaranteed benefits

Certain fixed-rate and fixed-indexed annuity contracts provide the contractholder with guaranteed minimum death benefits ("GMDB") and/or guaranteed minimum withdrawal benefits ("GMWB"). The associated reserves for these benefits are calculated by estimating the present value of total expected (excess) benefit payments over the life of the contract divided by the present value of total expected assessments over the life of the contract, or the "benefit ratio," and multiplying this ratio by the cumulative assessments recorded from the contract inception through the balance sheet date less cumulative benefit payments plus interest on the reserves. The liabilities are included in policy liabilities in the consolidated statements of financial condition. The change in the reserve is included in policy benefits and claims in the consolidated statements of operations.

Long-term care benefit riders

Certain fixed-rate contracts provide the policyholder with long-term care benefit riders. The long-term care benefit rider permits access to the policy's account value, along with a supplemental rider benefit value, free of a surrender charge, to reimburse the policyholder for certain qualified long-term care expenses. Depending on the outcome of simplified underwriting, the rider benefit is capped at the return of account value plus one or two times the account value. The benefit rider paid to the policyholder is subject to a monthly maximum such that the benefit is typically paid out over a period of six years or longer. The liabilities for these benefits are calculated by using the benefit ratio multiplied by the cumulative assessments recorded from the contract inception through the balance sheet date less cumulative benefit payments plus interest on the reserves. The change in the reserve is included in policy benefits and claims in the consolidated statements of operations.

Variable annuities

Variable annuity contracts offered and assumed by Global Atlantic provide the contractholder with GMDB and/or GMWB. The liabilities for these benefits 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.

Global Atlantic issued variable annuity contracts with GMDB features. Global Atlantic elected the fair value option to measure the liability for certain of these variable annuity contracts. 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 own company credit risk.

Global Atlantic also issues variable annuity contracts with a GMWB. The GMWB feature represents an embedded derivative. The embedded derivative is required to be bifurcated and measured at fair value. This liability is calculated as the present value of the excess GMWB claims less the present value of GMWB fees, using 1,000 risk neutral scenarios. Global Atlantic discounts the cash flows using U.S. Treasury rates plus an adjustment for own company credit risk.

Payout annuities

Payout annuities include single premium immediate annuities, annuitizations of deferred annuities 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 financial instruments. 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 interest assumptions. Any gross premiums received in excess of the net premium is the DRL and is recognized in income in a constant relationship with the amount of expected future payments. The 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.

Universal life policies

For universal life policies, the base benefit reserves are deemed to be equal to 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 "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 constant yield method.

Global Atlantic holds additional liabilities for universal life products with secondary guarantees, sometimes referred to as no-lapse guarantees. For these products, the fair value of the embedded derivative is the present value of the best estimate option budget projection minus the guaranteed surrender benefits over the life of the contract. 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.

Variable universal life policies

Certain assumed variable universal life policies include several forms of secondary guarantees. Global Atlantic holds additional liabilities for its secondary guarantees as discussed above.

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.

Whole and term life

Global Atlantic has established liabilities for amounts payable under insurance policies, including whole life insurance and term life insurance policies. 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. Principal assumptions used in the establishment of liabilities for future policyholder benefits are mortality, policy lapse, renewal, investment returns, inflation, expenses and other contingent events as appropriate for the respective product. These assumptions, which include provisions for adverse deviations, are established at the time the policy is issued and are intended to estimate the experience for the period the policyholder benefits are payable. By utilizing these assumptions, liabilities are established on a block-of-business basis. For whole life and term long-duration insurance contracts, assumptions such as mortality, morbidity and interest rates are locked-in upon the issuance of new business. However, significant adverse changes in experience on such contracts may require Global Atlantic to establish premium deficiency reserves. Premium deficiency reserves are established, if necessary, when the liability for future policyholder benefits plus the present value of expected future gross premiums are determined to be insufficient to provide for expected future policyholder benefits and expenses. Such reserves are determined based on assumptions at the time the premium deficiency reserve is established and do not include a provision for adverse deviation.

Notes to Financial Statements (Continued)

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.

Policy liabilities for non-participating whole life and term life insurance policies are equal to the aggregate of the present value of expected future policyholder benefit payments and related expenses less the present value of expected future net premiums. Assumptions as to the mortality and persistency are based upon Global Atlantic's experience when the basis of the liability is established, and are periodically updated. Interest rate assumptions for the aggregate policy liabilities are calculated based on the portfolio rate, net of investment expenses.

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 nonperformance 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. Cost of reinsurance assets and liabilities are reported in insurance intangibles and policy liabilities in the consolidated statements of financial condition, respectively and includes certain variable incentive compensation directly related to reinsurance contract acquisition. 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

Notes to Financial Statements (Continued)

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.

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.

Other income

Other income is primarily comprised of administration, management fees and distribution fees.

Insurance expenses

Insurance expenses are primarily comprised of commissions expense, premium taxes, amortization of acquired distribution and trade name intangibles, and other expenses related to insurance products and reinsurance transactions.

General, administrative and other expenses

General, administrative and other expenses are primarily comprised of employee compensation and benefit expenses, administrative and professional services and other operating expenses.

Equity-based, incentive and other deferred compensation

Global Atlantic has established a long-term incentive plan to foster and promote its long-term financial success. Compensation expense for Global Atlantic's incentive awards is recognized only when vesting is deemed to be probable.

Global Atlantic measures compensation cost for service-based, equity-classified share-based payment awards at fair value as of the grant date and recognizes it in general, administrative and other expenses in the consolidated statements of operations as compensation expense over the requisite service period for awards expected to vest. Global Atlantic recognizes the expense using the straight-line attribution method, with adjustments for estimated forfeitures. For awards with performance-based vesting, expense recognition is deferred until the performance factor occurs or becomes probable.

Global Atlantic measures compensation cost for liability-classified share-based payment awards or other deferred compensation plans using the fair value method, beginning on the grant date, and re-measures the fair value of the awards at each reporting period until the awards are settled. Accrued compensation expense is recognized, net of an estimated forfeiture rate, in general, administrative and other expenses in the consolidated statements of operations and within accrued expenses and other liabilities in the consolidated statements of financial condition, respectively.

Adoption of new accounting pronouncements**The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and related regulatory actions**

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits net operating loss ("NOL") carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019 and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes.

The provisions of the CARES Act, as amended by the Consolidated Appropriations Act, also permit financial institutions to suspend requirements under U.S. GAAP for loan modifications that otherwise would be categorized as troubled debt restructurings ("TDRs") if (1) the borrower was not more than 30 days past due as of December 31, 2019, and (2) the modifications are related to arrangements that defer or delay the payment of principal or interest, or change the interest rate on the loan, provided the modifications are made between March 1, 2020 and the earlier of 60 days after the end of the national emergency related to the COVID-19 pandemic or December 31, 2022. Global Atlantic has applied this guidance to loan forbearance requests that meet the requirements.

See Note 7—"Investments," for additional information on loan modifications.

Simplifying the accounting for income taxes

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

Reference rate reform

On March 12, 2020, the FASB issued ASU No. 2020-04, which provides temporary optional expedients and exceptions to the guidance in GAAP on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. The temporary optional expedients and exceptions can be elected through December 31, 2022. For the quarter ended June 30, 2021, KKR has not elected to apply the temporary optional expedients and exceptions and will be reevaluating the application each quarter.

Future application of accounting standards**Targeted improvements to the accounting for long-duration contracts**

In August 2018, the FASB issued new guidance for insurance and reinsurance companies that issue long-duration contracts such as life insurance and annuities. The objective of this guidance is to improve, simplify and enhance the financial reporting of long-duration contracts by providing financial statement users with useful information in a timely and transparent manner. The primary changes include: (1) more timely recognition of assumption changes in the liability for future policy benefits and use of a current rate for the discounting of future cash flows; (2) standardization and improvement in the accounting for certain market-based options or guarantees associated with deposit (or account balance) contracts (referred to as market risk benefits); (3) simplification of the amortization of deferred acquisition costs; and (4) enhanced disclosures.

The guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. For changes related to the liability for future policy benefits and deferred acquisition costs, the new guidance requires adoption using a modified retrospective approach upon transition with an option to elect a retrospective approach. For changes related to market risk benefits, the new guidance requires a retrospective approach.

KKR intends to implement this standard to Global Atlantic's insurance business using the retrospective approach for the liability for future policy benefits, deferred acquisition costs and market risk benefits with an adoption date of January 1, 2023. Global Atlantic has completed the design and planning phase of its implementation effort and has begun detailed implementation activities. Global Atlantic continues to evaluate the impact of this guidance but anticipates that the new standard will have a

Notes to Financial Statements (Continued)

material impact on the consolidated financial statements. The new guidance is expected to increase financial statement volatility primarily due to the requirement to measure market risk benefits at fair value, which is recorded in net income, except for changes in value attributable to changes in an entity's non-performance risk, which is recorded in other comprehensive income. In addition, the new guidance is expected to have a significant impact on Global Atlantic's systems, processes and controls.

3. ACQUISITION OF GLOBAL ATLANTIC

On July 7, 2020, indirect subsidiaries of KKR & Co. Inc., namely Magnolia Parent LLC and Magnolia Merger Sub Limited, entered into an Agreement and Plan of Merger (the "GA Merger Agreement") with Global Atlantic Financial Group Limited ("GAFG"), Global Atlantic Financial Life Limited ("GAFL"), LAMC LP, and Goldman Sachs & Co. LLC, solely in its capacity as the Equity Representative (as defined in the GA Merger Agreement). Pursuant to the GA Merger Agreement, at the closing of the acquisition of Global Atlantic by KKR (the "GA Acquisition"), among other things, Global Atlantic Financial Group Limited continued as the surviving entity in its merger with Magnolia Merger Sub Limited and became a direct subsidiary of Magnolia Parent LLC, which subsequently changed its name to The Global Atlantic Financial Group LLC ("TGAFG").

On February 1, 2021 (the "GA Acquisition Date"), the GA Acquisition was completed, and KKR acquired all of the voting interests in Global Atlantic and an economic ownership of 61.1% of Global Atlantic prior to certain post-closing purchase price adjustments discussed below and after taking into account GA Rollover Investors' and GA Co-Investors' (each as defined below) equity ownership of Global Atlantic. In addition to entering into the retirement and life insurance business through KKR's indirect ownership of Global Atlantic's insurance companies, KKR's flagship investment management company became the investment adviser for Global Atlantic's insurance companies, which increases KKR's presence in the insurance community. Furthermore, the transaction allows Global Atlantic to gain access to KKR's origination and asset management capabilities.

Under the GA Merger Agreement, KKR agreed to pay former shareholders of Global Atlantic Financial Group Limited an amount in cash equal to 1.0x U.S. GAAP Shareholders' Equity of Global Atlantic Financial Group Limited, excluding Accumulated Other Comprehensive Income and subject to certain other purchase price adjustments ("GA Book Value," determined as \$4.7 billion as of February 1, 2021 for purposes of the purchase price determination). The amount of consideration payable by KKR was reduced by the amount of equity rolled over by certain former shareholders of Global Atlantic Financial Group Limited who elected to continue their equity ownership in Global Atlantic at closing ("GA Rollover Investors"). In addition, KKR syndicated equity interests in Global Atlantic to minority co-investors ("GA Co-Investors"), which also had the effect of reducing the amount of consideration payable by KKR at closing. The purchase price is as follows (in thousands):

Cash consideration paid by KKR	\$	2,914,455
GA Co-Investors and GA Rollover Investors		1,824,239
Total Purchase Price	\$	4,738,694

The purchase price paid at closing was subject to certain post-closing adjustments, which were finalized in June 2021, and KKR and certain GA Co-Investors paid incremental amounts of \$55 million and \$3 million, respectively (\$58 million in total). As a result of the post-closing adjustments, KKR's economic ownership of Global Atlantic increased from 61.1% at closing to 61.5%.

The GA Acquisition was accounted for as a business combination under FASB Accounting Standards Codification Topic 805, Business Combinations ("Topic 805"). The purchase price has been allocated to Global Atlantic's assets acquired and liabilities assumed based on estimates of their fair values as of the GA Acquisition Date. The fair value of assets acquired and liabilities assumed represent a provisional allocation as our evaluation of facts and circumstances available as of February 1, 2021 is ongoing.

Goodwill of \$497.1 million has been recorded based on the amount that the purchase price exceeds the fair value of the net assets acquired less the amounts attributable to noncontrolling interests. Goodwill is primarily attributable to the scale, skill sets, operations, and synergies that can be achieved subsequent to the GA Acquisition. The goodwill recorded is not expected to be deductible for tax purposes and it has been allocated to the Insurance Segment.

Pursuant to Topic 805, the financial statements will not be retrospectively adjusted for any changes to the provisional values of assets acquired and liabilities assumed that occur in subsequent periods. Rather, we will recognize any adjustments as we obtain information not available as of the completion of this preliminary fair value calculation. We will also be required to record, in the same period as the financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of any change to the provisional amounts, calculated as if the accounting had been completed at the GA Acquisition Date. We expect to finalize the purchase price allocation as soon as practicable, but no later than one year from the GA Acquisition Date.

Notes to Financial Statements (Continued)

The following table summarizes the provisional fair value amounts recognized for the assets acquired and liabilities assumed and resulting goodwill as of the GA Acquisition Date:

	February 1, 2021
<i>(\$ in thousands)</i>	
Consideration Transferred	
Cash Consideration paid by KKR	\$ 2,914,455
GA Co-Investors	978,296
GA Rollover Investors	845,943
Settlement of pre-existing relationships ⁽¹⁾	(60,200)
Total Consideration Transferred⁽²⁾	\$ 4,678,494
Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed:	
Cash, Cash Equivalents and Restricted Cash	\$ 3,358,772
Investments	99,544,755
Reinsurance Recoverable	15,753,030
Insurance Intangible Assets	1,024,520
Other Assets ⁽³⁾	3,325,652
Separate Account Assets	5,371,060
Policy Liabilities	(100,374,765)
Debt Obligations	(1,450,920)
Funds Withheld Payable at Interest	(13,800,969)
Accrued Expenses and Other Liabilities	(2,735,811)
Reinsurance Liabilities	(180,573)
Separate Account Liabilities	(5,371,060)
Total Identifiable Net Assets	4,463,691
Redeemable non-controlling interests ⁽⁴⁾	(91,845)
Other Noncontrolling interests ⁽⁴⁾	(190,405)
Goodwill	\$ 497,053

(1) Represents KKR debt obligations held by Global Atlantic at the GA Acquisition Date.

(2) At the GA Acquisition Date, the transaction was funded with a combination of (i) cash on hand by KKR, (ii) cash proceeds from syndication of the equity interests in Global Atlantic to minority co-investors and equity rolled over from certain former Global Atlantic shareholders. The equity held by GA co-investors and rollover investors are presented as noncontrolling interests in the financial statements. Acquisition of Global Atlantic, Net of Cash Acquired in the consolidated statements of cash flows represents the Total Consideration Transferred (excluding GA Rollover Investors) net of acquired Cash and Cash Equivalents and Restricted Cash and Cash Equivalents.

(3) Includes \$1.0 billion of deferred tax assets recognized from the step-up in basis under purchase accounting.

(4) Represents the fair value of Noncontrolling Interests in consolidated renewable energy entities held by Global Atlantic on the GA Acquisition Date. Such interests do not represent ownership interests held by GA Rollover Investors or GA Co-Investors in Global Atlantic's equity.

Measurement Period Adjustments

During the three months ended June 30, 2021, KKR recognized measurement period adjustments to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period adjustments also reflected the increase in the total consideration transferred of \$58 million as a result of final purchase price adjustments. Measurement period adjustments consist primarily of a \$50 million increase in the value of distribution agreements acquired, a \$63 million increase in policy liabilities, a \$25 million increase in investments, and a \$46 million increase in goodwill. The related impact to net income that would have been recognized in previous periods if the adjustments were recognized as of the GA Acquisition Date was not material to the consolidated financial statements. KKR expects to finalize the valuation of the acquired assets and assumed liabilities as soon as practicable, but not later than one year from the GA Acquisition Date. Any adjustments to the initial estimates of the fair values of the acquired assets and assumed liabilities will be recorded as adjustments to the respective assets and liabilities, with an offsetting amount allocated to goodwill.

KKR performed a valuation of the acquired investments, policy liabilities, VOBA, other identifiable intangibles, and funds withheld at interest payables and receivables. The following is a summary of significant inputs to the valuation:

Notes to Financial Statements (Continued)*Investments*

Global Atlantic's investment portfolio primarily consists of fixed maturity securities, mortgage and other loan receivables, and also includes equity securities, and investments in real assets, such as renewable energy and transportation assets. All of the assets included within the investment portfolio were measured and reported at their fair values on the GA Acquisition Date consistent with the valuation methodologies discussed in Note 2. As a result, the cost basis of each respective investment was reset to equal fair value on the GA Acquisition Date.

Policy liabilities

Policy liabilities were remeasured based on generally accepted actuarial methods and reported at their fair values on the GA Acquisition Date. Assumptions for future mortality, persistency, policyholder behavior, expenses, investment return and other actuarial factors were based on an evaluation of Global Atlantic's recent experience, industry experience, and anticipated future trends. These assumptions are intended to be representative of market assumptions used by buyers and sellers in similar transactions. The approach employed to develop these projection assumptions is described below:

- Discount rates used to calculate fair value ranged from 11% to 15%, depending on product;
- Mortality and persistency assumptions are based on both Global Atlantic and general industry experience;
- Expenses were projected reflecting Global Atlantic's unit expenses with an allocation of a portion of overhead expenses to in-force business;
- Future investment income reflects a runoff of the existing asset portfolios and reinvestment strategies based on Global Atlantic's assumptions for asset yield, quality, and maturity. The projections are based on forward interest rates implied by the Treasury yield curve. Credit rates reflect Global Atlantic's target spreads;
- Separate account and index account growth rates are based on long-term return expectations for different fund types and on the underlying mix of funds; and
- Statutory reserves underlying the valuation reflect Global Atlantic's current reserving methodologies.

Value of business acquired

VOBA represents the estimated fair value of future net cash flows from in-force life and annuity insurance contracts acquired at the GA Acquisition Date.

Other identifiable intangible assets

Other identifiable intangible assets represent distribution relationships, trade names and state insurance licenses. The distribution relationships were valued using the excess earnings method, which derives value based on the present value of the cash flow attributable to the distribution relationships, less returns for contributory assets. The trade name intangible asset represents the Global Atlantic trade name, and was valued using the relief-from-royalty method giving consideration to publicly available third-party trade name royalty rates as well as expected premiums generated by the use of the trade name over its anticipated life. The state insurance licenses represent Global Atlantic's jurisdictional insurance licenses, which include 52 insurance licenses, encompassing all 50 U.S. states, the District of Columbia, and the U.S. Virgin Islands. They were protected through registration and were valued using the market approach based on third-party market transactions from which the prices paid for state insurance licenses could be derived.

Funds withheld at interest receivables and payables

Funds withheld at interest receivables and payables were remeasured at fair value based on the fair value of assets held in the underlying portfolios supporting those receivables or payables.

Notes to Financial Statements (Continued)

The fair value and weighted average estimated useful lives of Value of Business Acquired and Other Identifiable Intangible Assets acquired in the GA Acquisition consist of the following (dollars in thousands):

	Fair Value (\$ in thousands)	Average Useful Life (in years)
VOBA (included within Insurance Intangible Assets)	\$ 1,024,520	28.6
Negative VOBA (included within Policy Liabilities)	(1,273,414)	22.2
Total VOBA	\$ (248,894)	
Value of Distribution Agreements Acquired	\$ 250,000	16 to 21
Trade Names	50,000	15 to 18
State Insurance Licenses	10,000	Indefinite
Total Identifiable Other Intangible Assets (included within Other Assets)	\$ 310,000	

As of the GA Acquisition Date, Global Atlantic's financial results are reflected in these financial statements. Global Atlantic's revenues and net income of \$897.4 million and \$257.8 million, and \$2.3 billion and \$53.9 million, are included in the consolidated statement of operations for the three and six months ended June 30, 2021, respectively.

Pro- Forma Financial Information

Unaudited pro-forma financial information for the three and six months ended June 30, 2021 and June 30, 2020 are presented below. Pro-forma financial information presented does not include adjustments to reflect any potential revenue synergies or cost savings that may be achievable in connection with the GA Acquisition and assumes the GA Acquisition occurred as of January 1, 2020. The unaudited pro forma financial information is presented for informational purposes only, and is not necessarily indicative of future operations or results had the GA Acquisition been completed as of January 1, 2020.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Total Revenues	\$ 3,136,181	\$ 2,440,881	\$ 8,213,365	\$ 2,330,975
Net Income Attributable to KKR & Co. Inc. Common Stockholders	\$ 1,277,672	\$ 713,067	\$ 3,015,778	\$ (501,010)

Amounts above reflect certain pro forma adjustments that were directly attributable to the GA Acquisition. These adjustments include the following:

- adjustment to reflect the elimination of historical amortization of Global Atlantic's intangibles and the additional amortization of intangibles measured at fair value as of the GA Acquisition Date;
- adjustment to reflect the prospective reclassification from accumulated other comprehensive earnings of the unrealized gains on available-for-sale securities to a premium which will be amortized into income based on the expected life of the investment securities;
- adjustments to reflect the KKR pro-rata economic ownership as well as financing consummated by KKR to complete the acquisition; and
- adjustments to reflect the adoption of ASC 326 "Financial Instruments - Credit Losses" in 2020 by Global Atlantic.

Notes to Financial Statements (Continued)
4. 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 June 30, 2021			Three Months Ended June 30, 2020		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Private Equity ⁽¹⁾	\$ 269,422	\$ 2,038,061	\$ 2,307,483	\$ 60,793	\$ 1,086,731	\$ 1,147,524
Credit ⁽¹⁾	21,330	109,999	131,329	(7,763)	97,220	89,457
Investments of Consolidated CFEs ⁽¹⁾	24,384	60,645	85,029	(52,950)	1,261,963	1,209,013
Real Assets ⁽¹⁾	47,025	433,436	480,461	4,704	319,787	324,491
⁽¹⁾ Equity Method - Other	93,884	45,852	139,736	(149,684)	398,831	249,147
Other Investments ⁽¹⁾	(8,606)	275,865	267,259	(242,083)	265,660	23,577
Foreign Exchange Forward Contracts and Options ⁽²⁾	(21,307)	(57,078)	(78,385)	35,907	(231,459)	(195,552)
Securities Sold Short ⁽²⁾	6,925	(32,262)	(25,337)	11,386	(69,963)	(58,577)
Other Derivatives ⁽²⁾	(77,168)	47,894	(29,274)	1,036	(45,333)	(44,297)
Debt Obligations and Other ⁽³⁾	(16,945)	(41,303)	(58,248)	8,090	(1,272,004)	(1,263,914)
Net Gains (Losses) From Investment Activities	\$ 338,944	\$ 2,881,109	\$ 3,220,053	\$ (330,564)	\$ 1,811,433	\$ 1,480,869
	Six Months Ended June 30, 2021			Six Months Ended June 30, 2020		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Private Equity ⁽¹⁾	\$ 1,025,769	\$ 2,832,379	\$ 3,858,148	\$ 60,793	\$ (195,673)	\$ (134,880)
Credit ⁽¹⁾	55,246	105,490	160,736	(48,460)	(808,387)	(856,847)
Investments of Consolidated CFEs ⁽¹⁾	21,756	188,788	210,544	(93,802)	(850,578)	(944,380)
Real Assets ⁽¹⁾	86,774	667,834	754,608	58,067	(531,228)	(473,161)
⁽¹⁾ Equity Method - Other	99,071	442,366	541,437	(145,279)	(46,192)	(191,471)
Other Investments ⁽¹⁾	(235,505)	708,945	473,440	(253,536)	(402,059)	(655,595)
Foreign Exchange Forward Contracts and Options ⁽²⁾	(26,950)	(41,886)	(68,836)	119,146	99,592	218,738
Securities Sold Short ⁽²⁾	57,548	18,734	76,282	26,041	(48,440)	(22,399)
Other Derivatives ⁽²⁾	(107,689)	77,228	(30,461)	810	(44,522)	(43,712)
Debt Obligations and Other ⁽³⁾	(52,695)	(6,950)	(59,645)	9,031	631,041	640,072
Net Gains (Losses) From Investment Activities	\$ 923,325	\$ 4,992,928	\$ 5,916,253	\$ (267,189)	\$ (2,196,446)	\$ (2,463,635)

(1) See Note 7 "Investments."

(2) See Note 8 "Derivatives" and Note 14 "Other Assets and Accrued Expenses and Other Liabilities."

(3) See Note 16 "Debt Obligations."

Notes to Financial Statements (Continued)

5. 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 June 30, 2021	Six Months Ended June 30, 2021
Fixed maturity securities – interest and other income	\$ 528,523	\$ 880,063
Mortgage and other loan receivables	246,951	369,417
Investments in transportation and other leased assets	52,944	89,687
Short-term and other investment income	13,606	18,719
Policy loans	17,088	18,935
Investments in real estate	4,443	5,527
Investments in renewable energy	33,136	33,932
Equity securities – dividends and other income	(257)	(741)
Income from (to) funds withheld at interest	(64,059)	(80,425)
Gross investment income	832,375	1,335,114
Less investment expenses:		
Investment management and administration	67,723	101,669
Transportation and renewable energy asset depreciation and maintenance	46,909	70,418
Interest expense on derivative collateral and repurchase agreements	1,246	1,749
Net investment income	\$ 716,497	\$ 1,161,278

6. NET INVESTMENT GAINS (LOSSES) - INSURANCE

Net investment (losses) gains from insurance operations primarily consists out of (i) realized gains and (losses) from the disposal of investments, (ii) unrealized gains and (losses) from investments held for trading, equity securities, or 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 gains (losses) were as follows:

	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Trading fixed maturity securities	\$ 299,950	\$ (55,364)
Allowance for credit losses on mortgage and other loan receivables	2,337	(181,304)
AFS fixed maturity securities	(27,362)	(73,002)
Allowance for losses on AFS fixed maturity securities	46,447	25,096
Equity securities and other investments	91,782	72,627
Allowance for loan commitment losses provision	2,915	(11,695)
Derivatives	(119,226)	29,306
Funds withheld receivable at interest	15,522	46,760
Mortgage and other loans receivables	14,193	18,432
Net investment gains (losses)	\$ 326,558	\$ (129,144)

Notes to Financial Statements (Continued)
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 available-for-sale fixed maturity securities held by Global Atlantic:

	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	Corporate	Structured	Total	Corporate	Structured	Total
Balance, as of beginning of period ⁽¹⁾	\$ —	\$ 140,252	\$ 140,252	\$ —	\$ 120,895	\$ 120,895
Initial impairments for credit losses recognized on securities not previously impaired	—	186	186	—	27,609	27,609
Initial credit loss allowance recognized on PCD securities	—	5,406	5,406	—	5,628	5,628
Accretion of initial credit loss allowance on PCD securities	—	—	—	—	321	321
Reductions due to sales (or maturities, pay downs or prepayments) during the period of securities previously identified as credit impaired	—	(7,565)	(7,565)	—	(10,102)	(10,102)
Net additions / reductions for securities previously impaired	—	(46,633)	(46,633)	—	(52,705)	(52,705)
Balance, as of end of period	\$ —	\$ 91,646	\$ 91,646	\$ —	\$ 91,646	\$ 91,646

(1) Includes securities designed as purchased credit deteriorated as of the time of the acquisition of Global Atlantic.

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 June 30, 2021				Six Months Ended June 30, 2021			
	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	\$ 80,056	\$ 78,739	\$ 145,105	\$ 303,900	\$ 58,203	\$ 62,056	\$ —	\$ 120,259
Net provision (release)	(21,801)	(3,002)	22,466	(2,337)	52	13,681	167,571	181,304
Loans purchased with credit deterioration	—	799	838	1,637	—	799	838	1,637
Charge-offs	—	—	(5,274)	(5,274)	—	—	(5,274)	(5,274)
Balance, as of end of period	\$ 58,255	\$ 76,536	\$ 163,135	\$ 297,926	\$ 58,255	\$ 76,536	\$ 163,135	\$ 297,926

(1) Includes loans designed as purchased credit deteriorated as of the time of the acquisition of Global Atlantic.

Notes to Financial Statements (Continued)
Proceeds and gross gains and losses from voluntary sales

The proceeds from voluntary sales and the gross gains and losses on those sales of AFS fixed maturity securities were as follows:

	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
AFS fixed maturity securities:		
Proceeds from voluntary sales	\$ 3,423,122	\$ 5,326,242
Gross gains	16,469	21,245
Gross losses	(22,132)	(73,104)

7. INVESTMENTS

Investments consist of the following:

	June 30, 2021	December 31, 2020
Asset Management		
Private Equity	\$ 23,315,992	\$ 20,470,123
Credit	11,864,105	11,203,905
Investments of Consolidated CFEs	21,144,203	17,706,976
Real Assets	8,804,702	6,096,618
Equity Method - Other	4,629,417	4,471,441
Equity Method - Capital Allocation-Based Income	10,055,633	6,460,430
Other Investments	3,627,586	2,865,222
Investments - Asset Management	\$ 83,441,638	\$ 69,274,715
Insurance		
Fixed maturity securities, available-for-sale, at fair value ⁽¹⁾	\$ 60,799,172	\$ —
Mortgage and other loan receivables	19,969,968	—
Fixed maturity securities, trading, at fair value ⁽²⁾	9,288,724	—
Other investments	6,974,482	—
Funds withheld receivable at interest	3,083,988	—
Policy loans	779,302	—
Equity securities at fair value	148,631	—
Investments - Insurance	\$ 101,044,267	\$ —
Total Investments	\$ 184,485,905	\$ 69,274,715

(1) Amortized cost of \$61.1 billion, net of credit loss allowances of \$91.6 million.

(2) Amortized cost of \$9.3 billion.

As of June 30, 2021 and December 31, 2020, there were no investments which represented greater than 5% of total investments.

For certain disclosures a comparison to prior period is not provided when the amounts relate to investments held by Global Atlantic, which was acquired by KKR on February 1, 2021.

Notes to Financial Statements (Continued)
Fixed maturity securities

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

As of June 30, 2021	Cost or amortized cost	Allowance for Credit Losses ⁽²⁾	Gross unrealized		Fair value
			gains	losses	
AFS fixed maturity securities portfolio by type:					
U.S. government and agencies	\$ 548,294	\$ —	\$ 527	\$ (5,346)	\$ 543,475
U.S. state, municipal and political subdivisions	4,730,159	—	34,031	(50,209)	4,713,981
Corporate	35,534,639	—	177,580	(460,602)	35,251,617
RMBS	8,298,560	(88,517)	103,887	(64,618)	8,249,312
CMBS	3,745,355	—	27,639	(10,148)	3,762,846
CBOs	3,230,163	(2,555)	12,913	(23,943)	3,216,578
CLOs	2,578,670	(127)	10,088	(1,571)	2,587,060
All other structured securities ⁽¹⁾	2,482,861	(447)	20,341	(28,452)	2,474,303
Total AFS fixed maturity securities	\$ 61,148,701	\$ (91,646)	\$ 387,006	\$ (644,889)	\$ 60,799,172

(1) Includes primarily asset-backed securities ("ABS").

(2) Represents the cumulative amount of credit impairments that have been recognized in the consolidated statement 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.

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 June 30, 2021	Cost or amortized cost (net of allowance)	Fair value
Due in one year or less	\$ 375,868	\$ 370,212
Due after one year through five years	7,363,562	7,336,415
Due after five years through ten years	10,630,724	10,570,969
Due after ten years	22,442,938	22,231,477
Subtotal	40,813,092	40,509,073
RMBS	8,210,043	8,249,312
CMBS	3,745,355	3,762,846
CBOs	3,227,608	3,216,578
CLOs	2,578,543	2,587,060
All other structured securities	2,482,414	2,474,303
Total AFS fixed maturity securities	\$ 61,057,055	\$ 60,799,172

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:

Notes to Financial Statements (Continued)

	June 30, 2021
Purchase price of PCD securities acquired during the current period	\$ 1,669,211
Allowance for credit losses at acquisition	126,523
Discount (premium) attributable to other factors	300,530
Par value	<u>\$ 2,096,264</u>

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:

As of June 30, 2021	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	\$ 259,003	\$ (5,346)	\$ —	\$ —	\$ 259,003	\$ (5,346)
U.S. state, municipal and political subdivisions	2,652,630	(50,209)	—	—	2,652,630	(50,209)
Corporate	25,296,944	(460,602)	—	—	25,296,944	(460,602)
RMBS	2,967,016	(64,618)	—	—	2,967,016	(64,618)
CBOs	2,166,274	(23,943)	—	—	2,166,274	(23,943)
CMBS	1,595,456	(10,148)	—	—	1,595,456	(10,148)
CLOs	683,270	(1,571)	—	—	683,270	(1,571)
All other structured securities	1,219,671	(28,452)	—	—	1,219,671	(28,452)
Total AFS fixed maturity securities in a continuous loss position	\$ 36,840,264	\$ (644,889)	\$ —	\$ —	\$ 36,840,264	\$ (644,889)

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 \$38.8 million as of June 30, 2021. The single largest unrealized loss on AFS fixed maturity securities was \$6.7 million as of June 30, 2021. Global Atlantic had 3,416 securities in an unrealized loss position as of June 30, 2021.

Mortgage and other loan receivables

Mortgage and other loan receivables consist of the following:

	As of June 30, 2021
Commercial mortgage loans ⁽¹⁾	\$ 8,877,584
Residential mortgage loans ⁽¹⁾	5,598,254
Consumer loans	4,473,275
Other loan receivables ⁽¹⁾⁽²⁾⁽³⁾	1,318,781
Total mortgage and other loan receivables	20,267,894
Allowance for credit losses	(297,926)
Total mortgage and other loan receivables, net of allowance for loan losses	\$ 19,969,968

(1) Includes \$596.8 million of loans carried at fair value using the fair value option as of June 30, 2021. The fair value option was elected for these loans for asset-liability matching purposes. These loans had unpaid principal balances of \$589.3 million as of June 30, 2021.

(2) As of June 30, 2021, other loan receivables consisted primarily of renewable energy development loans of \$781.7 million.

(3) Includes \$628.0 million of related party loans carried at fair value using the fair value option as of June 30, 2021. These loans had unpaid principal balances of \$627.9 million as of June 30, 2021.

Notes to Financial Statements (Continued)

The maturity distribution for residential and commercial mortgage loans was as follows as of June 30, 2021:

Years	Residential	Commercial	Total mortgage loans
Remainder of 2021	\$ 103,037	\$ 512,272	\$ 615,309
2022	410,358	962,156	1,372,514
2023	298,538	994,842	1,293,380
2024	349,931	1,421,112	1,771,043
2025	18,434	661,061	679,495
2026	365,190	1,045,718	1,410,908
2027 and thereafter	4,052,766	3,280,423	7,333,189
Total	\$ 5,598,254	\$ 8,877,584	\$ 14,475,838

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.

The mortgage loan portfolio is diversified 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	June 30, 2021
Pacific	\$ 4,194,769
West South Central	2,298,967
South Atlantic	2,347,697
Middle Atlantic	1,632,465
East North Central	433,646
Mountain	702,176
New England	741,596
East South Central	667,677
West North Central	234,502
Other regions	1,222,343
Total by geographic region	\$ 14,475,838

Mortgage loans - carrying value by property type	June 30, 2021
Residential	\$ 5,598,129
Office building	3,527,167
Apartment	2,598,089
Industrial	1,647,800
Retail	704,277
Other property types	257,826
Warehouse	142,550
Total by property type	\$ 14,475,838

As of June 30, 2021, Global Atlantic had \$220.6 million of mortgage loans that were 90 days or more past due or in the process of foreclosure. Global Atlantic ceases accrual of interest on loans that are more than 90 days past due and recognizes income as cash is received. As of June 30, 2021, there were \$220.6 million of mortgage loans that were non-income producing.

As of June 30, 2021, 2% of residential mortgage loans and less than 1% of consumer loans have been granted forbearance due to COVID-19. This forbearance, which generally involves a 3-month period in which payments are not required (though must subsequently be made up), is not considered to result in troubled debt restructurings for the six months ended June 30, 2021. Interest continues to accrue on loans in temporary forbearance.

Notes to Financial Statements (Continued)

As of June 30, 2021, Global Atlantic had \$8.4 million of consumer loans that were delinquent by more than 120 days or in default.

Purchased credit deteriorated loans

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

	June 30, 2021
Purchase price of PCD loans acquired during the current period	\$ 4,231,426
Allowance for credit losses at acquisition	121,896
Discount (premium) attributable to other factors	(136,174)
Par value	\$ 4,217,148

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:

Performance status	June 30,						Total
	2021	2020	2019	2018	2017	Prior	
Commercial mortgage loans							
Current	\$ 1,839,770	\$ 1,109,690	\$ 2,013,088	\$ 1,470,471	\$ 835,432	\$ 1,609,133	\$ 8,877,584
30 to 59 days past due	—	—	—	—	—	—	—
60 to 89 days past due	—	—	—	—	—	—	—
Over 90 days past due	—	—	—	—	—	—	—
Total commercial mortgage loans	\$ 1,839,770	\$ 1,109,690	\$ 2,013,088	\$ 1,470,471	\$ 835,432	\$ 1,609,133	\$ 8,877,584
Residential mortgage loans							
Current	\$ 861,002	\$ 1,400,113	\$ 687,043	\$ 282,140	\$ 73,306	\$ 1,923,341	\$ 5,226,945
30 to 59 days past due	17,533	12,208	6,890	1,289	—	78,814	116,734
60 to 89 days past due	—	743	2,250	142	358	30,447	33,940
Over 90 days past due	—	10,295	14,841	2,352	202	192,945	220,635
Total residential mortgage loans	\$ 878,535	\$ 1,423,359	\$ 711,024	\$ 285,923	\$ 73,866	\$ 2,225,547	\$ 5,598,254
Total mortgage loans	\$ 2,718,305	\$ 2,533,049	\$ 2,724,112	\$ 1,756,394	\$ 909,298	\$ 3,834,680	\$ 14,475,838

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

Performance status	June 30, 2021
Consumer loans	
Current	\$ 4,436,146
30 to 59 days past due	21,472
60 to 89 days past due	8,947
Over 90 days past due	6,710
Total consumer loans	\$ 4,473,275

Notes to Financial Statements (Continued)
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 the loan-to-value ratios for commercial mortgage loans as of June 30, 2021:

Loan-to-value as of June 30, 2021, 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
2021	\$ 1,517,863	\$ 321,907	\$ —	\$ 1,839,770
2020	840,210	234,603	34,877	1,109,690
2019	1,784,338	228,750	—	2,013,088
2018	1,174,591	295,880	—	1,470,471
2017	754,615	80,817	—	835,432
2016	377,947	12,210	—	390,157
Prior	1,218,976	—	—	1,218,976
Total commercial mortgage loans	\$ 7,668,540	\$ 1,174,167	\$ 34,877	\$ 8,877,584

Changing economic conditions affect the 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 the residential mortgage loans was 71% as of June 30, 2021.

Other investments

Other investments consist of the following:

	June 30, 2021
Investments in renewable energy ⁽¹⁾⁽²⁾⁽³⁾	\$ 3,636,004
Investments in transportation and other leased assets ⁽⁴⁾	2,186,292
Other investment partnerships	195,549
Investments in real estate	796,172
FHLB common stock and other investments	160,465
Total other investments	\$ 6,974,482

(1) Net of accumulated depreciation attributed to consolidated renewable energy assets of \$121.1 million as of June 30, 2021.

(2) Includes related party investment of \$28.8 million as of June 30, 2021.

(3) Includes an equity investment in a related party, Origis USA, LLC, of \$47.9 million carried at fair value using the fair value option as of June 30, 2021.

(4) Net of accumulated depreciation of \$46.9 million as of June 30, 2021.

The total amount of other investments accounted for using the equity method of accounting was \$1.2 billion as of June 30, 2021. 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 \$25.3 million as of June 30, 2021.

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 \$165.3 million as of June 30, 2021.

Funding agreements

Certain Global Atlantic subsidiaries are members of regional banks in the FHLB system. These subsidiaries have also entered into funding agreements with their respective FHLB. The funding agreements are issued in exchange for cash. The funding agreements require that Global Atlantic pledge eligible assets, such as commercial mortgage loans, as collateral. With respect to certain classes of eligible assets, the FHLB holds the pledged eligible assets in custody at the respective FHLB. The

Notes to Financial Statements (Continued)

liabilities for the funding agreements are included in policy liabilities in the consolidated statements of financial condition. Information related to the FHLB investment and funding agreements as of June 30, 2021 is as follows:

As of June 30, 2021	Investment in common stock	Funding agreements issued to FHLB member banks	Collateral
FHLB Indianapolis	\$ 74,790	\$ 1,628,930	\$ 2,624,836
FHLB Des Moines	34,600	619,730	980,621
FHLB Boston	22,520	328,947	558,322
Total	\$ 131,910	\$ 2,577,607	\$ 4,163,779

In addition, in January 2021, Global Atlantic launched an inaugural funding-agreement backed note ("FABN") program, through which GA Global Funding Trust, a special purpose, unaffiliated statutory trust, was established to offer its senior secured medium-term notes. Net proceeds from each sale of the aforementioned notes are used to purchase one or more funding agreements from Forethought Life Insurance Company, an insurance subsidiary of Global Atlantic. As of June 30, 2021, Global Atlantic had \$1.4 billion of such funding agreements outstanding, with \$8.6 billion of remaining capacity.

Repurchase agreement transactions

As of June 30, 2021, Global Atlantic participated in third-party repurchase agreements with a notional value of \$301.6 million. As collateral for these transactions, as of June 30, 2021, Global Atlantic posted fixed maturity securities with a fair value and amortized cost of \$317.5 million and \$318.7 million, respectively, 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 gross obligations by class of collateral pledged for repurchase agreements accounted for as secured borrowings as of June 30, 2021 is presented in the following table:

As of June 30, 2021	Overnight	<30 Days	30 - 90 Days	> 90 Days	Total
Corporate Securities	\$ —	\$ —	\$ —	\$ 317,511	\$ 317,511
Total borrowing	\$ —	\$ —	\$ —	\$ 317,511	\$ 317,511

Other

As of June 30, 2021, the cost or amortized cost and fair value of the assets on deposit with various state and governmental authorities were \$184.0 million and \$182.2 million.

8. DERIVATIVES

Asset Management

As discussed in Note 2 "Summary of Significant Accounting Policies", 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.

For exchange traded derivatives, Global Atlantic offsets asset and liability positions in similar instruments executed with the same clearing member and the same clearing house where there is legal right of setoff. In addition, these exchange traded derivatives have daily settlement of margin.

The restricted cash which was held in connection with open derivative transactions with exchange brokers was \$109.4 million as of June 30, 2021.

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 interest rate swaps to hedge the interest rate risk associated with the 2029 Senior Notes and 2031 Senior Notes in fair value hedges. The 2029 Senior Notes and 2031 Senior Notes are reported in debt in the consolidated statements of financial condition and are hedged through their respective maturities. These hedges qualify for the shortcut method of assessing hedge effectiveness. As of June 30, 2021, the carrying amount of the hedged 2029 Senior Notes was \$480.2 million, which reflects a fair value hedge adjustment of \$(12.3) million. A gain of \$14.0 million and a loss of \$12.3 million was recognized in interest expense in the consolidated statements of operations, due to changes in the fair value of the swap for the three and six months ended June 30, 2021, respectively, fully offsetting the fair value change in the hedged 2029 Senior Notes. As of June 30, 2021, the carrying amount of the hedged 2031 Senior Notes was \$653.0 million, which reflects a fair value hedge adjustment of \$3.0 million. A gain of \$3.0 million was recognized in interest expense in the consolidated statement of operations due to changes in the fair value of the swap for both the three and six months ended June 30, 2021, fully offsetting the fair value change in the hedged 2031 Senior Notes.

Global Atlantic has designated interest rate swaps to hedge the interest rate risk associated with its FHLB funding agreement liabilities in a fair value hedge. The FHLB funding agreement liabilities are reported in policy liabilities in the consolidated statement of financial condition and are hedged through their maturities that range from 2023 to 2025. This hedge qualifies for the shortcut method of assessing hedge effectiveness. As of June 30, 2021, the carrying amount of the hedged FHLB loan liabilities was \$1.1 billion, which reflects a fair value hedge adjustment of \$(7.3) million. A loss due to changes in the fair value of the swaps of \$2.0 million and \$7.3 million was recognized in policy benefits and claims in the consolidated statements of operations for the three and six months ended June 30, 2021, respectively, fully offsetting the fair value change in the hedged FHLB funding agreement liabilities.

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. Regression analysis is used to assess the effectiveness of these hedges. As of June 30, 2021, there was a cumulative gain of \$3.0 million on the bond forwards recorded in accumulated other comprehensive (loss) income. Amounts deferred in accumulated other comprehensive (loss) income 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

Notes to Financial Statements (Continued)

effective interest method. These arrangements are hedging purchases from July 2021 through January 2027 and are expected to affect earnings until 2051. There were no securities purchased for the six months ended June 30, 2021. Global Atlantic estimates that the amount of gains/losses in accumulated other comprehensive (loss) income to be reclassified into earnings in the next 12 months will not be material.

Global Atlantic designates 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. 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. The change in the fair value of the FX forwards due to changes in the spot rate was \$(458) thousand and \$1.7 million which was recognized in net investment gains (losses) for the three and six months ended June 30, 2021, respectively, fully offset by amounts reclassified from AOCI due to changes in spot exchange rates on the AFS fixed maturity securities. The change in the fair value of the FX forwards due to changes in the spot-forward difference was \$471 thousand and \$(367) thousand which was deferred in AOCI for the three and six months ended June 30, 2021, respectively. \$448 thousand and \$613 thousand of amounts previously deferred in AOCI was amortized to net investment gains (losses) for the three and six months ended June 30, 2021, respectively.

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

As of June 30, 2021	Notional value	Derivative assets	Derivative liabilities
<i>Asset Management</i>			
Foreign Exchange Contracts and Options	\$ 11,230,544	\$ 242,615	\$ 586,223
Other Derivatives	1,371,561	1,912	40,094
Total Asset Management		244,527	626,317
<i>Insurance</i>			
Equity market contracts	\$ 28,345,670	\$ 1,126,504	\$ 177,667
Interest rate contracts	8,833,113	198,631	67,092
Foreign currency contracts	450,546	6,412	2,550
Credit risk contracts	60,000	—	1,555
Impact of netting ⁽¹⁾		(201,028)	(201,218)
Fair value included within derivative assets and derivative liabilities		1,130,519	47,646
Embedded derivative – indexed universal life products		—	495,353
Embedded derivative – annuity products		—	1,521,447
Fair value included within policy liabilities		—	2,016,800
Embedded derivative – funds withheld at interest		78,450	55,172
Total Insurance		1,208,969	2,119,618
Fair value included within total assets and liabilities		\$ 1,453,496	\$ 2,745,935

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

Notes to Financial Statements (Continued)

As of December 31, 2020	Notional value	Derivative assets	Derivative liabilities
<i>Asset Management</i>			
Foreign Exchange Contracts and Options	\$ 9,837,178	\$ 250,398	\$ 551,728
Other Derivatives	802,988	7,839	126,950
Total Asset Management		258,237	678,678
Fair value included within total assets and liabilities		\$ 258,237	\$ 678,678

The amounts of derivative gains and losses recognized are reported in the consolidated statements of operations as follows:

Derivative contracts not designated as hedges	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
<i>Asset Management</i>				
Net Gains (Losses) from Investment Activities:				
Foreign Exchange Contracts and Options	\$ (78,385)	\$ (195,552)	\$ (68,836)	\$ 218,738
Other Derivatives	(29,274)	(44,297)	(30,461)	(43,712)
Total included in Net Gains (Losses) from Investment Activities	<u>\$ (107,659)</u>	<u>\$ (239,849)</u>	<u>\$ (99,297)</u>	<u>\$ 175,026</u>

<i>Insurance</i>				
Net investment gains (losses):				
Embedded derivatives	\$ (345,835)	\$ —	\$ 23,278	\$ —
Equity index options	196,868	—	300,889	—
Equity future contracts	(104,182)	—	(173,765)	—
Interest rate contracts	163,830	—	(102,901)	—
Credit risk contracts	(22)	—	(58)	—
Other	(32,176)	—	(22,238)	—
Total included in net investment gains (losses)	<u>\$ (121,517)</u>	<u>\$ —</u>	<u>\$ 25,205</u>	<u>\$ —</u>

Derivative contracts designated as hedges	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
<i>Insurance</i>				
Revenues:				
Foreign currency forwards	\$ 2,291	\$ —	\$ 4,101	\$ —
Total included in net investment gains (losses)	<u>\$ 2,291</u>	<u>\$ —</u>	<u>\$ 4,101</u>	<u>\$ —</u>
Policy benefits and claims:				
Interest rate swap	\$ 1,777	\$ —	\$ (6,626)	\$ —
Total included in policy benefits and claims	<u>\$ 1,777</u>	<u>\$ —</u>	<u>\$ (6,626)</u>	<u>\$ —</u>
Interest expense:				
Interest rate swap	\$ 18,392	\$ —	\$ (6,384)	\$ —
Total included in interest expense	<u>\$ 18,392</u>	<u>\$ —</u>	<u>\$ (6,384)</u>	<u>\$ —</u>

Notes to Financial Statements (Continued)

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

As of June 30, 2021	Gross amount recognized	Gross amounts offset in the statement of financial position⁽¹⁾	Net amounts presented in the statement of financial condition	Collateral (received) / pledged	Net amount after collateral
Derivative assets (excluding embedded derivatives)	\$ 1,331,547	\$ (201,028)	\$ 1,130,519	\$ (922,295)	\$ 208,224
Derivative liabilities (excluding embedded derivatives)	\$ 248,864	\$ (201,218)	\$ 47,646	\$ —	\$ 47,646

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

9. 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:

	June 30, 2021			
	Level I	Level II	Level III	Total
Asset Management				
Private Equity	\$ 2,782,220	\$ 1,510,134	\$ 19,023,638	\$ 23,315,992
Credit	—	1,932,594	9,931,511	11,864,105
Investments of Consolidated CFEs	—	21,144,203	—	21,144,203
Real Assets	—	87,131	8,717,571	8,804,702
Equity Method - Other	396,729	7,593	1,067,844	1,472,166
Other Investments	419,987	236,357	2,971,242	3,627,586
Total Investments	3,598,936	24,918,012	41,711,806	70,228,754
Foreign Exchange Contracts and Options	—	242,615	—	242,615
Other Derivatives	—	37	1,875 ⁽¹⁾	1,912
Total Assets at Fair Value - Asset Management	<u>\$ 3,598,936</u>	<u>\$ 25,160,664</u>	<u>\$ 41,713,681</u>	<u>\$ 70,473,281</u>
Insurance				
AFS fixed maturity securities:				
U.S. government and agencies	\$ 479,177	\$ 64,298	\$ —	\$ 543,475
U.S. state, municipal and political subdivisions	—	4,713,981	—	4,713,981
Corporate	—	31,233,443	4,018,174	35,251,617
Structured securities	—	20,114,163	175,936	20,290,099
Total AFS fixed maturity securities	479,177	56,125,885	4,194,110	60,799,172
Trading fixed maturity securities:				
U.S. government and agencies	31,335	34,011	—	65,346
U.S. state, municipal and political subdivisions	—	748,284	—	748,284
Corporate	—	6,119,826	1,009,357	7,129,183
Structured securities	—	1,324,972	20,939	1,345,911
Total trading fixed maturity securities	31,335	8,227,093	1,030,296	9,288,724
Equity securities	51,602	—	97,029	148,631
Mortgage and other loan receivables ⁽²⁾	—	—	1,224,789	1,224,789
Other investments ⁽³⁾	—	—	491,635	491,635

Notes to Financial Statements (Continued)

Funds withheld receivable at interest	—	—	78,450	78,450
Reinsurance recoverable	—	—	1,288,097	1,288,097
Derivative assets:				
Equity market contracts	49,699	1,076,805	—	1,126,504
Interest rate contracts	69,913	128,718	—	198,631
Foreign currency contracts	—	6,412	—	6,412
Impact of netting ⁽⁴⁾	(22,026)	(179,002)	—	(201,028)
Total derivative assets	97,586	1,032,933	—	1,130,519
Separate account assets	5,637,651	—	—	5,637,651
Total Assets at Fair Value - Insurance	\$ 6,297,351	\$ 65,385,911	\$ 8,404,406	\$ 80,087,668
Total Assets at Fair Value	\$ 9,896,287	\$ 90,546,575	\$ 50,118,087	\$ 150,560,949

	December 31, 2020			
	Level I	Level II	Level III	Total
Asset Management				
Private Equity	\$ 2,758,396	\$ 2,476,823	\$ 15,234,904	\$ 20,470,123
Credit	—	2,031,057	9,172,848	11,203,905
Investments of Consolidated CFEs	—	17,706,976	—	17,706,976
Real Assets	—	172,043	5,924,575	6,096,618
Equity Method - Other	485,988	7,254	1,014,378	1,507,620
Other Investments	434,481	88,760	2,341,981	2,865,222
Total Investments	3,678,865	22,482,913	33,688,686	59,850,464
Foreign Exchange Contracts and Options	—	250,398	—	250,398
Other Derivatives	442	729	6,668 ⁽¹⁾	7,839
Total Assets at Fair Value - Asset Management	\$ 3,679,307	\$ 22,734,040	\$ 33,695,354	\$ 60,108,701
Total Assets at Fair Value	\$ 3,679,307	\$ 22,734,040	\$ 33,695,354	\$ 60,108,701

- (1) Includes derivative assets that were valued using a third-party valuation firm. The approach used to estimate the fair value of these derivative assets was generally the discounted cash flow method, which includes consideration of the current portfolio, projected portfolio construction, projected portfolio realizations, portfolio volatility (based on the volatility, correlation, and size of each underlying asset class), and the discounting of future cash flows to the reporting date.
- (2) Includes related party balance of \$628.0 million in Level III for mortgage and other loan receivables.
- (3) 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 June 30, 2021, the fair value of these investments was \$108.7 million.
- (4) Represents netting of derivative exposures covered by qualifying master netting agreements.

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 and six months ended June 30, 2021 and 2020, respectively. The format of the tables has been modified to include the insurance assets and liabilities and, as such, the prior period presentation has been modified accordingly.

Three Months Ended June 30, 2021											
	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Net 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											
<i>Asset Management</i>											
Private Equity	\$ 17,063,809	\$ —	\$ 5,034	\$ (428,558)	\$ 86,390	\$ 2,296,963	\$ —	\$ 19,023,638	\$ 2,294,598	\$ —	
Credit	9,385,881	—	—	—	465,775	82,636	(2,781)	9,931,511	88,241	(2,781)	
Real Assets	6,879,217	—	17,567	—	1,353,027	467,760	—	8,717,571	452,628	—	
Equity Method - Other	1,041,780	—	—	(22,601)	(8,754)	57,419	—	1,067,844	57,300	—	
Other Investments	2,473,365	—	—	(9,630)	211,405	296,102	—	2,971,242	325,449	—	
Other Derivatives	3,401	—	—	—	7,036	(8,562)	—	1,875	(8,562)	—	
Total Assets - Asset Management	36,847,453	—	22,601	(460,789)	2,114,879	3,192,318	(2,781)	41,713,681	3,209,654	(2,781)	
<i>Insurance</i>											
AFS fixed maturity securities:											
Corporate fixed maturity securities	3,724,740	—	28,184	(9,210)	267,465	—	6,995	4,018,174	—	8,408	
Structured securities	193,093	—	—	—	(17,815)	—	658	175,936	—	114	
Total AFS fixed maturity securities	3,917,833	—	28,184	(9,210)	249,650	—	7,653	4,194,110	—	8,522	
Trading fixed maturity securities:											
Corporate fixed maturity securities	728,348	—	—	—	280,704	305	—	1,009,357	2,662	—	
Structured securities	22,533	—	—	—	(2,080)	486	—	20,939	428	—	
Total trading fixed maturity securities	750,881	—	—	—	278,624	791	—	1,030,296	3,090	—	
Equity securities	69,985	—	—	—	—	27,044	—	97,029	27,044	—	
Mortgage and other loan receivables	1,181,891	—	—	—	42,076	822	—	1,224,789	205	—	
Other investments	438,370	—	5,003	—	12,926	35,336	—	491,635	35,323	—	
Funds withheld receivable at interest	55,882	—	—	—	255	22,313	—	78,450	—	—	
Reinsurance recoverable	1,317,961	—	—	—	—	(29,864)	—	1,288,097	—	—	
Total Assets - Insurance	7,732,803	—	33,187	(9,210)	583,531	56,442	7,653	8,404,406	65,662	8,522	
Total	\$ 44,580,256	\$ —	\$ 55,788	\$ (469,999)	\$ 2,698,410	\$ 3,248,760	\$ 4,872	\$ 50,118,087	\$ 3,275,316	\$ 5,741	

Notes to Financial Statements (Continued)

Six Months Ended June 30, 2021												
	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Net 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												
<i>Asset Management</i>												
Private Equity	\$ 15,234,904	\$ —	\$ 5,034	\$ (428,558)	\$ 216,699	\$ 3,995,559	\$ —	\$ 19,023,638	\$ 3,917,402	\$ —		
Credit	9,172,848	(1,021)	86,135	—	557,915	116,276	(642)	9,931,511	150,015	(642)		
Real Assets	5,924,575	—	17,567	—	2,049,372	726,057	—	8,717,571	684,526	—		
Equity Method - Other	1,014,378	—	—	(22,601)	(162,594)	238,661	—	1,067,844	237,558	—		
Other Investments	2,341,981	(2,879)	—	(115,274)	274,459	472,955	—	2,971,242	540,328	—		
Other Derivatives	6,668	—	—	—	10,610	(15,403)	—	1,875	(15,403)	—		
Total Assets - Asset Management	33,695,354	(3,900)	108,736	(566,433)	2,946,461	5,534,105	(642)	41,713,681	5,514,426	(642)		
<i>Insurance</i>												
AFS fixed maturity securities:												
Corporate fixed maturity securities	3,504,578	—	28,184	(9,210)	512,043	—	(17,421)	4,018,174	—	(10,683)		
Structured securities	197,970	—	—	—	(19,507)	—	(2,527)	175,936	—	(30)		
Total AFS fixed maturity securities	3,702,548	—	28,184	(9,210)	492,536	—	(19,948)	4,194,110	—	(10,713)		
Trading fixed maturity securities:												
Corporate fixed maturity securities	676,650	—	—	—	336,403	(3,696)	—	1,009,357	(4,322)	—		
Structured securities	14,661	—	—	—	5,975	303	—	20,939	206	—		
Total trading fixed maturity securities	691,311	—	—	—	342,378	(3,393)	—	1,030,296	(4,116)	—		
Equity securities	66,660	—	—	—	—	30,369	—	97,029	30,369	—		
Mortgage and other loan receivables	928,673	—	—	—	289,795	6,321	—	1,224,789	7,767	—		
Other investments	437,275	—	5,003	—	12,926	36,431	—	491,635	36,006	—		
Funds withheld receivable at interest	—	—	—	—	589	77,861	—	78,450	—	—		
Reinsurance recoverable	—	—	—	—	—	1,288,097	—	1,288,097	—	—		
Total Assets - Insurance	5,826,467	—	33,187	(9,210)	1,138,224	1,435,686	(19,948)	8,404,406	70,026	(10,713)		
Total	\$ 39,521,821	\$ (3,900)	\$ 141,923	\$ (575,643)	\$ 4,084,685	\$ 6,969,791	\$ (20,590)	\$ 50,118,087	\$ 5,584,452	\$ (11,355)		

Notes to Financial Statements (Continued)

Three Months Ended June 30, 2020

	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	
Assets										
<i>Asset Management</i>										
Private Equity	\$ 9,349,448	\$ —	\$ —	\$ —	\$ —	\$ 537,105	\$ 923,560	\$ —	\$ 10,810,113	\$ 921,625
Credit	9,004,965	—	—	—	—	(170,406)	(115,539)	2,458	8,721,478	(109,991)
Real Assets	2,727,991	—	—	(113,770)	—	291,126	318,193	—	3,223,540	316,362
Equity Method - Other	1,352,346	—	—	—	—	79,902	190,637	—	1,622,885	190,825
Other Investments	1,677,617	—	—	—	—	70,138	(52,958)	—	1,694,797	(47,093)
Other Derivatives	44,368	—	—	—	—	962	(19,252)	—	26,078	(19,252)
Total Assets - Asset Management	\$ 24,156,735	\$ —	\$ —	\$ (113,770)	\$ —	\$ 808,827	\$ 1,244,641	\$ 2,458	\$ 26,098,891	\$ 1,252,476

Six Months Ended June 30, 2020

	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	
Assets										
<i>Asset Management</i>										
Private Equity	\$ 9,871,682	\$ —	\$ —	\$ —	\$ —	\$ 651,204	\$ 287,227	\$ —	\$ 10,810,113	\$ 285,292
Credit	9,217,759	—	—	—	—	396,614	(873,322)	(19,573)	8,721,478	(860,828)
Real Assets	3,567,944	—	—	(113,770)	—	248,825	(479,459)	—	3,223,540	(528,543)
Equity Method - Other	1,656,045	—	—	—	—	82,000	(115,160)	—	1,622,885	(114,972)
Other Investments	2,154,755	—	—	—	—	130,580	(590,538)	—	1,694,797	(575,616)
Other Derivatives	21,806	—	—	—	—	(398)	4,670	—	26,078	5,186
Total Assets - Asset Management	\$ 26,489,991	\$ —	\$ —	\$ (113,770)	\$ —	\$ 1,508,825	\$ (1,766,582)	\$ (19,573)	\$ 26,098,891	\$ (1,789,481)

Notes to Financial Statements (Continued)

	Three Months Ended June 30, 2021					Six Months Ended June 30, 2021				
	Purchases	Issuances	Sales	Settlements	Net Purchases/ Issuances/ Sales/ Settlements	Purchases	Issuances	Sales	Settlements	Net Purchases/ Issuances/ Sales/ Settlements
Assets										
<i>Asset Management</i>										
Private Equity	\$ 157,568	\$ —	\$ (71,178)	\$ —	\$ 86,390	\$ 378,912	\$ —	\$ (162,213)	\$ —	\$ 216,699
Credit	1,460,388	—	(832,044)	(162,569)	465,775	2,581,179	—	(1,860,695)	(162,569)	557,915
Real Assets	1,633,412	—	(280,385)	—	1,353,027	2,557,732	—	(508,360)	—	2,049,372
Equity Method - Other	14,455	—	(23,209)	—	(8,754)	14,599	—	(177,193)	—	(162,594)
Other Investments	241,900	—	(30,495)	—	211,405	331,402	—	(56,943)	—	274,459
Other Derivatives	7,036	—	—	—	7,036	10,610	—	—	—	10,610
Total Assets - Asset Management	3,514,759	—	(1,237,311)	(162,569)	2,114,879	5,874,434	—	(2,765,404)	(162,569)	2,946,461
<i>Insurance</i>										
AFS fixed maturity securities:										
Corporate fixed maturity securities	\$ 1,629,278	\$ —	\$ (30,928)	\$ (1,330,885)	267,465	\$ 1,916,916	\$ —	\$ (34,227)	\$ (1,370,646)	512,043
Structured securities	61	—	—	(17,876)	(17,815)	71	—	—	(19,578)	(19,507)
Total AFS fixed maturity securities	1,629,339	—	(30,928)	(1,348,761)	249,650	1,916,987	—	(34,227)	(1,390,224)	492,536
Trading fixed maturity securities:										
Corporate fixed maturity securities	282,507	—	—	(1,803)	280,704	339,958	—	—	(3,555)	336,403
Structured securities	31	—	—	(2,111)	(2,080)	8,141	—	—	(2,166)	5,975
Total trading fixed maturity securities	282,538	—	—	(3,914)	278,624	348,099	—	—	(5,721)	342,378
Mortgage and other loan receivables	60,043	—	(10,583)	(7,384)	42,076	315,038	—	(15,659)	(9,584)	289,795
Other investments	12,926	—	—	—	12,926	12,926	—	—	—	12,926
Funds withheld receivable at interest	—	255	—	—	255	—	589	—	—	589
Total Assets - Insurance	1,984,846	255	(41,511)	(1,360,059)	583,531	2,593,050	589	(49,886)	(1,405,529)	1,138,224
Total	\$ 5,499,605	\$ 255	\$ (1,278,822)	\$ (1,522,628)	\$ 2,698,410	\$ 8,467,484	\$ 589	\$ (2,815,290)	\$ (1,568,098)	\$ 4,084,685

	Three Months Ended June 30, 2020				Six Months Ended June 30, 2020			
	Purchases	Sales	Settlements	Net Purchases/Issuances/Sales/Settlements	Purchases	Sales	Settlements	Net Purchases/Issuances/Sales/Settlements
Assets								
<i>Asset Management</i>								
Private Equity	\$ 570,714	\$ (33,609)	\$ —	\$ 537,105	\$ 684,813	\$ (33,609)	\$ —	\$ 651,204
Credit	292,405	(470,124)	7,313	(170,406)	1,519,543	(1,090,769)	(32,160)	396,614
Real Assets	339,612	(48,486)	—	291,126	508,252	(259,427)	—	248,825
Equity Method - Other	79,970	(68)	—	79,902	82,068	(68)	—	82,000
Other Investments	94,755	(24,630)	13	70,138	181,979	(51,412)	13	130,580
Other Derivatives	962	—	—	962	962	(1,360)	—	(398)
Total Assets - Asset Management	1,378,418	(576,917)	7,326	808,827	2,977,617	(1,436,645)	(32,147)	1,508,825

Notes to Financial Statements (Continued)

Three Months Ended June 30, 2021

	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										
<i>Asset Management</i>										
Unfunded Revolver Commitments	\$ 35,637	\$ —	\$ —	\$ —	\$ —	(539)	4,952	\$ —	40,050	4,952
Total Liabilities - Asset Management	\$ 35,637	\$ —	\$ —	\$ —	\$ —	(539)	4,952	\$ —	40,050	4,952
<i>Insurance</i>										
Policy liabilities	565,642	—	—	—	—	(17,265)	—	548,377	—	
Closed block policy liabilities	1,366,879	—	—	—	—	(29,164)	3,547	1,341,262	—	
Funds withheld payable at interest	(313,230)	—	—	—	—	368,402	—	55,172	—	
Embedded derivative – indexed universal life products	434,242	—	—	—	430	60,681	—	495,353	—	
Embedded derivative – annuity products	984,910	—	—	—	81,292	455,245	—	1,521,447	—	
Total Liabilities - Insurance	3,038,443	—	—	—	81,722	837,899	3,547	3,961,611	—	
Total	\$ 3,074,080	\$ —	\$ —	\$ —	\$ —	81,183	842,851	3,547	4,001,661	4,952

Notes to Financial Statements (Continued)

Six Months Ended June 30, 2021

	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										
<i>Asset Management</i>										
Unfunded Revolver Commitments	\$ 46,340	\$ —	\$ —	\$ —		\$ 628	\$ (6,918)	\$ —	\$ 40,050	\$ (6,918)
Total Liabilities - Asset Management	46,340	—	—	—		628	(6,918)	—	40,050	(6,918)
<i>Insurance</i>										
Policy liabilities	637,800	—	—	—		—	(89,423)	—	548,377	—
Closed block policy liabilities	1,395,746	—	—	—		—	(55,146)	662	1,341,262	—
Funds withheld payable at interest	59,230	—	—	—		—	(4,058)	—	55,172	—
Embedded derivative – indexed universal life products	386,746	—	—	—		(501)	109,108	—	495,353	—
Embedded derivative – annuity products	1,024,601	—	—	—		126,101	370,745	—	1,521,447	—
Total Liabilities - Insurance	3,504,123	—	—	—		125,600	331,226	662	3,961,611	—
Total	\$ 3,550,463	\$ —	\$ —	\$ —		\$ 126,228	\$ 324,308	\$ 662	\$ 4,001,661	\$ (6,918)

Three Months Ended June 30, 2020

	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										
<i>Asset Management</i>										
Unfunded Revolver Commitments	\$ 70,597	\$ —	\$ —	\$ —		\$ —	\$ (449)	\$ —	\$ 70,148	\$ (449)
Total Liabilities - Asset Management	\$ 70,597	\$ —	\$ —	\$ —		\$ —	\$ (449)	\$ —	\$ 70,148	\$ (449)

Notes to Financial Statements (Continued)

Six Months Ended June 30, 2020

	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										
<i>Asset Management</i>										
Unfunded Revolver Commitments	\$ 75,842	\$ —	\$ —	\$ —		(2,464)	(3,230)	\$ —	70,148	(3,230)
Total Liabilities - Asset Management	\$ 75,842	\$ —	\$ —	\$ —		(2,464)	(3,230)	\$ —	70,148	(3,230)

	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021			
	Issuances	Settlements	Net settlements/Issuances	Issuances	Settlements	Net settlements/Issuances	
Liabilities							
<i>Asset Management</i>							
Unfunded Revolver Commitments	\$ —	\$ (539)	\$ (539)	\$ 1,167	\$ (539)	\$ 628	
Total Liabilities - Asset Management	—	(539)	(539)	1,167	(539)	628	
<i>Insurance</i>							
Embedded derivative – indexed universal life products		4,471	(4,041)	430	10,078	(10,579)	(501)
Embedded derivative – annuity products		81,292	—	81,292	126,101	—	126,101
Total Liabilities - Insurance		85,763	(4,041)	81,722	136,179	(10,579)	125,600
Total	\$ 85,763	\$ (4,580)	\$ 81,183	\$ 137,346	\$ (11,118)	\$ 126,228	

	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020		
	Issuances	Settlements	Net settlements/Issuances	Issuances	Settlements	Net settlements/Issuances
Liabilities						
<i>Asset Management</i>						
Unfunded Revolver Commitments	\$ —	\$ —	\$ —	\$ —	\$ (2,464)	\$ (2,464)
Total Liabilities - Asset Management	—	—	—	—	(2,464)	(2,464)

Notes to Financial Statements (Continued)

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 June 30, 2021. 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 June 30, 2021	Valuation Methodologies	Unobservable Input(s) ⁽¹⁾	Weighted Average ⁽²⁾	Range	Impact to Valuation from an Increase in Input ⁽³⁾	
ASSET MANAGEMENT							
Private Equity	\$ 19,023,638						
<i>Private Equity</i>	\$ 16,141,121	Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	6.8%	5.0% - 15.0%	Decrease	
			Weight Ascribed to Market Comparables	27.6%	0.0% - 50.0%	(4)	
			Weight Ascribed to Discounted Cash Flow	59.4%	0.0% - 100.0%	(5)	
			Weight Ascribed to Transaction Price	13.0%	0.0% - 100.0%	(6)	
			Market comparables	Enterprise Value/LTM EBITDA Multiple	18.2x	8.4x - 28.4x	Increase
				Enterprise Value/Forward EBITDA Multiple	16.1x	8.1x - 20.9x	Increase
			Discounted cash flow	Weighted Average Cost of Capital	9.4%	4.3% - 17.9%	Decrease
			Enterprise Value/LTM EBITDA Exit Multiple	13.1x	6.0x - 18.0x	Increase	
<i>Growth Equity</i>	\$ 2,882,517	Inputs to market comparables, discounted cash flow and milestones	Illiquidity Discount	9.7%	5.0% - 35.0%	Decrease	
			Weight Ascribed to Market Comparables	21.6%	0.0% - 100.0%	(4)	
			Weight Ascribed to Discounted Cash Flow	1.5%	0.0% - 50.0%	(5)	
			Weight Ascribed to Milestones	76.9%	0.0% - 100.0%	(6)	
			Scenario Weighting	Base	70.4%	50.0% - 75.0%	Increase
				Downside	11.3%	5.0% - 25.0%	Decrease
				Upside	18.3%	0.0% - 35.0%	Increase
Credit	\$ 9,931,511	Yield Analysis	Yield	5.4%	4.1% - 20.5%	Decrease	
			Net Leverage	5.5x	0.3x - 18.6x	Decrease	
			EBITDA Multiple	11.4x	0.8x - 30.0x	Increase	
Real Assets	\$ 8,717,571						
<i>Energy</i>	\$ 2,648,113	Inputs to market comparables and discounted cash flow	Weight Ascribed to Market Comparables	47.0%	0.0% - 50.0%	(4)	
			Weight Ascribed to Discounted Cash Flow	53.0%	50.0% - 100.0%	(5)	
			Market comparables	Enterprise Value/LTM EBITDA Multiple	9.4x	8.2x - 11.9x	Increase
				Enterprise Value/Forward EBITDA Multiple	5.7x	5.4x - 8.9x	Increase
			Discounted cash flow	Weighted Average Cost of Capital	11.3%	10.4% - 14.7%	Decrease
				Average Price Per BOE (8)	\$40.11	\$37.16 - \$44.53	Increase
<i>Infrastructure</i>	\$ 1,826,958	Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	7.1%	5.0% - 10.0%	Decrease	
			Weight Ascribed to Market Comparables	3.0%	0.0% - 25.0%	(4)	
			Weight Ascribed to Discounted Cash Flow	17.6%	0.0% - 100.0%	(5)	
			Weight Ascribed to Transaction Price	79.4%	0.0% - 100.0%	(6)	
			Market comparables	Enterprise Value/Forward EBITDA Multiple	11.2x	11.2x - 11.2x	Increase
			Discounted cash flow	Weighted Average Cost of Capital	7.8%	6.7% - 8.6%	Decrease
				Enterprise Value/LTM EBITDA Exit Multiple	10.0x	10.0x - 10.0x	Increase
<i>Real Estate</i>	\$ 4,242,500	Inputs to direct income capitalization, discounted cash flow and transaction price	Weight Ascribed to Direct Income Capitalization	20.9%	0.0% - 100.0%	(7)	
			Weight Ascribed to Discounted Cash Flow	73.4%	0.0% - 100.0%	(5)	
			Weight Ascribed to Transaction Price	5.7%	0.0% - 100.0%	(6)	
			Direct income capitalization	Current Capitalization Rate	5.4%	4.0% - 7.5%	Decrease
			Discounted cash flow	Unlevered Discount Rate	6.6%	4.7% - 18.0%	Decrease

Notes to Financial Statements (Continued)

Level III Assets	Fair Value June 30, 2021	Valuation Methodologies	Unobservable Input(s) ⁽¹⁾	Weighted Average ⁽²⁾	Range	Impact to Valuation from an Increase in Input ⁽³⁾	
Equity Method - Other	\$ 1,067,844	Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	6.5%	5.0% - 15.0%	Decrease	
			Weight Ascribed to Market Comparables	28.4%	0.0% - 50.0%	(4)	
			Weight Ascribed to Discounted Cash Flow	25.3%	0.0% - 50.0%	(5)	
		Market comparables	Weight Ascribed to Transaction Price	46.3%	0.0% - 100.0%	(6)	
			Enterprise Value/LTM EBITDA Multiple	14.1x	10.7x - 24.4x	Increase	
			Enterprise Value/Forward EBITDA Multiple	12.8x	5.5x - 20.9x	Increase	
		Discounted cash flow	Weighted Average Cost of Capital	10.4%	6.2% - 18.3%	Decrease	
			Enterprise Value/LTM EBITDA Exit Multiple	10.8x	6.0x - 15.0x	Increase	
Other Investments	\$ 2,971,242 ⁽⁹⁾	Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	10.1%	6.5% - 20.0%	Decrease	
			Weight Ascribed to Market Comparables	30.2%	0.0% - 100.0%	(4)	
			Weight Ascribed to Discounted Cash Flow	38.7%	0.0% - 100.0%	(5)	
		Market comparables	Weight Ascribed to Transaction Price	31.1%	0.0% - 100.0%	(6)	
			Enterprise Value/LTM EBITDA Multiple	14.0x	1.3x - 30.0x	Increase	
			Enterprise Value/Forward EBITDA Multiple	11.0x	1.0x - 17.4x	Increase	
		Discounted cash flow	Weighted Average Cost of Capital	14.5%	7.8% - 25.0%	Decrease	
			Enterprise Value/LTM EBITDA Exit Multiple	8.8x	6.0x - 11.0x	Increase	
INSURANCE							
Corporate fixed maturity securities	\$ 1,743,321	Discounted cash flow	Discount Spread	2.24%	0.02% - 4.94%	Decrease	
Structured securities	\$ 157,942	Discounted cash flow	Discount Spread	2.92%	2.30% - 6.10%	Decrease	
			Constant Prepayment Rate	7.29%	5.00% - 15.00%	Increase/Decrease	
			Constant Default Rate	1.16%	1.00% - 2.50%	Decrease	
			Loss Severity		100%	Decrease	
Equity securities	\$ 47,873	Discounted cash flow	Yield		17.50%	Decrease	
Other investments	\$ 405,974	Direct capitalization	Current Capitalization Rate	5.65%	4.95% - 6.16%	Increase	
			Vacancy rate		5.00%	Decrease	
Funds withheld receivable at interest	\$ 78,450	Discounted cash flow	Duration/Weighted Average Life	10.45 years	0.0 years - 23.0 years	Increase	
			Contractholder Persistency	6.09%	3.40% - 16.40%	Increase	
			Nonperformance Risk		0.23% - 1.27%	Decrease	
Reinsurance recoverable	\$ 1,288,097	Present value of expenses paid from the open block plus the cost of capital held in support of the liabilities.	Expense assumption		The average expense assumption is between \$10.40 and \$78.00 per policy, increased by inflation.	Increase	
			Expense risk margin		9.42%	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.	Cost of capital		3.69% - 13.85%	Increase	
			Discounted cash flow	Mortality Rate		2.55%	Increase
			Surrender Rate		5.33%	Increase	

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

Notes to Financial Statements (Continued)

- (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 approach and discounted cash flow approach. The opposite would be true if the transaction price or milestones results in a lower valuation than the market comparables approach and discounted cash flow approach.
- (7) The directional change from an increase in the weight ascribed to the direct income capitalization approach would increase the fair value of the Level III investments if the direct income capitalization approach results in a higher valuation than the discounted cash flow approach. The opposite would be true if the direct income capitalization approach results in a lower valuation than the discounted cash flow approach.
- (8) The total energy fair value amount includes multiple investments (in multiple locations throughout North America) that are held in multiple investment funds and produce varying quantities of oil, condensate, natural gas liquids, and natural gas. Commodity price may be measured using a common volumetric equivalent where one barrel of oil equivalent ("BOE"), is determined using the ratio of six thousand cubic feet of natural gas to one barrel of oil, condensate or natural gas liquids. The price per BOE is provided to show the aggregate of all price inputs for the various investments over a common volumetric equivalent although the valuations for specific investments may use price inputs specific to the asset for purposes of our valuations. The discounted cash flows include forecasted production of liquids (oil, condensate, and natural gas liquids) and natural gas with a forecasted revenue ratio of approximately 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 June 30, 2021	Valuation Methodologies	Unobservable Input(s) ⁽¹⁾	Weighted Average ⁽²⁾	Range	Impact to Valuation from an Increase in Input ⁽³⁾	
ASSET MANAGEMENT							
Unfunded Revolver Commitments	\$ 40,050	Yield Analysis	Yield	5.7%	4.5% - 7.3%	Decrease	
INSURANCE							
Policy liabilities	\$ 548,377	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 riskiness of the cash flows. Policyholder behavior is also a significant unobservable input, including surrender and mortality.	Risk Margin Rate		0.23% - 1.48%	Decrease	
			Surrender Rate		2.62% - 12.62%	Increase	
			Mortality Rate		4.98% - 8.14%	Increase	
Closed block policy liabilities	\$ 1,341,262	Present value of expenses paid from the open block plus the cost of capital held in support of the liabilities. Nonperformance Risk 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 assumption		The average expense assumption is between \$10.40 and \$78.00 per policy, increased by inflation.	Increase	
			Expense Risk Margin		0.23% - 1.27%	Decrease	
					9.42%	Decrease	
				Cost of Capital		3.69% - 13.85%	Increase
			Discounted cash flow	Mortality Rate		2.55%	Increase
			Surrender Rate		5.33%	Increase	

Notes to Financial Statements (Continued)

Level III Liabilities	Fair Value June 30, 2021	Valuation Methodologies	Unobservable Input(s) ⁽¹⁾	Weighted Average ⁽²⁾	Range	Impact to Valuation from an Increase in Input ⁽³⁾	
Funds withheld payable at interest	\$ 55,172	Discounted cash flow	Duration/Weighted Average Life	10.62 years	0.0 years - 20.3 years	Decrease	
			Contractholder Persistency	6.09%	3.40% - 16.40%	Decrease	
			Nonperformance Risk		0.23% - 1.27%	Decrease	
Embedded derivative – indexed universal life products	\$ 495,353	Policy persistency is a significant unobservable input.	Lapse Rate		3.72%	Decrease	
			Mortality Rate		0.69%	Decrease	
			Future costs for options used to hedge the contract obligations	Option Budge Assumption		3.57%	Increase
				Nonperformance Risk		0.23% - 1.27%	Decrease
			Embedded derivative – annuity products	\$ 1,521,447	Policyholder behavior is a significant unobservable input, including utilization and lapse.	Utilization:	
Fixed-indexed annuity	3.89%					Decrease	
Variable annuity	4.10%	2.23% - 32.25%				Decrease	
Surrender Rate:							
Fixed-indexed annuity	10.44%					Decrease	
Variable annuity		3.66% - 40.20%				Decrease	
Mortality Rate							
Fixed-indexed annuity	1.81%					Decrease	
Variable annuity		1.30% - 7.52%				Decrease	
Future costs for options used to hedge the contract obligations	Option Budge Assumption:						
	Retail RIA	1.71%					Increase
	Fixed-indexed annuity	2.16%					Increase
	Variable annuity	n/a					Increase
	Nonperformance Risk		0.23% - 1.27%	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. Management has determined that market participants would take these inputs into account when valuing the investments and debt obligations. LTM means last twelve months and EBITDA means earnings before interest, taxes, depreciation and amortization.
- (2) Inputs were weighted based on the fair value of the investments included in the range.
- (3) Unless otherwise noted, this column represents the directional change in the fair value of the Level III investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.

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.

Notes to Financial Statements (Continued)
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 16 "Debt Obligations."

The following tables present carrying amounts and fair values of Global Atlantic's financial instruments which are not carried at fair value as of June 30, 2021.

As of June 30, 2021	Carrying Value	Fair Value Hierarchy			Fair Value
		Level I	Level II	Level III	
<i>(\$ in thousands)</i>					
Financial assets:					
<i>Insurance</i>					
Mortgage and other loan receivables	\$ 18,745,179	\$ —	\$ —	\$ 19,185,176	\$ 19,185,176
Policy loans	779,302	—	—	757,266	757,266
FHLB common stock and other investments	549,897	—	—	549,897	549,897
Funds withheld receivables at interest	3,005,538	—	3,005,538	—	3,005,538
Cash and cash equivalents	6,492,041	6,492,041	—	—	6,492,041
Restricted cash and cash equivalents	187,747	187,747	—	—	187,747
Total financial assets	\$ 29,759,704	\$ 6,679,788	\$ 3,005,538	\$ 20,492,339	\$ 30,177,665
Financial liabilities:					
<i>Insurance</i>					
Other contractholder deposit funds	\$ 20,077,360	\$ —	\$ 18,740,332	\$ —	\$ 18,740,332
Supplementary contracts without life contingencies	28,792	—	—	28,981	28,981
Funding agreements	2,570,329	—	—	2,555,969	2,555,969
Funds withheld payables at interest	14,567,467	—	14,567,467	—	14,567,467
Debt obligations	1,435,971	—	—	1,494,876	1,494,876
Securities sold under agreements to repurchase	301,605	—	301,605	—	301,605
Total financial liabilities	\$ 38,981,524	\$ —	\$ 33,609,404	\$ 4,079,826	\$ 37,689,230

Notes to Financial Statements (Continued)

10. FAIR VALUE OPTION

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

	June 30, 2021	December 31, 2020
Assets		
<i>Asset Management</i>		
Credit	\$ 6,441,470	\$ 5,958,958
Investments of Consolidated CFEs	21,144,203	17,706,976
Real Assets	188,096	177,240
Equity Method - Other	1,472,166	1,507,620
Other Investments	253,133	201,563
Total Asset Management	\$ 29,499,068	\$ 25,552,357
<i>Insurance</i>		
Mortgage and other loan receivables	\$ 1,224,789	\$ —
Other investments	194,127	—
Reinsurance recoverable	1,288,097	—
Total Insurance	\$ 2,707,013	\$ —
Total Assets	\$ 32,206,081	\$ 25,552,357
Liabilities		
<i>Asset Management</i>		
Debt Obligations of Consolidated CFEs	\$ 20,271,028	\$ 17,372,740
Total Asset Management	\$ 20,271,028	\$ 17,372,740
<i>Insurance</i>		
Policy liabilities	\$ 1,889,639	\$ —
Total Insurance	\$ 1,889,639	\$ —
Total Liabilities	\$ 22,160,667	\$ 17,372,740

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 June 30, 2021			Three Months Ended June 30, 2020		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Assets						
<i>Asset Management</i>						
Credit	\$ (2,152)	\$ 26,649	\$ 24,497	\$ (23,128)	\$ 99,911	\$ 76,783
Investments of Consolidated CFEs	24,384	60,645	85,029	(52,950)	1,261,963	1,209,013
Real Assets	128	10,130	10,258	153	21,793	21,946
Equity Method - Other	74,128	(36,419)	37,709	(56,592)	339,145	282,553
Other Investments	356	9,561	9,917	(54,356)	50,948	(3,408)
Total Asset Management	\$ 96,844	\$ 70,566	\$ 167,410	\$ (186,873)	\$ 1,773,760	\$ 1,586,887
<i>Insurance</i>						
Mortgage and other loan receivables	\$ —	\$ (1,731)	\$ (1,731)	\$ —	\$ —	\$ —
Other investments	—	31,704	31,704	—	—	—
Total Insurance	\$ —	\$ 29,973	\$ 29,973	\$ —	\$ —	\$ —
Total Assets	\$ 96,844	\$ 100,539	\$ 197,383	\$ (186,873)	\$ 1,773,760	\$ 1,586,887
Liabilities						
<i>Asset Management</i>						
Debt Obligations of Consolidated CFEs	\$ 1,510	\$ (27,574)	\$ (26,064)	\$ —	\$ (1,249,559)	\$ (1,249,559)
Total Asset Management	\$ 1,510	\$ (27,574)	\$ (26,064)	\$ —	\$ (1,249,559)	\$ (1,249,559)
<i>Insurance</i>						
Policy liabilities	\$ —	\$ (19,888)	\$ (19,888)	\$ —	\$ —	\$ —
Total Insurance	\$ —	\$ (19,888)	\$ (19,888)	\$ —	\$ —	\$ —
Total Liabilities	\$ 1,510	\$ (47,462)	\$ (45,952)	\$ —	\$ (1,249,559)	\$ (1,249,559)
Six Months Ended June 30, 2021						
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Assets						
<i>Asset Management</i>						
Credit	\$ (17,841)	\$ 7,904	\$ (9,937)	\$ (48,983)	\$ (88,497)	\$ (137,480)
Investments of Consolidated CFEs	21,756	188,788	210,544	(93,802)	(850,578)	(944,380)
Real Assets	175	10,857	11,032	153	(24,305)	(24,152)
Equity Method - Other	75,112	192,662	267,774	(56,592)	(73,073)	(129,665)
Other Investments	5,406	16,565	21,971	(60,290)	44,831	(15,459)
Total Asset Management	\$ 84,608	\$ 416,776	\$ 501,384	\$ (259,514)	\$ (991,622)	\$ (1,251,136)
<i>Insurance</i>						
Mortgage and other loan receivables	\$ —	\$ 5,830	\$ 5,830	\$ —	\$ —	\$ —
Other investments	—	35,570	35,570	—	—	—
Total Insurance	\$ —	\$ 41,400	\$ 41,400	\$ —	\$ —	\$ —
Total Assets	\$ 84,608	\$ 458,176	\$ 542,784	\$ (259,514)	\$ (991,622)	\$ (1,251,136)
Liabilities						
<i>Asset Management</i>						
Debt Obligations of Consolidated CFEs	\$ (538)	\$ (71,670)	\$ (72,208)	\$ —	\$ 654,933	\$ 654,933
Total Asset Management	\$ (538)	\$ (71,670)	\$ (72,208)	\$ —	\$ 654,933	\$ 654,933
<i>Insurance</i>						
Policy liabilities	\$ —	\$ (85,721)	\$ (85,721)	\$ —	\$ —	\$ —
Total Insurance	\$ —	\$ (85,721)	\$ (85,721)	\$ —	\$ —	\$ —
Total Liabilities	\$ (538)	\$ (157,391)	\$ (157,929)	\$ —	\$ 654,933	\$ 654,933

Notes to Financial Statements (Continued)
11. INSURANCE INTANGIBLES, UNEARNED REVENUE RESERVES AND UNEARNED FRONT-END LOADS

The following reflects the changes to the deferred policy acquisition costs ("DAC") asset:

	Six Months Ended June 30, 2021
Balance, as of GA Acquisition Date	\$ —
Acquisition/reinsurance	1,271
Deferrals	202,037
Amortized to expense during the period ⁽¹⁾	(5,331)
Adjustment for unrealized investment losses (gains) during the period	1,892
Balance, as of end of period	\$ 199,869

(1) These amounts are reported within amortization of policy acquisition costs in the consolidated statements of operations.

The following reflects the changes to the value of business acquired ("VOBA") asset:

	Six Months Ended June 30, 2021
Balance, as of GA Acquisition Date	\$ 1,024,520
Amortized to expense during the period ⁽¹⁾	(30,247)
Balance, as of end of period	\$ 994,273

(1) These amounts are reported within amortization of policy acquisition costs in the consolidated statements of operations.

The following reflects the changes to the negative VOBA liability:

	Six Months Ended June 30, 2021
Balance, as of Acquisition Date	\$ 1,273,414
Amortized to expense during the period ⁽¹⁾	(76,087)
Balance, as of end of period	\$ 1,197,327

(1) These amounts are reported within amortization of policy acquisition costs in the consolidated statements of operations.

The following reflects the changes to the unearned revenue reserve ("URR") and unearned front-end load ("UFEL"):

	Six Months Ended June 30, 2021
Balance, as of GA Acquisition Date	\$ —
Deferrals	25,004
Amortized to expense during the period ⁽¹⁾	(1,508)
Adjustment for unrealized investment losses during the period	(434)
Balance, as of end of period	\$ 23,062

(1) These amounts are reported within policy fees in the consolidated statements of operations.

12. REINSURANCE

Global Atlantic maintains a number of reinsurance treaties with third parties whereby Global Atlantic assumes fixed annuity, variable annuity, payout annuity, universal life, variable universal life and term life insurance policies on a coinsurance, modified coinsurance and funds withheld basis. Global Atlantic also maintains other reinsurance treaties including the cession of certain fixed annuity, variable annuity, payout annuity, universal life policies, individual disability income policies and discontinued accident and health insurance.

Notes to Financial Statements (Continued)

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

	June 30, 2021
Policy liabilities:	
Direct	\$ 63,480,677
Assumed	42,353,839
Total policy liabilities	105,834,516
Ceded ⁽¹⁾	(16,355,320)
Net policy liabilities	\$ 89,479,196

(1) Reported within reinsurance recoverable within the consolidated statement 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:

A.M. Best Rating ⁽¹⁾	As of June 30, 2021		
	Reinsurance recoverable and funds withheld receivable at interest ⁽²⁾	Credit enhancements ⁽³⁾	Net reinsurance credit exposure
A++	\$ 8,903	\$ —	\$ 8,903
A+	2,055,993	—	2,055,993
A	2,736,556	—	2,736,556
A-	3,351,879	2,942,994	408,885
B++	37,823	—	37,823
B+	2,799	—	2,799
B	7,943	—	7,943
B-	1,968	—	1,968
Not rated ⁽⁴⁾	11,260,412	11,706,097	—
Total	\$ 19,464,276	\$ 14,649,091	\$ 5,260,870

(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 \$11.2 billion associated with cessions to Ivy Re Limited, a Bermuda insurance company and a subsidiary of an unaffiliated investment vehicle that participates in qualifying reinsurance transactions sourced by Global Atlantic.

As of June 30, 2021, Global Atlantic had \$3.1 billion of funds withheld receivable at interest, with six counterparties related to modified coinsurance and funds withheld contracts. The assets supporting these receivables were held in trusts and not part of the respective counterparty's general accounts.

Notes to Financial Statements (Continued)

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

	Three Months Ended	Six Months Ended
	June 30, 2021	June 30, 2021
Premiums:		
Direct	\$ 32,275	\$ 46,450
Assumed ⁽¹⁾	589,443	1,870,196
Ceded	(1,073,851)	(1,192,637)
Net premiums	\$ (452,133)	\$ 724,009

(1) Includes related party balances of \$6.1 million and \$8.7 million for the three and six months ended June 30, 2021, respectively.

	Three Months Ended	Six Months Ended
	June 30, 2021	June 30, 2021
Policy fees:		
Direct	\$ 232,881	\$ 381,881
Assumed ⁽¹⁾	79,762	132,717
Ceded	(381)	(653)
Net policy fees	\$ 312,262	\$ 513,945

(1) Includes related party balances of \$4.1 million and \$6.2 million for the three and six months ended June 30, 2021, respectively.

	Three Months Ended	Six Months Ended
	June 30, 2021	June 30, 2021
Policy benefits and claims:		
Direct	\$ 1,259,707	\$ 1,442,508
Assumed ⁽¹⁾	265,392	1,732,519
Ceded	(1,113,900)	(1,278,510)
Net policy benefits and claims	\$ 411,199	\$ 1,896,517

(1) Includes related party balances of \$53.7 million and \$76.2 million for the three and six months ended June 30, 2021, respectively.

Global Atlantic holds collateral for and provides collateral to our reinsurance clients. Global Atlantic held \$14.4 billion of collateral on behalf of our reinsurers as of June 30, 2021. As of June 30, 2021, reinsurers held collateral of \$1.2 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 June 30, 2021, these trusts were required to hold, and held in excess of, \$37.9 billion of assets to support reserves of \$38.7 billion. Of the cash held in trust, Global Atlantic classified \$69.3 million as restricted as of June 30, 2021.

Notes to Financial Statements (Continued)
13. NET INCOME (LOSS) ATTRIBUTABLE TO KKR & CO. INC. PER SHARE OF COMMON STOCK

For the three and six months ended June 30, 2021 and 2020, basic and diluted Net Income (Loss) attributable to KKR & Co. Inc. per share of common stock were calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net Income (Loss) Available to KKR & Co. Inc. Common Stockholders - Basic	\$ 1,277,672	\$ 698,628	\$ 2,921,917	\$ (590,237)
(+) Series C Mandatory Convertible Preferred Dividend (if dilutive)	17,250	—	34,500	—
Net Income (Loss) Available to KKR & Co. Inc. Common Stockholders - Diluted	<u>\$ 1,294,922</u>	<u>\$ 698,628</u>	<u>\$ 2,956,417</u>	<u>\$ (590,237)</u>
Basic Net Income (Loss) Per Share of Common Stock				
Weighted Average Shares of Common Stock Outstanding - Basic	582,398,367	558,774,162	579,578,831	558,961,992
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Basic	\$ 2.19	\$ 1.25	\$ 5.04	\$ (1.06)
Diluted Net Income (Loss) Per Share of Common Stock				
Weighted Average Shares of Common Stock Outstanding - Basic	582,398,367	558,774,162	579,578,831	558,961,992
Incremental Common Shares:				
Assumed vesting of dilutive equity awards	21,169,393	6,836,976	19,267,198	—
Assumed conversion of Series C Mandatory Convertible Preferred Stock	26,822,600	—	26,822,600	—
Weighted Average Shares of Common Stock Outstanding - Diluted	<u>630,390,360</u>	<u>565,611,138</u>	<u>625,668,629</u>	<u>558,961,992</u>
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Diluted	\$ 2.05	\$ 1.24	\$ 4.73	\$ (1.06)

For the three and six months ended June 30, 2021, Weighted Average Shares of Common Stock Outstanding - Diluted includes the following:

(i) Unvested equity awards, including certain equity awards that have met their market-price vesting condition but have not satisfied their service-based condition, which have been granted under the Equity Incentive Plans. Vesting of these equity interests dilute equityholders of KKR Group Partnership, including KKR & Co. Inc. and KKR Holdings pro rata in accordance with their respective ownership interests in KKR Group Partnership.

(ii) For the three and six months ended June 30, 2021, the impact of Series C Mandatory Convertible Preferred Stock calculated under the if-converted method was dilutive, and as such (i) 26.8 million shares of common stock (assuming a conversion ratio based on the average volume weighted average price per share of common stock over the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately prior to June 30, 2021) were included in the Weighted Average Shares of Common Stock Outstanding - Diluted and (ii) \$17.3 million and \$34.5 million, respectively, of Series C Mandatory Convertible Preferred dividends were excluded from Net Income (Loss) Available to KKR & Co. Inc. Common Stockholders - Diluted.

KKR Holdings

For the three and six months ended June 30, 2021 and 2020, KKR Holdings units have been excluded from the calculation of Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Diluted since the exchange of these units would not dilute KKR & Co. Inc.'s respective ownership interests in KKR Group Partnership.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Weighted Average KKR Holdings Units	<u>272,287,730</u>	<u>286,290,915</u>	<u>273,511,107</u>	<u>287,306,484</u>

Market Condition Awards

As of June 30, 2021, 7.9 million of unvested equity awards that are subject to market-price and service 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 vesting condition was not satisfied. See Note 18 "Equity Based Compensation."

14. OTHER ASSETS AND ACCRUED EXPENSES AND OTHER LIABILITIES

Other Assets consist of the following:

	June 30, 2021	December 31, 2020
<i>Asset Management</i>		
Unsettled Investment Sales ⁽¹⁾	\$ 603,980	\$ 197,635
Receivables	49,289	75,697
Due from Broker ⁽²⁾	284,579	644,028
Deferred Tax Assets, net (See Note 17)	87,962	83,822
Interest Receivable	188,029	145,532
Fixed Assets, net ⁽³⁾	787,139	760,606
Foreign Exchange Contracts and Options ⁽⁴⁾	242,615	250,398
Goodwill ⁽⁵⁾	83,500	83,500
Derivative Assets	1,912	7,839
Prepaid Taxes	182,499	77,041
Prepaid Expenses	21,549	26,366
Operating Lease Right of Use Assets ⁽⁶⁾	238,564	190,758
Deferred Financing Costs	22,346	22,810
Other	162,747	99,304
Total Asset Management	\$ 2,956,710	\$ 2,665,336
<i>Insurance</i>		
Unsettled Investment Sales ⁽¹⁾	\$ 1,720,104	\$ —
Deferred Tax Assets, net	809,625	—
Derivative Assets	1,130,519	—
Accrued Investment Income	696,810	—
Goodwill	497,053	—
Intangible Assets and Deferred Sales Inducements ⁽⁷⁾	302,647	—
Operating Lease Right of Use Assets ⁽⁶⁾	163,383	—
Other	93,011	—
Premiums and Other Account Receivables	67,015	—
Current Income Tax Recoverable	28,008	—
Total Insurance	\$ 5,508,175	\$ —
Total Other Assets	\$ 8,464,885	\$ 2,665,336

(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 \$134.7 million and \$151.3 million as of June 30, 2021 and December 31, 2020, respectively. Depreciation and amortization expense of \$11.3 million and \$4.8 million for the three months ended June 30, 2021 and 2020, respectively, and \$22.3 million and \$9.6 million for the six months ended June 30, 2021 and 2020, respectively, are included in General, Administrative and Other in the accompanying consolidated statements of operations.

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

(5) As of June 30, 2021, the carrying value of goodwill is recorded and assessed for impairment at the reporting unit.

(6) 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 \$13.7 million and \$13.0 million for the three months ended June 30, 2021 and 2020, respectively, and \$25.2 million and \$25.8 million for the six months ended June 30, 2021 and 2020, respectively. For Insurance, non-cancelable operating leases consist of leases for office space and renewable energy forward power purchase agreements in the U.S. For the three and six months ended June 30, 2021 the operating lease costs were \$3.9 million and \$6.6 million, respectively. Insurance lease right-of-use assets are reported net of \$19.6 million in deferred rent and lease incentives.

(7) The definite life intangible assets are amortized by using the straight-line method over the useful life of the assets which is an average of 17 years. The indefinite life intangible assets are not subject to amortization. The amortization expense of definite life intangible assets was \$4.9 million and \$7.4 million for the three and six months ended June 30, 2021, respectively.

Notes to Financial Statements (Continued)

Accrued Expenses and Other Liabilities consist of the following:

	June 30, 2021	December 31, 2020
<i>Asset Management</i>		
Amounts Payable to Carry Pool ⁽¹⁾	\$ 3,183,835	\$ 1,916,669
Unsettled Investment Purchases ⁽²⁾	2,356,409	850,714
Securities Sold Short ⁽³⁾	292,122	281,826
Derivative Liabilities	40,094	126,950
Accrued Compensation and Benefits	571,357	150,883
Interest Payable	147,425	182,044
Foreign Exchange Contracts and Options ⁽⁴⁾	586,223	551,728
Accounts Payable and Accrued Expenses	171,865	130,661
Taxes Payable	19,810	88,040
Uncertain Tax Positions	76,643	76,643
Unfunded Revolver Commitments	40,050	46,340
Operating Lease Liabilities ⁽⁵⁾	239,531	191,564
Deferred Tax Liabilities, net (See Note 17)	894,856	199,425
Other Liabilities	111,507	464,326
Total Asset Management	\$ 8,731,727	\$ 5,257,813
<i>Insurance</i>		
Unsettled Investment Purchases ⁽²⁾	\$ 1,373,381	\$ —
Collateral on Derivative Instruments	922,295	—
Accrued Expenses	576,092	—
Securities Sold Under Agreements to Repurchase	301,605	—
Derivative Liabilities	47,646	—
Operating Lease Liabilities ⁽⁵⁾	183,006	—
Accrued Employee Related Expenses	132,519	—
Tax Payable to Former Parent Company	72,793	—
Interest Payable	11,313	—
Accounts and Commissions Payable	20,791	—
Other Tax Related Liabilities	4,960	—
Total Insurance	\$ 3,646,401	\$ —
Total Accrued Expenses and Other Liabilities	\$ 12,378,128	\$ 5,257,813

- (1) Represents the amount of carried interest payable to current and former KKR employees with respect to 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 4 "Net Gains (Losses) from Investment Activities - Asset Management" 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 4 "Net Gains (Losses) from Investment Activities- Asset Management" for the net changes in fair value associated with these instruments.
- (5) For Asset Management, operating leases have remaining lease terms that range from approximately 1 year to 14 years, some of which include options to extend the leases for up to 3 years. The weighted average remaining lease terms were 9.2 years and 9.8 years as of June 30, 2021 and December 31, 2020, respectively. The weighted average discount rates were 1.2% and 1.2% as of June 30, 2021 and December 31, 2020, respectively. For Insurance, operating leases 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 was 9.7 years as of June 30, 2021. The weighted average discount rates was 3.3% as of June 30, 2021.

15. VARIABLE INTEREST ENTITIES*Consolidated VIEs*

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

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

Furthermore, KKR consolidates certain VIEs, which are created 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 and performance based fees or carried interest. KKR's maximum exposure to loss as a result of its investments in the unconsolidated investment funds is the carrying value of such investments, including KKR's capital interest and any unrealized carried interest. Accordingly, disaggregation of KKR's involvement by type of unconsolidated investment fund would not provide more useful information. For these unconsolidated investment funds in which KKR is the sponsor, KKR may have an obligation as general partner to provide commitments to such investment funds. As of June 30, 2021, KKR's commitments to these unconsolidated investment funds were \$4.5 billion. KKR has not provided any financial support other than its obligated amount as of June 30, 2021. Global Atlantic also has unfunded commitments of \$27.9 million in relation to other limited partnership interests as of June 30, 2021.

As of June 30, 2021 and December 31, 2020, 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:

	June 30, 2021	December 31, 2020
Investments - Asset Management	\$ 10,055,633	\$ 6,460,430
Due from (to) Affiliates, net	755,783	586,595
Maximum Exposure to Loss - Asset Management	\$ 10,811,416	\$ 7,047,025
Other Investment in Partnership - Insurance	\$ 152,186	\$ —
Investment in Renewable Partnerships - Insurance	78,168	—
Maximum Exposure to Loss- Insurance	\$ 230,354	\$ —
Total Maximum Exposure to Loss	\$ 11,041,770	\$ 7,047,025

16. 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.

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 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:

	June 30, 2021			December 31, 2020		
	Financing Available	Borrowing Outstanding	Fair Value	Financing Available	Borrowing Outstanding	Fair Value
Revolving Credit Facilities:						
Corporate Credit Agreement	\$ 1,000,000	\$ —	\$ —	\$ 1,000,000	\$ —	\$ —
KCM Credit Agreement	716,584	—	—	705,014	—	—
KCM 364-Day Revolving Credit Agreement	750,000	—	—	750,000	—	—
(1) Notes Issued:						
KKR ¥25 billion (or \$231.7 million) 0.509% Notes Due 2023	(4) —	225,481	231,051	—	241,331	241,580
KKR ¥5 billion (or \$46.3 million) 0.764% Notes Due 2025	(4) —	44,776	46,363	—	47,919	48,554
KKR €650 million (or \$773.8 million) 1.625% Notes Due 2029	(5) —	766,150	828,216	—	790,157	870,647
KKR \$750 million 3.750% Notes Due 2029	(4) —	742,889	839,145	—	742,196	874,658
KKR ¥10.3 billion (or \$95.4 million) 1.595% Notes Due 2038	(4) —	92,079	98,764	—	98,640	104,004
KKR \$500 million 5.500% Notes Due 2043 (6)	(4) —	491,384	667,505	—	492,513	666,885
KKR \$1 billion 5.125% Notes Due 2044 (6)	(4) —	960,154	1,260,871	—	991,471	1,307,220
KKR \$500 million 3.625% Notes Due 2050	(4) —	492,352	534,175	—	492,123	556,095
KKR \$750 million 3.500% Notes Due 2050 (6)	(4) —	735,671	786,810	—	735,161	830,280
KKR \$500 million 4.625% Notes Due 2061	(5) —	485,866	516,200	—	—	—
KFN \$500 million 5.500% Notes Due 2032	(2) —	494,781	490,670	—	494,540	502,992
KFN \$120						

million 5.200% Notes Due 2033	(2)	—	118,593	115,341	—	118,533	118,300
KFN \$70 million 5.400% Notes Due 2033	(2)	—	68,911	68,455	—	68,866	70,267
KFN Issued Junior Subordinated Notes ⁽³⁾	(2)	—	235,468	180,732	—	234,808	165,627
		<u>2,466,584</u>	<u>5,954,555</u>	<u>6,664,298</u>	<u>2,455,014</u>	<u>5,548,258</u>	<u>6,357,109</u>
Other Debt Obligations		7,357,915	30,361,896	30,389,596	5,621,883	27,875,338	27,889,438
		<u><u>\$ 9,824,499</u></u>	<u><u>\$ 36,316,451</u></u>	<u><u>\$ 37,053,894</u></u>	<u><u>\$ 8,076,897</u></u>	<u><u>\$ 33,423,596</u></u>	<u><u>\$ 34,246,547</u></u>

Notes to Financial Statements (Continued)

- (1) 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.
- (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.
- (3) KKR consolidates KFN and reports KFN's outstanding \$258.5 million aggregate principal amount of junior subordinated notes. The weighted average interest rate is 2.7% and 2.7% and the weighted average years to maturity is 15.3 years and 15.8 years as of June 30, 2021 and December 31, 2020, respectively.
- (4) The notes are classified as Level II within the fair value hierarchy and fair value is determined by third party broker quotes.
- (5) 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.
- (6) As of June 30, 2021, the 2043 Senior Notes, 2044 Senior Notes, and the 2050 Senior Notes reflect the elimination for the portion of these senior notes that are held by Global Atlantic.

Asset Management Revolving Credit Facilities***Corporate Credit Agreement***

On August 4, 2021, KKR Group Partnership L.P. and Kohlberg Kravis Roberts & Co. L.P. (the "Borrowers") amended and restated their Amended and Restated Credit Agreement, dated as of December 7, 2018 (the "Prior Corporate Credit Agreement"), by and among the Borrowers, the guarantors from time to time party thereto, the lending institutions from time to time party thereto, and HSBC Bank USA, National Association, as administrative agent with the Second Amended and Restated Credit Agreement (the "New Corporate Credit Agreement"), by and among the Borrowers, the guarantors from time to time party thereto, the lending institutions from time to time party thereto, and HSBC Bank USA, National Association, as administrative agent, which (1) provides for up to \$1.0 billion of revolving borrowings (with the option to request an increase of up to an additional \$500 million), (2) has a maturity of August 2026, (3) contains customary events of default, representations and warranties and covenants that are substantially similar to those that were in the Prior Corporate Credit Agreement and (4) includes updated financial covenants based on the total indebtedness to fee and yield EBITDA and fee paying assets under management covenants. Interest on any funded balances accrues at LIBOR plus a spread ranging from 0.565% to 1.10% based on corporate credit ratings. The Borrowers must pay a facility fee on the total commitments ranging from 0.06% to 0.15% based on corporate credit ratings.

KCM Short-Term Credit Agreement

On April 9, 2021, KKR Capital Markets Holdings L.P. and certain other capital markets subsidiaries (the "KCM Borrowers") entered into a 364-day revolving credit agreement (the "KCM Short-Term Credit Agreement") with the same administrative agent, and one or more lenders party to the KCM Credit Agreement. The KCM Short-Term Credit Agreement replaces the prior 364-day revolving credit agreement, dated as of April 10, 2020, 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 9, 2021. The KCM Short-Term Credit Agreement provides for revolving borrowings up to \$750 million, expires on April 8, 2022, and ranks pari passu with 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 a Eurocurrency loan, it will be based on a LIBOR rate plus an applicable margin initially ranging between 1.50% and 2.75%, depending on the duration of the loan. If the borrowing is an ABR loan, it will be based on the prime rate plus an applicable margin ranging 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 Issuance and Redemptions**KKR Issued 4.625% Subordinated Notes Due 2061**

On March 31, 2021, KKR Group Finance Co. IX LLC, an indirect subsidiary of KKR & Co. Inc., issued \$500 million aggregate principal amount of its 4.625% Subordinated Notes due 2061 (the "KKR 2061 Subordinated Notes"). The KKR 2061 Subordinated Notes are guaranteed by KKR & Co. Inc. and KKR Group Partnership.

The KKR 2061 Subordinated Notes bear interest at a rate of 4.625% per annum and will mature on April 1, 2061, unless earlier redeemed. Interest on the KKR 2061 Subordinated Notes accrues from March 31, 2021 and is payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, commencing on July 1, 2021 and ending on the applicable maturity date. The KKR 2061 Subordinated Notes are unsecured and subordinated obligations of the issuer. The KKR 2061 Subordinated Notes are fully and unconditionally guaranteed, jointly and severally, on a subordinated basis, by each of the guarantors. The guarantees are unsecured obligations of the guarantors.

The indenture includes covenants, including limitations on the issuer's and the guarantors' ability to, subject to exceptions, incur indebtedness secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or convey all or substantially all of their assets. The indenture also provides for events of default and further provides that the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding KKR 2061 Subordinated Notes may declare the KKR 2061 Subordinated Notes immediately due and payable upon the occurrence and during the continuance of any event of default after expiration of any applicable grace period. In the case of specified events of bankruptcy, insolvency, receivership or reorganization, the principal amount of the KKR 2061 Subordinated Notes and any accrued and unpaid interest on the KKR 2061 Subordinated Notes automatically become due and payable. On or after April 1, 2026, the issuer may redeem the KKR 2061 Subordinated Notes at its option, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the KKR 2061 Subordinated Notes to be redeemed, together with accrued and unpaid interest to, but excluding, the date of redemption, provided that if the KKR 2061 Subordinated Notes are not redeemed in whole, at least \$25 million aggregate principal amount of the KKR 2061 Subordinated Notes must remain outstanding after giving effect to such redemption. If a "tax redemption event" occurs, the KKR 2061 Subordinated Notes may be redeemed, in whole, but not in part, within 120 days of the occurrence of such tax redemption event at a redemption price equal to their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption. In addition, the KKR 2061 Subordinated Notes may be redeemed, in whole, but not in part, at any time prior to April 1, 2026, within 90 days of the occurrence of a "rating agency event", at a redemption price equal to 102% of their principal amount plus any accrued and unpaid interest to, but excluding, the date of redemption.

Other Asset Management Debt Obligations

As of June 30, 2021, 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⁾	\$ 7,357,915	\$ 10,090,868	\$ 10,118,568	2.9%	3.6
Debt Obligations of Consolidated CLOs	—	20,271,028	20,271,028	⁽²⁾	10.7
	<u>\$ 7,357,915</u>	<u>\$ 30,361,896</u>	<u>\$ 30,389,596</u>		

(1) Includes borrowings collateralized by fund investments, fund co-investments and other assets held by levered investment vehicles of \$1.7 billion.

(2) The senior notes of the consolidated CLOs had a weighted average interest rate of 1.8%. 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 June 30, 2021, the fair value of the consolidated CLO assets was \$23.2 billion. This collateral consisted of Cash and Cash Equivalents Held at Consolidated Entities, Investments, and Other Assets.

Notes to Financial Statements (Continued)
Insurance Debt Obligations

Global Atlantic's debt obligations consisted of the following:

	June 30, 2021		
	Financing Available	Borrowing Outstanding	Fair Value ⁽²⁾
Revolving Credit Facilities:			
Global Atlantic revolving credit facility, due May 2023	\$ 1,000,000	\$ —	\$ —
Notes Issued and Others:			
Global Atlantic senior notes, due October 2029		500,000	552,300
Global Atlantic senior notes, due June 2031		650,000	654,355
Global Atlantic subordinated debentures, due October 2046		250,000	252,250
		1,400,000	\$ 1,458,905
Purchase Accounting Adjustments ⁽¹⁾		52,700	
Debt issuance costs, net of accumulated amortization		(7,417)	
Fair value loss (gain) of hedged debt obligations, recognized in earnings		(9,312)	
		\$ 1,435,971	

(1) The amortization of the purchase accounting adjustments was \$1.2 million and \$3.2 million for the three and six months ended June 30, 2021, 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.

Global Atlantic Senior Notes due 2021

In 2011, Forethought Financial Group, Inc. ("FFG") issued \$150 million aggregate principal amount of 8.625% senior notes due 2021 ("GA 2021 Senior Notes"). In December 2017, FFG and Forethought Services, LLC were merged with and into Global Atlantic (Fin) Company ("GA FinCo"), an indirect subsidiary of TGAFG. GA FinCo, as the surviving entity, became liable for the GA 2021 Senior Notes. Interest was paid semi-annually and the maturity date was April 15, 2021.

On April 15, 2021 the GA 2021 Senior Notes matured and were paid off. The pay-off of the maturing GA 2021 Senior Notes was facilitated by means of a \$150 million draw on the GA Credit Agreement (discussed and defined below).

Global Atlantic Term Loan

On December 21, 2018, GA FinCo, as borrower, and Global Atlantic Financial Limited ("GAFL"), an indirect subsidiary of TGAFG, as guarantor, entered into a Term Loan Credit Agreement ("GA Term Loan") pursuant to which GA FinCo borrowed \$100 million. On June 27, 2019, GA FinCo and GAFL entered into a joinder agreement to the GA Term Loan pursuant to which GA FinCo borrowed for general corporate purposes, and GAFL guaranteed, a \$125 million term loan on the same terms and with the same maturity as the then existing \$100 million term loan.

All borrowings under the GA Term Loan must be repaid by December 21, 2023. Interest on the borrowing currently accrued at one month LIBOR plus a spread ranging from 1.250% to 1.875% based on GAFL's long-term issuer credit ratings. Interest payments on outstanding borrowings accrued interest based on LIBOR, due on the last day of the applicable interest period. On June 18, 2021, GA FinCo paid down the full \$225 million Term Loan, plus accrued interest, from the proceeds from the 2031 Senior Notes (as discussed below). As a result of the pay down of the Term Loan, the GAFL guarantee of the Term Loan was fully released and the Term Loan was terminated.

Global Atlantic Credit Agreement

GA FinCo is the borrower and GAFL is the guarantor under a revolving credit facility ("GA Credit Agreement"). On May 21, 2018, GAFL amended and restated the GA Credit Agreement to, among other things: (1) upsize the facility size from \$650 million to \$1 billion; (2) increase the aggregate letters of credit GAFL may issue from \$350 million to \$500 million; (3) extend the maturity of the GA Credit Agreement from December 2021 to May 2023; and (4) remove certain restrictive covenants.

Interest on any funded balances accrues at LIBOR plus a spread ranging from 1.125% to 2.00% based on GAFL's long-term issuer credit ratings. The borrower must pay a commitment fee on any unfunded committed balance under the GA Credit Agreement ranging from 0.15% to 0.35% based on the long-term issuer credit rating. The commitment fee on unfunded

Notes to Financial Statements (Continued)

balances is paid quarterly in arrears. The GA Credit Agreement contains customary events of default, representations and warranties and covenants, including, among other things, covenants that GAFL's consolidated debt to total capitalization, as defined in the GA Credit Agreement, cannot be more than 35% and that GAFL's consolidated net worth determined in accordance with GAAP cannot be less than 70% of the value of GAFL's consolidated net worth as of March 31, 2018, plus 50% of net income since March 31, 2018.

On November 6, 2020, GA FinCo entered into an amendment of the GA Credit Agreement, whereby the definition of Change of Control was amended to permit the GA Acquisition. If an event of default occurs, the lenders under the GA Credit Agreement will be entitled to take various actions, including the termination of their commitments and the acceleration of amounts due thereunder.

On June 18, 2021, GA FinCo repaid approximately \$420 million outstanding indebtedness under the GA Credit Agreement along with accrued and unpaid interest, from the proceeds from the 2031 Senior Notes (as discussed below). As of June 30, 2021, there were no revolving borrowings outstanding and no letters of credit outstanding under the GA Credit Agreement.

On August 4, 2021, GA FinCo terminated the existing GA Credit Agreement and replaced it with a new credit agreement (the "New GA Credit Agreement"), with GA FinCo as borrower, and GAFL, as guarantor, and Wells Fargo Bank, N.A., as administrative agent, that (1) provides for up to \$1.0 billion of revolving borrowings (with the option to request an increase of up to an additional \$250 million), including up to \$500 million of letters of credit, (2) has a maturity of August 2026, and (3) contains customary events of default, representations and warranties and covenants that are substantially similar to those that were in the terminated GA Credit Agreement, including the consolidated debt to capitalization and net worth covenants. Interest on any funded balances accrues at LIBOR plus a spread ranging from 1.125% to 2.00% based on GAFL's long-term issuer credit ratings. The borrower must pay a commitment fee on any unfunded committed balance under the New GA Credit Agreement ranging from 0.125% to 0.325% based on long-term issuer credit ratings.

Global Atlantic Senior Notes due 2029

On October 7, 2019, GA FinCo issued \$500 million aggregate principal amount of 4.400% senior unsecured notes due 2029 ("GA 2029 Senior Notes"). The GA 2029 Senior Notes were issued pursuant to an Indenture, dated as of October 7, 2019, among GA FinCo, as issuer, GAFL, as guarantor, and U.S. Bank National Association, as trustee as supplemented by the First Supplemental Indenture, dated as of October 7, 2019, among GA FinCo, GAFL and the trustee. The GA 2029 Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by GAFL.

The GA 2029 Senior Notes bear interest at a rate of 4.400% per year. Interest on the GA 2029 Senior Notes is payable semi-annually in arrears on April 15 and October 15 of each year, beginning on April 15, 2020. The GA 2029 Senior Notes will mature on October 15, 2029.

The indenture includes covenants, including limitations on the issuer's and the guarantors' ability to, subject to exceptions, incur indebtedness secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or convey all or substantially all of their assets. The indenture also provides for events of default and further provides that the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding GA 2029 Senior Notes may declare the GA 2029 Senior Notes immediately due and payable upon the occurrence and during the continuance of any event of default after expiration of any applicable grace period. In the case of specified events of bankruptcy, insolvency, rehabilitation or reorganization, the principal amount of the GA 2029 Senior Notes and any accrued and unpaid interest on the GA 2029 Senior Notes automatically become due and payable. GA FinCo may, at its option, redeem some or all of the GA 2029 Senior Notes at any time: (i) prior to July 15, 2029 at a redemption price equal to 100% of the principal amount of the GA 2029 Senior Notes to be redeemed plus a "make-whole" premium and accrued and unpaid interest, if any, to the date of redemption; and (ii) on or after July 15, 2029 at a redemption price equal to 100% of the principal amount of the GA 2029 Senior Notes to be redeemed, plus accrued and unpaid interest to the date of redemption.

Global Atlantic Subordinated Debentures due 2046

On October 5, 2016, GA FinCo, as issuer, and GAFL, as guarantor, entered into an issuing and paying agency agreement pursuant to which GA FinCo issued \$250 million of the subordinated debentures unconditionally guaranteed on a subordinated basis by GAFL in a private placement ("GA 2046 Subordinated Debentures").

Interest on the GA 2046 Subordinated Debentures is payable semi-annually in arrears on April 1 and October 1 of each year and accrues at 9.5% per annum from and including October 5, 2016 to, but excluding, October 1, 2021. On October 1, 2021 and on each fifth anniversary of such date thereafter, each, a "reset date," the interest rate shall be recomputed based on

Notes to Financial Statements (Continued)

the yield (rounded to two decimal places) reported as of two business days prior to the reset date for the most recently issued actively traded on the run U.S. Treasury securities having a maturity of five years from the reset date, plus 8.38% per annum.

GA FinCo has the right on one or more occasions to defer the payment of interest on the GA 2046 Subordinated Debentures for up to five consecutive years, each such period, an optional deferral period. During an optional deferral period, interest will continue to accrue at the interest rate on the subordinated debentures, compounded semi-annually as of each interest payment date.

If GA FinCo has exercised its right to defer interest payments on the GA Subordinated Debentures, GA FinCo and GAFL generally may not: (1) make payments on or redeem or purchase (a) GA FinCo or GAFL common stock or (b) with respect to GA FinCo, any indebtedness ranking on parity with or junior to the GA Subordinated Debentures, and with respect to GAFL, any indebtedness ranking on parity with or junior to the guarantee; or (2) make any guarantee payments with respect to any guarantee by GA FinCo or by GAFL of any securities or any of their respective subsidiaries if such guarantee ranks equally with or junior to the debentures.

The indenture includes covenants, including limitations on the issuer's and the guarantors' ability to, subject to exceptions, consolidate or merge into any person or convey, transfer or lease its properties and assets. In the case of specified events of bankruptcy, insolvency, receivership or reorganization, the principal amount of the GA Subordinated Debentures automatically becomes due and payable. GA FinCo may elect to redeem the GA Subordinated Debentures either: (1) in whole or in part on any interest payment date on or after October 1, 2021, at a redemption price equal to the principal amount plus accrued and unpaid interest; or (2) in whole, but not in part, at any time prior to October 1, 2021, within 90 days after the occurrence of a "tax event" or a "rating agency event" (as defined in the issuing and paying agency agreement), at a redemption price equal to the principal amount plus any accrued and unpaid interest to, but excluding, the redemption date.

Global Atlantic Senior Notes due 2031

On June 17, 2021, GA FinCo issued \$650 million aggregate principal amount of 3.125% senior unsecured notes due 2031 (the "GA 2031 Senior Notes"). The GA 2031 Senior Notes were issued pursuant to an indenture, dated as of June 17, 2021, among GA FinCo, as issuer, GAFL, as guarantor, and U.S. Bank National Association, as trustee, and supplemented by the Second Supplemental Indenture, dated as of June 17, 2021, among GA FinCo, GAFL and the trustee. The GA 2031 Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by GAFL.

The GA 2031 Senior Notes bear interest at a rate of 3.125% per year. Interest on the GA 2031 Senior Notes is payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 17, 2021. The GA 2031 Senior Notes will mature on June 15, 2031. GA FinCo may, at its option, redeem some or all of the GA 2031 Senior Notes at any time: (i) prior to March 15, 2031 at a redemption price equal to 100% of the principal amount of the GA 2031 Senior Notes to be redeemed plus a "make-whole" premium and accrued and unpaid interest, if any, to the date of redemption; and (ii) on or after March 15, 2031 at a redemption price equal to 100% of the principal amount of the GA 2031 Senior Notes to be redeemed, plus accrued and unpaid interest to the date of redemption.

Global Atlantic Subordinated Debentures due 2051

On July 6, 2021, GA FinCo issued \$750 million of 4.70% fixed-to-fixed rate subordinated debentures maturing on October 15, 2051 (the "GA 2051 Subordinated Debentures.") The GA 2051 subordinated debentures were issued pursuant to the Subordinated Indenture, dated as of July 6, 2021 among GA FinCo, as issuer, GAFL, as guarantor, and U.S. Bank National Association, as trustee, as supplemented by the First Supplemental Indenture thereto, dated as of July 6, 2021.

The GA 2051 subordinated debentures will bear interest (i) from, and including, July 6, 2021 to, but not including, the initial interest reset date of October 15, 2026 at an annual rate of 4.70% and (ii) from and including October 15, 2026, during each interest reset period, at an annual rate equal to the five-year Treasury rate as of the most recent reset interest determination date, plus 3.796%. Interest on the subordinated debentures is payable semi-annually in arrears on April 15 and October 15 of each year, commencing on October 15, 2021, and on the maturity date.

GA FinCo has the right on one or more occasions to defer the payment of interest on the GA 2051 subordinated debentures for up to five consecutive years. During an optional deferral period, interest will continue to accrue at the interest rate on the GA 2051 subordinated debentures, compounded semi-annually as of each interest payment date.

If GA FinCo has exercised its right to defer interest payments on the GA 2051 subordinated debentures, GA FinCo and GAFL generally may not (1) make payments on or redeem or purchase (A) GA FinCo or GAFL common stock, or (B) with respect to GA FinCo, any indebtedness ranking on parity with or junior to the GA 2051 subordinated debentures, and with

Notes to Financial Statements (Continued)

respect to GAFL, any indebtedness ranking on parity with or junior to the guarantee or (2) make any guarantee payments with respect to any guarantee by GA FinCo or GAFL of any securities or any of their respective subsidiaries if such guarantee ranks equally with or junior to the debentures.

GA FinCo may elect to redeem the GA 2051 subordinated debentures either (1) in whole at any time or in part from time to time during the three-month period prior to, and including, October 15, 2026, or the three month period prior to, and including, each subsequent interest reset date, in each case at 100% of the principal amount of the subordinated debentures being redeemed, plus accrued and unpaid interest (including compounded interest, if any) to, but excluding, the redemption date; (2) in whole, but not in part, at any time within 90 days after the occurrence of a tax event at 100% of the principal amount of the subordinated debentures being redeemed, plus accrued and unpaid interest (including compounded interest, if any) to, but excluding, the redemption date; (3) in whole, but not in part, at any time within 90 days after the occurrence of a rating agency event at 102% of the principal amount of the subordinated debentures being redeemed, plus accrued and unpaid interest (including compounded interest, if any) to, but excluding, the redemption date; or (4) in whole, but not in part, at any time within 90 days after the occurrence of a regulatory capital event at 100% of the principal amount of the subordinated debentures being redeemed, plus accrued and unpaid interest (including compounded interest, if any) to, but excluding, the redemption date.

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 June 30, 2021. KKR (including Global Atlantic) was in compliance with such debt covenants in all material respects as of June 30, 2021.

17. 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 7.5% and 9.6% for the three months ended June 30, 2021 and 2020, respectively and 8.7% and 6.4% for the six months ended June 30, 2021 and 2020, respectively. The effective tax rate differs from the statutory rate primarily because a substantial portion of the reported net income (loss) before taxes is not attributable to KKR but rather is attributable to noncontrolling interests held in KKR's consolidated entities by KKR's principals or by third parties.

Future realization of deferred tax assets is dependent on KKR generating sufficient taxable income before the tax benefits are expected to expire. KKR considers projections of taxable income in evaluating its ability to utilize those deferred tax assets. In projecting its taxable income, KKR begins with historical results and incorporates assumptions concerning the amount and timing of future pretax operating income. Those assumptions require significant judgment and are consistent with the plans and estimates that KKR uses to manage its business. As of June 30, 2021, \$22.7 million of deferred tax assets are not considered to be more likely than not to be realized prior to the expiration of the related loss carryforwards. For that portion of the total deferred tax asset, a valuation allowance has been recorded.

During the three and six months ended June 30, 2021, there were no material changes to KKR's uncertain tax positions and KKR believes there will be no significant increase or decrease to the uncertain tax positions within 12 months of the reporting date.

18. EQUITY BASED COMPENSATION***Equity Based Compensation - Asset Management***

The following table summarizes the expense associated with equity-based compensation for the three and six months ended June 30, 2021 and 2020, respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
KKR Equity Incentive Plan Awards ⁽¹⁾	\$ 61,756	\$ 39,933	\$ 126,283	\$ 90,936
KKR Holdings Awards	10,158	21,023	26,525	41,599
Total	\$ 71,914	\$ 60,956	\$ 152,808	\$ 132,535

(1) Includes \$0.3 million and \$0.5 million of equity based compensation related to our insurance business for the three and six months ended June 30, 2021.

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. Equity awards granted pursuant to the Equity Plans generally consist of (i) restricted stock units ("RSUs") that convert to shares of common stock of KKR & Co. Inc. (or cash equivalent) upon vesting and (ii) restricted holdings units ("RHUs") that are exchangeable into shares of common stock of KKR & Co. Inc. upon vesting and certain other conditions. Vested awards under the Equity Incentive Plans dilute KKR & Co. Inc. common stockholders and KKR Holdings pro rata in accordance with their respective percentage interests in KKR Group Partnership.

Service-Vesting Awards

Under the Equity Incentive Plans, KKR grants equity awards 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.

Notes to Financial Statements (Continued)

As of June 30, 2021, there was approximately \$416.1 million of total estimated unrecognized expense related to unvested Service-Vesting Awards. That cost is expected to be recognized as follows:

Year	Unrecognized Expense (in millions)
Remainder of 2021	\$ 69.8
2022	116.6
2023	90.1
2024	68.0
2025	57.9
2026	13.7
Total	\$ 416.1

A summary of the status of unvested Service-Vesting Awards granted under the Equity Incentive Plans from January 1, 2021 through June 30, 2021 is presented below:

	Shares	Weighted Average Grant Date Fair Value
Balance, January 1, 2021	23,866,696	\$ 28.28
Granted	712,707	43.47
Vested	(5,825,615)	23.04
Forfeitures	(268,559)	28.40
Balance, June 30, 2021	18,485,229	\$ 30.52

The weighted average remaining vesting period over which unvested Service-Vesting Awards are expected to vest is 1.9 years.

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

Vesting Date	Shares
October 1, 2021	3,053,121
April 1, 2022	3,796,017
October 1, 2022	1,698,170
April 1, 2023	3,075,661
October 1, 2023	440,062
April 1, 2024	2,459,191
October 1, 2024	199,809
April 1, 2025	1,879,817
October 1, 2025	158,430
April 1, 2026	1,724,951
	18,485,229

Market Condition Awards

Under KKR's Equity Incentive Plans, KKR also grants equity awards that are subject to a market price-based vesting condition (referred to hereafter as "Market Condition Awards").

Notes to Financial Statements (Continued)

KKR has granted 19.5 million of Market Condition Awards, subject to both stock price target requirements and service requirements. The number of Market Condition awards that will vest will depend upon the market price of KKR common stock reaching and maintaining a 20 day average closing price based on the vesting schedules provided below on or prior to May 1, 2026, subject to the employee's continued service to May 1, 2026, subject to exceptions. For any price targets not achieved, that portion of the unvested awards will be automatically canceled and forfeited. These awards are subject to additional transfer restrictions and minimum retained ownership requirements after vesting. Each recipient received awards with market price-based vesting conditions based on either Type 1 or Type 2, not both.

Vesting Condition Type 1				Vesting Condition Type 2			
Stock Price		Vesting %		Stock Price		Vesting %	
\$	45.00	25.0	%	\$	45.00	16.7	%
\$	50.00	50.0	%	\$	50.00	33.4	%
\$	55.00	75.0	%	\$	55.00	50.0	%
\$	60.00	100.0	%	\$	60.00	66.8	%
				\$	65.00	83.5	%
				\$	70.00	100.0	%

Due to the existence of the service requirement, the vesting period for these Market Condition 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 May 1, 2026 and assumes a forfeiture rate of up to 4% 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 or distributions 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.

Vesting Condition	Weighted Average	Range
Type 1	22.56	\$22.56 - \$22.56
Type 2	23.16	\$19.87 - \$40.09

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

Significant Assumptions	Weighted Average	Range
Closing KKR share price as of valuation date	\$39.22	\$37.93 - \$50.35
Risk Free Rate	0.44%	0.41% - 0.92%
Volatility	28.04%	28.00% - 30.00%
Dividend Yield	1.49%	1.15% - 1.53%
Expected Cost of Equity	10.67%	9.13% - 10.76%

Notes to Financial Statements (Continued)

As of June 30, 2021, there was approximately \$336.0 million of total estimated unrecognized expense related to these unvested Market Condition awards. That cost is expected to be recognized as follows:

Year	Unrecognized Expense (in millions)
Remainder of 2021	\$ 29.8
2022	62.5
2023	67.1
2024	72.3
2025	77.4
2026	26.9
Total	\$ 336.0

A summary of the status of unvested Market Condition awards granted under the Equity Incentive Plans from January 1, 2021 through June 30, 2021 is presented below:

	Shares	Weighted Average Grant Date Fair Value
Balance, January 1, 2021	16,875,000	\$ 21.07
Granted	2,600,000	35.02
Vested	—	—
Forfeitures	—	—
Balance, June 30, 2021	19,475,000	\$ 22.93

As of June 30, 2021, 11.6 million of these Market Condition awards met their market-price based vesting condition.

KKR Holdings Awards

KKR Holdings units are exchangeable for KKR Group Partnership Units and allow for their exchange into common stock of KKR & Co. Inc. on a one-for-one basis. As of June 30, 2021 and 2020, KKR Holdings owned approximately 31.7% or 271,027,751 units and 33.8% or 285,978,495 units, respectively, of outstanding KKR Group Partnership Units. Awards for KKR Holdings units that have been granted are generally subject to service-based vesting, typically over a three to five-year period from the date of grant. They are also generally subject to transfer restrictions which last for (i) one year with respect to one-half of the interests vesting on any vesting date and (ii) two years with respect to the other one-half of the interests vesting on such vesting date. While providing services to KKR, the recipients are also subject to minimum retained ownership rules requiring them to continuously hold 25% of their vested interests. Holders of KKR Holdings units are not entitled to participate in distributions made on KKR Group Partnership Units underlying their KKR Holdings units until such units are vested. As of June 30, 2021, all of the KKR Holdings units (except for less than 1.3% of the outstanding KKR Holdings units) have been granted, and certain Holdings units remain subject to vesting.

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

In February 2016, approximately 28.9 million KKR Holdings units were granted that were originally subject to market condition and service-based vesting that were subsequently modified in November 2016 to eliminate the market condition vesting and instead require only service-based vesting in equal annual installments over a five-year period. At the date of modification, total future compensation expense amounted to \$320.9 million, net of estimated forfeitures, to be recognized over the remaining vesting period of the modified awards. As of June 30, 2021, all compensation expense associated with these KKR Holdings units has been recognized.

Notes to Financial Statements (Continued)

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

KKR Holdings awards give rise to equity-based compensation in the consolidated statements of operations based on the grant-date fair value of the award discounted for the lack of participation rights in the expected distributions on unvested units. This discount is consistent with that noted above for shares issued under the Equity Incentive Plans. Expense is recognized on a straight line basis over the life of the award and assumes a forfeiture rate of up to 7% annually based on expected turnover by class of recipient.

As of June 30, 2021, there was approximately \$43.3 million of estimated unrecognized expense related to unvested KKR Holdings awards. That cost is expected to be recognized as follows:

Year	Unrecognized Expense (in millions)
Remainder of 2021	\$ 17.4
2022	25.9
Total	\$ 43.3

A summary of the status of unvested awards granted under the KKR Holdings Plan from January 1, 2021 through June 30, 2021 is presented below:

	Units	Weighted Average Grant Date Fair Value
Balance, January 1, 2021	10,240,000	\$ 14.33
Granted	—	—
Vested	(2,905,000)	11.16
Forfeitures	—	—
Balance, June 30, 2021	7,335,000	\$ 15.58

The weighted average remaining vesting period over which unvested awards are expected to vest is 0.8 years.

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

Vesting Date	Units
October 1, 2021	3,425,000
October 1, 2022	3,910,000
	7,335,000

Equity Based Compensation - Insurance

The following table summarizes the expense associated with Global Atlantic equity-based compensation for the three and six months ended June 30, 2021.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Global Atlantic Book Value and Other Awards	\$ 11,472	\$ —	\$ 18,673	\$ —
KKR Equity Incentive Plan Awards	314	—	524	—
Total	\$ 11,786	\$ —	\$ 19,197	\$ —

No equity-based compensation costs were capitalized during the three and six months ended June 30, 2021.

Notes to Financial Statements (Continued)

On February 1, 2021, in connection with the GA Acquisition, employees of Global Atlantic were awarded a one-time grant of RSUs 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.

Liability Classified Awards - Book Value Awards

The following table presents Global Atlantic's unrecognized compensation expense and the expected weighted average period over which these expenses will be recognized as of June 30, 2021:

	June 30, 2021	
	Expense	Weighted average period (years)
GA Book Value Awards	\$ 80,333	2.68
Unrecognized compensation expense, as of end of period	\$ 80,333	

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 million. On February 28, 2021, book value awards having an aggregate value of approximately \$28 million vested as set forth in the former Global Atlantic grant agreements and resulted in a cash payment of \$17 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 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%.

Notes to Financial Statements (Continued)

Global Atlantic began recognizing long-term incentive expense for the book value awards described above at the grant dates, based on their initial value. The table below presents the activity related to book value awards for the six months ended June 30, 2021:

	Book value awards (\$ in thousands)
Outstanding amount as of beginning of period	\$ —
Pre-acquisition awards converted to book-value awards on February 1, 2021	89,000
Granted	55,624
Forfeited	(4,229)
Vested and issued	(30,897)
Vested and withheld for taxes	—
Outstanding amount as of end of period	\$ 109,498

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 each 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 (5th) 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. 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 components most closely aligned with a profit-sharing plan under ASC 710, *Compensation - General*, as well as 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 an 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 date of grant was \$197 million, based on the intrinsic value of the book value component at the date of grant (\$5 million) and the fair value of the market value and AUM components at the date of grant (\$192 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 will be remeasured at each reporting period and adjusted as needed until the awards are forfeited or settled.

Global Atlantic recorded compensation expense of \$5 million for both the three and five months ended June 30, 2021 related to the GA Units granted under the GA Equity Incentive Plan, with a corresponding offset to other liabilities.

19. RELATED PARTY TRANSACTIONS**Due from Affiliates consists of:**

	June 30, 2021	December 31, 2020
Amounts due from portfolio companies	\$ 195,754	\$ 164,113
Amounts due from unconsolidated investment funds	852,686	707,758
Amounts due from related entities	414	1,123
Due from Affiliates	\$ 1,048,854	\$ 872,994

Due to Affiliates consists of:

	June 30, 2021	December 31, 2020
Amounts due to KKR Holdings - tax receivable agreement	\$ 237,825	\$ 204,014
Amounts due to unconsolidated investment funds	96,903	121,163
Due to Affiliates	\$ 334,728	\$ 325,177

20. 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. annuity 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., KKR Holdings L.P. and holders of other 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 transaction-related charges and (iv) non-recurring items, if any. Strategic transaction-related items arise from corporate actions and consist primarily of (i) impairments, (ii) non-monetary gains or losses on divestitures, (iii) transaction costs from strategic acquisitions, and (iv) depreciation on real estate that KKR owns and occupies. 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 profitability measure used to make operating decisions and to assess the performance of the Asset Management segment and is comprised of: (i) Fee Related Earnings, (ii) Realized Performance Income, (iii) Realized Performance Income Compensation, (iv) Realized Investment Income (Loss), and (v) Realized Investment Income Compensation. Asset Management Segment Operating Earnings excludes (i) unrealized carried interest, (ii) net unrealized gains (losses) on investments, and (iii) related unrealized performance

Notes to Financial Statements (Continued)

income compensation expense. Management fees earned by KKR as the adviser, manager, or sponsor for its investment funds, vehicles and accounts, including management fees paid to KKR by Global Atlantic's insurance companies and management fees paid to Global Atlantic by reinsurance investment vehicles, are included in Asset Management Segment Operating Earnings.

- Insurance Segment Operating Earnings is the profitability measure used to make operating decisions and to assess the performance of the Insurance segment and is comprised of: (i) Net Investment Income, (ii) Net Cost of Insurance, (iii) General, Administrative, and Other Expenses, (iv) Income Taxes, and (v) Net income Attributable to Noncontrolling Interests. The non-operating adjustments made to derive Insurance Segment Operating Earnings eliminate the impact of: (i) realized (gains) losses related to asset/liability matching investments strategies, (ii) unrealized investment (gains) losses, (iii) changes in the fair value of derivatives, embedded derivatives, and fair value liabilities for fixed-indexed annuities, indexed universal life contracts and variable annuities, and (iv) the associated income tax effects of all exclusions from Insurance Segment Operating Earnings except for equity-based compensation expense. Insurance Segment Operating Earnings includes (i) realized gains and losses not related to asset/liability matching investments strategies and (ii) the investment management fee expenses that are earned by KKR as the investment adviser of Global Atlantic's insurance companies.

Modification of Segment Information

In connection with the acquisition of Global Atlantic on February 1, 2021, 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, 2021, 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 with retrospective application to all prior periods presented.

The most significant changes between KKR's current segment presentation and its previous segment presentation reported prior to the three months ended March 31, 2021, are as follows:

- Two Reportable Segments - KKR operates through two reportable segment due to the acquisition of Global Atlantic, which represents a separate reportable segment. The Asset Management segment represents KKR's business separate from its insurance operations and what previously was identified as one operating and reportable segment. The Asset Management segment continues to reflect how the chief operating decision makers allocate resources and assess performance in the asset management business, which includes operating collaboratively across asset management business lines, with predominantly a single expense pool.
- Segment Operating Earnings - Segment Operating Earnings is the performance measure for KKR's segment profitability and is used by management in making operational and resource deployment decisions. Previously, due to the conclusion that KKR operated under one reportable segment, no measure of segment profit or loss was disclosed.

In connection with these modifications, segment information as of and for the three and six months ended June 30, 2020 has been presented in this Quarterly Report on Form 10-Q to conform to KKR's current segment presentation for comparability purposes. Consequently, this information will be different from the historical segment financial results previously reported by KKR in its reports filed with the SEC.

Notes to Financial Statements (Continued)
Segment Presentation

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

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Management Fees ⁽¹⁾	\$ 480,122	337,188	919,862	673,192
Transaction and Monitoring Fees, Net	259,761	99,901	395,438	179,329
Fee Related Performance Revenues	14,567	8,532	24,863	17,688
Fee Related Compensation	(169,751)	(88,852)	(301,536)	(172,197)
Other Operating Expenses	(114,550)	(77,043)	(204,711)	(160,574)
Fee Related Earnings	470,149	279,656	833,916	537,438
Realized Performance Income	618,310	346,866	789,619	709,998
Realized Performance Income Compensation	(413,024)	(216,590)	(523,010)	(441,868)
Realized Investment Income ⁽²⁾	368,863	90,325	830,136	235,489
Realized Investment Income Compensation	(55,330)	(11,239)	(124,521)	(28,843)
Asset Management Segment Operating Earnings	988,968	489,018	1,806,140	1,012,214
Net Investment Income ⁽¹⁾⁽²⁾	759,503	—	1,205,401	—
Net Cost of Insurance	(389,932)	—	(640,151)	—
General, Administrative and Other	(123,347)	—	(198,836)	—
Pre-tax Insurance Operating Earnings	246,224	—	366,414	—
Income Taxes	(37,476)	—	(54,102)	—
Net Income Attributable to Noncontrolling Interest	(81,228)	—	(121,527)	—
Insurance Segment Operating Earnings	127,520	—	190,785	—
Total Segment Operating Earnings	\$ 1,116,488	489,018	1,996,925	1,012,214

Includes intersegment management fees of \$38.9 million and \$61.8 million for the three and six months ended June 30, 2021.

Includes intersegment interest expense and income of \$1.1 million for the three and six months ended June 30, 2021.

	As of	
	June 30, 2021	June 30, 2020
Segment Assets:		
Asset Management	\$ 29,973,220	21,286,759
Insurance	136,449,123	—
Total Segment Assets	\$ 166,422,343	21,286,759

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Non-cash expenses excluded from Segment Operating Earnings				
<i>Equity Based Compensation</i>				
Asset Management	\$ 61,442	39,933	125,759	90,936
Insurance	16,564	—	23,975	—
Total Non-cash expenses	\$ 78,006	39,933	149,734	90,936

Notes to Financial Statements (Continued)
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		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Total GAAP Revenues	\$ 3,136,181	\$ 1,331,994	\$ 7,699,187	\$ 330,489
Impact of Consolidation and Other	134,911	98,476	258,359	193,505
<i>Asset Management Adjustments:</i>				
Capital Allocation-Based Income (GAAP)	(1,525,393)	(938,521)	(4,210,040)	443,556
Realized Carried Interest	605,570	345,665	770,712	706,996
Realized Investment Income	368,863	90,325	830,136	235,489
Capstone Fees	(21,028)	(17,195)	(41,108)	(38,113)
Expense Reimbursements	(60,056)	(28,002)	(87,785)	(56,226)
<i>Insurance Adjustments:</i>				
Premiums	452,133	—	(724,009)	—
Policy Fees	(312,262)	—	(513,945)	—
Other Income	(32,078)	—	(50,222)	—
Investment Gains and Losses	(19,106)	—	240,062	—
Derivative Gains and Losses	(226,609)	—	(6,028)	—
Total Segment Revenues ⁽¹⁾	\$ 2,501,126	\$ 882,742	\$ 4,165,319	\$ 1,815,696

- (1) 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		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Income (Loss) Before Tax (GAAP)	\$ 4,606,541	\$ 2,157,429	\$ 8,960,647	\$ (2,431,203)
Impact of Consolidation and Other	(2,138,172)	(633,993)	(3,513,547)	1,400,105
Interest Expense	64,109	50,784	121,654	98,218
Equity-based compensation - KKR Holdings	10,536	21,098	26,970	41,794
<i>Asset Management Adjustments:</i>				
Unrealized Carried Interest	(851,976)	(478,027)	(2,960,994)	1,181,913
Net Unrealized Gains (Losses)	(975,378)	(867,581)	(2,292,022)	1,106,950
Unrealized Performance Income Compensation	373,091	199,375	1,269,998	(476,499)
Strategic Corporate Transaction-Related Charges	5,260	—	10,135	—
Equity-based compensation	43,947	38,264	93,708	87,598
Equity-based compensation - Performance based	17,495	1,669	32,051	3,338
<i>Insurance Adjustments:</i>				
Net (Gains) Losses from Investments and Derivatives	(30,152)	—	259,083	—
Strategic Corporate Transaction-Related Charges	7,197	—	12,016	—
Equity-based and Other Compensation	16,564	—	23,975	—
Amortization of Acquired Intangibles	4,902	—	7,353	—
Income Taxes	(37,476)	—	(54,102)	—
Total Segment Operating Earnings	\$ 1,116,488	\$ 489,018	\$ 1,996,925	\$ 1,012,214

Notes to Financial Statements (Continued)

	As of	
	June 30, 2021	June 30, 2020
Total GAAP Assets	\$ 229,234,863	\$ 62,110,382
Impact of Consolidation and Other	(59,155,666)	(39,268,849)
Carry Pool Reclassifications	(3,183,835)	(974,567)
Other Reclassifications	(473,019)	(580,207)
Total Segment Assets	\$ 166,422,343	\$ 21,286,759

21. 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 NYSE. Subject to preferences that apply to shares of Series A Preferred Stock, Series B Preferred Stock, 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 and Series II Preferred Stock

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

Series A and Series B Preferred Stock

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

KKR & Co. Inc. had outstanding 13,800,000 shares of Series A Preferred Stock. Series A Preferred Stock had traded on the NYSE under the symbol "KKR PR A" and was originally issued on March 17, 2016. On June 15, 2021, KKR redeemed all of its Series A Preferred Stock at a redemption price per share equal to the \$25.00 liquidation preference plus declared and unpaid dividends, which amounted to \$350.8 million. The series of preferred units with economic terms that mirror those of the Series A Preferred Stock that was issued by KKR Group Partnership for the benefit of KKR & Co. Inc. were concurrently extinguished. Net income available to KKR was impacted by a charge of \$12.0 million for the redemption of the Series A Preferred Stock. This charge is based on the excess of the redemption value over the carrying value of the Series A Preferred Stock based on the original issuance costs that KKR paid in 2016.

KKR & Co. Inc. has outstanding 6,200,000 shares of Series B Preferred Stock. Series B Preferred Stock trades on the NYSE under the symbol "KKR PR B" and was originally issued on June 20, 2016. The terms of the Series B Preferred Stock are set forth in our certificate of incorporation.

Notes to Financial Statements (Continued)

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

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

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

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

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

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

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

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 &

Notes to Financial Statements (Continued)

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

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. As of July 30, 2021, the remaining amount available under the repurchase program was \$218 million. The repurchase program will be automatically renewed if the remaining amount available for repurchases reaches a specific threshold.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Shares of common stock repurchased	1,166,437	—	2,667,995	10,209,673
Equity awards for common stock retired	1,040,594	1,728,914	2,366,447	1,728,914

Noncontrolling Interests

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

Noncontrolling Interests in Consolidated Entities and Other

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 current and former principals representing all of the capital invested by or on behalf of the general partners of KKR's private equity funds prior to October 1, 2009 and any returns thereon;
- (v) third parties in KKR's Capital Markets business line;
- (vi) holders of other exchangeable securities, which consist of vested restricted holdings units granted under the 2019 Equity Plan that are exchangeable into shares of common stock of KKR & Co. Inc.; and

Notes to Financial Statements (Continued)

- (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.

Noncontrolling Interests held by KKR Holdings

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

The following tables present the calculation of total noncontrolling interests:

	Three Months Ended June 30, 2021		
	Noncontrolling Interests in Consolidated Entities and Other	Noncontrolling Interests Held by KKR Holdings	Total Noncontrolling Interests
Balance at the beginning of the period	\$ 24,398,139	\$ 7,136,590	\$ 31,534,729
Net income (loss) attributable to noncontrolling interests ⁽¹⁾	2,194,794	751,468	2,946,262
Other comprehensive income (loss), net of tax ⁽²⁾	503,443	252,761	756,204
Exchange of KKR Holdings Units to Common Stock ⁽³⁾	—	(65,162)	(65,162)
Equity-based and other non-cash compensation	19,856	10,536	30,392
Capital contributions	2,052,560	—	2,052,560
Capital distributions	(765,904)	(150,678)	(916,582)
Balance at the end of the period	\$ 28,402,888	\$ 7,935,515	\$ 36,338,403

	Six Months Ended June 30, 2021		
	Noncontrolling Interests in Consolidated Entities and Other	Noncontrolling Interests Held by KKR Holdings	Total Noncontrolling Interests
Balance at the beginning of the period	\$ 20,570,716	\$ 6,512,382	\$ 27,083,098
Net income (loss) attributable to noncontrolling interests ⁽¹⁾	3,436,671	1,755,122	5,191,793
Other comprehensive income (loss), net of tax ⁽²⁾	(77,711)	(45,473)	(123,184)
Exchange of KKR Holdings Units to Common Stock ⁽³⁾	—	(122,065)	(122,065)
Equity-based and other non-cash compensation	39,738	26,970	66,708
Capital contributions	6,062,527	25	6,062,552
Capital distributions	(1,752,970)	(191,446)	(1,944,416)
Impact of Acquisition ⁽⁴⁾	190,405	—	190,405
Changes in consolidation	(66,488)	—	(66,488)
Balance at the end of the period	\$ 28,402,888	\$ 7,935,515	\$ 36,338,403

	Three Months Ended June 30, 2020		
	Noncontrolling Interests in Consolidated Entities and Other	Noncontrolling Interests Held by KKR Holdings	Total Noncontrolling Interests
Balance at the beginning of the period	\$ 12,478,917	\$ 4,785,151	\$ 17,264,068
Net income (loss) attributable to noncontrolling interests ⁽¹⁾	781,786	462,410	1,244,196
Other comprehensive income (loss), net of tax ⁽²⁾	(572)	640	68
Exchange of KKR Holdings Units to Common Stock ⁽³⁾	—	(8,860)	(8,860)
Equity-based and other non-cash compensation	—	21,098	21,098
Capital contributions	1,189,312	25	1,189,337
Capital distributions	(231,493)	(38,620)	(270,113)
Balance at the end of the period	\$ 14,217,950	\$ 5,221,844	\$ 19,439,794

Notes to Financial Statements (Continued)

	Six Months Ended June 30, 2020		
	Noncontrolling Interests in Consolidated Entities and Other	Noncontrolling Interests Held by KKR Holdings	Total Noncontrolling Interests
Balance at the beginning of the period	\$ 13,966,250	\$ 5,728,634	\$ 19,694,884
Net income (loss) attributable to noncontrolling interests ⁽¹⁾	(1,313,449)	(389,784)	(1,703,233)
Other comprehensive income (loss), net of tax ⁽²⁾	(7,174)	(6,872)	(14,046)
Exchange of KKR Holdings Units to Common Stock ⁽³⁾	—	(80,754)	(80,754)
Equity-based and other non-cash compensation	—	41,794	41,794
Capital contributions	2,310,255	48	2,310,303
Capital distributions	(716,102)	(78,667)	(794,769)
Transfer of interests under common control ⁽⁵⁾	(21,830)	7,445	(14,385)
Balance at the end of the period	\$ 14,217,950	\$ 5,221,844	\$ 19,439,794

- (1) Refer to the table below for calculation of net income (loss) attributable to noncontrolling interests held by KKR Holdings.
- (2) With respect to noncontrolling interests held by KKR Holdings, calculated on a pro rata basis based on the weighted average KKR Group Partnership Units held by KKR Holdings during the reporting period.
- (3) Calculated based on the proportion of KKR Holdings units exchanged for KKR & Co. Inc. common stock. The exchange agreement with KKR Holdings provides for the exchange of KKR Group Partnership Units held by KKR Holdings for KKR & Co. Inc. common stock.
- (4) Represents other noncontrolling interests at the GA Acquisition Date. See Note 3.
- (5) KKR acquired KKR Capstone on January 1, 2020. KKR Capstone was consolidated prior to January 1, 2020 and consequently, this transaction was accounted for as an equity transaction. This transaction resulted in an increase to KKR Group Partnership's equity. Accordingly, both KKR's equity and noncontrolling interests held by KKR Holdings increased for their proportionate share of the KKR Capstone equity based on their ownership in KKR Group Partnership on January 1, 2020.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 4,262,874	\$ 1,951,165	\$ 8,178,241	\$ (2,276,788)
(-) Net income (loss) attributable to Redeemable Noncontrolling Interests	1,337	—	1,337	—
(-) Net income (loss) attributable to Noncontrolling Interests in consolidated entities and other	2,194,794	781,786	3,436,671	(1,313,449)
(-) Series A and B Preferred Stock Dividends	20,353	8,341	28,694	16,682
(-) Series C Mandatory Convertible Preferred Stock Dividends	17,250	—	34,500	—
(+) Income tax expense (benefit) attributable to KKR & Co. Inc.	329,953	203,974	792,883	(159,862)
Net income (loss) attributable to KKR & Co. Inc. Common Stockholders and KKR Holdings	\$ 2,359,093	\$ 1,365,012	\$ 5,469,922	\$ (1,139,883)
Net income (loss) attributable to Noncontrolling Interests held by KKR Holdings	\$ 751,468	\$ 462,410	\$ 1,755,122	\$ (389,784)

22. REDEEMABLE NONCONTROLLING INTERESTS

Global Atlantic has redeemable non-controlling interests related to renewable energy entities of approximately \$92.5 million as of June 30, 2021 as determined by the HLBV method. The estimated redemption value of redeemable non-controlling 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 non-controlling interest investors having achieved an agreed-upon return. The flip date of renewable energy partnerships determines when the redeemable non-controlling interests are eligible to be redeemed. Eligible redemption dates range from 2022 to 2027. For the redeemable non-controlling interests outstanding as of June 30, 2021, the estimated redemption value that would be due at the respective redemption dates is \$6.7 million.

23. COMMITMENTS AND CONTINGENCIES*Funding Commitments and Others*

As of June 30, 2021, KKR had unfunded commitments consisting of \$11,581.5 million to its investment funds. 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 \$116 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 with respect to (i) the purchase of investments and other assets in its Principal Activities business line and (ii) underwriting transactions, debt financing, and syndications in KKR's Capital Markets business line. As of June 30, 2021, these commitments amounted to \$524.9 million and \$1,109.8 million, respectively.

Whether these amounts are actually funded, in whole or in part, depends on the contractual terms of such commitments, including the satisfaction or waiver of any conditions to closing or funding. KKR's capital markets business has arrangements with third parties, which reduce its risk when underwriting certain debt transactions, and thus our unfunded commitments as of June 30, 2021 have been reduced to reflect the amount to be funded by such third parties. In the case of purchases of investments or assets in KKR's Principal Activities business line, the amount to be funded includes amounts that are intended to be syndicated to third parties, and the actual amounts to be funded may be less than shown.

Global Atlantic has commitments to purchase or fund investments of \$1.1 billion as of June 30, 2021. 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 \$11.7 million for current expected credit losses as of June 30, 2021.

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.

As of June 30, 2021, approximately \$85.0 million of carried interest was subject to this clawback obligation, assuming that all applicable carry-paying funds and their alternative investment vehicles were liquidated at their June 30, 2021 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 \$35.0 million of that amount from KKR Associates Holdings L.P., which is not a KKR subsidiary. As of June 30, 2021, KKR Associates Holdings L.P. had access to cash reserves sufficient to reimburse the full \$35.0 million that would be due to KKR. If the investments in all carrying-paying funds were to be liquidated at zero value the clawback obligation would have been approximately \$2.2 billion, and KKR would be entitled to seek reimbursement of approximately \$0.9 billion of that amount from KKR Associates Holdings L.P.

Carried interest is recognized in the consolidated statements of operations based on the contractual conditions set forth in the agreements governing the fund as if the fund were terminated and liquidated at the reporting date and the fund's investments were realized at the then estimated fair values. Amounts earned pursuant to carried interest are earned by the general partner of those funds to the extent that cumulative investment returns are positive and where applicable, preferred return thresholds have been met. If these investment amounts earned decrease or turn negative in subsequent periods, recognized carried interest will be reversed and to the extent that the aggregate amount of carry distributions received by the general partner during the term of the fund exceed the amount to which the general partner was ultimately entitled, a clawback obligation would be recorded. For funds that are consolidated, this clawback obligation, if any, is reflected as an increase in noncontrolling interests in the consolidated statements of financial condition. For funds that are not consolidated, this clawback obligation, if any, is reflected as a reduction of KKR's investment balance as this is where carried interest is initially recorded.

Indemnifications and Other Guarantees

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

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

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.

Notes to Financial Statements (Continued)

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 million. As of June 30, 2021, the present value of the remaining amount to be paid is \$73 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 for third-party banks to issue letters of credit on behalf of the borrowers in the amount of \$28.9 million, as of June 30, 2021, with expiration dates between September 2021 to October 2022. Global Atlantic has available lines of credit that would allow for additional letters of credit to be issued on behalf of the borrowers, up to \$261.1 million, as of June 30, 2021. For accounting purposes, these letters of credit are considered guarantees of certain obligations of the borrowers. If a letter of credit were 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 June 30, 2021, the expected credit loss on the contingent liability associated with these letters of credit was not material.

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 & Co. Inc.) and its 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. 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 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. 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. This complaint was removed to the U.S. District Court for the Eastern District of Kentucky.

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, 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.

Notes to Financial Statements (Continued)

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, unsupported, 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 captive reinsurers. Total fees expensed associated with these financing arrangements were \$4.4 million and \$8.4 million for the three and six months ended June 30, 2021, respectively, and are included in insurance expenses in the consolidated statements of operations. As of June 30, 2021, the total capacity of the financing arrangements with third parties was \$2.0 billion.

Other than the matters disclosed above, there were no outstanding or unpaid balances from the financing arrangements with unaffiliated third parties as of June 30, 2021.

24. SUBSEQUENT EVENTS***Common Stock Dividend***

A dividend of \$0.145 per share of common stock of KKR & Co. Inc. was announced on August 3, 2021, and will be paid on August 31, 2021 to common stockholders of record as of the close of business on August 16, 2021. KKR Holdings will receive its pro rata share of the distribution from KKR Group Partnership.

Preferred Stock Dividends

A dividend of \$0.406250 per share of Series B Preferred Stock has been declared as announced on August 3, 2021 and set aside for payment on September 15, 2021 to holders of record of Series B Preferred Stock as of the close of business on September 1, 2021.

A dividend of \$0.75 per share of Series C Mandatory Convertible Preferred Stock has been declared as announced on August 3, 2021 and set aside for payment on September 15, 2021 to holders of record of Series C Mandatory Convertible Preferred Stock as of the close of business on September 1, 2021.

Preferred Stock Redemption

On August 3, 2021, KKR provided notice to holders of its outstanding Series B Preferred Stock that it has elected to redeem in full such series of preferred stock on September 15, 2021 at a redemption price per share equal to the \$25.00 liquidation preference plus declared and unpaid dividends, if any.

Credit Facilities

On August 4, 2021, KKR entered into a New Corporate Credit Agreement to replace the Prior Corporate Credit Agreement, and on August 4, 2021, Global Atlantic entered into a New GA Credit Agreement to replace the prior GA Credit Agreement, which was terminated on the same date. For additional information, see Note 16 "Debt Obligations."

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

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements of KKR & Co. Inc., together with its consolidated subsidiaries, and the related notes included elsewhere in this report and our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on February 19, 2021 (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."

References herein 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.

Overview

We are a leading global investment firm that offers alternative asset management and 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.

Our asset management business offers a broad range of investment management services to our fund investors and provides capital markets services to our firm, our funds, our portfolio companies and third parties. Throughout our history, we have consistently been a leader in the private equity industry, having completed more than 385 private equity investments in portfolio companies with a total transaction value in excess of \$650 billion as of June 30, 2021. We have grown our firm by expanding our geographical presence and building businesses in areas such as leveraged credit, alternative credit, capital markets, infrastructure, energy, real estate, growth equity, core and impact investments. Our balance sheet has provided a significant source of capital in the growth and expansion of our business, and has allowed us to further align our interests with those of our fund investors. Building on these efforts and leveraging our industry expertise and intellectual capital have allowed us to capitalize on a broader range of the opportunities we source. Additionally, we have increased our focus on meeting the needs of our existing fund investors and in developing relationships with new investors in our funds.

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

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

fund to a specified percentage of investment gains that are generated on third-party capital that is invested. Beginning in the first quarter of 2021, we also earn our share of income generated by Global Atlantic.

Our investment teams have deep industry knowledge and are supported by a substantial and diversified capital base; an integrated global investment platform; the expertise of operating professionals, senior advisors and other advisors; and a worldwide network of business relationships that provide a significant source of investment opportunities, specialized knowledge during due diligence and substantial resources for creating and realizing value for stakeholders. These teams invest capital, a substantial portion of which is of a long duration. As of June 30, 2021, 89% of our capital is not subject to redemption for at least 8 years from inception and 43% of our capital is from strategic investor partnerships and investment funds and vehicles that have an indefinite term and for which there is no immediate requirement to return invested capital to investors upon realization of investments. This capital provides us with significant flexibility to increase the value of the investments and select exit opportunities. We believe that these aspects of our business will help us continue to expand and grow our business and deliver strong investment performance in a variety of economic and financial conditions.

Our insurance business is operated by Global Atlantic, in which we acquired a majority controlling interest on February 1, 2021. In connection with the acquisition, KKR also became the investment manager for Global Atlantic's insurance companies. Global Atlantic is a leading U.S. annuity 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 June 30, 2021, Global Atlantic served over two million policyholders. As a result of this acquisition, Global Atlantic's assets and operations have been consolidated with our operating results from and after February 1, 2021. Comparability of KKR's results for periods prior and subsequent to the Global Atlantic acquisition may accordingly be limited.

Our Business

In connection with the acquisition of Global Atlantic on February 1, 2021, we organized our business into two segments: Asset Management and Insurance. The Asset Management segment reflects KKR's historical operations, and the Insurance segment represents Global Atlantic's operations. We operate our asset management business in four business lines: (1) Private Markets, (2) Public Markets, (3) Capital Markets and (4) Principal Activities. Our insurance business is operated by Global Atlantic. Information about our asset management business lines below should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020. KKR became the investment adviser for Global Atlantic's insurance companies on February 1, 2021.

Asset Management - Private Markets

Through our Private Markets business line, we manage and sponsor a group of private equity funds that invest capital for long-term appreciation, either through controlling ownership of a company or strategic minority positions. In addition to our traditional private equity funds, we sponsor investment funds that invest in growth equity (including impact) and core investments. We also manage and sponsor investment funds that invest capital in real assets, such as real estate, infrastructure and energy. Our Private Markets business line includes separately managed accounts that invest in multiple strategies, which include our credit strategies as well as our private equity and real assets strategies. These funds and accounts are managed by Kohlberg Kravis Roberts & Co. L.P., an SEC-registered investment adviser. As of June 30, 2021, our Private Markets business line had \$233.6 billion of AUM, consisting of \$141.6 billion in private equity (including growth equity, impact and core investments), \$73.5 billion in real assets (including real estate, infrastructure and energy) and \$18.5 billion in other related strategies.

The table below presents information as of June 30, 2021, relating to our investment vehicles in our Private Markets business line for which we have the ability to earn carried interest. This data does not reflect additional capital raised, acquisitions or disposals of investments, changes in investment values, or distributions occurring after June 30, 2021.

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	Investment Period ⁽¹⁾		Amount (\$ in millions)								
	Start Date	End Date	Commitment ⁽²⁾	Uncalled Commitments	Percentage Committed by General Partner	Invested	Realized	Remaining Cost ⁽³⁾	Remaining Fair Value	Gross Accrued Carried Interest	
Private Equity and Growth Equity Funds											
North America Fund XIII	6/2021	6/2027	\$ 14,293	\$ 14,293	8%	\$ —	\$ —	\$ —	\$ —	\$ —	
Americas Fund XII	1/2017	6/2021	13,500	3,913	6%	10,016	1,149	9,822	23,410	2,323	
North America Fund XI	9/2012	1/2017	8,718	432	3%	9,733	14,800	3,868	8,252	805	
2006 Fund ⁽⁴⁾	9/2006	9/2012	17,642	247	2%	17,309	33,747	1,946	3,689	347	
Millennium Fund ⁽⁴⁾	12/2002	12/2008	6,000	—	3%	6,000	14,123	—	6	1	
European Fund V	3/2019	7/2025	6,433	2,660	2%	3,772	123	3,734	4,823	150	
European Fund IV	12/2014	3/2019	3,517	68	6%	3,576	3,407	2,279	4,032	313	
European Fund III ⁽⁴⁾	3/2008	3/2014	5,516	156	5%	5,360	10,602	256	236	(14)	
European Fund II ⁽⁴⁾	11/2005	10/2008	5,751	—	2%	5,751	8,507	—	34	—	
Asian Fund IV	7/2020	7/2026	14,735	13,571	7%	1,164	—	1,164	1,391	8	
Asian Fund III	4/2017	7/2020	9,000	2,755	6%	6,637	1,778	6,169	11,001	852	
Asian Fund II	4/2013	4/2017	5,825	3	1%	6,839	5,519	3,345	5,291	376	
Asian Fund ⁽⁴⁾	7/2007	4/2013	3,983	—	3%	3,974	8,723	17	23	3	
China Growth Fund ⁽⁴⁾	11/2010	11/2016	1,010	—	1%	1,010	1,056	330	249	(3)	
Next Generation Technology Growth Fund II	12/2019	12/2025	2,088	879	7%	1,271	62	1,247	2,017	129	
Next Generation Technology Growth Fund	3/2016	12/2019	659	4	23%	663	474	424	1,826	157	
Health Care Strategic Growth Fund II	5/2021	5/2027	3,522	3,522	7%	—	—	—	—	—	
Health Care Strategic Growth Fund	12/2016	5/2021	1,331	724	11%	737	196	633	1,248	92	
Global Impact Fund	2/2019	2/2025	1,242	580	8%	690	28	670	987	52	
Private Equity and Growth Equity Funds			124,765	43,807		84,503	104,294	35,902	68,515	5,591	
Co-Investment Vehicles and Other	Various	Various	12,011	3,770	Various	8,579	6,368	5,628	8,704	1,429	
Core Investment Vehicles	Various	Various	22,813	15,047	33%	7,766	29	7,766	13,334	212	
Total Private Equity, Growth Equity and Core Funds			159,589	62,624		100,848	110,690	49,296	90,553	7,232	
Real Assets											
Energy Income and Growth Fund II	6/2018	8/2022	994	504	20%	595	105	500	680	11	
Energy Income and Growth Fund	9/2013	6/2018	1,974	—	13%	1,971	856	1,220	1,122	—	
Natural Resources Fund ⁽⁴⁾	Various	Various	887	—	Various	887	123	194	81	—	
Global Energy Opportunities	Various	Various	914	63	Various	518	161	330	198	—	
Global Infrastructure Investors IV	6/2021	6/2027	14,236	14,236	4%	—	—	—	—	—	
Global Infrastructure Investors III	6/2018	6/2021	7,206	4,019	4%	3,422	282	3,360	3,511	—	
Global Infrastructure Investors II	10/2014	6/2018	3,041	124	4%	3,163	3,387	1,748	2,538	77	
Global Infrastructure Investors	9/2011	10/2014	1,040	—	5%	1,050	2,228	—	—	—	
Asia Pacific Infrastructure Investors	1/2020	1/2026	3,792	3,016	7%	815	39	788	984	29	
Diversified Core Infrastructure Fund	12/2020	(5)	6,773	6,260	7%	513	5	513	513	—	
Real Estate Partners Americas III	12/2020	1/2025	2,954	2,954	10%	—	—	—	—	—	
Real Estate Partners Americas II	5/2017	12/2020	1,921	372	8%	1,786	756	1,388	1,715	78	
Real Estate Partners Americas	5/2013	5/2017	1,229	143	16%	1,016	1,376	186	92	2	
Real Estate Partners Europe II	12/2019	4/2024	2,139	2,139	9%	—	—	—	—	—	
Real Estate Partners Europe	9/2015	12/2019	715	172	9%	619	380	390	528	30	
Asia Real Estate Partners	6/2019	6/2023	1,682	1,451	15%	232	—	232	278	—	
Real Estate Credit Opportunity Partners II	4/2019	6/2022	950	528	5%	422	27	422	441	—	
Real Estate Credit Opportunity Partners	2/2017	4/2019	1,130	122	4%	1,008	278	1,008	945	—	
Property Partners Americas	12/2019	(5)	2,013	870	25%	1,143	31	1,143	1,237	5	
Co-Investment Vehicles and Other	Various	Various	4,632	977	Various	3,717	1,363	3,379	3,691	11	
Total Real Assets			60,222	37,949		22,875	11,395	16,799	18,553	243	
Other											
Unallocated Commitments ⁽⁶⁾			1,308	1,308	Various	—	—	—	—	—	
Private Markets Total			\$ 221,119	\$ 101,881		\$ 123,723	\$ 122,085	\$ 66,095	\$ 109,106	\$ 7,475	

- The start date represents the date on which the general partner of the applicable fund commenced investment of the fund's capital or the date of the first closing. The end date represents the earlier of (i) the date on which the general partner of the applicable fund was or will be required by the fund's governing agreement to cease making investments on behalf of the fund, unless extended by a vote of the fund investors, and (ii) the date on which the last investment was made.
- The commitment represents the aggregate capital commitments to the fund, including capital commitments by third-party fund investors and the general partner. Foreign currency commitments have been converted into U.S. dollars based on (i) the foreign exchange rate at the date of purchase for each investment and (ii) the exchange rate that prevailed on June 30, 2021, in the case of uncalled commitments.
- The remaining cost represents the initial investment of the general partner and limited partners, reduced for returns of capital, with the limited partners' investment further reduced for any realized gains from which the general partner did not receive a carried interest.
- 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.
- Open ended fund.
- "Unallocated Commitments" represent unallocated commitments from our strategic investor partnerships.

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The table below presents information as of June 30, 2021, relating to the historical performance of certain of our Private Markets investment vehicles since inception, which we believe illustrates the benefits of our investment approach. This data does not reflect additional capital raised since June 30, 2021, or acquisitions or disposals of investments, changes in investment values or distributions occurring after that date. However, the information presented below is not intended to be representative of any past or future performance for any particular period other than the period presented below. Past performance is no guarantee of future results.

Private Markets Investment Funds	Amount		Fair Value of Investments		Total Value	Gross IRR ⁽⁵⁾	Net IRR ⁽⁵⁾	Gross Multiple of Invested Capital ⁽⁵⁾
	Commitment	Invested	Realized ⁽⁴⁾	Unrealized				
(\$ in millions)								
<i>Legacy Funds⁽¹⁾</i>								
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
<i>Included Funds</i>								
European Fund (1999) ⁽²⁾	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) ⁽²⁾	5,751	5,751	8,507	34	8,542	6.1 %	4.5 %	1.5
2006 Fund (2006)	17,642	17,309	33,747	3,689	37,436	12.0 %	9.4 %	2.2
Asian Fund (2007)	3,983	3,974	8,723	23	8,746	18.9 %	13.7 %	2.2
European Fund III (2008) ⁽²⁾	5,516	5,360	10,602	236	10,838	16.6 %	11.5 %	2.0
E2 Investors (Annex Fund) (2009) ⁽²⁾	196	196	200	—	200	0.6 %	0.5 %	1.0
China Growth Fund (2010)	1,010	1,010	1,056	249	1,305	6.5 %	2.3 %	1.3
Natural Resources Fund (2010)	887	887	123	81	204	(23.7)%	(25.4)%	0.2
Global Infrastructure Investors (2011) ⁽²⁾	1,040	1,050	2,228	—	2,228	17.6 %	15.6 %	2.1
North America Fund XI (2012)	8,718	9,733	14,800	8,252	23,052	23.7 %	19.1 %	2.4
Asian Fund II (2013)	5,825	6,839	5,519	5,291	10,810	13.5 %	9.9 %	1.6
Real Estate Partners Americas (2013)	1,229	1,016	1,376	92	1,469	16.7 %	11.8 %	1.4
Energy Income and Growth Fund (2013)	1,974	1,971	856	1,122	1,978	0.1 %	(2.2)%	1.0
Global Infrastructure Investors II (2014) ⁽²⁾	3,041	3,163	3,387	2,538	5,925	21.0 %	18.2 %	1.9
European Fund IV (2015) ⁽²⁾	3,517	3,576	3,407	4,032	7,439	26.6 %	21.0 %	2.1
Real Estate Partners Europe (2015) ⁽²⁾	715	619	380	528	907	16.3 %	11.4 %	1.5
Next Generation Technology Growth Fund (2016)	659	663	474	1,826	2,299	49.5 %	42.8 %	3.5
Health Care Strategic Growth Fund (2016)	1,331	737	196	1,248	1,444	54.2 %	36.1 %	2.0
Americas Fund XII (2017)	13,500	10,016	1,149	23,410	24,560	52.0 %	42.9 %	2.5
Real Estate Credit Opportunity Partners (2017)	1,130	1,008	278	945	1,223	7.2 %	6.1 %	1.2
Core Investment Vehicles (2017)	22,813	7,766	29	13,334	13,362	27.7 %	26.1 %	1.7
Asian Fund III (2017)	9,000	6,637	1,778	11,001	12,779	44.1 %	34.3 %	1.9
Real Estate Partners Americas II (2017)	1,921	1,786	756	1,715	2,471	24.4 %	19.3 %	1.4
Global Infrastructure Investors III (2018) ⁽²⁾	7,206	3,422	282	3,511	3,793	7.0 %	3.2 %	1.1
Global Impact Fund (2019)	1,242	690	28	987	1,015	63.0 %	42.7 %	1.5
European Fund V (2019) ⁽²⁾	6,433	3,772	123	4,823	4,946	41.3 %	32.2 %	1.3
Energy Income and Growth Fund II (2019) ⁽³⁾	994	595	105	680	784	—	—	—
Next Generation Technology Growth Fund II (2019) ⁽³⁾	2,088	1,271	62	2,017	2,079	—	—	—
Asia Pacific Infrastructure Investors (2019) ⁽³⁾	3,792	815	39	984	1,023	—	—	—
Real Estate Credit Opportunity Partners II (2019) ⁽³⁾	950	422	27	441	468	—	—	—
Asian Fund IV (2020) ⁽³⁾	14,735	1,164	—	1,391	1,391	—	—	—
Asia Real Estate Partners (2020) ⁽³⁾	1,682	232	—	278	278	—	—	—
Real Estate Partners Americas III (2021) ⁽³⁾	2,954	—	—	—	—	—	—	—
Real Estate Partners Europe II (2021) ⁽²⁾⁽³⁾	2,139	—	—	—	—	—	—	—
Health Care Strategic Growth Fund II (2021) ⁽³⁾	3,522	—	—	—	—	—	—	—
Global Infrastructure Investors IV (2021) ⁽³⁾	14,236	—	—	—	—	—	—	—
North America Fund XIII (2021) ⁽³⁾	14,293	—	—	—	—	—	—	—
Subtotal - Included Funds	196,750	112,534	123,116	94,763	217,878	17.0 %	13.1 %	2.0
All Funds	\$ 213,224	\$ 129,009	\$ 173,385	\$ 94,763	\$ 268,147	25.6 %	18.9 %	2.1

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- (1) These funds were not contributed to KKR as part of the acquisition of the assets and liabilities of KKR & Co. (Guernsey) L.P. (formerly known as KKR Private Equity Investors, L.P.) on October 1, 2009 (the "KPE Transaction").
- (2) The following table presents information regarding investment funds with euro-denominated commitments. Such amounts have been converted into U.S. dollars based on (i) the foreign exchange rate at the date of purchase for each investment and (ii) the exchange rate prevailing on June 30, 2021, in the case of unfunded commitments.

Private Markets Investment Funds	Commitment (€ in millions)
European Fund	€ 197
European Fund II	€ 2,598
European Fund III	€ 2,883
E2 Investors (Annex Fund)	€ 56
Global Infrastructure Investors	€ 30
Global Infrastructure Investors II	€ 244
European Fund IV	€ 1,626
Real Estate Partners Europe	€ 277
Global Infrastructure Investors III	€ 987
European Fund V	€ 2,144
Real Estate Partners Europe II	€ 768

- (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 June 30, 2021. None of the Energy Income and Growth Fund II, Next Generation Technology Growth Fund II, Asia Pacific Infrastructure Investors, Real Estate Credit Opportunities Partners II, Asian Fund IV, Asia Real Estate Partners, Real Estate Partners Americas III, Real Estate Partners Europe II, Health Care Strategic Growth Fund II, Global Infrastructure Investors IV, North America Fund XIII, Diversified Core Infrastructure Fund, or Property Partners Americas, has invested for at least 24 months as of June 30, 2021. We therefore have not calculated gross IRRs, net IRRs and gross multiples of invested capital with respect to those funds.
- (4) An investment is considered realized when it has been disposed of or has otherwise generated disposition proceeds or current income that has been distributed by the relevant fund. In periods prior to the three months ended September 30, 2015, realized proceeds excluded current income such as dividends and interest.
- (5) IRRs measure the aggregate annual compounded returns generated by a fund's investments over a holding period. Net IRRs are calculated after giving effect to the allocation of realized and unrealized carried interest and the payment of any applicable management fees and organizational expenses. Gross IRRs are calculated before giving effect to the allocation of realized and unrealized carried interest and the payment of any applicable management fees and organizational expenses.

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

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

Asset Management - Public Markets

Through our Public Markets business line, we operate our credit and hedge funds platforms on a combined basis. Our credit business invests capital in (i) leveraged credit strategies, including leveraged loans, high-yield bonds, opportunistic credit and revolving credit strategies, and (ii) alternative credit strategies, including special situations or dislocation strategies and private credit strategies such as direct lending and private opportunistic credit (including mezzanine and asset-based finance) investment strategies. The funds, CLOs, separately managed accounts, investment companies registered under the Investment Company Act of 1940 (the "Investment Company Act") and alternative investment funds ("AIFs") in our leveraged credit and alternative credit strategies are managed by KKR Credit Advisors (US) LLC, which is an SEC-registered investment adviser, KKR Credit Advisors (Ireland) Unlimited Company, which is regulated by the Central Bank of Ireland ("CBI"), and KKR Credit Advisors (Singapore) Pte. Ltd., which is regulated by the Monetary Authority of Singapore and also registered with the SEC. Our business development company ("BDC") platform consists of a BDC advised by FS/KKR Advisor, LLC ("FS/KKR Advisor"), which is an investment adviser jointly owned by KKR and Franklin Square Holdings, L.P. ("FS Investments"). Our

Public Markets business line also includes our hedge funds platform, which consists of strategic partnerships with third-party hedge fund managers in which KKR owns a minority stake (which we refer to as "hedge fund partnerships"). Our hedge fund partnerships offer a variety of investment strategies, including equity hedge funds, hedge fund-of-funds and credit hedge funds.

As of June 30, 2021, our Public Markets business line had \$195.4 billion of AUM, comprised of \$100.7 billion of assets managed in our leveraged credit strategies (which include \$6.3 billion of assets managed in our opportunistic credit strategy and \$1.9 billion of assets managed in our revolving credit strategy), \$7.8 billion of assets managed in our special situations or dislocation strategies, \$60.3 billion of assets managed in our private credit strategies, \$25.3 billion of assets managed through our hedge fund platform, and \$1.3 billion of assets managed in other strategies. Our private credit strategies include \$23.2 billion of assets managed in our direct lending strategy, \$28.2 billion of assets managed in our private opportunistic credit strategy and \$8.9 billion of assets managed in other private credit strategies. Our BDC has approximately \$15.7 billion in combined assets under management, which are reflected in the AUM of our leveraged credit strategies and alternative credit strategies above. We report all of the assets under management of the BDC. We report only a pro rata portion of the AUM in our strategic partnership with third-party hedge fund managers based on KKR's percentage ownership in them.

Credit

Performance

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

Our leveraged credit strategies principally invest through separately managed accounts, a BDC, CLOs and investment funds. In certain cases, these strategies have meaningful track records and may be compared to widely-known indices. The following table presents information regarding larger leveraged credit strategies managed by KKR from inception to June 30, 2021. The information presented below is not intended to be representative of any past or future performance for any particular period other than the period presented below. Past performance is no guarantee of any future result.

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

Leveraged Credit Strategy	Inception Date	Gross Returns	Net Returns	Benchmark ⁽¹⁾	Benchmark Gross Returns
Bank Loans Plus High Yield	Jul 2008	7.51 %	6.90 %	65% S&P/LSTA Loan Index, 35% BoAML HY Master II Index ⁽²⁾	6.02 %
Opportunistic Credit ⁽³⁾	May 2008	11.61 %	9.82 %	50% S&P/LSTA Loan Index, 50% BoAML HY Master II Index ⁽³⁾	6.31 %
Bank Loans	Apr 2011	5.34 %	4.76 %	S&P/LSTA Loan Index ⁽⁴⁾	4.30 %
High-Yield	Apr 2011	7.15 %	6.56 %	BoAML HY Master II Index ⁽⁵⁾	6.44 %
Bank Loans Conservative	Apr 2011	4.53 %	3.95 %	S&P/LSTA BB-B Loan Index ⁽⁶⁾	4.27 %
European Leveraged Loans ⁽⁷⁾	Sep 2009	4.71 %	4.19 %	CS Inst West European Leveraged Loan Index ⁽⁸⁾	3.65 %
High-Yield Conservative	Apr 2011	6.38 %	5.80 %	BoAML HY BB-B Constrained ⁽⁹⁾	6.38 %
European Credit Opportunities ⁽⁷⁾	Sept 2007	5.96 %	5.06 %	S&P European Leveraged Loans (All Loans) ⁽¹⁰⁾	4.18 %
Revolving Credit ⁽¹¹⁾	May 2015	N/A	N/A	N/A	N/A

- The benchmarks referred to herein include the S&P/LSTA Leveraged Loan Index (the "S&P/LSTA Loan Index"), S&P/LSTA U.S. B/BB Ratings Loan Index (the "S&P/LSTA BB-B Loan Index"), the Bank of America Merrill Lynch High Yield Master II Index (the "BoAML HY Master II Index"), the BofA Merrill Lynch BB-B US High Yield Index (the "BoAML HY BB-B Constrained"), the Credit Suisse Institutional Western European Leveraged Loan Index (the "CS Inst West European Leveraged Loan Index"), and S&P European Leveraged Loans (All Loans). The S&P/LSTA Loan Index is a daily tradable index for the U.S. loan market that seeks to mirror the market-weighted performance of the largest institutional loans that meet certain criteria. The S&P/LSTA BB-B Loan Index is comprised of loans in the S&P/LSTA Loan Index, whose rating is BB+, BB, BB-, B+, B or B-. The BoAML HY Master II Index is an index for high-yield corporate bonds. It is designed to measure the broad high-yield market, including lower-rated securities. The BoAML HY BB-B Constrained is a subset of the BoAML HY Master II Index including all securities rated BB1 through B3, inclusive. The CS Inst West European Leveraged Loan Index contains only institutional loan facilities priced above 90, excluding TL and TLa facilities and loans rated CC, C or are in default. The S&P European Leveraged Loan Index reflects the market-weighted performance of institutional leveraged loan portfolios investing in European credits. While the returns of our leveraged credit strategies reflect the reinvestment of income and dividends, none of the indices presented in the chart above reflect such reinvestment, which has the effect of increasing the reported relative performance of these strategies as compared to the indices. Furthermore, these indices are not subject to management fees, incentive allocations, or expenses.
- 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.
- The Opportunistic Credit strategy invests in high-yield securities and corporate loans with no preset allocation. The benchmark used for purposes of comparison for the Opportunistic Credit strategy presented herein is based on 50% S&P/LSTA Loan Index and 50% BoAML HY Master II Index. Funds within this strategy may utilize third-party financing facilities to enhance investment returns. In cases where financing facilities are used, the amounts

drawn on the facility are deducted from the assets of the fund in the calculation of net asset value, which tends to increase returns when net asset value grows over time and decrease returns when net asset value decreases over time.

- (4) Performance is based on a composite of portfolios that primarily invest in leveraged loans. The benchmark used for purposes of comparison for the Bank Loans strategy is based on the S&P/LSTA Loan Index.
- (5) Performance is based on a composite of portfolios that primarily invest in high-yield securities. The benchmark used for purposes of comparison for the High Yield strategy is based on the BoAML HY Master II Index.
- (6) Performance is based on a composite of portfolios that primarily invest in leveraged loans rated B-/Baa3 or higher. The benchmark used for purposes of comparison for the Bank Loans Conservative strategy is based on the S&P/LSTA BB-B Loan Index.
- (7) The returns presented are calculated based on local currency.
- (8) Performance is based on a composite of portfolios that primarily invest in higher quality leveraged loans. The benchmark used for purposes of comparison for the European Leveraged Loans strategy is based on the CS Inst West European Leveraged Loan Index.
- (9) Performance is based on a composite of portfolios that primarily invest in high-yield securities rated B or higher. The benchmark used for purposes of comparison for the High-Yield Conservative strategy is based on the BoAML HY BB-B Constrained Index.
- (10) Performance is based on a composite of portfolios that primarily invest in European institutional leveraged loans. The benchmark used for purposes of comparison for the European Credit Opportunities strategy is based on the S&P European Leveraged Loans (All Loans) Index.
- (11) This strategy has not called any capital as of June 30, 2021. As a result, the gross and net return performance measures are not meaningful and are not included above.

Our alternative credit strategies primarily invest in more illiquid instruments through private investment funds, BDC and separately managed accounts. The following table presents information regarding our Public Markets alternative credit commingled funds where investors are subject to capital commitments from inception to June 30, 2021. Some of these funds have been investing for less than 24 months, and thus their performance is less meaningful and not included below. In addition, the information presented below is not intended to be representative of any past or future performance for any particular period other than the period presented below. Past performance is no guarantee of any future result.

Alternative Credit Strategies: Fund Performance

Public Markets Investment Funds	Inception Date	Amount		Fair Value of Investments			Total Value	Gross IRR ⁽²⁾	Net IRR ⁽²⁾	Multiple of Invested Capital ⁽³⁾	Gross Accrued Carried Interest
		Commitment	Invested ⁽¹⁾	Realized ⁽¹⁾	Unrealized						
(\$ in Millions)											
Dislocation Opportunities Fund	May 2020	\$ 2,865	\$ 1,331	\$ 75	\$ 1,512	\$ 1,587	N/A	N/A	N/A	\$ 30	
Special Situations Fund II	Dec 2014	3,525	3,241	1,266	2,691	3,958	6.8 %	4.8 %	1.2	—	
Special Situations Fund	Dec 2012	2,274	2,273	1,552	667	2,219	(0.6)%	(2.5)%	1.0	—	
Mezzanine Partners	Mar 2010	1,023	990	1,096	231	1,327	9.9 %	6.7 %	1.3	(20)	
Private Credit Opportunities Partners II	Dec 2015	2,245	1,442	322	1,440	1,762	8.0 %	6.4 %	1.2	—	
Lending Partners III	Apr 2017	1,498	1,141	239	1,210	1,449	17.6 %	14.5 %	1.3	24	
Lending Partners II	Jun 2014	1,336	1,179	1,110	220	1,329	4.6 %	3.3 %	1.1	—	
Lending Partners	Dec 2011	460	419	451	22	473	3.7 %	2.1 %	1.1	—	
Lending Partners Europe II	Jun 2019	837	346	31	349	380	N/A	N/A	N/A	2	
Lending Partners Europe	Mar 2015	848	662	293	361	654	0.2 %	(1.1)%	1.0	—	
Other Alternative Credit Vehicles	Various	11,186	5,472	3,978	3,619	7,598	N/A	N/A	N/A	112	
All Funds		\$ 28,096	\$ 18,495	\$ 10,414	\$ 12,323	\$ 22,736				\$ 148	

- (1) Recycled capital is excluded from the amounts invested and realized.
- (2) These credit funds utilize third-party financing facilities to provide liquidity to such funds, and in such event, IRRs are calculated from the time capital contributions are due from fund investors to the time fund investors receive a related distribution from the fund. The use of such financing facilities generally decreases the amount of invested capital that would otherwise be used to calculate IRRs, which tends to increase IRRs when fair value grows over time and decrease IRRs when fair value decreases over time. IRRs measure the aggregate annual compounded returns generated by a fund's investments over a holding period and are calculated taking into account recycled capital. Net IRRs presented are calculated after giving effect to the allocation of realized and unrealized carried interest and the payment of any applicable management fees. Gross IRRs are calculated before giving effect to the allocation of carried interest and the payment of any applicable management fees.
- (3) The multiples of invested capital measure the aggregate value generated by a fund's investments in absolute terms. Each multiple of invested capital is calculated by adding together the total realized and unrealized values of a fund's investments and dividing by the total amount of capital invested by the investors. The use of financing facilities generally decreases the amount of invested capital that would otherwise be used to calculate multiples of invested capital, which tends to increase multiples when fair value grows over time and decrease multiples when fair value decreases over time. Such amounts do not give effect to the allocation of any realized and unrealized returns on a fund's investments to the fund's general partner pursuant to a carried interest or the payment of any applicable management fees and are calculated without taking into account recycled capital.

Public Markets AUM and Vehicle Structures

The table below presents information as of June 30, 2021, based on the investment funds, vehicles or accounts offered by our Public Markets business line. Our funds, vehicles and accounts have been sorted based upon their primary investment strategies. However, the AUM and FPAUM presented for each line in the table includes certain investments from non-primary investment strategies, which are permitted by their investment mandates, for purposes of presenting the fees and other terms for such funds, vehicles and accounts.

(\$ in millions)	AUM	FPAUM	Typical Management Fee Rate	Incentive Fee / Carried Interest	Preferred Return	Duration of Capital
Leveraged Credit:						
Leveraged Credit SMAs/Funds	\$ 78,032	\$ 76,272	0.15% - 1.10%	Various ⁽¹⁾	Various ⁽¹⁾	Subject to redemptions
CLOs	20,850	20,850	0.40% - 0.50%	Various ⁽¹⁾	Various ⁽¹⁾	10-14 Years ⁽²⁾
Total Leveraged Credit	98,882	97,122				
Alternative Credit: ⁽³⁾						
Special Situations	8,114	4,292	0.50% - 1.75% ⁽⁴⁾	10.00 - 20.00%	7.00 - 12.00%	7-15 Years ⁽²⁾
Private Credit	47,400	42,018	0.25% - 1.50%	10.00 - 20.00%	5.00 - 8.00%	8-15 Years ⁽²⁾
Total Alternative Credit	55,514	46,310				
Hedge Funds ⁽⁵⁾	25,268	25,268	0.50% - 2.00%	Various ⁽¹⁾	Various ⁽¹⁾	Subject to redemptions
BDCs ⁽⁶⁾	15,708	15,708	0.60%	8.00%	7.00%	Indefinite
Total	\$ 195,372	\$ 184,408				

- (1) Certain funds and CLOs are subject to a performance fee in which the manager or general partner of the funds share up to 20% of the net profits earned by investors in excess of performance hurdles (generally tied to a benchmark or index) and subject to a provision requiring the funds and vehicles to regain prior losses before any performance fee is earned.
- (2) Duration of capital is measured from inception. Inception dates for CLOs were between 2013 and 2021 and for separately managed accounts and funds investing in alternative credit strategies from 2009 through 2021.
- (3) Our alternative credit funds generally have investment periods of three to five years and our newer alternative credit funds generally earn fees on invested capital during the investment period.
- (4) Lower fees on uninvested capital in certain vehicles.
- (5) Hedge Funds represent KKR's pro rata portion of AUM and FPAUM of our hedge fund partnerships.
- (6) Consists of our BDC advised by FS/KKR Advisor. We report all of the AUM of our BDC in our AUM and FPAUM.

Asset Management - Capital Markets

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

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

respect of co-investments in transactions participated in by KKR funds or third-party clients, which may entitle the firm to receive syndication fees, management fees and/or a carried interest.

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

Asset Management - Principal Activities

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

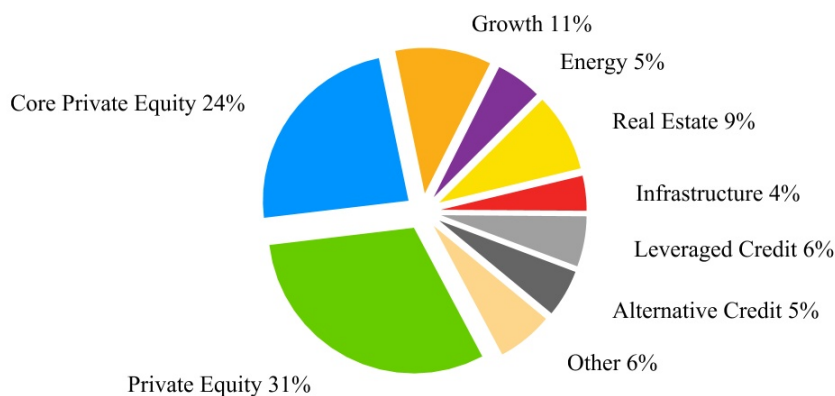
Our Principal Activities business line also provides the required capital to fund the various commitments of our Capital Markets business line when underwriting or syndicating securities, or when providing term loan commitments for transactions involving our portfolio companies and for third parties.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

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

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

The chart below presents the holdings of our Principal Activities business line by asset class as of June 30, 2021:

Holdings by Asset Class ⁽¹⁾



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

Insurance - Global Atlantic

Our insurance business is operated by Global Atlantic, which we acquired on February 1, 2021. KKR owns all of the voting interests in Global Atlantic and a 61.1% economic interest in Global Atlantic as of the closing of the acquisition, which economic interest increased to 61.5% following certain post-closing purchase price adjustments in June 2021. The balance of Global Atlantic is 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. Beginning with the first quarter of 2021, we present Global Atlantic's financial results as a separate reportable segment.

Global Atlantic is a leading U.S. annuity 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 has made the strategic decision to focus on target markets that it believes supports issuing products that have attractive risk and return characteristics. These markets allow Global Atlantic to leverage its strength in distribution and to deploy capital opportunistically across market conditions.

Global Atlantic primarily offers individuals 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, 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 June 30, 2021, Global Atlantic served over two million policyholders.

Business Environment

Economic and Market Conditions

Impact of COVID-19. The outbreak of COVID-19 continues to impact the United States and other countries throughout the world. For a description of the impact that COVID-19 had and may in the future have on our business, see "Risk Factors—Risks Related to Our Business—COVID-19 continues to impact the United States and other countries throughout the world, and it has caused and may further cause disruptions to our business and adversely affect our financial results" and "Risk Factors—Risks Related to the Assets We Manage—Our investments are impacted by various economic conditions and events outside of our control that are difficult to quantify or predict, which may have a significant impact on the valuation of our investments and, therefore, on the investment income we realize and our results of operations and financial condition" in our Annual Report.

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

During the period ended June 30, 2021, the United States continued to show signs of economic improvement, primarily driven by substantial government fiscal and monetary support and its vaccine rollout program. Inflation, however, is on the rise and appears to be primarily scarcity-driven due principally to dislocation in supply chains and pandemic related labor shortages. In the United States, real GDP is estimated to have expanded by 9% at a seasonally adjusted annualized rate in the quarter ended June 30, 2021, compared to an expansion of 6.4% at a seasonally adjusted annualized rate in the quarter ended March 31, 2021; the U.S. unemployment rate was 5.9% as of June 30, 2021, slightly down from 6.0% as of March 31, 2021; the U.S. core consumer price index was 4.5% on a year-over-year basis as of June 30, 2021, up from 1.6% on a year-over-year basis as of March 31, 2021; and the effective federal funds rate set by the U.S. Federal Reserve was 0.1% as of June 30, 2021, flat from 0.1% as of March 31, 2021.

During the period ended June 30, 2021, the Euro Area faced more substantial economic challenges than the United States. In the Euro Area, real GDP is estimated to have expanded by 1.4% on a seasonally adjusted quarter-over-quarter basis in the quarter ended June 30, 2021 compared to a contraction of 0.3% on a seasonally adjusted quarter-over-quarter basis in the quarter ended March 31, 2021; the Euro Area unemployment is estimated to have been 7.9% as of June 30, 2021, slightly down from 8.1% as of March 31, 2021; Euro Area core inflation was 0.9% on a year-over-year basis as of June 30, 2021, flat from 0.9% on a year-over-year basis as of March 31, 2021; and the short-term benchmark interest rate set by the European Central Bank was 0.0% as of June 30, 2021, unchanged from March 31, 2021.

During the period ended June 30, 2021, in Asia, Japan's economy continued to suffer economic contraction. In Japan, real GDP growth for the quarter ended June 30, 2021 is estimated to be +0.5% on a seasonally adjusted quarter-over-quarter basis, up from -3.9% as of March 31, 2021 on a seasonally adjusted quarter-over-quarter basis. Core inflation in Japan fell to -0.2% as of June 30, 2021, down from 0.3% as of March 31, 2021. In Japan, the short-term benchmark interest rate set by the Bank of Japan was -0.1% as of June 30, 2021, unchanged from March 31, 2021. In China, signs of growth continued to emerge but at a slower pace than in the second half of 2020. Reported real GDP in China grew by 1.3% on a seasonally adjusted quarter-over-quarter basis in the quarter ended June 30, 2021, compared to 0.4% reported for the quarter ended March 31, 2021. Reported core inflation in China was 0.9% as of June 30, 2021, up from 0.3% as of March 31, 2021.

These and other key issues could have repercussions across regional and global financial markets, which could adversely affect the valuations of our investments. Other key issues include (i) further developments regarding COVID-19, including the spread of variants like the Delta variant, which may prolong the adverse economic impact of the pandemic on the U.S. and global economies, including supply chain disruptions that promote cost inflation for critical goods and labor shortages, (ii) geopolitical uncertainty such as U.S.-China relations, (iii) political uncertainty caused by, among other things, economic nationalist sentiments, tensions surrounding socioeconomic inequality issues, and the at-times partisan nature of U.S. government administration, which has potentially global ramifications with regards to policy, (iv) regulatory changes regarding, for example, taxation, international trade, cross-border investments, immigration, stimulus programs and rising levels of debt, (v) volatility or downturn in equity or credit markets, (vi) unexpected shifts in central banks' monetary policies, and (vii) technological advancements and innovations that may disrupt marketplaces and businesses. For a further discussion of how market conditions may affect our businesses, see "Risk Factors—Risks Related to Our Business—Difficult market and economic conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments that we manage or by reducing the ability of our funds to raise or deploy capital, each of which could negatively impact our net income and cash flow and adversely affect our financial condition," in our Annual Report.

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

With respect to our insurance business, fluctuations in market interest rates can expose Global Atlantic to the risk of reduced income in respect of its investment portfolio, increases in the cost of acquiring or maintaining its insurance liabilities, increases in the cost of hedging, or other fluctuations in Global Atlantic's financial, capital and operating profile which materially and adversely affect the business. Higher interest rates, periods of changes in rates and lower rates each may result in differing impacts on Global Atlantic's business. See "Risk Factors—Risks Related to Global Atlantic—Interest rate fluctuations and sustained periods of low or high interest rates could adversely affect Global Atlantic's business, financial condition, liquidity, results of operations, cash flows and prospects.

In our asset management business, many of our investments are in equities, so a change in global equity prices or in market volatility directly impacts the value of our investments and our profitability as well as our ability to realize investment gains and the receptiveness of fund investors to our investment products. For the quarter ended June 30, 2021, global equity markets were positive, with the S&P 500 up 8.5% 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 15.8 as of June 30, 2021, decreasing from 19.4 as of March 31, 2021. For a discussion of our valuation methods, see "Risk Factors—Risks Related to the Assets We Manage—Our investments are impacted by various economic conditions and events outside of our control that are difficult to quantify or predict, which may have a significant impact on the valuation of our investments and, therefore, on the investment income we realize and our results of operations and financial condition" in our Annual Report and see also "—Critical Accounting Policies—Fair Value Measurements—Level III Valuation Methodologies" in our Annual Report. 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.

Many of our investments, particularly in asset management, are in non-investment grade credit instruments, and, particularly in insurance, in investment grade credit instruments. 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.

Due in part to holdings of credit instruments such as CLOs on our balance sheet, the performance of the credit markets has had an amplified impact on our financial results, as we directly bear the full extent of losses from credit instruments on our balance sheet. Credit markets can also impact valuations because a discounted cash flow analysis is generally used as one of the methodologies to ascertain the fair value of our investments that do not have readily observable market prices. In addition, with respect to our credit instruments, tightening credit spreads are generally expected to lead to an increase, and widening credit spreads are generally expected to lead to a decrease, in the value of these credit investments, if not offset by hedging or other factors. In addition, the significant widening of credit spreads is also typically expected to negatively impact equity markets, which in turn would negatively impact our portfolio and us as noted above. Conversely, widening credit spreads may have a positive impact on our insurance business, as the margin Global Atlantic is able to earn between crediting rates offered on its insurance products and the investment income it earns from its credit investments should increase, and tightening credit spreads may negatively impact the pricing and therefore competitiveness of Global Atlantic's products, adversely impacting sales and growth, or may negatively impact the margins that Global Atlantic earns on sales and transactions.

During the quarter ended June 30, 2021, U.S. investment grade corporate bond spreads (BofA Merrill Lynch US Corporate Index) contracted by 6 basis points and U.S. high-yield corporate bond spreads (BofAML HY Master II Index) contracted by 50 basis points. The non-investment grade credit indices were up during the quarter ended June 30, 2021, with the S&P/LSTA Leveraged Loan Index up 1.5% and the BAML US High Yield Index up 2.8%. During the quarter ended June 30, 2021, 10-year government bond yields fell 27 basis points in the United States, fell 13 basis points in the United Kingdom, rose 9 basis points in Germany, fell 10 basis points in China, and fell 4 basis points in Japan. For a further discussion of how market conditions may affect our businesses, see "Risk Factors—Risks Related to Our Business—Difficult market and economic conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments that we manage or by reducing the ability of our funds to raise or deploy capital, each of which could negatively impact our net income and cash flow and adversely affect our financial condition" in our Annual Report and "Risk Factors—Risks Related to the Assets We Manage—Our investments are impacted by various economic conditions and events outside of our control that are difficult to quantify or predict, which may have a significant impact on the valuation of our investments and, therefore, on the investment income we realize and our results of operations and financial condition" in our Annual Report.

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

Foreign Exchange Rates. Foreign exchange rates have a substantial impact on the valuations of our investments that are denominated in currencies other than the U.S. dollar. Currency volatility can also affect our businesses and investments that deal in cross-border trade. The appreciation or depreciation of the U.S. dollar is expected to contribute to a decrease or increase, respectively, in the U.S. dollar value of our non-U.S. investments to the extent unhedged. In addition, an appreciating U.S. dollar would be expected to make the exports of U.S. based companies less competitive, which may lead to a decline in their export revenues, if any, while a depreciating U.S. dollar would be expected to have the opposite effect. Moreover, when selecting investments for our investment funds that are denominated in U.S. dollars, an appreciating U.S. dollar may create opportunities to invest at more attractive U.S. dollar prices in certain countries outside of the United States, while a depreciating U.S. dollar would be expected to have the opposite effect. For our investments denominated in currencies other than the U.S. dollar, the depreciation in such currencies will generally contribute to the decrease in the valuation of such investments, to the extent unhedged, and adversely affect the U.S. dollar equivalent revenues of portfolio companies with substantial revenues

denominated in such currencies, while the appreciation in such currencies would be expected to have the opposite effect. For the quarter ended June 30, 2021, the euro rose 1.1%, the British pound rose 0.3%, the Japanese yen fell 0.4%, and the Chinese renminbi rose 1.5%, respectively, relative to the U.S. dollar. For additional information regarding our foreign exchange rate risk, see "Quantitative and Qualitative Disclosure About Market Risk—Exchange Rate Risk" in our Annual Report.

Commodity Markets. Our Private Markets portfolio contains energy real asset investments, and certain of our other Private Markets and Public Markets strategies and products, including private equity, direct lending, special situations and CLOs, also have meaningful investments in the energy sector. The value of these investments is heavily influenced by the price of natural gas and oil. During the quarter ended June 30, 2021, the 3-year forward price of WTI crude oil increased approximately 15%, and the 3-year forward price of natural gas increased approximately 5%. The 3-year forward price of WTI crude oil increased from approximately \$50 per barrel to \$57 per barrel, and the 3-year forward price of natural gas increased from approximately \$2.56 per mcf to \$2.70 per mcf as of March 31, 2021 and June 30, 2021, respectively. When commodity prices decline or if a decline is not offset by other factors, we would expect the value of our energy real asset investments to be adversely impacted, to the extent unhedged. In addition, because we hold certain energy real asset investments on our balance sheet, price movements can have an amplified impact on our financial results, to the extent unhedged, as we would directly bear the full extent of such gains or losses. For additional information regarding our energy real assets, see "—Critical Accounting Policies—Fair Value Measurements—Level III Valuation Methodologies—Real Asset Investments" and see also "Risk Factors—Risks Related to the Assets We Manage—Our funds and our firm through our balance sheet may make a limited number of investments, or investments that are concentrated in certain issuers, geographic regions or asset types, which could negatively affect our performance or the performance of our funds to the extent those concentrated assets perform poorly" in our Annual Report.

Following the significant volatility experienced in 2020, oil prices continued to recover during the first half of 2021 alongside improving global demand. We expect downward price movements to have a negative impact on the fair value of our energy portfolio, all other things being equal, given those commodity prices are an input in our valuation models. However, due to near-term commodity derivative transactions, we expect long-term oil and natural gas prices to be a more significant driver of the valuation of our energy investments in asset management than spot prices. As of June 30, 2021, energy investments in oil and gas assets make up approximately 1% of our assets under management, 1% of our total GAAP assets and 3% of our total segment assets.

Business Conditions

Our operating revenues consist of fees, performance income and investment income.

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

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

Our ability to successfully deploy capital. Our ability to maintain and grow our revenue base is dependent upon our ability to successfully deploy the capital available to us as well as our participation in capital markets transactions. Greater competition, high valuations, increased overall cost of credit and other general market conditions may impact our ability to identify and execute attractive investments. Additionally, because we seek to make investments that have an ability to achieve

our targeted returns while taking on a reasonable level of risk, we may experience periods of reduced investment activity. We have a long-term investment horizon and the capital deployed in any one quarter may vary significantly from the capital deployed in any other quarter or the quarterly average of capital deployed in any given year. Reduced levels of transaction activity also tends to result in reduced potential future investment gains, lower transaction fees and lower fees for our capital markets business line, which may earn fees in the syndication of equity or debt. In our insurance business, we deploy capital by investing in assets that are anticipated to generate net investment income in excess of the net cost of insurance. If we are unable to originate or source attractive investments, the success and growth in revenues of our insurance business will be adversely impacted. See “Risk Factors—Risks Related to the Assets We Manage—Changes in the debt financing markets may negatively impact the ability of our investment funds, their portfolio companies and strategies pursued with our balance sheet assets to obtain attractive financing for their investments or to refinance existing debt and may increase the cost of such financing or refinancing if it is obtained, which could lead to lower-yielding investments and potentially decrease our net income” in our Annual Report.

Our ability to realize investments. Challenging market and economic conditions may adversely affect our ability to exit and realize value from our investments and result in lower-than-expected returns. Although the equity markets are not the only means by which we exit investments from our funds, the strength and liquidity of the U.S. and relevant global equity markets generally, and the initial public offering market specifically, affect the valuation of, and our ability to successfully exit, our equity positions in the portfolio companies of our funds in a timely manner. We may also realize investments through strategic sales. When financing is not available or becomes too costly, it may be more difficult to find a buyer that can successfully raise sufficient capital to purchase our investments. In our insurance business, we depend on the ability of our investments to generate their anticipated returns, through the payment of interest and dividends and interest as well as return of principal, in the amounts and at the times that we expect them to be made in order to manage our obligations to make payments to our policyholders. If policyholder behavior differs from our expectations, we may be forced to sell our investments earlier than we anticipated and during market conditions where we may realize losses on the investment. In addition, material delays in payments or impairments to our anticipated investment returns could have material adverse effects to our results of operations. For additional information about how business environment and market conditions affect Global Atlantic, see “—Global Atlantic's Investment Portfolio.”

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 certain CLOs and CMBS. We refer to CLOs and CMBS as collateralized financing entities (“CFEs”).

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

The presentations 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 approach for the financial statements presentations 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. We acquired Global Atlantic on February 1, 2021; accordingly, the results of Global Atlantic's insurance operations included in our condensed consolidated results of operations for the six months ended June 30, 2021 are from February 1, 2021 (the closing date of the acquisition) through June 30, 2021.

All the intercompany transactions have been eliminated.

For a further discussion of our consolidation policies, see Note 2 "Summary of Significant Accounting Policies" to our financial statements included elsewhere in this report. The summary of the significant accounting policies has been organized considering the two-tiered approach described above and includes a section for common accounting policies and an accounting policy section for each of the two tiers when a policy is specific to one of the tiers.

Key Financial Measures Under GAAP - Asset Management

The following discussion of key financial measures under GAAP is based on KKR's asset management business as of June 30, 2021.

Revenues

Fees and Other

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

Capital Allocation-Based Income (Loss)

Capital allocation-based income (loss) is earned from those arrangements whereby KKR serves as general partner and includes income 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.

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

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 by 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 distributable revenues. Based on the current components and blend of our distributable revenues on an annual basis, we expect to use approximately 20-25% of fee revenues, 60-70% of realized carried interest and 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 distributable revenue components independently, and on an annual basis, the amount paid as a percentage of total distributable revenues 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 determines 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 gains in our Principal Activities business line (in each case at the mid-point of the ranges above), KKR & Co. Inc. Stockholders' Equity – Series I and II Preferred, Common Stock as of June 30, 2021 would have been reduced by approximately \$2.46 per share, compared to our reported \$25.39 per share on such date, and our book value as of June 30, 2021 would have been reduced by approximately \$2.39 per adjusted share, compared to our reported book value of \$27.03 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 KKR Associates Holdings L.P., 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 KKR Associates Holdings L.P. 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 "—Critical Accounting Policies - Asset Management—Recognition of Carried Interest in the Statement of Operations" and "—Key Financial Measures Under GAAP - Asset Management—Expenses—Compensation and Benefits."

Equity-based Compensation

In addition to the cash-based compensation and carry pool allocations as described above, employees receive equity awards under the 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 subject to the achievement of market-based conditions. Certain of these awards are subject to post-vesting transfer restrictions and minimum retained ownership requirements.

General, Administrative and Other

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

Investment Income (Loss)

Net Gains (Losses) from Investment Activities

Net gains (losses) from investment activities consist of realized and unrealized gains and losses arising from our investment activities as well as income earned from certain equity method investments. Fluctuations in net gains (losses) from investment activities between reporting periods is driven primarily by changes in the fair value of our investment portfolio as well as the realization of investments. The fair value of, as well as the ability to recognize gains from, our investments is significantly impacted by the global financial markets, which, in turn, affects the net gains (losses) from investment activities recognized in

any given period. Upon the disposition of an investment, previously recognized unrealized gains and losses are reversed and an offsetting realized gain or loss is recognized in the current period. Since our investments are carried at fair value, fluctuations between periods could be significant due to changes to the inputs to our valuation process over time. For a further discussion of our fair value measurements and fair value of investments, see "—Critical Accounting Policies - Combined—Fair Value Measurements."

Dividend Income

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

Interest Income

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

Interest Expense

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

Key Financial Measures Under GAAP - Insurance

The following discussion of key financial measures under GAAP is based on KKR's insurance business as conducted by Global Atlantic as of June 30, 2021.

Revenues

Premiums

Premiums primarily relate to payout annuities with life contingencies and whole life and term life insurance policies, recognized when due from the policyholders. Premiums are reported net of premiums ceded under reinsurance agreements.

Policy fees

Policy fees include charges assessed against policyholder account balances for mortality, administration, separate account, benefit rider and surrender fees.

Net investment income

Net investment income reflects the income earned on our investments, net of any associated investment expenses (including management fees charged by the asset management segment) and net of ceded amounts under reinsurance agreements. Net investment income includes, amongst other things (i) interest earned on our fixed income available-for-sale and fixed-income trading investments, (ii) interest income and other related fees from our mortgage and other loan receivables, (iii) interest on funds withheld at interest receivables, (iv) proportional share of income from equity-method investments and (v) income from physical assets, such as renewable energy plants, railcars, and airplanes (net of depreciation and operating expenses).

Net investment gains

Net investment gains primarily consists of (i) realized gains and losses from the disposal of investments, (ii) unrealized gains and losses from investments held for trading, or 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.

Other income

Other income is primarily comprised of administration, management fees and distribution fees.

Expenses

Policy benefits and claims

Policy benefits and claims represent the current period expense associated with providing insurance benefits to policyholders, including claims and benefits paid, interest credited to policyholders, changes in policy liability reserves (including fair value reserves), amortization of cost of reinsurance liabilities, and amortization of deferred sales inducements.

Amortization of policy acquisition costs

Amortization of policy acquisition costs primarily consist on amortization of value of business acquired and deferred policy acquisition costs.

Insurance expense

Insurance expenses are primarily comprised of commissions expense, net of amounts capitalized, reinsurance ceding allowances, premium taxes, amortization of acquired intangibles and captive financing charges.

Interest expense

Interest expense is incurred from insurance segment debt issued, including related interest rate swaps, credit facilities and other financing agreements.

General, administrative and other

General, administrative and other expenses are primarily comprised of employee compensation and benefit expenses, third-party administrator, or "TPA," policy servicing fees, administrative and professional services, and other operating expenses.

Other Key Financial Measures Under GAAP

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.

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

For a further discussion of our income tax policies, see Note 2 "Summary of Significant Accounting Policies" and Note 17 "Income Taxes" to our financial statements included elsewhere in this report.

Net Income (Loss) Attributable to Noncontrolling Interests

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

For a further discussion of our noncontrolling interests policies, see Note 21 "Equity" to the financial statements included elsewhere in this report.

Key Non-GAAP Performance Measures and Other Operating Measures

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

We believe that providing these non-GAAP measures on a supplemental basis to our GAAP results is helpful to stockholders in assessing the overall performance of KKR's 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. Reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP, where applicable, are included under "—Reconciliations to GAAP Measures."

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, Series A and B Preferred Stock dividends, Net Income Attributable to Noncontrolling Interests and Income Taxes Paid. Series C Mandatory Convertible Preferred Stock dividends have been excluded from After-tax Distributable Earnings, because the definition of Adjusted Shares used to calculate After-tax Distributable Earnings per Adjusted Share assumes that all shares of Series C Mandatory Convertible Preferred Stock have been converted to shares of common stock. Income Taxes Paid represents the implied amount of income taxes that would be paid assuming that all pre-tax distributable earnings were allocated to KKR & Co. Inc. and taxed at the same effective rate, which assumes that all units in KKR Holdings L.P. and other exchangeable securities were exchanged for common stock of KKR & Co. Inc. Income Taxes Paid includes amounts paid pursuant to the tax receivable agreement and the benefit of tax deductions arising from equity-based compensation, which reduces income taxes paid or payable during the period. Equity based compensation expense is excluded from After-tax Distributable Earnings, because (i) KKR believes that the cost of equity awards granted to employees does not contribute to the earnings potentially available for distributions to its equity holders or reinvestment into its business and (ii) excluding this expense makes KKR's reporting metric more comparable 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 Paid, KKR's After-tax Distributable Earnings would be lower and KKR's effective tax rate would appear to be higher, even though a lower amount of income taxes would have actually been paid or payable during the period. KKR 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) deconsolidates KKR's investment funds and CFEs that KKR manages, (ii) includes the net assets that are attributable to KKR Holdings L.P., 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 the investors of KKR funds and other noncontrolling interest holders and to the holders of Preferred Stock. KKR's book value includes (i) the net impact of KKR's tax assets and liabilities as prepared under GAAP and (ii) the implied amount of tax assets and liabilities attributable to KKR Holdings L.P. as if it was subject to corporate income taxes. 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. 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 deferred acquisition costs and income tax.

Starting in the quarter ended June 30, 2021, the definition of book value was amended to include the implied amount of tax assets and liabilities attributable to KKR Holdings L.P. as if it was subject to corporate income taxes. This change is useful to management and investors in assessing book value because the definition now includes the anticipated impacts that the payment of tax liabilities by KKR would have on book value. Prior periods have not been adjusted for this change, although it is expected to have had the effect of reducing book value reported for prior periods.

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 is presented prior to giving effect to the allocation of income (loss) among KKR & Co. Inc., KKR Holdings L.P. and holders of other exchangeable securities, and the consolidation of the investment funds, vehicles and accounts that KKR advises, manages or sponsors (including collateralized financing entities). Distributable Operating Earnings excludes: (i) equity-based compensation charges, (ii) amortization of acquired intangibles, (iii) strategic corporate transaction-related charges and (iv) non-recurring items, if any. Strategic corporate transaction-related items arise from corporate actions and consist primarily of (i) impairments, (ii) non-monetary gains or losses on divestitures, (iii) transaction costs from strategic acquisitions, and (iv) depreciation on real estate that KKR owns and occupies. 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, which are comprised of the following:

- 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 (i) unrealized carried interest, (ii) net unrealized gains (losses) on investments, and (iii) related unrealized performance income compensation. Management fees earned by KKR as the adviser, manager or sponsor for its investment funds, vehicles and accounts, including management fees paid to KKR by Global Atlantic's insurance companies and management fees paid to Global Atlantic by reinsurance investment vehicles, 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 and is comprised of: (i) Net Investment Income, (ii) Net Cost of Insurance, (iii) General, Administrative, and Other Expenses, (iv) Income Taxes, and (v) Net Income Attributable to Noncontrolling Interests. The non-operating adjustments made to derive Insurance Segment Operating Earnings eliminate the impact of: (i) realized (gains) losses related to asset/liability matching investments strategies, (ii) unrealized investment (gains) losses, (iii) changes in the fair value of derivatives, embedded derivatives, and fair value liabilities for fixed-indexed annuities, indexed universal life contracts and variable annuities, and (iv) the associated income tax effects of all exclusions from Insurance Segment Operating Earnings except for equity-based compensation

expense. Insurance Segment Operating Earnings includes (i) realized gains and losses not related to asset/liability matching investments strategies and (ii) the investment management fee expenses that are earned by KKR as the investment adviser of Global Atlantic's insurance companies.

Fee Related Earnings ("FRE")

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, (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.

Adjusted Shares

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

Assets Under Management ("AUM")

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 Global Atlantic's insurance companies; (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 fair value of investments in KKR's co-investment vehicles; (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 AUM of KKR's strategic BDC partnership; and (vii) the fair 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's 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 ("FPAUM")

Fee paying AUM represents only the AUM from which KKR is entitled to receive management fees. We believe this measure is useful to stockholders as it provides additional insight into the capital base upon which KKR earns management fees. FPAUM is the sum of all of the individual fee bases that are used to calculate KKR's and its hedge fund and BDC partnership management fees and differs from AUM in the following respects: (i) assets and commitments from which KKR is not entitled to receive a management fee are excluded (e.g., assets and commitments with respect to which it is entitled to receive only 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. 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.

Consolidated Results of Operations (GAAP Basis) (Unaudited)

The following is a discussion of our consolidated results of operations for the three months ended June 30, 2021 and 2020. 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 details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

The presentation of our consolidated results of operations that follows reflects 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, where Global Atlantic's insurance operations are presented separately from KKR's asset management business. Additionally, the results of Global Atlantic's insurance operations included in our consolidated results of operations are from February 1, 2021 (closing date of the acquisition) through June 30, 2021.

	Three Months Ended		
	June 30, 2021	June 30, 2020	Change
(\$ in thousands)			
Revenues			
<i>Asset Management</i>			
Fees and Other	\$ 675,526	\$ 393,473	\$ 282,053
Capital Allocation-Based Income (Loss)	1,525,393	938,521	586,872
	<u>2,200,919</u>	<u>1,331,994</u>	<u>868,925</u>
<i>Insurance</i>			
Net Premiums	(452,133)	—	(452,133)
Policy Fees	312,262	—	312,262
Net Investment Income	716,497	—	716,497
Net Investment Gains (Losses)	326,558	—	326,558
Other Income	32,078	—	32,078
	<u>935,262</u>	<u>—</u>	<u>935,262</u>
Total Revenues	<u>3,136,181</u>	<u>1,331,994</u>	<u>1,804,187</u>
Expenses			
<i>Asset Management</i>			
Compensation and Benefits	1,099,423	591,324	508,099
Occupancy and Related Charges	18,651	17,579	1,072
General, Administrative and Other	237,296	148,165	89,131
	<u>1,355,370</u>	<u>757,068</u>	<u>598,302</u>
<i>Insurance</i>			
Policy Benefits and Claims	411,199	—	411,199
Amortization of Policy Acquisition Costs	(20,031)	—	(20,031)
Interest Expense	11,373	—	11,373
Insurance Expenses	100,973	—	100,973
General, Administrative and Other	132,828	—	132,828
	<u>636,342</u>	<u>—</u>	<u>636,342</u>
Total Expenses	<u>1,991,712</u>	<u>757,068</u>	<u>1,234,644</u>
Investment Income (Loss) - Asset Management			
Net Gains (Losses) from Investment Activities	3,220,053	1,480,869	1,739,184
Dividend Income	125,821	9,969	115,852
Interest Income	381,254	331,732	49,522

Interest Expense	(265,056)	(240,067)	(24,989)
Total Investment Income (Loss)	<u>3,462,072</u>	<u>1,582,503</u>	<u>1,879,569</u>
Income (Loss) Before Taxes	4,606,541	2,157,429	2,449,112
Income Tax Expense (Benefit)	<u>343,667</u>	<u>206,264</u>	<u>137,403</u>
Net Income (Loss)	4,262,874	1,951,165	2,311,709
Net Income (Loss) Attributable to Redeemable Noncontrolling Interests	1,337	—	1,337
Net Income (Loss) Attributable to Noncontrolling Interests	<u>2,946,262</u>	<u>1,244,196</u>	<u>1,702,066</u>
Net Income (Loss) Attributable to KKR & Co. Inc.	1,315,275	706,969	608,306
Series A Preferred Stock Dividends	17,834	5,822	12,012
Series B Preferred Stock Dividends	2,519	2,519	—
Series C Mandatory Convertible Preferred Stock Dividends	17,250	—	17,250
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	<u>\$ 1,277,672</u>	<u>\$ 698,628</u>	<u>\$ 579,044</u>

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

Revenues

For the three months ended June 30, 2021 and 2020, revenues consisted of the following:

	Three Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Management Fees	\$ 306,194	\$ 219,736	\$ 86,458
Fee Credits	(122,284)	(60,872)	(61,412)
Transaction Fees	374,887	161,458	213,429
Monitoring Fees	32,953	26,902	6,051
Incentive Fees	2,692	—	2,692
Expense Reimbursements	60,056	28,002	32,054
Oil and Gas Revenue	—	1,052	(1,052)
Consulting Fees	21,028	17,195	3,833
Total Fees and Other	675,526	393,473	282,053
Carried Interest	1,196,668	759,331	437,337
General Partner Capital Interest	328,725	179,190	149,535
Total Capital Allocation-Based Income (Loss)	1,525,393	938,521	586,872
Total Revenues - Asset Management	\$ 2,200,919	\$ 1,331,994	\$ 868,925

Fees and Other

Total Fees and Other for the three months ended June 30, 2021 increased compared to the three months ended June 30, 2020 primarily as a result of the increase in transaction fees and management fees.

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

The increase in management fees was primarily due to management fees earned from Asian Fund IV, which entered its investment period after the second quarter of 2020, and North America Fund XIII, Health Care Strategic Growth Fund II, and Global Infrastructure Investors IV, all of which entered their investment periods in the second quarter of 2021. These increases were partially offset by a decrease in management fees earned from Asian Fund III and Americas Fund XII as a result of entering their post-investment periods in the third quarter of 2020 and second quarter of 2021, respectively, and both now earn fees based on capital invested rather than capital committed and at a lower fee rate.

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

Capital Allocation-Based Income (Loss)

Capital Allocation-Based Income (Loss) for the three months ended June 30, 2021 was positive primarily due to the net appreciation of the underlying investments at our carry earning investment funds most notably Americas Fund XII, Asian Fund III and North America Fund XI. Capital Allocation-Based Income (Loss) for the three months ended June 30, 2020 was also positive due to the net appreciation of the underlying investments at our carry earning investment funds most notably Americas Fund XII, North America Fund XI and European Fund IV.

KKR generally calculates the carried interest that would be due to KKR for each investment fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make adjustments to amounts recorded as carried interest to reflect either (a) positive performance resulting in an increase in the carried interest allocated to the general partner or (b) negative performance that would cause the amount due to KKR to be less than the amount previously recognized, resulting in a negative adjustment to carried interest allocated to the general partner. In each case, it is necessary to calculate the carried interest on cumulative results compared to the carried interest recorded to date and to make the required positive or negative adjustments. Additionally, unrealized carried interest and general partner capital interest reverse upon a realization, and unrealized carried interest and general partner capital interest can be negative if the amount of realized carried interest exceeds total unrealized carried interest generated in the period.

Investment Income (Loss) - Asset Management

Net Gains (Losses) from Investment Activities

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

	Three Months Ended	
	June 30, 2021	June 30, 2020
	(\$ in thousands)	
Private Equity	\$ 2,307,483	\$ 1,147,524
Credit	131,329	89,457
Investments of Consolidated CFEs	85,029	1,209,013
Real Assets	480,461	324,491
Equity Method - Other	139,736	249,147
Other Investments	267,259	23,577
Debt Obligations and Other	(58,248)	(1,263,914)
Other Net Gains (Losses) from Investment Activities	(132,996)	(298,426)
Net Gains (Losses) from Investment Activities	\$ 3,220,053	\$ 1,480,869

Net Gains (Losses) from Investment Activities for the three months ended June 30, 2021

The net gains from investment activities for the three months ended June 30, 2021 were comprised of net realized gains of \$338.9 million and net unrealized gains of \$2,881.1 million.

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

Realized Gains and Losses from Investment Activities

For the three months ended June 30, 2021, net realized gains related primarily to the partial sales of our investments in FanDuel Inc. (technology sector), Fiserv, Inc. (NASDAQ: FISV), and Mr. Cooper Group Inc. (NASDAQ: COOP). Partially offsetting these realized gains were realized losses primarily relating to (i) certain investments held in our consolidated credit funds and (ii) realized losses related to certain hedging instruments.

Unrealized Gains and Losses from Investment Activities

For the three months ended June 30, 2021, net unrealized gains were driven primarily by (i) mark-to-market gains from private equity, growth equity and core investments held by KKR and certain consolidated funds, the most significant of which were PetVet Care Centers, LLC (healthcare sector) and Heartland Dental LLC (healthcare sector), and (ii) mark-to-market gains from certain investments held in our consolidated energy funds, special situations funds, real estate funds and CLOs. These unrealized gains were partially offset by the reversal of previously recognized unrealized gains relating to the realization activity described above.

For a discussion of other factors that affected KKR's realized investment income for the three months ended June 30, 2021, see "—Analysis of Asset Management Segment Operating Results."

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

The net gains from investment activities for the three months ended June 30, 2020 were comprised of net realized losses of \$(330.6) million and net unrealized gains of \$1,811.4 million.

Realized Gains and Losses from Investment Activities

For the three months ended June 30, 2020, net realized losses related primarily to (i) realized losses on investments held through our consolidated special situations funds, (ii) an \$88.3 million impairment charge taken on one of our investments that is accounted for under the equity method of accounting, (iii) a realized loss on the partial sale of our investment in LCI Helicopters Limited (financial services sector) and (iv) realizations of certain investments held through consolidated CLOs. These realized losses were partially offset by realized gains, the most significant of which was related to the partial sale of our investment in BridgeBio Pharma, Inc. (NASDAQ: BBIO).

Unrealized Gains and Losses from Investment Activities

For the three months ended June 30, 2020, net unrealized gains were driven primarily by (i) mark-to-market gains in our private equity, growth equity, and core investments held by KKR and certain consolidated entities, the most significant of which were FanDuel Inc., PetVet Care Centers, LLC, and GenesisCare Pty Ltd. (healthcare sector) and (ii) mark-to-market gains in certain investments held through our consolidated energy funds and through our consolidated CLOs. These unrealized gains were partially offset by unrealized losses, driven primarily by mark-to-market losses in certain credit investments held through consolidated entities.

For a discussion of other factors that affected KKR's realized investment income for the three months ended June 30, 2021, see "—Analysis of Asset Management Segment Operating Results."

Dividend Income

During the three months ended June 30, 2021, the most significant dividends received included \$45.3 million from our consolidated real estate funds and a dividend of \$26.9 million from our investment in Viridor Limited (infrastructure). During the three months ended June 30, 2020, the most significant dividends received included \$3.0 million from our consolidated real estate asset backed financing vehicle.

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 June 30, 2021 compared to the three months ended June 30, 2020 was primarily due to (i) a higher level of interest income from certain of our consolidated credit funds, primarily related to an increase in the amount of capital deployed and (ii) the impact of closing additional CLOs that are consolidated subsequent to June 30, 2020. 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 June 30, 2021 compared to the three months ended June 30, 2020 was primarily due to (i) the impact of multiple issuances of our senior notes and the impact of closing additional CLOs that are consolidated subsequent to June 30, 2020 and (ii) an increase in the amount of borrowings outstanding from consolidated fund financing arrangements. The increase was partially offset by a lower level of interest expense on debt obligations of KKR Real Estate Finance Trust Inc. ("KREF"), a NYSE-listed real estate investment trust (NYSE: KREF), as a result of a decrease in interest rates subsequent to June 30, 2020. 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 June 30, 2021 compared to the three months ended June 30, 2020 was primarily due to (i) a higher level of accrued carried interest compensation resulting from a higher level of appreciation in the value of our investment portfolio in the current period and (ii) a higher level of discretionary compensation accrued resulting from a higher level of revenues.

General, Administrative and Other

The increase in general, administrative and other expenses during the three months ended June 30, 2021 compared to the three months ended June 30, 2020 was primarily due to (i) a higher level of expenses reimbursable by investment funds, (ii) issuance expenses at consolidated CLOs, which closed in the current period and (iii) placement fees incurred related to capital raising activities for various private markets funds.

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

As discussed above, our Insurance segment consists solely of the operations of Global Atlantic, which was acquired on February 1, 2021. Accordingly, prior periods have been excluded for Insurance segment results. For the six month period ended June 30, 2021, the results of Global Atlantic's insurance operations included in our condensed consolidated results of operations are from February 1, 2021 through June 30, 2021.

Revenues

For the three months ended June 30, 2021, revenues consisted of the following:

	Three Months Ended
	June 30, 2021
	(\$ in thousands)
Net Premiums	\$ (452,133)
Policy Fees	312,262
Net Investment Income	716,497
Net Investment Gains (Losses)	326,558
Other Income	32,078
Total Insurance Revenues	\$ 935,262

Net Premiums

Net Premiums were primarily driven by initial premiums related to new reinsurance transactions with life contingencies assumed during the three months ending June 30, 2021, offset by retrocessions to third-party reinsurers for premiums primarily recognized in the period ending March 31, 2021. These initial premiums are offset by a comparable increase in policy reserves reported within policy benefits and claims (as discussed below).

Policy fees

Policy fees were primarily driven by cost of insurance, administrative, and rider fees in the individual market channel during the three months ending June 30, 2021.

Net investment income

Net investment income was primarily driven by insurance segment investments and the effective book yield (as determined, in part, by the allocated fair value of the investment portfolio as of February 1, 2021). Average insurance segment investments were primarily driven by net inflows of assets from the individual markets and institutional channels. The impact of higher asset balances were offset by lower income primarily due to the negative impact of higher than usual average cash and cash equivalent balances as a result of reinsurance transactions pending reinvestment.

Net investment gains (losses)

The components of net investment gains were as follows:

	Three Months Ended
	June 30, 2021
	(\$ in thousands)
Embedded derivatives on funds withheld at interest	\$ (345,835)
Equity index options	196,868
Other	(32,176)
Foreign currency forwards	2,291
Interest rate contracts	163,830
Equity future contracts	(104,182)
Credit risk contracts	(22)
Net losses on derivative instruments	(119,226)
Net other investment gains	445,784
Net investment gains	\$ 326,558

Net losses on derivative instruments

The decrease in the fair value of embedded derivatives on funds withheld at interest were primarily driven by the increase in fair value of the underlying investments in the funds withheld portfolio.

The increase in the fair value of equity index options were 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 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 month period ending June 30, 2021.

The increase in the fair value of interest rate contracts were driven primarily by market interest rate decreases during the three months ended June 30, 2021, resulting in a gain on interest rate contracts.

The decrease in the fair value of equity future contracts were driven primarily by the performance of equity markets. Global Atlantic purchases equity futures primarily to hedge the market risk in its variable annuity products which are accounted for in 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 month period ending June 30, 2021, resulting in a loss on equity futures contracts.

Net other investment gains

Net other investment gains for the three months ended June 30, 2021 were primarily due to (i) net unrealized gains on trading fixed maturity securities underlying a portion of the funds withheld payable at interest portfolio due to a decrease in market interest rates, (ii) realized gains from the sale of investments not related to asset/liability matching strategies, (iii) unrealized investment gains, and (iv) release of a portion of the allowance for credit losses on AFS securities due to improved economic conditions during the three months ending June 30, 2021.

Other income

Other income is mainly driven by administration, management fees and distribution fees, modestly increasing during the three months ending June 30, 2021 driven by higher administration fees earned from an increase in the volume of ceded reinsurance business in the institutional channel.

Expenses*Policy benefits and claims*

Policy benefits and claims was primarily driven by (i) initial reserves ceded and assumed related to new reinsurance transactions, a portion of which was retroceded to third-party reinsurers during the three months ending June 30, 2021, (ii) an increase in the value of embedded derivatives in our indexed universal life and fixed indexed annuity products, as a result of higher equity market returns (as discussed above under "–Net investment losses–Gains on derivatives," 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 policy benefits and claims), and (iii) an increase in net flows from both individual and institutional channel sales.

Amortization of policy acquisition costs

Amortization of policy acquisition costs during the three months ending June 30, 2021 was primarily driven by the amortization of insurance intangibles recognized as part of purchase accounting of the Global Atlantic acquisition. Amortization is negative (that is, a reduction to expense) as a result of the net negative value-of-business-acquired insurance intangible recognized as part of the aforementioned purchase accounting.

Interest expense

Interest expense for the three months ending June 30, 2021 primarily reflects interest on borrowings as well as the amortization of the fair value adjustment to debt recognized as part of the purchase accounting for the Global Atlantic acquisition.

Insurance expenses

Insurance expense was primarily driven by (i) commission expense related to sales, and (ii) reinsurance ceding expense allowances paid for policy administration services during the three months ending June 30, 2021.

General, administrative and other

General, administrative and other expenses were driven primarily by (i) employee compensation and benefits related expenses, (ii) third-party administrator ("TPA") policy servicing fees, and (iii) technology hardware and software related charges during the three months ending June 30, 2021.

Other Unaudited Consolidated Results of Operations (GAAP Basis)

Income Tax Expense (Benefit)

For the three months ended June 30, 2021, income tax expense was \$343.7 million compared to an income tax expense of \$206.3 million in the prior period. The increase is due to the higher level of taxable income during the current period which includes income taxes relating to Global Atlantic's insurance operations for the three months ended June 30, 2021. Our effective tax rate under GAAP for the three months ended June 30, 2021 was 7.5%. For a discussion of factors that impacted KKR's tax provision, see Note 17 "Income Taxes" to the financial statements included elsewhere in this report.

Net Income (Loss) Attributable to Noncontrolling Interests

Net Income (Loss) attributable to noncontrolling interests for the three months ended June 30, 2021 relates primarily to net income (loss) attributable to (i) interests of KKR Holdings and other exchangeable securities representing ownership interests in KKR Group Partnership, (ii) third-party limited partner interests in consolidated investment funds and (iii) interests that co-investors and rollover investors hold in Global Atlantic. Net income (loss) attributable to noncontrolling interests for the three months ended June 30, 2021 increased compared to the prior period primarily due to a higher level of mark-to-market net gains from investment activities during the three months ended June 30, 2021, as described above.

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

Net income (loss) attributable to KKR & Co. Inc. for the three months ended June 30, 2021 increased compared to the prior period primarily due to (i) a higher level of net gains from investment activities, capital allocation-based income, and fees and (ii) the inclusion of Global Atlantic net income for the three months ended June 30, 2021.

Consolidated Results of Operations (GAAP Basis) (Unaudited)

The following is a discussion of our consolidated results of operations for the six months ended June 30, 2021 and 2020. 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 details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

	Six Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Revenues			
<i>Asset Management</i>			
Fees and Other	\$ 1,168,837	\$ 774,045	\$ 394,792
Capital Allocation-Based Income (Loss)	4,210,040	(443,556)	4,653,596
	<u>5,378,877</u>	<u>330,489</u>	<u>5,048,388</u>
<i>Insurance</i>			
Net Premiums	724,009	—	724,009
Policy Fees	513,945	—	513,945
Net Investment Income	1,161,278	—	1,161,278
Net Investment Gains (Losses)	(129,144)	—	(129,144)
Other Income	50,222	—	50,222
	<u>2,320,310</u>	<u>—</u>	<u>2,320,310</u>
Total Revenues	<u>7,699,187</u>	<u>330,489</u>	<u>7,368,698</u>
Expenses			
<i>Asset Management</i>			
Compensation and Benefits	2,406,220	329,187	2,077,033
Occupancy and Related Charges	33,851	33,901	(50)
General, Administrative and Other	404,293	297,288	107,005
	<u>2,844,364</u>	<u>660,376</u>	<u>2,183,988</u>
<i>Insurance</i>			
Policy Benefits and Claims	1,896,517	—	1,896,517
Amortization of Policy Acquisition Costs	(40,509)	—	(40,509)
Interest Expense	22,045	—	22,045
Insurance Expenses	153,057	—	153,057
General, Administrative and Other	212,783	—	212,783
	<u>2,243,893</u>	<u>—</u>	<u>2,243,893</u>
Total Expenses	<u>5,088,257</u>	<u>660,376</u>	<u>4,427,881</u>
Investment Income (Loss) - Asset Management			
Net Gains (Losses) from Investment Activities	5,916,253	(2,463,635)	8,379,888
Dividend Income	201,567	178,668	22,899
Interest Income	748,709	685,187	63,522
Interest Expense	(516,812)	(501,536)	(15,276)
Total Investment Income (Loss)	<u>6,349,717</u>	<u>(2,101,316)</u>	<u>8,451,033</u>
Income (Loss) Before Taxes	8,960,647	(2,431,203)	11,391,850

Income Tax Expense (Benefit)	<u>782,406</u>	<u>(154,415)</u>	<u>936,821</u>
Net Income (Loss)	8,178,241	(2,276,788)	10,455,029
Net Income (Loss) Attributable to Redeemable Noncontrolling Interests	1,337	—	1,337
Net Income (Loss) Attributable to Noncontrolling Interests	<u>5,191,793</u>	<u>(1,703,233)</u>	<u>6,895,026</u>
Net Income (Loss) Attributable to KKR & Co. Inc.	2,985,111	(573,555)	3,558,666
Series A Preferred Stock Dividends	23,656	11,644	12,012
Series B Preferred Stock Dividends	5,038	5,038	—
Series C Mandatory Convertible Preferred Stock Dividends	34,500	—	34,500
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	<u>\$ 2,921,917</u>	<u>\$ (590,237)</u>	<u>\$ 3,512,154</u>

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

Revenues

For the six months ended June 30, 2021 and 2020, revenues consisted of the following:

	Six Months Ended		
	June 30, 2021	June 30, 2020	Change
(\$ in thousands)			
Management Fees	\$ 582,375	\$ 442,425	\$ 139,950
Fee Credits	(157,682)	(96,259)	(61,423)
Transaction Fees	540,780	260,454	280,326
Monitoring Fees	68,341	58,051	10,290
Incentive Fees	6,130	668	5,462
Expense Reimbursements	87,785	56,226	31,559
Oil and Gas Revenue	—	14,367	(14,367)
Consulting Fees	41,108	38,113	2,995
Total Fees and Other	1,168,837	774,045	394,792
Carried Interest	3,337,094	(451,594)	3,788,688
General Partner Capital Interest	872,946	8,038	864,908
Total Capital Allocation-Based Income (Loss)	4,210,040	(443,556)	4,653,596
Total Revenues - Asset Management	\$ 5,378,877	\$ 330,489	\$ 5,048,388

Fees and Other

Total Fees and Other for the six months ended June 30, 2021 increased compared to the six months ended June 30, 2020 primarily as a result of the increase in transaction fees and management fees.

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

The increase in management fees was primarily due to management fees earned from Asian Fund IV, which entered its investment period after the second quarter of 2020, and North America Fund XIII, Health Care Strategic Growth Fund II, and Global Infrastructure Investors IV, all of which entered their investment periods in the second quarter of 2021. These increases were partially offset by a decrease in management fees earned from Asian Fund III and Americas Fund XII as a result of entering their post-investment periods in the third quarter of 2020 and second quarter of 2021, respectively, and both now earn fees based on capital invested rather than capital committed and at a lower fee rate.

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

Capital Allocation-Based Income (Loss)

Capital Allocation-Based Income (Loss) for the six months ended June 30, 2021 was positive primarily due to the net appreciation of the underlying investments at our carry earning investment funds, most notably Americas Fund XII, Asian Fund III and North America Fund XI. Capital Allocation-Based Income (Loss) for the six months ended June 30, 2020 was negative due to the net depreciation of the underlying investments at our carry earning investment funds, most notably 2006 Fund, Asia Fund II and North America Fund XI, primarily due to the market dislocation from COVID-19.

KKR generally calculates the carried interest that would be due to KKR for each investment fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make adjustments to amounts recorded as carried interest to reflect either (a) positive performance resulting in an increase in the carried interest allocated to the general partner or (b) negative performance that would cause the amount due to KKR to be less than the amount previously recognized, resulting in a negative adjustment to carried interest allocated to the general partner. In each case, it is necessary to calculate the carried interest on cumulative results compared to the carried interest recorded to date and to make the required positive or negative adjustments. Additionally, unrealized carried interest and general partner capital interest reverse upon a realization, and unrealized carried interest and general partner capital interest can be negative if the amount of realized carried interest exceeds total unrealized carried interest generated in the period.

Investment Income (Loss) - Asset Management

Net Gains (Losses) from Investment Activities

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

	Six Months Ended	
	June 30, 2021	June 30, 2020
	(\$ in thousands)	
Private Equity	\$ 3,858,148	\$ (134,880)
Credit	160,736	(856,847)
Investments of Consolidated CFEs	210,544	(944,380)
Real Assets	754,608	(473,161)
Equity Method - Other	541,437	(191,471)
Other Investments	473,440	(655,595)
Debt Obligations and Other	(59,645)	640,072
Other Net Gains (Losses) from Investment Activities	(23,015)	152,627
Net Gains (Losses) from Investment Activities	\$ 5,916,253	\$ (2,463,635)

Net Gains (Losses) from Investment Activities for the six months ended June 30, 2021

The net gains from investment activities for the six months ended June 30, 2021 were comprised of net realized gains of \$923.3 million and net unrealized gains of \$4,992.9 million.

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

Realized Gains and Losses from Investment Activities

For the six months ended June 30, 2021, net realized gains related primarily to (i) the partial sale of our investment in FanDuel Inc., (ii) the partial sale of our investment in BridgeBio Pharma, Inc., and (iii) the partial sale of our investment in Fiserv, Inc. Partially offsetting these realized gains were realized losses primarily relating to certain investments held in our consolidated credit funds and realized losses related to certain hedging instruments.

Unrealized Gains and Losses from Investment Activities

For the six months ended June 30, 2021, net unrealized gains were driven primarily by (i) mark-to-market gains from private equity, growth equity and core investments held by KKR and certain consolidated funds, the most significant of which were PetVet Care Centers, LLC and Heartland Dental LLC, and (ii) mark-to-market gains for certain investments held in our consolidated energy funds, special situations funds, real estate funds and CLOs. These unrealized gains were partially offset by the reversal of previously recognized unrealized gains relating to the realization activity described above.

For a discussion of other factors that affected KKR's realized investment income, see "—Analysis of Asset Management Segment Operating Results."

Net Gains (Losses) from Investment Activities for the six months ended June 30, 2020

The net losses from investment activities for the six months ended June 30, 2020 were comprised of net realized losses of \$(267.2) million and net unrealized losses of \$(2,196.4) million.

Realized Gains and Losses from Investment Activities

For the six months ended June 30, 2020, net realized losses related primarily to (i) realized losses on investments held through our consolidated special situations funds, (ii) realized losses on certain investments held through consolidated CLOs, (iii) an \$88.3 million impairment charge taken on one of our investments that is accounted for under the equity method of accounting, and (iv) a realized loss on the partial sale of our investment in LCI Helicopters Limited. These realized losses were partially offset by realized gains, the most significant of which related to the partial sale of our investment in BridgeBio Pharma, Inc. and realized gains on certain investments held in consolidated real estate funds.

Unrealized Gains and Losses from Investment Activities

For the six months ended June 30, 2020, net unrealized losses were driven primarily by (i) mark-to-market losses on private equity investments held by KKR and certain consolidated funds, the most significant of which was Fiserv, Inc., (ii) mark-to-market losses on investments held in consolidated credit, real estate and energy funds and (iii) mark-to-market losses on certain investments held through consolidated CLOs. Partially offsetting these unrealized losses were unrealized gains relating to (i) mark-to-market gains in our private equity, growth equity, and core investments held by KKR and certain consolidated entities, the most significant of which were FanDuel Inc., Arnott's Biscuits Limited (consumer products sector), PetVet Care Centers, LLC, and GenesisCare Pty Ltd.

For a discussion of other factors that affected KKR's realized investment income, see "—Analysis of Asset Management Segment Operating Results."

Dividend Income

During the six months ended June 30, 2021, the most significant dividends received included \$72.0 million from our consolidated real estate funds and \$26.9 million from our investment in Viridor Limited. During the six months ended June 30, 2020, the most significant dividends received included \$62.5 million from our investment in Fiserv, Inc. and \$82.2 million from our consolidated real estate 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 six months ended June 30, 2021 compared to the six months ended June 30, 2020 was primarily due to (i) a higher level of interest income from certain of our consolidated credit funds, primarily related to an increase in the amount of capital deployed and (ii) the impact of closing additional CLOs that are consolidated subsequent to June 30, 2020. Partially offsetting these increases was a lower level of interest income earned from loans held by KKR Real Estate Finance Trust Inc. (NYSE: KREF), due to an overall decrease in interest rates compared to the six months ended June 30, 2020. 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 six months ended June 30, 2021 compared to the six months ended June 30, 2020 was primarily due to (i) the impact of multiple issuances of our senior notes and (ii) an increase in the amount of borrowings outstanding from consolidated fund financing arrangements. The increase was partially offset by a lower level of interest expense on debt obligations of KREF as a result of a decrease in interest rates compared to the prior period. 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 Expenses

The increase in compensation and benefits expenses during the six months ended June 30, 2021 compared to the prior period was primarily due to (i) accrued carried interest compensation in the current period resulting from net appreciation in value of our investment portfolio as compared to the reversal of previously recognized accrued carried interest compensation resulting from a depreciation in the value of our investment portfolio in the prior period and (ii) a higher level of accrued discretionary compensation and benefits resulting from a higher level of revenues.

General, Administrative and Other

The increase in general, administrative and other expenses during the six months ended June 30, 2021 compared to the prior period was primarily due to (i) a higher level of expenses reimbursable by investment funds, (ii) issuance expenses at consolidated CLOs, which closed in the current period, (iii) placement fees incurred related to capital raising activities for various private markets funds and (iv) a higher level of broken-deal expenses. The level of broken-deal expenses can vary significantly period to period based upon a number of factors, the most significant of which are the number of potential investments being pursued for our investment funds, the size and complexity of investments being pursued and the number of investment funds currently in their investment period.

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

Revenues

For the six months ended June 30, 2021, revenues consisted of the following:

	Six Months Ended
	June 30, 2021
	(\$ in thousands)
Net Premiums	\$ 724,009
Policy Fees	513,945
Net Investment Income	1,161,278
Net Investment Gains (Losses)	(129,144)
Other Income	50,222
Total Insurance Revenues	\$ 2,320,310

Net Premiums

Net Premiums were primarily driven by initial premiums related to new reinsurance transactions with life contingencies assumed during the six months ending June 30, 2021, offset by retrocessions to third-party reinsurers. These initial premiums are offset by a comparable increase in policy reserves reported within policy benefits and claims (as discussed below).

Policy fees

Policy fees were primarily driven by cost of insurance, administrative, and rider fees in the individual market channel during the six months ending June 30, 2021.

Net investment income

Net investment income was primarily driven by insurance segment investments and the effective book yield (as determined, in part, by the allocated fair value of the investment portfolio as of February 1, 2021). Average insurance segment investments were primarily driven by net inflows of assets from the individual markets and institutional channels. The impact of higher asset balances were offset by lower income primarily due to the negative impact of higher than usual average cash and cash equivalent balances as a result of new reinsurance transactions pending reinvestment.

Net investment losses

The components of net investment losses were as follows:

	Six Months Ended
	June 30, 2021
	(\$ in thousands)
Embedded derivatives on funds withheld at interest	\$ 23,278
Equity index options	300,889
Other	(22,238)
Foreign currency forwards	4,101
Interest rate contracts	(102,901)
Equity future contracts	(173,765)
Credit risk contracts	(58)
Net gains on derivative instruments	29,306
Net other investment losses	(158,450)
Net investment losses	\$ (129,144)

Net gains on derivative instruments

The increase in the fair value of equity index options were 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 for which is accounted for in 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 six months ended June 30, 2021.

The increase in the fair value of embedded derivatives on funds withheld at interest were primarily driven by the increase in fair value of the underlying investments in the funds withheld receivable portfolio.

The decrease in the fair value of interest rate and equity future contracts were driven primarily by the performance of equity markets and credit markets. Global Atlantic purchases equity futures primarily to hedge the market risk in our variable annuity products which are accounted for in policy benefits and claims. The majority of Global Atlantic's equity futures are based on the S&P 500 Index, which increased during the six months ended June 30, 2021, resulting in a loss on equity futures contracts. Market interest rates increased during the six months ended June 30, 2021, resulting in a loss on interest rate contracts.

Net other investment losses

Net other investment losses for the six months ended June 30, 2021 were primarily due to the recognition of an initial credit loan loss allowance as a result of the adoption of the current expected credit loss accounting standard concurrent with the Global Atlantic acquisition. Partially offsetting these losses were (i) realized gains from the sale of investments not related to asset/liability matching strategies and (ii) the release of a portion of the allowance for credit losses on AFS securities due to improved economic conditions during the six month period ended June 30, 2021.

Other income

Other income is mainly driven by administration, management fees and distribution fees, modestly increasing during the six months ended June 30, 2021 driven by higher administration fees earned from an increase in the volume of ceded reinsured business in the institutional channel.

Expenses

Policy benefits and claims

Policy benefits and claims was primarily driven by (i) initial reserves related to new reinsurance transactions, a portion of which were partially retroceded to third-party reinsurers during the five months ended June 30, 2021, (ii) an increase in the value of embedded derivatives in our indexed universal life and fixed indexed annuity products, as a result of higher equity market returns (as discussed above under "–Net investment losses–Gains on derivatives," 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 policy benefits and claims), and (iii) net flows from the individual markets and institutional channels, all offset by (iv) a decrease in variable annuity reserves primarily due to higher equity market returns and market interest rates.

Amortization of policy acquisition costs

Amortization of policy acquisition costs during the six months ended June 30, 2021 was primarily driven by the amortization of insurance intangibles recognized as part of purchase accounting of the Global Atlantic acquisition. Amortization is negative (that is, a reduction to expense) as a result of the net negative value-of-business-acquired insurance intangible recognized as part of the aforementioned purchase accounting.

Interest expense

Interest expense for the six month period ended June 30, 2021 primarily reflects interest on borrowings as well as the amortization of the fair value adjustment to debt recognized as part of the purchase accounting for the Global Atlantic acquisition.

Insurance expenses

Insurance expense was primarily driven by (i) commission expense related to sales, and (ii) reinsurance ceding expense allowances paid for policy administration services during the six month period ended June 30, 2021.

General, administrative and other

General, administrative and other expenses were driven primarily by (i) employee compensation and benefits related expenses, (ii) third-party administrator policy servicing fees, and (iii) technology hardware and software related charges during the six months ended June 30, 2021.

Other Unaudited Consolidated Results of Operations (GAAP Basis)

Income Tax Expense (Benefit)

For the six months ended June 30, 2021, income tax expense was \$782.4 million compared to an income tax benefit of \$(154.4) million in the prior period primarily due to net investment gains in the current period as compared to net investment losses in the prior period, each as described above. Our effective tax rate under GAAP for the six months ended June 30, 2021 was 8.7%. For a discussion of factors that impacted KKR's tax provision, see Note 17 "Income Taxes" to the financial statements included elsewhere in this report.

Net Income (Loss) Attributable to Noncontrolling Interests

Net Income (Loss) attributable to noncontrolling interests for the six months ended June 30, 2021 relates primarily to net income (loss) attributable to (i) interests of KKR Holdings and other exchangeable securities representing ownership interests in KKR Group Partnership, (ii) third-party limited partner interests in consolidated investment funds and (iii) interests that co-investors and rollover investors hold in Global Atlantic. Net income (loss) attributable to noncontrolling interests for the six months ended June 30, 2021 increased compared to the prior period primarily due to mark-to-market net gains from investment activities during the six months ended June 30, 2021, as described above, as compared to overall mark-to-market net losses in the prior period.

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

Net income (loss) attributable to KKR & Co. Inc. for the six months ended June 30, 2021 increased compared to the prior period due primarily to (i) net gains from investment activities and (ii) positive capital allocation-based income during the six months ended June 30, 2021, each as compared to losses in the prior period. These increases were partially offset by accrued carried interest compensation and income tax expense, as described above.

Condensed Consolidated Statements of Financial Condition (GAAP Basis) (Unaudited)

The following table provides the Unaudited Condensed Consolidated Statements of Financial Condition on a GAAP basis as of June 30, 2021 and December 31, 2020.

(Amounts in thousands, except per share amounts)

	As of June 30, 2021	As of December 31, 2020
Assets		
<i>Asset Management</i>		
Cash and Cash Equivalents	\$ 5,170,243	\$ 6,507,874
Investments	83,441,638	69,274,715
Other Assets	4,173,859	4,023,913
	<u>92,785,740</u>	<u>79,806,502</u>
<i>Insurance</i>		
Cash and Cash Equivalents	6,492,041	—
Investments	101,044,267	—
Other Assets	28,912,815	—
	<u>136,449,123</u>	<u>—</u>
Total Assets	\$ 229,234,863	\$ 79,806,502
Liabilities and Equity		
<i>Asset Management</i>		
Debt Obligations	\$ 36,316,451	\$ 33,423,596
Other Liabilities	9,066,455	5,582,990
	<u>45,382,906</u>	<u>39,006,586</u>
<i>Insurance</i>		
Debt Obligations	1,435,971	—
Other Liabilities	129,916,725	—
	<u>131,352,696</u>	<u>—</u>
Total Liabilities	\$ 176,735,602	\$ 39,006,586
Redeemable Noncontrolling Interests	92,499	—
Stockholders' Equity		
KKR & Co. Inc. Stockholders' Equity - Series A and B Preferred Stock	149,566	482,554
KKR & Co. Inc. Stockholders' Equity - Series C Mandatory Convertible Preferred Stock	1,115,792	1,115,792
KKR & Co. Inc. Stockholders' Equity - Series I and II Preferred Stock, Common Stock	14,803,001	12,118,472
Noncontrolling Interests	36,338,403	27,083,098
Total Equity	52,406,762	40,799,916
Total Liabilities and Equity	\$ 229,234,863	\$ 79,806,502
KKR & Co. Inc. Stockholders' Equity - Common Stock Per Outstanding Share of Common Stock	\$ 25.39	\$ 21.15

KKR & Co. Inc. Stockholders' Equity - Common Stock per Outstanding Share of Common Stock was \$25.39 as of June 30, 2021, up from \$21.15 as of December 31, 2020. The increase was primarily due to the net income attributable to KKR & Co. Inc. common stockholders during the first six months of 2021, partially offset by (i) unrealized losses on available-sale-securities from Global Atlantic that are recorded in other comprehensive income, (ii) dividends to common stockholders, and (iii) repurchases of common stock.

Consolidated Statements of Cash Flows (GAAP Basis)

The accompanying consolidated statements of cash flows include the cash flows of our consolidated entities which include certain consolidated investment funds, 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 \$(1.3) billion and \$(2.7) billion during the six months ended June 30, 2021 and 2020, respectively. These amounts primarily included: (i) investments purchased (asset management), net of proceeds from investments of \$(3.1) billion and \$(2.7) billion during the six months ended June 30, 2021 and 2020, respectively, (ii) net realized gains (losses) on asset management investments of \$923.3 million and \$(267.2) million during the six months ended June 30, 2021 and 2020, respectively, (iii) change in unrealized gains (losses) on investments of \$5.0 billion and \$(2.2) billion during the six months ended June 30, 2021 and 2020, respectively, (iv) capital allocation-based income (loss) of \$4.2 billion and \$(0.4) billion during the six months ended June 30, 2021 and 2020, respectively and (v) net realized gains (losses) on insurance operations of \$(420.2) million during the six months ended June 30, 2021. 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 \$(2.5) billion and \$(0.1) billion during the six months ended June 30, 2021 and 2020, respectively. Our investing activities included: (i) investments purchased (insurance), net of proceeds from investments of \$(2.4) billion during the six months ended June 30, 2021, (ii) acquisitions, net of cash acquired of \$(473.8) million during the six months ended June 30, 2021, (iii) the purchase of fixed assets of \$(49.6) million and \$(68.0) million during the six months ended June 30, 2021 and 2020, respectively and (iv) development of oil and natural gas properties of \$(7.6) million for the six months ended June 31, 2020.

Net Cash Provided (Used) by Financing Activities

Our net cash provided (used) by financing activities was \$8.9 billion and \$3.3 billion during the six months ended June 30, 2021 and 2020, respectively. Our financing activities primarily included: (i) contributions by, net of distributions to, our noncontrolling and redeemable noncontrolling interests of \$3.3 billion and \$1.5 billion during the six months ended June 30, 2021 and 2020, respectively, (ii) proceeds received net of repayment of debt obligations of \$3.1 billion and \$2.3 billion during the six months ended June 30, 2021 and 2020, respectively, (iii) additions to, net of withdrawals from contractholder deposit funds of \$3.3 billion during the six months ended June 30, 2021, (iv) common stock dividends of \$(162.1) million and \$(145.0) million during the six months ended June 30, 2021 and 2020, respectively; (v) net delivery of common stock of \$(106.9) million and \$(40.6) million during the six months ended June 30, 2021 and 2020, respectively; (vi) repurchases of common stock of \$(135.9) million and \$(246.2) million during the six months ended June 30, 2021 and 2020, respectively; (vii) Series A and B Preferred Stock dividends of \$(16.7) million during each of the six months ended June 30, 2021 and 2020; (viii) Series C Mandatory Convertible Preferred Stock dividends of \$(34.5) million during the six months ended June 30, 2021; (ix) private placement share issuance of \$38.5 million during the six months ended June 30, 2021 and (x) redemption of Series A Preferred Stock of \$(345.0) million during the six months ended June 30, 2021.

Analysis of Segment Operating Results

The following is a discussion of the results of our business on a segment basis for the three and six months ended June 30, 2021 and 2020. You should read this discussion in conjunction with the information included under "—Key Non-GAAP Performance Measures and Other Operating Measures" and the financial statements and related notes included elsewhere in this report. See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

In connection with our acquisition of Global Atlantic on February 1, 2021, management reevaluated the manner in which we manage and assess the performance of our business and allocate resources. As a result, we have introduced a new Insurance segment and report segment results for two operating and reportable segments: Asset Management and Insurance. See Note 20 "Segment Reporting" to our financial statements included elsewhere in this report.

Analysis of Asset Management Segment Operating Results

The following tables set forth information regarding KKR's Asset Management segment operating results and certain key operating metrics as of and for the three months ended June 30, 2021 and 2020:

	Three Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Management Fees	\$ 480,122	\$ 337,118	\$ 143,004
Transaction and Monitoring Fees, Net	259,761	99,901	159,860
Fee Related Performance Revenues	14,567	8,532	6,035
Fee Related Compensation	(169,751)	(88,852)	(80,899)
Other Operating Expenses	(114,550)	(77,043)	(37,507)
Fee Related Earnings	470,149	279,656	190,493
Realized Performance Income	618,310	346,866	271,444
Realized Performance Income Compensation	(413,024)	(216,590)	(196,434)
Realized Investment Income	368,863	90,325	278,538
Realized Investment Income Compensation	(55,330)	(11,239)	(44,091)
Asset Management Segment Operating Earnings	\$ 988,968	\$ 489,018	\$ 499,950

Management Fees

The following table presents management fees by business line for the three months ended June 30, 2021 and 2020:

	Three Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Management Fees			
Private Markets	\$ 318,297	\$ 224,877	\$ 93,420
Public Markets	161,825	112,241	49,584
Total Management Fees	\$ 480,122	\$ 337,118	\$ 143,004

The increase in Private Markets management fees was primarily due to management fees earned from (i) Asian Fund IV, which entered its investment period after the second quarter of 2020, (ii) North America Fund XIII, Health Care Strategic Growth Fund II, and Global Infrastructure Investors IV, each of which entered their investment period in the second quarter of 2021 and (iii) Real Estate Partners Europe II due to additional capital raised. These increases were partially offset by a decrease in management fees earned from Asian Fund III and Americas Fund XII as a result of entering their post-investment periods in the third quarter of 2020 and second quarter of 2021, respectively, and both now earn fees based on capital invested rather than capital committed and at a lower fee rate.

The increase in Public Markets management fees was primarily attributable to (i) management fees earned from Global Atlantic, (ii) the issuance of new CLOs subsequent to June 30, 2020 and (iii) greater overall FPAUM at our direct lending and dislocation opportunities strategies.

Transaction and Monitoring Fees, Net

The following table presents transaction and monitoring fees, net by business line for the three months ended June 30, 2021 and 2020:

	Three Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Transaction and Monitoring Fees, Net			
Private Markets	\$ 37,666	\$ 29,891	\$ 7,775
Public Markets	3,142	572	2,570
Capital Markets	218,953	69,438	149,515
Total Transaction and Monitoring Fees, Net	\$ 259,761	\$ 99,901	\$ 159,860

Our Capital Markets business line earns transaction fees, which are not shared with fund investors. The increase in transaction fees was primarily due to an increase in the number and average size of capital markets transactions for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. Overall, we completed 81 capital markets transactions for the three months ended June 30, 2021, of which 15 represented equity offerings and 66 represented debt offerings, as compared to 35 transactions for the three months ended June 30, 2020, of which 6 represented equity offerings and 29 represented debt offerings. We earned fees in connection with underwriting, syndication and other capital markets services. While each of the capital markets transactions that we undertake in this business line is separately negotiated, our fee rates are generally higher with respect to underwriting or syndicating equity offerings than with respect to debt offerings, and the amount of fees that we earn for similar transactions generally correlates with overall transaction sizes.

Our capital markets fees are generated in connection with our Private Markets and Public Markets business lines as well as from third-party companies. For the three months ended June 30, 2021, approximately 28% of our transaction fees in our Capital Markets business line were earned from unaffiliated third parties as compared to approximately 25% for the three months ended June 30, 2020. Our transaction fees are comprised of fees earned from North America, Europe, and the Asia-Pacific region. For the three months ended June 30, 2021, approximately 50% of our transaction fees were generated outside of North America as compared to approximately 41% for the three months ended June 30, 2020. 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.

Our Private Markets and Public Markets 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 required to share all or a portion of such fees with our fund investors.

The increase in Private Markets transaction and monitoring fees, net was primarily attributable to an increase in net transaction fees. During the three months ended June 30, 2021, there were 30 transaction fee-generating investments that paid an average fee of \$4.4 million compared to 18 transaction fee-generating investments that paid an average fee of \$4.7 million during the three months ended June 30, 2020. For the three months ended June 30, 2021, approximately 46% of these transaction fees were paid by companies in North America, 29% were paid from companies in the Asia-Pacific region, and 25% of these transaction fees were paid from companies in Europe. Transaction fees vary by investment based upon a number of factors, the most significant of which are transaction size, the particular agreements as to the amount of the fees, the complexity of the transaction, and KKR's role in the transaction. Additionally, transaction fees are generally not earned with respect to energy and real estate investments.

Public Markets transaction and monitoring fees, net remained relatively flat for the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

Fee Related Performance Revenues

The following table presents fee related performance revenues by business line for the three months ended June 30, 2021 and 2020:

	Three Months Ended		
	June 30, 2021	June 30, 2020	Change
(\$ in thousands)			
Fee Related Performance Revenues			
Private Markets	\$ 1,701	\$ 885	\$ 816
Public Markets	12,866	7,647	5,219
Total Fee Related Performance Revenues	\$ 14,567	\$ 8,532	\$ 6,035

Fee related performance revenues earned in our Private Markets and Public Markets business lines represent realized incentive fees that (i) are measured and received from an investment fund, vehicle or account on a recurring basis, and (ii) do not require the realization of the investments held by the investment fund, vehicle or account. These incentive fees are primarily earned from our BDC and our investment in KREF. The increase was primarily due to a higher level of investment income at these incentive fee earning investment vehicles during the three months ended June 30, 2021 as compared to the prior period.

Fee Related Compensation

The increase in fee related compensation for the three months ended June 30, 2021 compared to the prior period was primarily due to a higher level of compensation recorded in connection with the higher level of revenues included within fee related earnings.

Other Operating Expenses

The increase in other operating expenses for the three months ended June 30, 2021 compared to the prior period was primarily due to a higher level of (i) placement fees related to capital raising activities and (ii) professional fees and other administrative costs in connection with the overall growth of the firm.

Fee Related Earnings

The increase in fee related earnings for the three months ended June 30, 2021 compared to the prior period was primarily due to a higher level of management fees and transaction fees, partially offset by a higher level of fee related compensation and operating expenses, as described above.

Realized Performance Income

The following table presents realized performance income by business line for the three months ended June 30, 2021 and 2020:

	Three Months Ended		
	June 30, 2021	June 30, 2020	Change
(\$ in thousands)			
Realized Performance Income			
Private Markets	\$ 590,234	\$ 345,665	\$ 244,569
Public Markets	28,076	1,201	26,875
Total Realized Performance Income	\$ 618,310	\$ 346,866	\$ 271,444

	Three Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Private Markets			
North America Fund XI	\$ 248,578	\$ —	\$ 248,578
2006 Fund	114,425	4,016	110,409
Asian Fund III	110,515	—	110,515
European Fund IV	43,976	106,873	(62,897)
Global Infrastructure Investors II	36,215	128,572	(92,357)
Co-Investment Vehicles and Other	33,488	11,313	22,175
Global Infrastructure Investors	3,037	54,729	(51,692)
Asian Fund II	—	40,162	(40,162)
Total Realized Carried Interest ⁽¹⁾	590,234	345,665	244,569
Incentive Fees	—	—	—
Total Realized Performance Income	\$ 590,234	\$ 345,665	\$ 244,569

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

	Three Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Public Markets			
Other Alternative Credit Vehicles	\$ 15,336	\$ —	\$ 15,336
Total Realized Carried Interest ⁽¹⁾	15,336	—	15,336
Incentive Fees	12,740	1,201	11,539
Total Realized Performance Income	\$ 28,076	\$ 1,201	\$ 26,875

(1) The above table excludes 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 Markets business line for the three months ended June 30, 2021 consisted primarily of (i) realized gains from the partial sale of our investments in Endeavor Group Holdings, Inc. (NASDAQ: EDR) and the full sale of our investment in Calabrio, Inc. (technology sector) and (ii) dividends received from our investment in Kokusai Electric Corporation (manufacturing sector).

Realized carried interest in our Private Markets business line for the three months ended June 30, 2020 consisted primarily of realized gains from the strategic sales of Deutsche Glasfaser (telecom sector), LGC Science Group Limited (healthcare sector), and AlphaTheta Corporation (technology sector).

Realized carried interest was recognized at certain of our alternative credit strategy funds in our Public Markets business line during the three months ended June 30, 2021. During the three months ended June 30, 2020, there was no realized carried interest earned in our Public Markets business line.

Incentive fees earned in our Public Markets business line consist primarily of incentive fees earned from our hedge fund partnerships.

Realized Performance Income Compensation

The increase in realized performance income compensation for the three months ended June 30, 2021 compared to the prior period was primarily due to a higher level of compensation recorded in connection with the higher level of realized performance income.

Realized Investment Income

The following table presents realized investment income in our Principal Activities business line for the three months ended June 30, 2021 and 2020:

	Three Months Ended		
	June 30, 2021	June 30, 2020	Change
(\$ in thousands)			
Realized Investment Income			
Net Realized Gains (Losses)	\$ 263,353	\$ 36,536	\$ 226,817
Interest Income and Dividends	105,510	53,789	51,721
Total Realized Investment Income	\$ 368,863	\$ 90,325	\$ 278,538

The increase in realized investment income is due to a higher level of net realized gains and interest income and dividends. 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 June 30, 2021, net realized gains were comprised of realized gains primarily from the partial sales of our Private Markets investments in Fiserv, Inc., Mr. Cooper Group Inc. (NASDAQ: COOP), and FanDuel Inc. Partially offsetting these realized gains were realized losses related to certain hedging instruments.

For the three months ended June 30, 2020, net realized gains were comprised of realized gains primarily from the sale of our Private Markets investments in Deutsche Glasfaser and LGC Science Group Limited, and the partial sale of our investment in BridgeBio Pharma, Inc. Partially offsetting these realized gains were realized losses, the most significant of which was a realized loss on the partial sale of our investment in LCI Helicopters Limited and various alternative credit strategy investments.

For the three months ended June 30, 2021, interest income and dividends were comprised primarily of (i) \$66.4 million of dividend income primarily from our real asset investments including our investment in KREF and our infrastructure investments, as well as dividend distributions received from our Private Markets investment in Kokusai Electric Corporation and (ii) \$39.1 million of interest income which consists primarily of interest that is received from our Public Markets investments including CLOs and other credit investments.

For the three months ended June 30, 2020, interest income and dividends were comprised of (i) \$33.5 million of interest income which consists primarily of interest that is received from our Public Markets investments including CLOs and other credit investments and to a lesser extent our cash balances and investments held at our Capital Markets business line, and (ii) \$20.3 million of dividend income from distributions received primarily through our real asset investments including our investment in KREF and our infrastructure investments. See "—Analysis of Non-GAAP Performance Measures—Non-GAAP Balance Sheet Measures."

We expect realized performance income and realized investment income to be greater than \$650 million in the third quarter of 2021 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 June 30, 2021 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.

Prior to the acquisition of KKR Capstone on January 1, 2020, (i) KKR Capstone's financial results were consolidated with KKR's financial results in accordance with GAAP, and as such the fees and expenses attributable to KKR Capstone were included in KKR's consolidated revenues and expenses, and (ii) KKR Capstone's financial results were excluded from KKR's non-GAAP financial measures, because KKR presented its non-GAAP financial measures prior to the effect to the consolidation of certain entities that were not subsidiaries of KKR. Following the acquisition of KKR Capstone on January 1, 2020, after-tax distributable earnings includes the net income (loss) from KKR Capstone within realized investment income (loss), which is consistent with the treatment of KKR Capstone in KKR's non-GAAP financial measures for periods prior to the acquisition of KKR Capstone.

For the quarter ended June 30, 2021, total fees attributable to KKR Capstone were \$21.0 million, total expenses attributable to KKR Capstone were \$16.3 million and income taxes and other income attributable to Capstone were \$(0.6) 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".

Realized Investment Income Compensation

The increase in realized investment income compensation for the three months ended June 30, 2021 compared to the prior period is primarily due to a higher level of compensation recorded in connection with the higher level of realized investment income.

Other Operating and Performance Measures

The following table presents certain key operating and performance metrics as of June 30, 2021 and March 31, 2021:

	As of		
	June 30, 2021	March 31, 2021	Change
	(\$ in thousands)		
Assets Under Management	\$ 428,947,500	\$ 367,453,400	\$ 61,494,100
Fee Paying Assets Under Management	\$ 319,344,200	\$ 288,440,500	\$ 30,903,700
Uncalled Commitments	\$ 112,130,200	\$ 68,988,300	\$ 43,141,900

The following table presents one of our key performance metrics for the three months ended June 30, 2021 and 2020:

	Three Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Capital Invested	\$ 18,526,100	\$ 6,664,900	\$ 11,861,200

Assets Under Management

Private Markets

The following table reflects the changes in our Private Markets AUM from March 31, 2021 to June 30, 2021:

	(\$ in thousands)
March 31, 2021	\$ 177,731,100
New Capital Raised	52,225,200
Distributions and Other	(6,462,600)
Change in Value	10,081,600
June 30, 2021	\$ 233,575,300

AUM for the Private Markets business line was \$233.6 billion at June 30, 2021, an increase of \$55.9 billion, compared to \$177.7 billion at March 31, 2021.

The increase was primarily attributable to new capital raised in our North America Fund XIII, Global Infrastructure Investors IV, our core investment strategy, Diversified Core Infrastructure Investors, and Real Estate Partners Europe II, and to a lesser extent, an increase in value of our Private Markets portfolio. These increases were partially offset by distributions to fund investors, primarily as a result of realizations, most notably in North America Fund XI, 2006 Fund, and Global Infrastructure Investors II.

The increase in the value of our Private Markets portfolio was driven primarily by net appreciation of \$3.1 billion in Americas Fund XII, \$1.7 billion in our core investment strategy and \$1.1 billion in Asian Fund III.

For the three months ended June 30, 2021, the value of our private equity investment portfolio increased 9%. This was comprised of a 12% increase in share prices of various publicly held or publicly indexed investments and a 8% increase in

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

The most significant increases in share prices of various publicly held or publicly indexed investments were increases in AppLovin Corporation (NASDAQ: APP), KnowBe4, Inc. (NASDAQ: KNBE), Darktrace Limited (LSE: DARK), and Hensoldt (FRA: HAG). These increases were partially offset by decreases in share prices of various publicly held investments, the most significant of which was a decrease in Fiserv, Inc. The prices of publicly held or publicly indexed companies may experience volatile changes following the reporting period.

The most significant increase in value of our privately held investments related to OneStream Software, LLC (technology sector), PetVet Care Centers, LLC, and The Bountiful Company (consumer products sector). These increases in value were partially offset by decreases in value relating primarily to OutSystems Holdings S.A. (technology sector) and Channel Control Merchants (retail sector). The increased valuations of individual companies in our privately held investments, in the aggregate, generally related to (i) individual company performance, (ii) an increase in the value of market comparables, (iii) transactional activity related to new rounds of funding, and with respect to The Bountiful Company, an increase in valuation reflecting an agreement to exit this investment. The decreased valuations of individual companies in our privately held investments, in the aggregate, generally related to (i) an unfavorable business outlook and (ii) a decrease in the value of market comparables, both influenced from the impact of COVID-19 on the economic outlook and overall market environment.

For the three months ended June 30, 2020, the value of our private equity investment portfolio increased 10%. This was comprised of an 10% increase in value of our privately held investments and a 9% increase in share prices of various publicly held or publicly indexed investments.

The most significant increase in value of our privately held investments related to Internet Brands, Inc., Nature's Bounty Co. (now known as The Bountiful Company), and MYOB Group Limited (technology sector). These increases in value were partially offset by decreases in value relating primarily to Envision Healthcare Corporation (healthcare sector), Apple Leisure Group (hotels/leisure sector), and Goodpack Limited (packaging sector). The increased valuations of individual companies in our privately held investments, in the aggregate, generally related to an increase in the value of market comparables and individual company performance. The decreased valuations of individual companies in our privately held investments, in the aggregate, generally related to (i) an unfavorable business outlook and (ii) a decrease in the value of market comparables, both influenced from the impact of COVID-19 on the economic outlook and overall market environment.

The most significant increases in share prices of various publicly held or publicly indexed investments were increases in Ingersoll Rand Inc. (NYSE: IR), Fiserv, Inc., and Focus Financial Partners, LLC (NASDAQ: FOCS).

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

Public Markets

The following table reflects the changes in our Public Markets AUM from March 31, 2021 to June 30, 2021:

	(\$ in thousands)
March 31, 2021	\$ 189,722,300
New Capital Raised	6,637,400
Distributions and Other	(3,029,500)
Redemptions	(1,739,200)
Change in Value	3,781,200
June 30, 2021	\$ 195,372,200

AUM in our Public Markets business line totaled \$195.4 billion at June 30, 2021, an increase of \$5.7 billion compared to \$189.7 billion at March 31, 2021.

The increase was primarily attributable to new capital raised from Global Atlantic, new CLO issuances, and our alternative credit investment funds, and to a lesser extent, an increase in value of our Public Markets portfolio. Partially offsetting these increases were distributions to our fund investors and redemptions, primarily in our hedge fund partnerships and certain leveraged credit investment funds.

Subsequent to the quarter ended June 30, 2021, Global Atlantic closed reinsurance transactions to assume reserves representing \$16.1 billion of primarily fixed-rate, fixed income annuities and whole life insurance policies. Subsequently, Global Atlantic ceded \$9.2 billion of these reserves to other third parties, including \$6.7 billion to Ivy Re Limited, the reinsurance subsidiary of an investment vehicle that participates in qualifying reinsurance transactions sourced by Global Atlantic. See also "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

Fee Paying Assets Under Management

Private Markets

The following table reflects the changes in our Private Markets FPAUM from March 31, 2021 to June 30, 2021:

	(\$ in thousands)
March 31, 2021	\$ 109,033,100
New Capital Raised	33,140,100
Distributions and Other	(2,613,900)
Net Changes in Fee Base of Certain Funds	(5,398,100)
Change in Value	775,100
June 30, 2021	<u>\$ 134,936,300</u>

FPAUM in our Private Markets business line was \$134.9 billion at June 30, 2021, an increase of \$25.9 billion, compared to \$109.0 billion at March 31, 2021.

The increase was primarily attributable to new capital raised in our North America Fund XIII, Global Infrastructure Investors IV, Health Care Strategic Growth Fund II, and Real Estate Partners Europe II. These increases were partially offset by (i) net changes in the fee base of Global Infrastructure Investors III, Americas Fund XII, and Health Care Strategic Growth Fund I as a result of these funds entering their post-investment periods, during which we earn fees on invested capital rather than committed capital, and (ii) distributions to our fund investors from realizations in our North America Fund XI and 2006 Fund.

Uncalled capital commitments from Private Markets investment funds from which KKR is currently not earning management fees amounted to approximately \$34.8 billion at June 30, 2021, which includes capital commitments reserved for follow-on investments for funds that have completed their investment periods. This capital will generally begin to earn management fees upon deployment of the capital or upon the commencement of the fund's investment period. The average annual management fee rate associated with this capital is approximately 1.1%. We will not begin earning fees on this capital until it is deployed or the related investment period commences, neither of which is guaranteed to occur and which 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.

Public Markets

The following table reflects the changes in our Public Markets FPAUM from March 31, 2021 to June 30, 2021:

	(\$ in thousands)
March 31, 2021	\$ 179,407,400
New Capital Raised	6,827,200
Distributions and Other	(3,206,000)
Redemptions	(1,737,200)
Change in Value	3,116,500
June 30, 2021	\$ 184,407,900

FPAUM in our Public Markets business line was \$184.4 billion at June 30, 2021, an increase of \$5.0 billion, compared to \$179.4 billion at March 31, 2021.

The increase was primarily attributable to new capital raised from Global Atlantic, new CLO issuances, and our alternative credit investment funds and to a lesser extent, an increase in value of our Public Markets portfolio. Partially offsetting these increases were distributions to fund investors and redemptions primarily in our hedge fund partnerships and certain leveraged credit strategies.

See "—Other Operating and Performance Measures—Assets under Management" above for information about Global Atlantic's reinsurance transactions subsequent to June 30, 2021. See "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

Uncalled capital commitments from Public Markets investment funds from which KKR is currently not earning management fees amounted to approximately \$6.8 billion at June 30, 2021. 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 0.8%. We will not begin earning fees on this capital until it is deployed or the related investment period commences, neither of which is guaranteed to occur. If and when such management fees are earned, which will occur over an extended period of time, a portion of existing FPAUM may cease paying fees or pay lower fees, thus offsetting a portion of any new management fees earned.

Uncalled Commitments

Private Markets

As of June 30, 2021, our Private Markets business line had \$102.1 billion of remaining uncalled capital commitments that could be called for investments in new transactions as compared to \$58.9 billion as of March 31, 2021. The increase was primarily attributable to new capital raised, which was partially offset by capital called from fund investors to make investments during the period.

Public Markets

As of June 30, 2021, our Public Markets business line had \$10.0 billion of remaining uncalled capital commitments that could be called for investments in new transactions, as compared to \$10.1 billion as of March 31, 2021. The decrease was primarily attributable to capital called from fund investors to make investments during the period, which was offset by new capital raised in various alternative credit strategies.

Capital Invested

Private Markets Capital Invested

For the three months ended June 30, 2021, Private Markets had \$8.3 billion of capital invested as compared to \$5.5 billion for the three months ended June 30, 2020. The increase was driven primarily by a \$3.7 billion increase in capital invested in our real assets strategies and a \$0.9 billion decrease in capital invested in our private equity strategies (including core and growth equity (including impact) investments). Generally, the portfolio companies acquired through our private equity funds have higher transaction values and result in higher capital invested relative to transactions in our real assets funds. The number of large private equity investments made in any quarter is volatile and consequently, a significant amount of capital invested in one quarter or a few quarters may not be indicative of a similar level of capital deployment in future quarters. During the three

months ended June 30, 2021, 50% of capital deployed in private equity (including core and growth equity (including impact) investments) was in transactions in North America, 37% was in the Asia-Pacific region, and 13% was in Europe.

Public Markets Capital Invested

For the three months ended June 30, 2021, Public Markets had \$10.3 billion of capital invested as compared to \$1.2 billion for the three months ended June 30, 2020. The increase was primarily due to (i) capital deployed under our investment management agreements with Global Atlantic's insurance companies and (ii) a higher level of capital deployed across our direct lending and private opportunistic credit strategies. During the three months ended June 30, 2021, 88% of capital deployed was in transactions in North America and 12% of capital deployed was in Europe.

Analysis of Insurance Segment Operating Results

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 June 30, 2021:

	Three Months Ended
	June 30, 2021
<i>(\$ in thousands)</i>	
Net Investment Income	\$ 759,503
Net Cost of Insurance	(389,932)
General, Administrative and Other	(123,347)
Pre-tax Insurance Operating Earnings	246,224
Income Taxes	(37,476)
Net Income Attributable to Noncontrolling Interests	(81,228)
Insurance Segment Operating Earnings	\$ 127,520

Insurance segment operating earnings

Insurance segment operating earnings were primarily driven by net investment income and stable net cost of insurance.

Insurance segment operating earnings are also impacted by reinsurance transactions. Subsequent to the quarter ended June 30, 2021, Global Atlantic closed reinsurance transactions to assume reserves representing \$16.1 billion of primarily fixed-rate, fixed income annuities and whole life insurance policies. Subsequently, Global Atlantic ceded \$9.2 billion of these reserves to other third parties, including \$6.7 billion to Ivy Re Limited, the reinsurance subsidiary of an investment vehicle that participates in qualifying reinsurance transactions sourced by Global Atlantic.

Net investment income

Net investment income was primarily driven by (i) insurance segment investments and the effective book yield (as determined, in part, by the allocated fair value of the investment portfolio as of February 1, 2021), and (ii) variable investment income from realized gains primarily from the sale of a partnership interest in Talcott Resolution, an insurance holding company. Average insurance segment investments were primarily driven by net inflows of assets from the individual markets and institutional channels. The impact of higher asset balances were offset by lower income primarily due to the negative impact of higher than usual average cash and cash equivalent balances as a result of reinsurance transactions pending reinvestment.

Net cost of insurance

Net cost of insurance was driven primarily by stable liability performance across in-force and new business, offset by favorable adjustments to reserves and policy acquisition costs resulting from higher reserves and insurance intangibles established as part of the purchase accounting for the Global Atlantic acquisition.

General, administrative and other expenses

General and administrative expenses were driven by (i) employee compensation and benefits related expenses, (ii) policy servicing fees, and (iii) technology-related charges.

Income taxes

Insurance segment income tax expense reflects the annual estimated effective tax rate for the insurance segment on an operating basis.

Net Income attributable to non-controlling interests

Income attributable to non-controlling interests represent the portion of the insurance segment adjusted operating earnings held by rollover and co-investors in Global Atlantic.

Analysis of Non-GAAP Performance Measures

The following is a discussion of our Non-GAAP performance measures for the three months ended June 30, 2021 and 2020:

	Three Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Asset Management Segment Operating Earnings	\$ 988,968	\$ 489,018	\$ 499,950
Insurance Segment Operating Earnings	127,520	—	127,520
Distributable Operating Earnings	1,116,488	489,018	627,470
Interest Expense	(64,109)	(50,784)	(13,325)
Preferred Dividends	(8,341)	(8,341)	—
Net Income Attributable to Noncontrolling Interests	(5,414)	(1,002)	(4,412)
Income Taxes Paid	(113,049)	(63,315)	(49,734)
After-tax Distributable Earnings	\$ 925,575	\$ 365,576	\$ 559,999

Distributable Operating Earnings

The increase in distributable operating earnings for the three months ended June 30, 2021 compared to the prior period is primarily due to a higher level of Asset Management segment operating earnings and the addition of our Insurance segment operating earnings in connection with the Global Atlantic acquisition. 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."

Interest Expense

For the three months ended June 30, 2021 and 2020, interest expense relates primarily to the senior notes outstanding for KKR and KFN.

The increase in interest expense for the three months ended June 30, 2021 compared to the prior period is due primarily to new note issuances subsequent to June 30, 2020.

Income Taxes Paid

The increase in income taxes paid for the three months ended June 30, 2021 compared to the prior period was primarily due to a higher level of total distributable operating earnings.

After-tax Distributable Earnings

The increase in after-tax distributable earnings for the three months ended June 30, 2021 compared to the prior period was due primarily to a higher level of distributable operating earnings, partially offset by an increase in income taxes paid and interest expense, as described above.

The amount of the tax benefit from equity-based compensation included in income taxes paid for three months ended June 30, 2021 and 2020 was \$55.2 million and \$14.8 million, respectively, and its inclusion in After-tax Distributable Earnings had the effect of increasing this measure by 6% and 4%, respectively.

Analysis of Asset Management Segment Operating Results

The following tables set forth information regarding KKR's Asset Management segment operating results and certain key operating metrics as of and for the six months ended June 30, 2021 and 2020:

	Six Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Management Fees	\$ 919,862	\$ 673,192	\$ 246,670
Transaction and Monitoring Fees, Net	395,438	179,329	216,109
Fee Related Performance Revenues	24,863	17,688	7,175
Fee Related Compensation	(301,536)	(172,197)	(129,339)
Other Operating Expenses	(204,711)	(160,574)	(44,137)
Fee Related Earnings	833,916	537,438	296,478
Realized Performance Income	789,619	709,998	79,621
Realized Performance Income Compensation	(523,010)	(441,868)	(81,142)
Realized Investment Income	830,136	235,489	594,647
Realized Investment Income Compensation	(124,521)	(28,843)	(95,678)
Asset Management Segment Operating Earnings	\$ 1,806,140	\$ 1,012,214	\$ 793,926

Management Fees

The following table presents management fees by business line for the six months ended June 30, 2021 and 2020:

	Six Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Management Fees			
Private Markets	\$ 605,264	\$ 445,952	\$ 159,312
Public Markets	314,598	227,240	87,358
Total Management Fees	\$ 919,862	\$ 673,192	\$ 246,670

The increase in Private Markets management fees was primarily due to management fees earned from (i) Asian Fund IV and North America Fund XIII which entered their investment periods after the second quarter of 2020, and (ii) Real Estate Partners Europe II due to additional capital raised. These increases were partially offset by a decrease in management fees earned from Asian Fund III as it entered its post-investment period in the third quarter of 2020 and now earns fees based on capital invested rather than capital committed and at a lower fee rate.

The increase in Public Markets management fees was primarily attributable to (i) management fees earned from Global Atlantic during the period February 1, 2021 through June 30, 2021, (ii) the issuance of new CLOs subsequent to June 30, 2020 and (iii) greater overall FPAUM at our direct lending and dislocation opportunities strategies.

Transaction and Monitoring Fees, Net

The following table presents transaction and monitoring fees, net by business line for the six months ended June 30, 2021 and 2020:

	Six Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Transaction and Monitoring Fees, Net			
Private Markets	\$ 60,128	\$ 47,907	\$ 12,221
Public Markets	4,172	1,801	2,371
Capital Markets	331,138	129,621	201,517
Total Transaction and Monitoring Fees, Net	\$ 395,438	\$ 179,329	\$ 216,109

Our Capital Markets business line earns transaction fees, which are not shared with fund investors. The increase in transaction fees was primarily due to an increase in the number and average size of capital markets transactions for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. Overall, we completed 138 capital markets transactions for the six months ended June 30, 2021, of which 26 represented equity offerings and 112 represented debt offerings, as compared to 78 transactions for the six months ended June 30, 2020, of which 9 represented equity offerings and 69 represented debt offerings. We earned fees in connection with underwriting, syndication and other capital markets services. While each of the capital markets transactions that we undertake in this business line is separately negotiated, our fee rates are generally higher with respect to underwriting or syndicating equity offerings than with respect to debt offerings, and the amount of fees that we earn for similar transactions generally correlates with overall transaction sizes.

Our capital markets fees are generated in connection with our Private Markets and Public Markets business lines as well as from third-party companies. For the six months ended June 30, 2021, approximately 27% of our transaction fees in our Capital Markets business line were earned from unaffiliated third parties as compared to approximately 37% for the six months ended June 30, 2020. Our transaction fees are comprised of fees earned from North America, Europe, and the Asia-Pacific region. For the six months ended June 30, 2021, approximately 44% of our transaction fees were generated outside of North America as compared to approximately 36% for the six months ended June 30, 2020. 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.

Our Private Markets and Public Markets 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 required to share all or a portion of such fees with our fund investors.

The increase in Private Markets transaction and monitoring fees, net was primarily attributable to an increase in net transaction fees. During the six months ended June 30, 2021, there were 49 transaction fee-generating investments that paid an average fee of \$3.4 million compared to 29 transaction fee-generating investments that paid an average fee of \$3.5 million during the six months ended June 30, 2020. For the six months ended June 30, 2021, approximately 45% of these transaction fees were paid by companies in North America, 31% were paid from companies in the Asia-Pacific region, and 24% of these transaction fees were paid from companies in Europe. Transaction fees vary by investment based upon a number of factors, the most significant of which are transaction size, the particular agreements as to the amount of the fees, the complexity of the transaction, and KKR's role in the transaction. Additionally, transaction fees are generally not earned with respect to energy and real estate investments.

Public Markets transaction and monitoring fees, net remained relatively flat for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

Fee Related Performance Revenues

The following table presents fee related performance revenues by business line for the six months ended June 30, 2021 and 2020:

	Six Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Fee Related Performance Revenues			
Private Markets	\$ 3,253	\$ 2,022	\$ 1,231
Public Markets	21,610	15,666	5,944
Total Fee Related Performance Revenues	\$ 24,863	\$ 17,688	\$ 7,175

Fee related performance revenues earned in our Private Markets and Public Markets business lines represent realized incentive fees that (i) are measured and received from an investment fund, vehicle or account on a recurring basis, and (ii) do not require the realization of the investments held by the investment fund, vehicle or account. These incentive fees are primarily earned from our BDC and our investment in KREF. The increase was primarily due to a higher level of investment income at these incentive fee earning investment vehicles during the six months ended June 30, 2021 as compared to the prior period.

Fee Related Compensation

The increase in fee related compensation for the six months ended June 30, 2021 compared to the prior period is primarily due to a higher level of compensation recorded in connection with the higher level of revenues included within FRE.

Other Operating Expenses

The increase in other operating expenses for the six months ended June 30, 2021 compared to the prior period is primarily due to a higher level of (i) placement fees related to capital raising activities and (ii) professional fees and other administrative costs in connection with the overall growth of the firm. These increases were partially offset by a decrease in travel related expenses as a result of the COVID-19 pandemic.

Fee Related Earnings

The increase in fee related earnings for the six months ended June 30, 2021 compared to the prior period is primarily due to a higher level of management fees and transaction fees, partially offset by a higher level of fee related compensation and operating expenses, as described above.

Realized Performance Income

The following table presents realized performance income by business line for the six months ended June 30, 2021 and 2020:

	Six Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Realized Performance Income			
Private Markets	\$ 756,652	\$ 671,356	\$ 85,296
Public Markets	32,967	38,642	(5,675)
Total Realized Performance Income	\$ 789,619	\$ 709,998	\$ 79,621

	Six Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Private Markets			
North America Fund XI	\$ 293,459	\$ 122,395	\$ 171,064
2006 Fund	134,385	57,709	76,676
Asian Fund III	110,515	46,347	64,168
Core Investment Vehicles	80,937	57,484	23,453
Co-Investment Vehicles and Other	49,021	11,313	37,708
European Fund IV	43,976	106,873	(62,897)
Global Infrastructure Investors II	36,215	148,882	(112,667)
Real Estate Partners Europe	3,478	—	3,478
Global Infrastructure Investors	3,037	54,729	(51,692)
European Fund III	353	—	353
Asian Fund II	—	60,647	(60,647)
Real Estate Partners Americas	—	4,977	(4,977)
Total Realized Carried Interest ⁽¹⁾	755,376	671,356	84,020
Incentive Fees	1,276	—	1,276
Total Realized Performance Income	\$ 756,652	\$ 671,356	\$ 85,296

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

	Six Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Public Markets			
Other Alternative Credit Vehicles	\$ 15,336	\$ 25,740	\$ (10,404)
Mezzanine Partners	—	9,900	(9,900)
Total Realized Carried Interest ⁽¹⁾	15,336	35,640	(20,304)
Incentive Fees	17,631	3,002	14,629
Total Realized Performance Income	\$ 32,967	\$ 38,642	\$ (5,675)

(1) The above table excludes 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 Markets business line for the six months ended June 30, 2021 consisted primarily of (i) realized gains from the partial sale of our investments in Endeavor Group Holdings, Inc. and the full sale of our investment in Calabrio, Inc., (ii) a dividend received from our investment in Kokusai Electric Corporation, and (iii) realized performance income from our core investment vehicles.

Realized carried interest in our Private Markets business line for the six months ended June 30, 2020 consisted primarily of realized gains from the strategic sales of Deutsche Glasfaser, Privilege Underwriters, Inc. (financial services sector), LGC Science Group Limited, AlphaTheta Corporation, KCF Technologies Co. Ltd. (industrial sector), realized performance income from our core investment vehicles, and dividends received from our investment in Fiserv, Inc.

Realized carried interest in our Public Markets business line decreased for the six months ended June 30, 2021 compared to the prior period as a result of a lower level of realization activity at our alternative credit investment funds that are eligible to pay carry.

Incentive fees earned in our Public Markets business line consist primarily of incentive fees earned from our hedge fund partnerships.

Realized Performance Income Compensation

The increase in realized performance income compensation for the six months ended June 30, 2021 compared to the prior period is primarily due to a higher level of compensation recorded in connection with the higher level of realized performance income.

Realized Investment Income

The following table presents realized investment income in our Principal Activities business line for the six months ended June 30, 2021 and 2020:

	Six Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Realized Investment Income			
Net Realized Gains (Losses)	\$ 636,473	\$ 43,206	\$ 593,267
Interest Income and Dividends	193,663	192,283	1,380
Total Realized Investment Income	\$ 830,136	\$ 235,489	\$ 594,647

The increase in realized investment income is due to a higher level of net realized gains. The amount of realized investment income depends on the transaction activity of our funds and our subsidiaries, which can vary from period to period.

For the six months ended June 30, 2021, net realized gains were comprised of realized gains primarily from the partial sales of our Private Markets investments in FanDuel Inc., Fiserv, Inc., BridgeBio Pharma Inc. and Mr. Cooper Group Inc. Partially offsetting these realized gains were realized losses related to certain hedging instruments.

For the six months ended June 30, 2020, net realized gains were comprised of realized gains primarily from the sale of our Private Markets investments in Deutsche Glasfaser and LGC Science Group Limited and the partial sale in BridgeBio Pharma, Inc. Partially offsetting these realized gains were realized losses, the most significant of which was a realized loss on the partial sale of our investment in LCI Helicopters Limited and the sale of General Healthcare Group (healthcare sector) as well as various other alternative credit strategy investments.

For the six months ended June 30, 2021, interest income and dividends were comprised primarily of (i) \$110.9 million of dividend income primarily from distributions received from our real estate investments, including our investment in KREF, as well as distributions received from our Private Markets investments in Kokusai Electric Corporation, Internet Brands, Inc. (technology sector) and US Foods Holding Corp. and (ii) \$82.7 million of interest income primarily from our Public Markets investments in CLOs and to a lesser extent other credit investments.

For the six months ended June 30, 2020, interest income and dividends were comprised of (i) \$62.5 million of dividend income from our investment in Fiserv, Inc., (ii) \$59.2 million of dividend income from distributions received primarily through our real assets investments, including our investment in KREF and our infrastructure investments and (iii) \$70.6 million of interest income which consists primarily of interest that is received from our Public Markets investments, including CLOs and other credit investments, and to a lesser extent our cash balances and investments held at our Capital Markets business line. See "—Analysis of Non-GAAP Performance Measures—Non-GAAP Balance Sheet Measures."

Prior to the acquisition of KKR Capstone on January 1, 2020, (i) KKR Capstone's financial results were consolidated with KKR's financial results in accordance with GAAP, and as such the fees and expenses attributable to KKR Capstone were included in KKR's consolidated revenues and expenses, and (ii) KKR Capstone's financial results were excluded from KKR's non-GAAP financial measures, because KKR presented its non-GAAP financial measures prior to the effect to the consolidation of certain entities that were not subsidiaries of KKR. Following the acquisition of KKR Capstone on January 1, 2020, after-tax distributable earnings includes the net income (loss) from KKR Capstone within realized investment income (loss), which is consistent with the treatment of KKR Capstone in KKR's non-GAAP financial measures for periods prior to the acquisition of KKR Capstone.

For the six months ended June 30, 2021, total fees attributable to KKR Capstone were \$41.1 million, total expenses attributable to KKR Capstone were \$35.2 million, and income taxes and other income attributable to Capstone were \$(0.9)

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".

Realized Investment Income Compensation

The increase in realized investment income compensation for the six months ended June 30, 2021 compared to the prior period is primarily due to a higher level of compensation recorded in connection with the higher level of realized investment income.

Other Operating and Performance Measures

The following table presents certain key operating and performance metrics as of June 30, 2021 and December 31, 2020:

	As of		
	June 30, 2021	December 31, 2020	Change
	(\$ in thousands)		
Assets Under Management	\$ 428,947,500	\$ 251,679,200	\$ 177,268,300
Fee Paying Assets Under Management	\$ 319,344,200	\$ 186,217,000	\$ 133,127,200
Uncalled Commitments	\$ 112,130,200	\$ 66,960,000	\$ 45,170,200

The following table presents one of our key performance metrics for the years ended June 30, 2021 and 2020:

	Six Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Capital Invested	\$ 25,417,700	\$ 11,741,000	\$ 13,676,700

Assets Under Management

Private Markets

The following table reflects the changes in our Private Markets AUM from December 31, 2020 to June 30, 2021:

	(\$ in thousands)
December 31, 2020	\$ 148,689,300
New Capital Raised	59,315,600
Acquisition of Global Atlantic ⁽¹⁾	12,012,400
Distributions and Other	(8,807,100)
Change in Value	22,365,100
June 30, 2021	<u>\$ 233,575,300</u>

(1) Reflects the AUM of Global Atlantic at February 1, 2021.

AUM for the Private Markets business line was \$233.6 billion at June 30, 2021, an increase of \$84.9 billion, compared to \$148.7 billion at December 31, 2020.

The increase was primarily attributable to (i) new capital raised in our North America Fund XIII, Global Infrastructure Investors IV, our core investment strategy, and Real Estate Partners Europe II, (ii) assets we now manage under our investment management agreements with Global Atlantic's insurance companies, and (iii) an increase in value of our Private Markets portfolio. These increases were partially offset by distributions to fund investors, primarily as a result of realizations, most notably in North America Fund XI, 2006 Fund, and Americas Fund XII.

The increase in the value of our Private Markets portfolio was driven primarily by net gains of \$9.0 billion in Americas Fund XII, \$2.5 billion in our core investment strategy, and \$2.3 billion in Asian Fund III.

For the six months ended June 30, 2021, the value of our private equity investment portfolio increased by 28%. This was comprised of a 57% increase in share prices of various publicly held or publicly indexed investment and an 18% increase in

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

The most significant increases in share prices of various publicly held or publicly indexed investments were increases in AppLovin Corporation, Max Healthcare Institute Limited (NSE: MAXHEALTH), Academy Sports & Outdoor Inc., and J.B. Chemicals and Pharmaceuticals Limited. These increases were partially offset by decreases in share prices of various publicly held investments, the most significant of which was Fiserv, Inc. The prices of publicly held or publicly indexed companies may experience volatile changes following the reporting period.

The most significant increases in value of our privately held investments related to increases in OneStream Software, LLC, PetVet Care Centers, LLC, Internet Brands, Inc. (technology sector), BrightSpring Health Services, (health care sector) and The Bountiful Company. These increases in value on our privately held investments were partially offset by decreases in value relating primarily to Channel Control Merchants and Goodpack Limited. The increased valuations of individual companies in our privately held investments, in the aggregate, generally related to (i) individual company performance, (ii) an increase in the value of market comparables, (iii) transactional activity related to new rounds of funding, and with respect to The Bountiful Company an increase in valuation reflecting an agreement to exit the investment. The decreased valuations of individual companies in our privately held investments, in the aggregate, generally related to (i) an unfavorable business outlook and (ii) a decrease in the value of market comparables, both influenced by the impact of COVID-19 on the economic outlook and overall market environment.

For the six months ended June 30, 2020, the value of our private equity investment portfolio decreased 3%. This was comprised of a 17% decrease in share prices of various publicly held or publicly indexed investments and a 1% increase in value of our privately held investments.

The most significant decreases in share prices of various publicly held or publicly indexed investments were decreases in Fiserv, Inc., Ingersoll Rand Inc., and Laureate Education, Inc. (NASDAQ: LAUR). These decreases were partially offset by increases in share prices of various publicly held investments, the most significant of which were increases in Fujian Sunner Development Co. (CH Equity: 002299) and Focus Financial Partners, LLC.

The most significant increases in value of our privately held investments related to increases in Internet Brands, Inc., AppLovin Corporation, BrightSpring Health Services, and The Nature's Bounty Co. (now known as The Bountiful Company). These increases in value on our privately held investments were partially offset by decreases in value relating primarily to Magneti Marelli (industrial sector), oil and gas assets held in our energy income and growth portfolio, Envision Healthcare Corporation, and Apple Leisure Group. The increased valuations of individual companies in our privately held investments, in the aggregate, generally related to an increase in the value of market comparables and to a lesser extent individual company performance. The decreased valuations of individual companies in our privately held investments, in the aggregate, generally related to individual company performance or, in certain cases, an unfavorable business outlook, both influenced by the impact of COVID-19 on the economic outlook and overall market environment.

Public Markets

The following table reflects the changes in our Public Markets AUM from December 31, 2020 to June 30, 2021:

	(\$ in thousands)
December 31, 2020	\$ 102,989,900
New Capital Raised	14,111,600
Acquisition of Global Atlantic ⁽¹⁾	85,490,800
Distributions and Other	(5,630,500)
Redemptions	(5,467,900)
Change in Value	3,878,300
June 30, 2021	\$ 195,372,200

(1) Reflects the AUM of Global Atlantic at February 1, 2021.

AUM in our Public Markets business line totaled \$195.4 billion at June 30, 2021, an increase of \$92.4 billion compared to AUM of \$103.0 billion at December 31, 2020.

The increase was primarily attributable to (i) assets we now manage under our investment management agreements with Global Atlantic's insurance companies (ii) new capital raised from Global Atlantic since February 1, 2021, new CLO issuances, and our hedge fund partnerships and (iii) to a lesser extent, an increase in value of our Public Markets portfolio. Partially offsetting these increases were redemptions, primarily in our hedge fund partnerships and certain leveraged credit strategies and distributions to fund investors.

See "—Other Operating and Performance Measures—Assets under Management" above for information about Global Atlantic's reinsurance transactions subsequent to June 30, 2021. See also "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

Fee Paying Assets Under Management

Private Markets

The following table reflects the changes in our Private Markets FPAUM from December 31, 2020 to June 30, 2021:

	(\$ in thousands)
December 31, 2020	\$ 94,195,900
New Capital Raised	37,433,500
Acquisition of Global Atlantic ⁽¹⁾	12,012,400
Distributions and Other	(3,735,000)
Net Changes in Fee Base of Certain Funds	(5,398,100)
Change in Value	427,600
June 30, 2021	<u>\$ 134,936,300</u>

(1) Reflects the FPAUM of Global Atlantic at February 1, 2021.

FPAUM in our Private Markets business line was \$134.9 billion at June 30, 2021, an increase of \$40.7 billion, compared to \$94.2 billion at December 31, 2020.

The increase was primarily attributable to (i) new capital raised in our North America Fund XIII, Global Infrastructure Investors IV and Health Care Strategic Growth Fund II and (ii) assets we now manage under our investment management agreements with Global Atlantic. These increases were partially offset by (i) net changes in the fee base of Global Infrastructure Investors III, Americas Fund XII and Health Care Strategic Growth Fund I as a result of these funds entering their post-investment periods, during which we earn fees on invested capital rather than committed capital, and (ii) distributions primarily relating to realizations in our 2006 Fund, Global Infrastructure Investors II, and North America Fund XI.

Public Markets

The following table reflects the changes in our Public Markets FPAUM from December 31, 2020 to June 30, 2021:

	(\$ in thousands)
December 31, 2020	\$ 92,021,100
New Capital Raised	14,476,400
Acquisition of Global Atlantic ⁽¹⁾	85,490,800
Distributions and Other	(6,277,700)
Redemptions	(3,868,500)
Change in Value	2,565,800
June 30, 2021	<u>\$ 184,407,900</u>

(1) Reflects the FPAUM of Global Atlantic at February 1, 2021.

FPAUM in our Public Markets business line was \$184.4 billion at June 30, 2021, an increase of \$92.4 billion compared to \$92.0 billion at December 31, 2020.

The increase was primarily due to (i) assets we now manage under our investment management agreements with Global Atlantic's insurance companies and (ii) new capital raised from Global Atlantic, new CLO issuances, and our alternative credit investment funds and to a lesser extent, an increase in value of our Public Markets portfolio. Partially offsetting these increases

were distributions to fund investors and redemptions primarily in our hedge fund partnerships and certain leveraged credit strategies.

See "—Other Operating and Performance Measures—Assets under Management" above for information about Global Atlantic's reinsurance transactions subsequent to June 30, 2021. See also "—Business Environment" for more details on the potential adverse effects of COVID-19 on our business, financial performance, operating results and valuations.

Uncalled Commitments

Private Markets

As of June 30, 2021, our Private Markets business line had \$102.1 billion of remaining uncalled capital commitments that could be called for investments in new transactions as compared to \$56.6 billion as of December 31, 2020. The increase was primarily attributable to new capital raised, which was partially offset by capital called from fund investors to make investments during the period. See "—Analysis of Non-GAAP Operating Results—Other Operating and Performance Measures—Assets Under Management—Private Markets" for a detailed discussion on new capital raised for the year ended June 30, 2021.

Public Markets

As of June 30, 2021, our Public Markets business line had \$10.0 billion of remaining uncalled capital commitments that could be called for investments in new transactions as compared to \$10.3 billion as of December 31, 2020. The decrease was primarily attributable to capital called from fund investors to make investments, which was partially offset by new capital raised in various alternative credit strategies

Capital Invested

Private Markets Capital Invested

For the six months ended June 30, 2021, Private Markets had \$12.2 billion of capital invested as compared to \$6.9 billion for the six months ended June 30, 2020. The increase was driven primarily by a \$5.1 billion increase in capital invested in our real assets strategies and a \$0.2 billion increase in capital invested in our private equity strategies (including core and growth equity (including impact) investments). Generally, the portfolio companies acquired through our private equity funds have higher transaction values and result in higher capital invested relative to transactions in our real assets funds. The number of large private equity investments made in any quarterly or year-to-date period is volatile and, consequently, a significant amount of capital invested in one period or a few periods may not be indicative of a similar level of capital deployment in future periods. During the six months ended June 30, 2021, 54% of capital deployed in private equity (including core and growth equity (including impact) investments) was in transactions in North America, 34% was in the Asia-Pacific region, and 12% was in Europe.

Public Markets Capital Invested

For the six months ended June 30, 2021, Public Markets had \$13.2 billion of capital invested as compared to \$4.8 billion for the six months ended June 30, 2020. The increase was primarily due to (i) capital deployed under our investment management agreements with Global Atlantic's insurance companies and (ii) a higher level of capital deployed across our direct lending and dislocation opportunities strategies. During the six months ended June 30, 2021, 88% of capital deployed was in transactions in North America and 12% was in Europe.

Analysis of Insurance Segment Operating Results

The following tables set forth information regarding KKR's insurance segment operating results and certain key operating metrics as of and for the six months ended June 30, 2021:

	Six Months Ended	
	June 30, 2021	
<i>(\$ in thousands)</i>		
Net Investment Income	\$	1,205,401
Net Cost of Insurance		(640,151)
General, Administrative and Other		(198,836)
Pre-tax Insurance Operating Earnings		366,414
Income Taxes		(54,102)
Net Income Attributable to Noncontrolling Interests		(121,527)
Insurance Segment Operating Earnings	\$	190,785

Insurance segment operating earnings

Insurance segment operating earnings were primarily driven by net investment income and stable net cost of insurance.

Insurance segment operating earnings are also impacted by reinsurance transactions. Subsequent to the quarter ended June 30, 2021, Global Atlantic closed reinsurance transactions to assume reserves representing \$16.1 billion of primarily fixed-rate, fixed income annuities and whole life insurance policies. Subsequently, Global Atlantic ceded \$9.2 billion of these reserves to other third parties, including \$6.7 billion to Ivy Re Limited, the reinsurance subsidiary of an investment vehicle that participates in qualifying reinsurance transactions sourced by Global Atlantic.

Net investment income

Net investment income was primarily driven by (i) insurance segment investments and the effective book yield (as determined, in part, by the allocated fair value of the investment portfolio as of February 1, 2021) and (ii) variable investment income from realized gains, primarily from the sale of a partnership interest in Talcott Resolution, an insurance holding company. Average insurance segment investments were primarily driven by inflows of assets from the individual markets and institutional channels. The impact of higher asset balances were offset by lower income primarily due to the negative impact of higher than usual average cash and cash equivalent balances as a result of new reinsurance transactions pending reinvestment.

Net cost of insurance

Net cost of insurance was driven primarily by stable liability performance across in-force and new business offset by favorable adjustments to reserves and policy acquisition costs resulting from higher reserves and insurance intangibles established as part of the purchase accounting for the Global Atlantic acquisition.

General, administrative and other expenses

General and administrative expenses were driven by (i) employee compensation and benefits related expenses, (ii) policy servicing fees, and (iii) technology-related charges.

Income taxes

Insurance segment income tax expense reflects the annual estimated effective tax rate for the insurance segment on an operating basis.

Net Income attributable to non-controlling interests

Income attributable to non-controlling interests represent the portion of the insurance segment adjusted operating earnings held by rollover and co-investors in Global Atlantic.

Analysis of Non-GAAP Performance Measures

The following is a discussion of our Non-GAAP performance measures for the six months ended June 30, 2021 and 2020:

	Six Months Ended		
	June 30, 2021	June 30, 2020	Change
	(\$ in thousands)		
Asset Management Segment Operating Earnings	\$ 1,806,140	\$ 1,012,214	\$ 793,926
Insurance Segment Operating Earnings	190,785	—	190,785
Distributable Operating Earnings	1,996,925	1,012,214	984,711
Interest Expense	(121,654)	(98,218)	(23,436)
Preferred Dividends	(16,682)	(16,682)	—
Net Income Attributable to Noncontrolling Interests	(8,606)	(2,091)	(6,515)
Income Taxes Paid	(264,169)	(123,350)	(140,819)
After-tax Distributable Earnings	\$ 1,585,814	\$ 771,873	\$ 813,941

Distributable Operating Earnings

The increase in distributable operating earnings for the six months ended June 30, 2021 compared to the prior period is primarily due to a higher level of Asset Management segment operating earnings and the addition of our Insurance segment operating earnings in connection with the Global Atlantic acquisition. 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."

Interest Expense

For the six months ended June 30, 2021 and 2020, interest expense relates primarily to the senior notes outstanding for KKR and KFN.

The increase in interest expense for the six months ended June 30, 2021 compared to the prior period is due primarily to new senior note issuances subsequent to June 30, 2020.

Income Taxes Paid

The increase in income taxes paid for the six months ended June 30, 2021 compared to the prior period was primarily due to a higher level of total distributable operating earnings.

After-tax Distributable Earnings

The increase in after-tax distributable earnings for the six months ended June 30, 2021 compared to the prior period was due primarily to a higher level of distributable operating earnings, partially offset by an increase in income taxes paid and interest expense, as discussed above.

The amount of the tax benefit from equity-based compensation included in income taxes paid for six months ended June 30, 2021 and 2020 was \$98.2 million and \$26.7 million, respectively, and its inclusion in After-tax Distributable Earnings had the effect of increasing this measure by 6% and 3%, respectively.

Book Value

The following tables present information of our calculation of book value as of June 30, 2021 and December 31, 2020:

	As of	
	June 30, 2021	December 31, 2020
(\$ in thousands)		
(+) Cash and Short-term Investments	\$ 3,630,051	\$ 5,961,083
(+) Investments	17,573,509	14,991,914
(+) Net Unrealized Carried Interest ⁽¹⁾	4,333,157	2,625,935
(+) Other Assets ⁽²⁾	4,436,503	4,198,641
(+) Global Atlantic Book Value	3,128,362	—
(-) Debt Obligations - KKR (excluding KFN and Global Atlantic)	5,138,085	4,688,460
(-) Debt Obligations - KFN	948,517	948,517
(-) Tax Liabilities, Net	1,718,241	485,966
(-) Other Liabilities	1,271,178	857,764
(-) Noncontrolling Interests	25,808	29,510
(-) Preferred Stock	155,000	500,000
Book Value	\$ 23,844,753	\$ 20,267,356
Book Value Per Adjusted Share	\$ 27.03	\$ 23.09
Adjusted Shares	882,103,813	877,613,164

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

	As of	
	June 30, 2021	December 31, 2020
(\$ in thousands)		
Private Markets Business Line	\$ 4,246,312	\$ 2,560,101
Public Markets Business Line	86,845	65,834
Total	\$ 4,333,157	\$ 2,625,935

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

Book value per adjusted share increased 17% from December 31, 2020. The increase was primarily attributable to (i) the net appreciation in the value of our investment portfolio, including investment income from investments held by KKR as well as carried interest from investments held through investment funds, including KKR's private equity, real assets and alternative credit funds, where KKR is entitled to earn carried interest and (ii) after-tax distributable earnings during the period. Partially offsetting this increase was the payment of dividends and the repurchases of our common stock during the period. Also offsetting this increase was an amendment to the definition of book value starting in the quarter ended June 30, 2021, to include the implied amount of tax assets and liabilities attributable to KKR Holdings L.P. as if it was subject to corporate income taxes. The impact of this adjustment was a reduction to book value of \$683 million as of June 30, 2021. This adjustment was not applied to prior periods, but had this adjustment been made as of December 31, 2020, book value would have been reduced by \$459 million as of such date.

With respect to book value relating to the Asset Management business, for the six months ended June 30, 2021, the value of the Asset Management segment balance sheet portfolio increased 21% and KKR's overall private equity portfolio increased by 28%. The increases in KKR's Asset Management segment balance sheet portfolio and net unrealized carried interest was primarily due to mark-to-market net investment gains. For a further discussion, see "—Unaudited Consolidated Results of Operations (GAAP Basis) - Asset Management—Unrealized Gains and Losses from Investment Activities." For a discussion of the changes in KKR's private equity 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 details on factors that impact our business, financial performance, operating results and valuations, see "—Business Environment."

The following table presents the holdings of our investments in Asset Management by asset class as of June 30, 2021 on a segment basis. 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. For example, we have recognized certain net unrealized losses in our credit investment portfolio held at our India debt finance company, of which we own 50.3% of its equity as of June 30, 2021. As of June 30, 2021, KKR's 50.3% interest in our India debt finance company had a cost basis of approximately \$167 million, comprised of invested capital of \$100 million plus reinvested earnings. If the value of our investment is ultimately realized at the current carrying value of \$61 million, future realized investment losses of approximately \$106 million would be recognized on a segment basis based on valuations as of June 30, 2021, which would reduce after-tax distributable earnings in future periods.

Investments ⁽¹⁾	As of June 30, 2021		
	(\$ in thousands)		
	Cost	Fair Value	Fair Value as a Percentage of Total Investments
Private Equity	\$ 2,766,362	\$ 5,430,763	30.9 %
Core Private Equity	1,977,599	4,150,666	23.6 %
Growth	515,646	1,877,627	10.7 %
Private Equity, Core & Growth Total	5,259,607	11,459,056	65.2 %
Energy	810,263	898,109	5.1 %
Real Estate	1,293,338	1,529,090	8.7 %
Infrastructure	579,964	683,346	3.9 %
Real Assets Total	2,683,565	3,110,545	17.7 %
Leveraged Credit	978,214	984,808	5.6 %
Alternative Credit	852,236	924,709	5.3 %
Credit Total	1,830,450	1,909,517	10.9 %
Other	1,167,450	1,094,391	6.2 %
Total Investments	\$ 10,941,072	\$ 17,573,509	100.0 %

Significant Investments: ⁽²⁾	June 30, 2021		
	(\$ in thousands)		
	Cost	Fair Value	Fair Value as a Percentage of Total Investments
USI, Inc.	\$ 531,425	\$ 1,090,907	6.2 %
Fiserv, Inc. (NASDAQ: FISV)	448,516	975,160	5.5 %
PetVet Care Centers, LLC	243,188	851,159	4.8 %
BridgeBio Pharma, Inc. (NASDAQ: BBIO)	63,821	751,748	4.3 %
Heartland Dental, LLC	320,626	705,377	4.0 %
Total Significant Investments	1,607,576	4,374,351	24.9 %
Other Investments	9,333,496	13,199,158	75.1 %
Total Investments	\$ 10,941,072	\$ 17,573,509	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 businesses, including the general partner interests of KKR's investment funds and Global Atlantic's insurance companies.

(2) Significant Investments include the top five investments based on their fair values as of June 30, 2021. Significant Investments exclude (i) investments expected to be syndicated, (ii) investments expected to be transferred in connection with a new fundraising, and (iii) investments in funds and other entities that are owned by one or more third parties and established for the purpose of making investments. Accordingly, this list of Significant Investments should not be relied upon as a substitute for information about the asset class exposure of KKR's balance sheet. For information about the asset class exposure of 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 deferred acquisition costs and 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 June 30, 2021, Global Atlantic Book Value was \$3.1 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 June 30, 2021, 98% and 85% of Global Atlantic's available-for-sale ("AFS") fixed maturity securities were considered investment grade under ratings from the Securities Valuation Office of the National Association of Insurance Commissioners ("NAIC") and nationally recognized statistical rating organizations ("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 June 30, 2021 were Corporate, RMBS and U.S. state, municipal and political subdivisions securities, comprising 35%, 8% and 5% of Global Atlantic's investment portfolio, respectively. Within these categories, 97%, 95% and 100% of Global Atlantic's Corporate, RMBS and U.S. state, municipal and political subdivisions securities, respectively, were investment grade according to NAIC ratings and 97%, 37% and 100% of its Corporate, RMBS and U.S. state, municipal and political subdivisions securities, respectively, were investment grade according to NRSRO ratings as of June 30, 2021. 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 AFS fixed maturity portfolio consisting of floating rate assets was 33% as of June 30, 2021.

Within the funds withheld receivable at interest portfolio 96% of the fixed maturity securities were investment grade by NAIC designation as of June 30, 2021.

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, 98% as of June 30, 2021, 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 2% as of June 30, 2021. Pursuant to Global Atlantic's investment guidelines, it 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.

As of June 30, 2021, the non-rated AFS fixed-maturity securities include \$9.4 million of private placement securities for which Global Atlantic has not sought individual ratings from the NRSROs.

Corporate fixed maturity securities

Global Atlantic maintains a diversified portfolio of corporate fixed maturity securities across industries and issuers. As of June 30, 2021, 58% of the AFS fixed maturity securities portfolio was invested in corporate fixed maturity securities.

As of June 30, 2021, 97% of the total fair value of corporate fixed maturity securities is rated NAIC investment grade, and 97% is rated NRSROs investment grade.

Residential mortgage-backed securities

As of June 30, 2021, 14% of the AFS fixed maturity securities portfolio was invested in RMBS. 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, we 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 June 30, 2021, 92% of RMBS securities that are below investment grade as rated by the NRSRO, carry an NAIC 1 designation. As of June 30, 2021, Alt-A, Option ARM, Re-Performing and Sub-prime represent 40%, 26%, 13% and 11% of the total RMBS portfolio (\$8.2 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. Certain of the AFS fixed maturity securities have experienced changes in fair value that Global Atlantic considers to be temporary in nature. Unrealized gains and losses can be created by changes in interest rates or by changes in credit spreads.

As of June 30, 2021, Global Atlantic had gross unrealized losses on below investment grade AFS fixed maturity securities of \$39 million based on NRSRO rating and \$14.5 million based on NAIC ratings.

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 June 30, 2021, 20% 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 June 30, 2021, 93% of the commercial mortgage loan portfolio was rated investment grade based on NAIC designation. 100% of the commercial mortgage loan portfolio is in current status.

As of June 30, 2021, 93% of the residential mortgage loan portfolio is in current status, and approximately \$220.6 million is over 90 days past due (representing 4% 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 86% of the commercial mortgage loans has a loan-to-value ratio of 70% or less, and a nominal amount 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 71% as of June 30, 2021.

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.

Reconciliations to GAAP Measures

The following tables reconcile the most directly comparable financial measures calculated and presented in accordance with GAAP to KKR's non-GAAP financial measures for the three and six months ended June 30, 2021 and 2020:

Revenues

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(\$ in thousands)			
Total GAAP Revenues	\$ 3,136,181	\$ 1,331,994	\$ 7,699,187	\$ 330,489
Insurance GAAP Revenues	(935,262)	—	(2,320,310)	—
Impact of Consolidation and Other	133,840	98,476	257,288	193,505
Capital Allocation-Based Income (GAAP)	(1,525,393)	(938,521)	(4,210,040)	443,556
Realized Carried Interest	605,570	345,665	770,712	706,996
Realized Investment Income	368,863	90,325	830,136	235,489
Insurance Segment Management Fees	38,908	—	61,838	—
Capstone Fees	(21,028)	(17,195)	(41,108)	(38,113)
Expense Reimbursements	(60,056)	(28,002)	(87,785)	(56,226)
Total Asset Management Segment Revenues	\$ 1,741,623	\$ 882,742	\$ 2,959,918	\$ 1,815,696

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

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(\$ in thousands)			
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders (GAAP)	\$ 1,277,672	\$ 698,628	\$ 2,921,917	\$ (590,237)
Preferred Stock Dividends	37,603	8,341	63,194	16,682
Net Income (Loss) Attributable to Noncontrolling Interests	2,947,599	1,244,196	5,193,130	(1,703,233)
Income Tax Expense (Benefit)	343,667	206,264	782,406	(154,415)
Income (Loss) Before Tax (GAAP)	\$ 4,606,541	\$ 2,157,429	\$ 8,960,647	\$ (2,431,203)
Impact of Consolidation and Other	(2,143,586)	(634,995)	(3,522,153)	1,398,014
Equity-based Compensation - KKR Holdings	10,536	21,098	26,970	41,794
Preferred Stock Dividends	(8,341)	(8,341)	(16,682)	(16,682)
Income Taxes Paid	(113,049)	(63,315)	(264,169)	(123,350)
<i>Asset Management Adjustments:</i>				
Unrealized Carried Interest	(851,976)	(478,027)	(2,960,994)	1,181,913
Net Unrealized Gains (Losses)	(975,378)	(867,581)	(2,292,022)	1,106,950
Unrealized Performance Income Compensation	373,091	199,375	1,269,998	(476,499)
Strategic Corporate Transaction-Related Charges	5,260	—	10,135	—
Equity-based Compensation	43,947	38,264	93,708	87,598
Equity-based Compensation - Performance based	17,495	1,669	32,051	3,338
<i>Insurance Adjustments:</i>				
Net Gains (Losses) from Investments and Derivatives	(30,152)	—	259,083	—
Strategic Corporate Transaction-Related Charges	7,197	—	12,016	—
Equity-based and Other Compensation	16,564	—	23,975	—
Amortization of Acquired Intangibles	4,902	—	7,353	—
Income Taxes	(37,476)	—	(54,102)	—
After-tax Distributable Earnings	\$ 925,575	\$ 365,576	\$ 1,585,814	\$ 771,873
Interest Expense	64,109	50,784	121,654	98,218
Preferred Stock Dividends	8,341	8,341	16,682	16,682
Net Income Attributable to Noncontrolling Interests	5,414	1,002	8,606	2,091
Income Taxes Paid	113,049	63,315	264,169	123,350
Distributable Operating Earnings	\$ 1,116,488	\$ 489,018	\$ 1,996,925	\$ 1,012,214
Insurance Segment Operating Earnings	(127,520)	—	(190,785)	—
Realized Performance Income	(618,310)	(346,866)	(789,619)	(709,998)
Realized Performance Income Compensation	413,024	216,590	523,010	441,868
Realized Investment Income	(368,863)	(90,325)	(830,136)	(235,489)
Realized Investment Income Compensation	55,330	11,239	124,521	28,843
Fee Related Earnings	\$ 470,149	\$ 279,656	\$ 833,916	\$ 537,438
Insurance Segment Operating Earnings	127,520	—	190,785	—
Realized Performance Income	618,310	346,866	789,619	709,998
Realized Performance Income Compensation	(413,024)	(216,590)	(523,010)	(441,868)
Realized Investment Income	368,863	90,325	830,136	235,489
Realized Investment Income Compensation	(55,330)	(11,239)	(124,521)	(28,843)
Depreciation and Amortization	6,029	4,817	12,193	9,621
Adjusted EBITDA	\$ 1,122,517	\$ 493,835	\$ 2,009,118	\$ 1,021,835

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

	As of	
	June 30, 2021	December 31, 2020
	(\$ in thousands)	
KKR & Co. Inc. Stockholders' Equity - Series I and II Preferred Stock, Common Stock	\$ 14,803,001	\$ 12,118,472
Series C Mandatory Convertible Preferred Stock	1,115,792	1,115,792
Impact of Consolidation and Other	(218,392)	520,710
KKR Holdings and Other Exchangeable Securities	8,033,308	6,512,382
Accumulated Other Comprehensive Income (AOCI) and Other (Insurance)	111,044	—
Book Value	\$ 23,844,753	\$ 20,267,356

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

	As of	
	June 30, 2021	December 31, 2020
GAAP Shares of Common Stock Outstanding	583,030,973	572,893,738
Adjustments:		
KKR Holdings Units	271,027,751	275,626,493
Other Exchangeable Securities ⁽¹⁾	1,222,489	—
Common Stock - Series C Mandatory Convertible Preferred Stock ⁽²⁾	26,822,600	29,092,933
Adjusted Shares ⁽³⁾	882,103,813	877,613,164
Unvested Shares of Common Stock and Other Exchangeable Securities ⁽⁴⁾	30,110,513	23,892,201

(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.

(2) Assumes that all shares of Series C Mandatory Convertible Preferred Stock have been converted to shares of KKR & Co. Inc. common stock on June 30, 2021 and December 31, 2020.

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

(4) Represents equity awards granted under our Equity Incentive Plans. The issuance of common stock of KKR & Co. Inc. pursuant to equity awards under our Equity Incentive Plans dilutes KKR common stockholders and KKR Holdings pro rata in accordance with their respective ownership interests in the KKR business. Excludes market condition awards that did not meet their market-price based vesting conditions as of June 30, 2021 and December 31, 2020.

Liquidity

We manage our liquidity and capital requirements by (i) 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 (ii) maintaining access to sufficient liquidity through various sources. The overall liquidity framework and cash management approach of our insurance business are also based on building 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 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 details on factors that 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, committed repurchase agreements, uncommitted financing, and other borrowing arrangements. In addition, we may generate cash proceeds from sales of our equity securities.

Many of our investment funds provide carried interest. With respect to our private equity funds, carried interest is distributed to the general partner of a private equity fund with a clawback provision only after all of the following are met: (i) a realization event has occurred (e.g., sale of a portfolio company, dividend, etc.); (ii) the vehicle has achieved positive overall investment returns since its inception, in excess of performance hurdles where applicable, and is accruing carried interest; and (iii) with respect to investments with a fair value below cost, cost has been returned to fund investors in an amount sufficient to reduce remaining cost to the investments' fair value. As of June 30, 2021, certain of our funds had met the first and second criteria, as described above, but did not meet the third criteria. In these cases, carried interest accrues on the consolidated statement of operations, but will not be distributed in cash to us as the general partner of an investment fund upon a realization event. For a fund that has a fair value above cost, overall, and is otherwise accruing carried interest, but has one or more investments where fair value is below cost, the shortfall between cost and fair value for such investments is referred to as a "netting hole." When netting holes are present, realized gains on individual investments that would otherwise allow the general partner to receive carried interest distributions are instead used to return invested capital to our funds' limited partners in an amount equal to the netting hole. Once netting holes have been filled with either (a) return of capital equal to the netting hole for those investments where fair value is below cost or (b) increases in the fair value of those investments where fair value is below cost, then realized carried interest will be distributed to the general partner upon a realization event. A fund that is in a position to pay cash carry refers to a fund for which carried interest is expected to be paid to the general partner upon the next material realization event, which includes funds with no netting holes as well as funds with a netting hole that is sufficiently small in size such that the next material realization event would be expected to result in the payment of carried interest. Strategic investor partnerships with fund investors may require netting across the various funds in which they invest, which may reduce the carried interest we otherwise would have earned if such fund investors were to have invested in our funds without the existence of the strategic investor partnership. See "Risk Factors—Risks Related to Our Business—Strategic investor partnerships have longer investment periods and invest in multiple strategies, which may increase the possibility of a 'netting hole,' which will result in less carried interest for us, as well as clawback liabilities" in our Annual Report.

As of June 30, 2021, netting holes in excess of \$50 million existed at one of our private equity funds, which was Americas Fund XII of \$227 million. In accordance with the criteria set forth above, other funds currently have and may in the future develop netting holes, and netting holes for those and other funds may otherwise increase or decrease in the future.

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

For a discussion of our debt obligations, including our debt securities, revolving credit agreements and loans, see Note 10 "Debt Obligations" in our Annual Report and Note 16 "Debt Obligations" to the financial statements included elsewhere in this report.

Liquidity Needs

We expect that our primary liquidity needs will consist of cash required to:

- continue to support and grow our business lines, including funding our capital commitments made to existing and future funds, pay the costs related to fundraising and launching of new strategies, and otherwise supporting investment vehicles which we sponsor;
- seed or warehouse investments for the benefit of new strategies or funds, including CLOs, pending the contribution of committed capital by the investors in such funds, and advancing capital to our funds for operational or other needs;

- pay interest expense;
- service debt obligations, including the payment of obligations upon maturity or redemption, as well as any contingent liabilities that may give rise to future cash payments, including funding requirements to levered investment vehicles;
- fund cash operating expenses and contingencies, including 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 with KKR Holdings;
- pay cash dividends in accordance with our dividend policy for our common stock or the terms of our preferred stock;
- underwrite commitments, advance loan proceeds and fund syndication commitments within our capital markets business, and fund any net capital or regulatory requirements of our capital markets companies;
- post or return collateral in respect of derivative contracts;
- support and acquire other assets for our Principal Activities business line, including other businesses, investments and assets, some of which may be required to satisfy risk retention requirements for CLOs (to the extent they may apply); and
- repurchase KKR's common stock or retire equity awards pursuant to the share repurchase program or other securities issued by KKR.

For a discussion of KKR's share repurchase program, see "Part II. Item 2. Unregistered Sales of Equity Securities and Use of Proceeds — Share Repurchases in the First Quarter of 2021."

On February 1, 2021 we funded the \$4.7 billion required to acquire Global Atlantic with \$2.9 billion of cash from our own balance sheet, with the balance provided by rollover and co-investors. Following the completion of certain post-closing adjustments in June 2021, the purchase price was increased by \$58 million pursuant to the merger agreement for the Global Atlantic acquisition.

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.

The following table presents our uncalled commitments to our active investment funds and other vehicles as of June 30, 2021:

	Uncalled Commitments
Private Markets	(\$ in thousands)
Core Investment Vehicles	\$ 4,809,800
North America Fund XIII	1,115,300
Asian Fund IV	1,030,100
Global Infrastructure Investors IV	523,000
Diversified Core Infrastructure Fund	319,400
Real Estate Partners Americas III	300,000
Health Care Strategic Growth Fund II	261,500
Americas Fund XII	228,600
Asia Real Estate Partners	214,200
Property Partners Americas	208,900
Real Estate Partners Europe II	200,000
Asian Fund III	197,200
Asia Pacific Infrastructure Investors	196,500
Global Infrastructure Investors III	185,300
Energy Income and Growth Fund II	101,300
Next Generation Technology Growth II	84,200
Health Care Strategic Growth Fund	81,900
European Fund V	66,800
Global Impact Fund	46,700
Real Estate Partners Americas II	35,900
Real Estate Credit Opportunity Partners II	27,800
Other Private Markets Vehicles	540,000
Total Private Markets Commitments	10,774,400
Public Markets	
Dislocation Opportunities Fund	220,000
Lending Partners Europe II	33,400
Special Situations Fund II	25,400
Private Credit Opportunities Partners II	16,900
Lending Partners Europe	9,000
Lending Partners III	6,200
Other Public Markets Vehicles	496,200
Total Public Markets Commitments	807,100
Total Uncalled Commitments	\$ 11,581,500

Other Commitments

In addition to the uncalled commitments to our investment funds as shown above, KKR has entered into contractual commitments with respect to (i) the purchase of investments and other assets primarily in our Principal Activities business line

and (ii) underwriting transactions, debt financing, and syndications in our capital markets business line. As of June 30, 2021, these commitments amounted to \$524.9 million and \$1,109.8 million, respectively.

Whether these amounts are actually funded, in whole or in part, depends on the contractual terms of such commitments, including the satisfaction or waiver of any conditions to closing or funding. Our capital markets business has arrangements with third parties, which reduce our risk when underwriting certain debt transactions, and thus our unfunded commitments as of June 30, 2021 have been reduced to reflect the amount to be funded by such third parties. In the case of purchases of investments or assets in our Principal Activities business line, the amount to be funded includes amounts that are intended to be syndicated to third parties, and the actual amounts to be funded may be less than shown.

On January 14, 2020, KKR committed to invest up to an additional \$150 million in our India debt finance company to support its alternative credit business in India. As of June 30, 2021, none of the \$150 million commitment has been invested.

Tax Receivable Agreement

We may be required to acquire KKR Group Partnership Units from time to time pursuant to our exchange agreement with KKR Holdings, which may result in an increase in our tax basis of the assets of KKR Group Partnership at the time of an exchange of KKR Group Partnership Units. We have entered into a tax receivable agreement with KKR Holdings, which requires us to pay to KKR Holdings, or to current and former limited partners who have exchanged KKR Holdings units for KKR's common stock as transferees of KKR Group Partnership Units, 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we realize as a result of the increase in tax basis described above, as well as 85% of the amount of any such savings we realize as a result of increases in tax basis that arise due to future payments under the agreement. As of June 30, 2021, an undiscounted payable of \$237.8 million has been recorded in due to affiliates in the financial statements representing management's best estimate of the amounts currently expected to be owed under the tax receivable agreement. As of June 30, 2021, approximately \$50.2 million of cumulative cash payments have been made under the tax receivable agreement.

Dividends

A dividend of \$0.145 per share of our common stock has been declared for the quarter ended June 30, 2021, which will be paid on August 31, 2021 to holders of record of our common stock as of the close of business on August 16, 2021.

On June 15, 2021, KKR redeemed all of its Series A Preferred Stock at a redemption price per share equal to the \$25.00 liquidation preference plus declared and unpaid dividends, which amounted to \$350.8 million.

A dividend of \$0.406250 per share of Series B Preferred Stock has been declared and set aside for payment on September 15, 2021 to holders of record of Series B Preferred Stock as of the close of business on September 1, 2021.

A dividend of \$0.75 per share of Series C Mandatory Convertible Preferred Stock has been declared and set aside for payment on September 15, 2021 to holders of record of Series C Mandatory Convertible Preferred Stock as of the close of business on September 1, 2021.

On August 3, 2021, KKR provided notice to holders of its outstanding Series B Preferred Stock that it has elected to redeem in full such series of preferred stock on September 15, 2021 at a redemption price per share equal to the \$25.00 liquidation preference plus declared and unpaid dividends, if any.

When KKR & Co. Inc. receives distributions from KKR Group Partnership, other equityholders in KKR Group Partnership including KKR Holdings 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. Our current dividend policy is to pay dividends to holders of our common stock in an annual aggregate amount of \$0.58 per share (or a quarterly dividend of \$0.145 per share) beginning with the dividend announced with respect to the results for the first quarter of 2021. 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 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.

Preferred Stock

For a discussion of KKR's equity, including our preferred stock, see Financial Statements and Supplementary Data—Note 21 "Equity" to the financial statements included elsewhere in this report.

Other Liquidity Needs

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 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.

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.

We may incur contingent liabilities for claims that may be made against us in the future. We enter into contracts that contain a variety of representations, warranties and covenants, including indemnifications. For example, certain of our investment funds and KKR have provided certain indemnities relating to environmental and other matters and have provided nonrecourse carve-out guarantees for violations of bankruptcy remoteness restrictions and for fraud, willful misconduct and other wrongful acts, each 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 we manage or sponsor. KKR has also (i) provided credit support regarding repayment and funding obligations to third party lenders to certain of its employees, excluding its executive officers, in connection with their personal investments in KKR investment funds and a levered investment vehicle and (ii) provided credit support to one of our hedge fund partnerships. We have also indemnified employees and non-employees against potential liabilities, in connection with their service as described under "Certain Relationships and Related Transactions, and Director Independence—Indemnification of Directors, Officers and Others" in our Annual Report. In addition, we have also provided credit support to certain of our subsidiaries' obligations in connection with certain investment vehicles or partnerships that we manage. For example, KKR has guaranteed the obligations of a general partner to post collateral on behalf of its investment vehicle in connection with such vehicle's derivative transactions. KKR has also agreed to cause various of its general partners to fund their capital commitments to their funds and to be liable for such general partners' compliance with certain covenants, including limitations on their incurrence of certain kinds of indebtedness. In addition, we have also agreed for certain of our investment vehicles to fund or otherwise be liable for a portion of their investment losses (up to a maximum of approximately \$116 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).

The partnership documents governing our carry-paying funds 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. See Note 23 "Commitments and Contingencies—Contingent Repayment Guarantees" to our financial statements included elsewhere in this report for further information on KKR's potential clawback obligations.

Off Balance Sheet Arrangements

Other than contractual commitments and other legal contingencies incurred in the normal course of our business, we do not have any off-balance sheet financings or liabilities.

Critical Accounting Policies

The preparation of our financial statements in accordance with GAAP requires our management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of fees, expenses and investment income. Our management bases these estimates and judgments on available information, historical experience and other assumptions that we believe are reasonable under the circumstances. However, these estimates, judgments and assumptions are often subjective and may be impacted negatively based on changing circumstances or changes in our analyses. If actual amounts are ultimately different from those estimated, judged or assumed, revisions are included in the financial statements in the period in which the actual amounts become known. We believe our critical accounting policies could potentially produce materially different results if we were to change underlying estimates, judgments or assumptions.

The following discusses certain aspects of our critical accounting policies. For a full discussion of these and all critical accounting policies, see Note 2 "Summary of Significant Accounting Policies" to the financial statements included elsewhere in this report.

Critical Accounting Policies - Asset Management

Recognition of Investment Income

Investment income consists primarily of the net impact of: (i) realized and unrealized gains and losses on investments; (ii) dividends; (iii) interest income; (iv) interest expense and (v) foreign exchange gains and losses relating to mark-to-market activity on foreign exchange forward contracts, foreign currency options, foreign denominated debt and debt securities issued by consolidated CFEs.

Certain of our investment funds are consolidated. When a fund is consolidated, the portion of our funds' investment income that is allocable to our carried interests and capital investments is not shown in the consolidated statements of operations. For funds that are consolidated, all investment income (loss), including the portion of a funds' investment income (loss) that is allocable to KKR's carried interest, is included in investment income (loss) on the consolidated statements of operations. The carried interest that KKR retains in net income (loss) attributable to KKR & Co. Inc. is reflected as an adjustment to net income (loss) attributable to noncontrolling interests. However, because certain of our funds remain consolidated and because we hold a minority economic interest in these funds' investments, our share of the investment income is less than the total amount of investment income presented in the consolidated statements of operations for these consolidated funds.

Recognition of Carried Interest in the Statement of Operations

Carried interest entitles the general partner of a fund to a greater allocable share of the fund's earnings from investments relative to the capital contributed by the general partner and correspondingly reduces noncontrolling interests' attributable share of those earnings. Carried interest is earned by the general partner of those funds to the extent that cumulative investment returns are positive and where applicable, preferred return thresholds have been met. If these investment returns decrease or turn negative in subsequent periods, recognized carried interest will be reversed and reflected as losses in the statement of operations. For funds that are not consolidated, amounts earned pursuant to carried interest are included in capital allocation-based income (loss) in the consolidated statements of operations. Amounts earned pursuant to carried interest at consolidated funds are eliminated upon consolidation of the fund and are included as investment income (loss) in net gains (losses) from investment activities along with all of the other investment gains and losses at the consolidated fund.

Carried interest is recognized in the statement of operations based on the contractual conditions set forth in the agreements governing the fund as if the fund were terminated and liquidated at the reporting date and the fund's investments were realized at the then estimated fair values. Due to the extended durations of our private equity funds, we believe that this approach results in income recognition that best reflects our periodic performance in the management of those funds. Amounts earned pursuant to carried interest are earned by the general partner of those funds to the extent that cumulative investment returns are positive and where applicable, preferred return thresholds have been met. If these investment amounts earned decrease or turn negative in subsequent periods, recognized carried interest will be reversed and to the extent that the aggregate amount of carry distributions received by the general partner during the term of the fund exceed the amount to which the general partner was ultimately entitled, a clawback obligation would be recorded. For funds that are not consolidated, this clawback obligation, if any, is reflected as a reduction of our investment balance as this is where carried interest is initially recorded. For funds that are consolidated, this clawback obligation, if any, is reflected as an increase in noncontrolling interests in the consolidated statements of financial condition.

Prior to 2012, most of our historical private equity funds that provide for carried interest do not have a preferred return. For these funds, the management company is required to refund up to 20% of any management fees earned from its limited partners in the event that the fund recognizes carried interest. At such time as the fund recognizes carried interest in an amount sufficient to cover 20% of the management fees earned or a portion thereof, a liability due to the fund's limited partners is recorded and revenue is reduced for the amount of the carried interest recognized, not to exceed 20% of the management fees earned. The refunds to the limited partners are paid, and liabilities relieved, at such time that the underlying investment is sold and the associated carried interest is realized. In the event that a fund's carried interest is not sufficient to cover all or a portion of the amount that represents 20% of the earned management fees, such management fees would be retained and not returned to the funds' limited partners.

Most of our investment funds that provide for carried interest and were launched after 2012, however, have a preferred return. In this case, the management company does not refund the management fees earned from the limited partners of the fund as described above. Instead, the management fee is effectively returned to the limited partners through a reduction of the realized gain on which carried interest is calculated. To calculate the carried interest, KKR calculates whether a preferred return has been achieved based on an amount that includes all of the management fees paid by the limited partners as well as the other capital contributions and expenses paid by them to date. To the extent the fund has exceeded the preferred return at the time of a realization event, and subject to any other conditions for the payment of carried interest like netting holes, carried interest is distributed to the general partner. Until the preferred return is achieved, no carried interest is recorded. Thereafter, the general partner is entitled to a catch up allocation such that the general partner's carried interest is paid in respect of all of the fund's net gains, including the net gains used to pay the preferred return, until the general partner has received the full percentage amount of carried interest that the general partner is entitled to under the terms of the fund. In general, investment funds that entitle the management company to receive an incentive fee have a preferred return and are calculated on a similar basis that takes into account management fees paid.

Critical Accounting Policies - 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 our 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 universal life policies and most annuity contracts, the base policy reserve is equal to the account value. For these products, the account value represents its obligation to repay to the policyholder the amounts held 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, universal life products with secondary guarantees, indexed universal life and preneed policies.

Guaranteed minimum death benefits ("GMDB")

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.

Guaranteed minimum withdrawal benefits ("GMWB")

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 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.

GMDB and GMWB sensitivities

As of June 30, 2021, the GMDB and GMWB liability balance totaled \$986.3 million. As of June 30, 2021, the liability balances for GMDB were \$22.9 million for fixed-indexed annuities and \$22.7 million for variable annuities. As of June 30, 2021, the liability balances for GMWB were \$940.7 million for fixed-indexed annuities. The increase (decrease) to the GMDB and GMWB liability balance as a result of hypothetical changes in projected assessments, 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.

	June 30, 2021
<i>(\$ in thousands)</i>	
Balance	\$ 986,262
Hypothetical change:	
+10% future assessments ⁽¹⁾	(13,933)
-10% future assessments ⁽¹⁾	15,101
+10% equity market prices	(11,683)
-10% equity market prices	10,801
1% lower annual equity growth	2,068

Note: Hypothetical changes to the liability balance do not reflect the impact of related hedges.

(1) The assessments used to accrue liabilities are generally based on investment yields, realized gains and losses, rider charges, surrender charges, and asset-based fees, such as mortality and expense fees.

Embedded derivatives

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.

The embedded derivative is calculated 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 the risk of non-performance on Global Atlantic's obligations (i.e., own credit risk).

Changes in interest rates, future index credits, Global Atlantic's own credit risk, projected withdrawal and surrender activity, and mortality on fixed-indexed annuity and indexed universal life contracts 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 a non-performance risk spread tied to Global Atlantic's own credit rating.

Valuation of embedded derivatives – Indexed universal life

Indexed universal 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 plus a non-performance risk spread 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 – Variable annuities

Variable annuity contracts offered and assumed by Global Atlantic provide the contractholder with GMDB and/or GMWB. The liabilities for these benefits are included in policy liabilities 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 statements of operation.

Global Atlantic has issued variable annuity contracts with GMDB features. Global Atlantic elected the fair value option to measure the liability for certain of these variable annuity contracts, valued at \$548.4 million as June 30, 2021. 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 U.S. Treasury rates plus an adjustment for its own company credit risk.

Global Atlantic also issues variable annuity contracts with a GMWB. The GMWB feature represents an embedded derivative. The embedded derivative is required to be bifurcated and measured at fair value. This liability is calculated as the present value of the excess GMWB claims less the present value of GMWB fees, using 1,000 risk neutral scenarios. Global Atlantic discounts the cash flows using U.S. Treasury rates plus an adjustment for its own company credit risk.

As of June 30, 2021, the embedded derivative liability balance totaled \$1,412.9 million for fixed-indexed annuities, \$495.3 million for indexed universal life and \$107.2 million for variable annuities. As of June 30, 2021, variable annuities accounted for using the fair value option was \$548.4 million. The increase (decrease) to the embedded derivatives on fixed-indexed annuity, indexed universal life, and variable annuity 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.

	June 30, 2021			
	FIA	IUL	VA	VA (FVO)
<i>(\$ in thousands)</i>				
Balance	\$ 1,412,893	\$ 495,353	\$ 107,228	\$ 548,377
Hypothetical change:				
+50 bps interest rates	(29,330)	(5,654)	(70,168)	(32,791)
-50 bps interest rates	30,392	5,691	85,993	32,791
+50bps non-performance risk premium	(29,330)	(5,654)	(35,013)	(21,492)
-50bps non-performance risk premium	30,392	5,692	35,013	21,492
+10% equity market prices	340,920	38,973	(49,999)	(24,570)
-10% equity market prices	(290,282)	(73,263)	65,329	29,651

Note: Hypothetical changes to the liability balances do not reflect the impact of related hedges.

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 receivable held by the assuming company 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 market risk and the 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 the consolidated statement of financial condition. The change in the fair value of the embedded derivatives is recorded in net investment gains (losses) in the consolidated statement of operations.

As of June 30, 2021, the embedded derivative balance for modified coinsurance or funds withheld arrangements was a \$23.3 million net asset (\$78.5 million in funds withheld receivables at interest, and \$55.2 million in funds withheld payable at interest.) The increase (decrease) to the balance as a result of hypothetical changes in credit spreads and interest rates is summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other factors that impact the embedded derivative balance for modified coinsurance or funds withheld arrangements.

	June 30, 2021	
	Embedded derivative on funds withheld receivable at interest	Embedded derivative on funds withheld payable at interest
<i>(\$ in thousands)</i>		
Balance	\$ 78,450	\$ 55,172
Hypothetical change:		
+50 bps credit spreads	(67,092)	(404,430)
-50 bps credit spreads	67,092	404,430
+50 bps interest rates	(27,183)	(373,020)
-50 bps interest rates	35,890	373,020

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.

Critical Accounting Policies - Combined

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 June 30, 2021 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 investments), and including investments in both consolidated and unconsolidated investment funds, approximately 60% of the fair value is derived from investments that are valued based exactly 50% on market comparables and 50% on a discounted cash flow analysis. Less than 5% of the fair value of this Level III private equity investment portfolio is derived from investments that are valued either based 100% on market comparables or 100% on a discounted cash flow analysis. As of June 30, 2021, 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 37%, 49%, and 14%, 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 details on factors that 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 9 "Fair Value Measurements" to our financial statements included elsewhere in this report.

Level III Valuation Process

The valuation process involved for Level III measurements is completed on a quarterly basis and is designed to subject the valuation of Level III investments to an appropriate level of consistency, oversight, and review.

For Private Markets investments classified as Level III, investment professionals prepare preliminary valuations based on their evaluation of financial and operating data, company specific developments, market valuations of comparable companies and other factors. KKR begins its procedures to determine the fair values of its Level III assets one month prior to the end of a reporting period, and KKR follows additional procedures to ensure that its determinations of fair value for its Level III assets are appropriate as of the relevant reporting date. These preliminary valuations are reviewed by an independent valuation firm engaged by KKR to perform certain procedures in order to assess the reasonableness of KKR's valuations annually for all Level III investments in Private Markets and quarterly for investments other than certain investments, which have values less than preset value thresholds and which in the aggregate comprise less than 1% of the total value of KKR's Level III Private Markets investments. The valuations of certain real asset investments are determined solely by 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 in Public Markets, 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 June 30, 2021, less than 4% 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 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 one of KKR's Co-Presidents/Co-Chief Operating Officers and its Chief Financial Officer, General Counsel and Chief Compliance Officer. When valuations are approved by the global valuation committee after reflecting any input from it, the valuations of Level III investments, as well as the valuations of Level I and Level II investments, are presented to the Audit Committee of the Board of Directors of KKR & Co. Inc. and are then reported to the Board of Directors.

Level III investments held by Global Atlantic are valued on the basis of pricing services, reputable 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. For all the internally developed models, Global Atlantic seeks to verify the reasonableness of fair values by analyzing the inputs and other assumptions used. As of June 30, 2021, approximately 57% of these investments were priced via external sources, while approximately 43% were valued on the basis of internal models. 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 June 30, 2021, 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.

There were no changes made to our Level III valuation process as a result of COVID-19.

As described above, Level II and Level III investments were valued using internal models with significant unobservable inputs, and our determinations of the fair values of these investments may differ materially from the values that would have resulted if readily observable inputs had existed. Additional external factors may cause those values, and the values of investments for which readily observable inputs exist, to increase or decrease over time, which may create volatility in our earnings and the amounts of assets and stockholders' equity that we report from time to time.

Changes in the fair value of investments impacts the amount of carried interest that is recognized as well as the amount of investment income that is recognized for investments held directly 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 June 30, 2021, there were no investments which represented greater than 5% of total investments on a GAAP basis. On a non-GAAP basis, as of June 30, 2021, investments which represented greater than 5% of total non-GAAP investments consisted of USI, Inc. and Fiserv, Inc. valued at \$1,090.9 million and \$975.2 million, respectively. Our investment income on a GAAP basis and our book value can be impacted by volatility in the public markets related to our holdings of publicly traded securities, including our sizable holdings of Fiserv, Inc. and BridgeBio Pharma Inc. See "—Business Environment" for a discussion on the impact of global equity markets on our financial condition and "—Non-GAAP Balance Sheet Measures" for additional information regarding our largest holdings on a non-GAAP basis.

Recently Issued Accounting Pronouncements

For a full discussion of recently issued accounting pronouncements, see Note 2 "Summary of Significant Accounting Policies" to the financial statements included elsewhere in this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The acquisition of Global Atlantic on February 1, 2021 added certain risks to KKR, some of which represent incremental exposure to risks existing prior to the Global Atlantic acquisition, and some of which represent new risks. For additional information, please refer to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, filed with the SEC on May 10, 2021. For a discussion of current market conditions and uncertainties resulting from COVID-19, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Environment."

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 June 30, 2021. Based upon that evaluation, our Co-Chief Executive Officers and Chief Financial Officer have concluded that, as of June 30, 2021, our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

As discussed in Note 3 of our financial statements included elsewhere in this report, we acquired Global Atlantic on February 1, 2021. We are in the process of evaluating the internal controls of Global Atlantic. However, as permitted by related SEC staff interpretive guidance for newly acquired businesses, the internal control over financial reporting of Global Atlantic was excluded from the evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2021. In the aggregate, Global Atlantic represented approximately 60% of our total consolidated assets and approximately 30% of our total consolidated revenues as of and for the three and six months ended June 30, 2021.

Changes in Internal Control Over Financial Reporting

No changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) of the Exchange Act) occurred during the six months ended June 30, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As noted above, we acquired Global Atlantic on February 1, 2021. We are in the process of reviewing the internal control structure of Global Atlantic and, if necessary, will make appropriate changes as we continue to integrate Global Atlantic into our overall internal control over financial reporting process.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The section entitled "Litigation" appearing in Note 23 "Commitments and Contingencies" to our financial statements included elsewhere in this report 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 Second Quarter of 2021**

Under the repurchase program, KKR is authorized to repurchase its common stock from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing, manner, price and amount of any common stock repurchases will be determined by KKR in its discretion and will depend on a variety of factors, including legal requirements, price and economic and market conditions. KKR expects that the program, which has no expiration date, will continue to be in effect unless the program is not extended after the maximum approved dollar amount has been completely spent. As of May 7, 2021, the current program will be extended before the current maximum approved dollar amount will be completely spent. The program does not require KKR to repurchase any specific number of shares of common stock, and the program may be suspended, extended, modified or discontinued at any time.

In addition to the repurchases of common stock described above, subsequent to May 3, 2018, the repurchase program 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. From October 27, 2015 through June 30, 2021, KKR has paid approximately \$513 million in cash to satisfy tax withholding and cash settlement obligations in lieu of issuing shares of common stock or its equivalent upon the vesting of equity awards representing 21.5 million shares of common stock. Of these amounts, equity awards representing 11.0 million shares of common stock or its equivalent were retired for \$190 million prior to May 3, 2018 and did not count against the amounts remaining under the repurchase program.

The table below sets forth the information with respect to repurchases made by or on behalf of KKR & Co. Inc. or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Exchange Act) of our common stock for the periods presented. During the second quarter of 2021, 1.2 million shares of common stock were repurchased, and 1.0 million equity awards were retired. From inception of the repurchase program in 2015 through June 30, 2021, we have repurchased or retired a total of approximately 65.5 million shares of common stock under the program at an average price of approximately \$21.49 per share.

Issuer Purchases of Common Stock

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

	Total Number of Shares Purchased	Average Price Paid Per Share	Cumulative Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
Month #1 (April 1, 2021 to April 30, 2021)	78,704	\$ 49.22	53,864,100	\$ 280,107
Month #2 (May 1, 2021 to May 31, 2021)	639,362	\$ 56.07	54,503,462	\$ 243,340
Month #3 (June 1, 2021 to June 30, 2021)	448,371	\$ 55.40	54,951,833	\$ 218,499
Total through June 30, 2021	1,166,437			

(1) Amounts have been reduced by retirements of equity awards occurring after May 3, 2018. On May 6, 2020, KKR announced the increase to the total available amount under the repurchase program to \$500 million.

Other Equity Securities

During the second quarter of 2021, 2,339,961 KKR Group Partnership Units were exchanged by KKR Holdings for an equal number of shares of our common stock. This resulted in an increase in our ownership of KKR Group Partnership and a corresponding decrease in the ownership of KKR Group Partnership by KKR Holdings. In August 2021, approximately 1.7 million KKR Group Partnership Units are expected to be exchanged by KKR Holdings into an equal number of shares of our common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION

Corporate Credit Agreement

On August 4, 2021, KKR Group Partnership L.P. and Kohlberg Kravis Roberts & Co. L.P. (collectively, the “Borrowers”) entered into and closed on a Second Amended and Restated Credit Agreement (the “New Corporate Credit Agreement”) by and among the Borrowers, the guarantors from time to time party thereto, the lending institutions from time to time party thereto and HSBC Bank USA, National Association, as Administrative Agent, which amends and restates in its entirety the Amended and Restated Credit Agreement, dated as of December 7, 2018, by and among the Borrowers, the guarantors from time to time party thereto, the lending institutions from time to time party thereto and HSBC Bank USA, National Association, as Administrative Agent.

The New Corporate Credit Agreement provides the Borrowers with a senior unsecured multicurrency revolving credit facility (the New Corporate Credit Facility”) in an aggregate principal amount of \$1.00 billion, as of the closing date, with the option to request an increase in the facility amount of up to an additional \$500 million, for an aggregate principal amount of \$1.50 billion, subject to certain conditions, including obtaining new or increased commitments from new or existing lenders. The New Corporate Credit Facility is a five-year facility, scheduled to mature on August 4, 2026, with the Borrowers’ option to extend the maturity date, subject to the consent of the applicable lenders, and the Borrowers may prepay, terminate or reduce the commitments under the New Corporate Credit Facility at any time without penalty. Borrowings under the New Corporate Credit Facility are available for general corporate purposes. Interest on borrowings in U.S. dollars under the New Corporate Credit Facility will be based on either London Interbank Offered Rate (“LIBOR”) or alternate base rate, with the applicable margin per annum based on a corporate ratings-based pricing grid ranging from 56.5 basis points to 110 basis points for LIBOR borrowings. The New Corporate Credit Agreement contains transitional language to SOFR in anticipation of the phase out of LIBOR. The Borrowers have agreed to pay a facility fee on the total commitments at a rate per annum also based on a corporate ratings-based pricing grid ranging from 6 basis points to 15 basis points. Borrowings under the New Corporate Credit Facility are guaranteed by KKR & Co. Inc. and any entity (other than the Borrowers) that guarantees certain specified senior notes of KKR & Co. Inc.’s financing subsidiaries.

Certain other terms of the New Corporate Credit Agreement include:

- financial covenants that require KKR & Co. Inc. and its subsidiaries to maintain a maximum leverage ratio (excluding the indebtedness of KKR Financial Holdings LLC and The Global Atlantic Financial Group LLC and their respective subsidiaries) of not greater than 4.0x fee and yield EBITDA and to maintain at least \$100 billion in fee paying assets under management;
- customary affirmative covenants and certain negative covenants, including a limitation on the ability of the Borrowers and the guarantors to, among other things, pledge the stock of their subsidiaries; and
- customary events of default, upon the occurrence of which the lenders will have the ability to accelerate all outstanding loans thereunder and terminate the commitments.

GA Revolving Credit Agreement

On August 4, 2021, Global Atlantic Financial Limited (“GAFL”), as guarantor, and Global Atlantic (Fin) Company (“GA FinCo”), as borrower, entered into and closed on a Credit Agreement (the “New GA Credit Agreement”) by and among GA FinCo, as borrower, GAFL, as guarantor, the additional guarantors from time to time party thereto, the lending institutions from time to time party thereto, and Wells Fargo Bank, N.A., as Administrative Agent. Concurrent with the closing of the New GA Revolving Credit Agreement, Global Atlantic’s prior Credit Agreement due May 2023 was terminated.

The GA Revolving Credit Agreement provides GA FinCo with a senior unsecured revolving credit facility (the “New GA Credit Facility”) in an aggregate principal amount of \$1.00 billion, as of the closing date, with the option to request an increase in the facility amount of up to an additional \$250 million, for an aggregate principal amount of \$1.25 billion, subject to certain conditions, including obtaining new or increased commitments from new or existing lenders. The New GA Credit Facility

includes a sub-facility of up to \$500 million for letters of credit, which may be collateralized at GA FinCo's option. The New GA Credit Facility is a five-year facility, scheduled to mature on August 4, 2026, with GA FinCo's option to extend the maturity date for up to two one-year extensions, subject to the consent of the applicable lenders, and GA FinCo may prepay, terminate or reduce the commitments under the New GA Credit Facility at any time without penalty. Borrowings under the New GA Credit Facility are available for general corporate purposes. Interest on borrowings under the New GA Credit Facility will be based on either LIBOR or an alternative base rate, with the applicable margin per annum based on a corporate ratings-based pricing grid ranging from 112.5 basis points to 200 basis points for LIBOR borrowings. The New GA Credit Agreement contains transitional language to SOFR in anticipation of the phase out of LIBOR. GA FinCo has agreed to pay a commitment fee on any unfunded committed balance at a rate per annum also based on a corporate ratings pricing grid ranging from 12.5 basis points to 32.5 basis points. Borrowings under the New GA Credit Facility are guaranteed by GAFL and any subsidiary guarantor that may be a designated subsidiary from time to time as provided in the New GA Credit Agreement.

Certain other terms of the New GA Credit Agreement include:

- financial covenants that GAFL's consolidated debt to total capitalization, as defined in the New GA Credit Agreement, cannot be more than 35%, and that GAFL's consolidated net worth determined in accordance with GAAP cannot be less than 70% of the value of GAFL's consolidated net worth as of June 30, 2021, plus 50% of net income since June 20, 2021;
- customary affirmative covenants and certain negative covenants, including a limitation on the ability of GA FinCo and GAFL and certain of their respective subsidiaries to, among other things, pledge the stock of their insurance subsidiaries; and
- customary events of default, upon the occurrence of which the lenders will have, among other things, the ability to accelerate all outstanding loans thereunder and terminate the commitments.

On August 4, 2021, KKR Management LLP, the sole holder of KKR & Co. Inc.'s Series I preferred stock, consented to the New Corporate Credit Agreement and the New GA Credit Agreement, pursuant to Section 15.04(a) of the Amended and Restated Certificate of Incorporation of KKR & Co. Inc.

ITEM 6. EXHIBITS.

The following is a list of all exhibits filed or furnished as part of this report:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
3.1	Amended and Restated Certificate of Incorporation of KKR & Co. Inc. (incorporated by reference to Exhibit 3.1 to the KKR & Co. Inc. Quarterly Report on Form 10-Q filed on May 11, 2020).
3.2	Amended and Restated Bylaws of KKR & Co. Inc. (incorporated by reference to Exhibit 3.2 to the KKR & Co. Inc. Quarterly Report on Form 10-Q filed on May 11, 2020).
10.1	Second Amended and Restated Credit Agreement, dated as of August 4, 2021, among Kohlberg Kravis Roberts & Co. L.P., KKR Group Partnership L.P., the Guarantors party thereto from time to time, the Lenders party thereto from time to time, and HSBC Bank USA, National Association, as Administrative Agent.
10.2 †	Credit Agreement, dated as of August 4, 2021, among Global Atlantic Financial Limited, Global Atlantic (Fin) Company, the Guarantors party thereto from time to time, the Lenders from time to time party thereto, Wells Fargo Bank, N.A., as Administrative Agent, and the other agents and arrangers party thereto.
22.1	Subsidiary Issuer of Guaranteed Securities (incorporated by reference to Exhibit 22.1 to the KKR & Co. Inc. Quarterly Report on Form 10-Q filed on May 10, 2021).
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.

Exhibit No.	Description of Exhibit
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 June 30, 2021 and December 31, 2020, (ii) the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2021 and June 30, 2020, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2021 and June 30, 2020; (iv) the Condensed Consolidated Statements of Changes in Equity for the three and six months ended June 30, 2021 and June 30, 2020, (v) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2021 and June 30, 2020, 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: August 6, 2021

SECOND AMENDED AND RESTATED

CREDIT AGREEMENT

dated as of

August 4, 2021

among

KOHLBERG KRAVIS ROBERTS & CO. L.P.

and

KKR GROUP PARTNERSHIP L.P.,

as Borrowers,

The Guarantors from time to time party hereto,

The Lenders from time to time party hereto,

and

HSBC BANK USA, NATIONAL ASSOCIATION,

as Administrative Agent

HSBC SECURITIES (USA) INC.,
as Sole Lead Arranger and Sole Bookrunner

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Exhibit H	–	Form of Note

SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this “**Agreement**”) dated as of August 4, 2021 among KOHLBERG KRAVIS ROBERTS & CO. L.P., a Delaware limited partnership, and KKR GROUP PARTNERSHIP L.P., a Cayman Islands exempted limited partnership, as Borrowers, the GUARANTORS party hereto from time to time, the LENDERS party hereto from time to time and HSBC BANK USA, NATIONAL ASSOCIATION, as Administrative Agent.

PRELIMINARY STATEMENTS:

The Borrower Representative has requested that the Lenders amend and restate a revolving credit facility dated as of December 7, 2018 (as heretofore amended, the “**Existing Credit Agreement**”) among the Borrowers, the Guarantors party thereto, the Administrative Agent and the Lenders party thereto, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Defined Terms.* As used in this Agreement, the following terms have the meanings specified below:

“**ABR**”, 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 the Alternate Base Rate.

“**Additional Group Partnership**” means any holding company for entities in the KKR Group (other than KKR Group Partnership).

“**Administrative Agent**” means HSBC Bank USA, National Association, in its capacity as administrative agent under the Loan Documents.

“**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 through one or more intermediaries, Controls or is Controlled by or is under common Control with such specified Person; *provided* that (v) investment funds, investment vehicles or separately managed accounts of any Loan Party or its Subsidiaries, (w) portfolio company or portfolio investment of any such fund, investment vehicle or separately managed account (or any entity Controlled by a portfolio company or portfolio investment), (x) KFN and its subsidiaries, (y) Global Atlantic and its subsidiaries and (z) CLOs or other principal investments managed, Controlled or held as investments by any Loan Party or its Subsidiaries shall not be deemed to be an Affiliate for purposes of this Agreement.

“**Agreement**” means this Second Amended and Restated Credit Agreement dated as of August 4, 2021, as executed and delivered by the parties hereto, and as the same may be amended from time to time.

“**Alternate Base Rate**” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the sum of 1% plus the Eurocurrency Rate for Dollars for an Interest Period of one month on such day (or if such day is not a Business Day, on the immediately preceding Business Day); *provided* that if such Eurocurrency Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this clause (c); *provided, further* that for the purpose of this definition, the Eurocurrency Rate for any day shall be based on the LIBO Screen Rate (or if the LIBO Screen Rate is not available for such one month Interest Period, the Interpolated Rate) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.13, then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above.

“**Alternative Asset Investment Firm**” means any alternative asset investment firm and any fund managed by a firm whose primary purpose is generally understood to be alternative asset investing.

“**Alternative Currency**” means each of Euro, Sterling, Yen, Australian Dollars, Canadian Dollars, Swiss Francs and each other currency (other than U.S. Dollars) that is approved in accordance with Section 1.06.

“**Applicable Percentage**” means, with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment; *provided* that in the case of Section 2.20 when a Defaulting Lender shall exist, “Applicable Percentage” shall mean the percentage of the total Commitments (disregarding any Defaulting Lender’s Commitment) represented by such Lender’s Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments and to any Lender’s status as a Defaulting Lender at the time of determination.

“**Applicable Rate**” means, for any day, with respect to any Eurocurrency Borrowing or SONIA Borrowing, or SARON Borrowing, or TONA Borrowing, or ABR Borrowing, as the case may be, or with respect to the facility fees payable hereunder, the applicable rate per annum set forth below under the caption “Applicable Margin (Eurocurrency / SONIA / SARON / TONA)”, “Applicable Margin (ABR)” or “Facility Fee”, as the case may be, based upon the Credit Ratings by S&P, Fitch and/or Moody’s, respectively, applicable on such date:

Level	Credit Rating (S&P/Moody’s/Fitch)	Applicable Margin (Eurocurrency / SONIA / SARON / TONA)	Applicable Margin (ABR)	Facility Fee
Level I	AA-/Aa3/AA- or higher	0.565%	0.00%	0.06%
Level II	A+/A1/A+	0.690%	0.00%	0.06%
Level III	A/A2/A	0.795%	0.00%	0.08%
Level IV	A-/A3/A-	0.900%	0.00%	0.10%
Level V	BBB+/Baa1/BBB+ or lower	1.100%	0.10%	0.15%

For purposes of the foregoing, the Credit Rating shall be determined as follows:

(a) if a Credit Rating is issued by each Rating Agency, and such Credit Ratings fall within different Levels, (i) if two such Rating Agencies have assigned Credit Ratings that fall in the same Level, then the Credit Rating assigned by such two Rating Agencies shall apply and (ii) if the Credit Rating by each Rating Agency that falls in three different Levels, then the middle of such Credit Ratings shall apply, (b) if a Credit Rating is issued by two Rating Agencies, then the higher of such Credit Ratings shall apply (with Level I being the highest and Level V being the lowest), unless the Credit Ratings differ by two or more Levels, in which case the Level that is one Level higher than the lower Credit Rating shall apply and (c) if a Credit Rating is only issued by one Rating Agency, then such Credit Rating shall apply. If and for so long as there shall be no Credit Rating from any Rating Agency (other than by reason of the circumstances referred to in the last sentence of this definition), then the Credit Rating will be deemed to be at Level V. If the rating system of any Rating Agency shall change, or if any Rating Agency shall cease to be in the business of rating corporate debt obligations, the Borrower Representative and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such Rating Agency and, pending the effectiveness of any such amendment, the Applicable Rate shall, at the option of the Borrowers, be determined (i) as set forth above using the rating from such Rating Agency most recently in effect prior to such change or cessation or (ii) disregarding the rating from such Rating Agency.

“**Applicable SARON Adjustment**” means, for any day, with respect to any SARON Loan, the rate per annum equal to 0.0031%.

“**Applicable SOFR Adjustment**” means the percentage set forth below for the corresponding Interest Period that is then in effect with respect to each Eurocurrency Loan denominated in Dollars outstanding immediately prior to the LIBOR Replacement Date applicable to USD LIBOR:

Interest Period	Percentage
1-month	0.11448%
3-month	0.26161%
6-month	0.42826%

“**Applicable SONIA Adjustment**” means, for any day, with respect to any SONIA Loan, the rate per annum equal to 0.1193%.

“**Applicable TONA Adjustment**” means, for any day, with respect to any TONA Loan, the rate per annum equal to 0.00835%.

“**Approved Fund**” has the meaning assigned to such term in Section 10.04.

“**Arranger**” means HSBC Securities (USA) Inc., in its capacity as sole lead arranger and sole bookrunner for the credit facility established under this Agreement.

“**Assignment**” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

“**AUD Screen Rate**” means with respect to any Interest Period, the average bid reference rate administered by ASX Benchmarks Pty Limited (ACN 616 075 417) (or any other Person that takes over the administration of such rate) for Australian dollar bills of exchange with a tenor equal in length to such Interest Period as displayed on page BBSY of the Reuters screen (or, in the event such rate does not appear on such Reuters page, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate as shall be selected

by the Administrative Agent from time to time in its reasonable discretion) at approximately 10:00 a.m., Melbourne, Australia time, two Business Days prior to the commencement of such Interest Period. If the AUD Screen Rate shall be less than zero, the AUD Screen Rate shall be deemed to be zero for purposes of this Agreement.

“**Australian Dollar**” means the lawful currency of the Commonwealth of Australia.

“**Authorized Officer**” shall mean, with respect to any Person, any individual holding the position of the Chief Executive Officer, the Chief Operating Officer, President, the Chief Financial Officer, the Treasurer, the Controller, the General Counsel, Secretary, the Vice President, or any other senior officer with express authority to act on behalf of such Person designated as such by the board of directors, general partner or other managing authority of such Person.

“**Available Tenor**” means, as of any date of determination and with respect to the relevant then-current Benchmark, as applicable, (a) if the then-current Benchmark is a future looking term rate, any tenor for such Benchmark that is or may be used for determining the length of an Interest Period or (b) if clause (a) does not apply, any payment period for interest calculated with reference to such Benchmark, as applicable, pursuant to this Agreement as of such date; provided that “Available Tenor” shall be determined on an individual basis in respect of each then-current Benchmark for each LIBOR Quoted Currency. Any reference to “Benchmark” shall include, as applicable, the published component used in the calculation thereof.

“**Availability Period**” means the period from and including the Restatement Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

“**Bail-In Action**” means the exercise of any Write-Down and Conversion Powers by the applicable 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).

“**Bankruptcy Event**” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, *provided* that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a governmental authority or instrumentality thereof, *provided, further*, that such ownership interest does not result in or provide such Person 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 Person (or such governmental authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“**Benchmark**” means, initially, each Relevant Rate; provided that if a replacement for the applicable Benchmark has occurred pursuant to Section 2.13, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate; provided further that “Benchmark” shall be determined on an individual basis in respect of each Relevant Rate and/or Benchmark Replacement in respect thereof.

“**Benchmark Replacement**” means, for any Available Tenor:

(a) for purposes of clause (a)(i)(A) of Section 2.13:

(1) solely in the case of Loans denominated in Dollars, the first alternative set forth in the order below that can be determined by the Administrative Agent:

(A) the sum of: (i) Term SOFR and (ii) the related Applicable SOFR Adjustment;

(B) the sum of: (i) Daily Simple SOFR and (ii) the Applicable SOFR Adjustment for an Available Tenor of three-month’s duration;

or

(C) the sum of: (i) the alternate benchmark rate and (ii) an adjustment (which may be a positive or negative value or zero), in each case, that has been selected by the Administrative Agent and the Borrower as the replacement for such Available Tenor of such then-current Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body for syndicated credit facilities denominated in Dollars at such time that are substantially similar to the credit facilities under this Agreement; and

(2) [reserved]

(b) for purposes of (y) clause (a)(i)(A) of Section 2.13 and solely in the case of Loans denominated in a LIBOR Quoted Currency other than Dollars or (z) clause (a)(i)(B) of Section 2.13, the sum of: (i) the alternate benchmark rate and (ii) an adjustment (which may be a positive or negative value or zero), in each case, that has been selected by the Administrative Agent and the Borrower as the replacement for such Available Tenor of such then-current Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body for syndicated credit facilities denominated in Dollars or the applicable Alternative Currency, as applicable at such time that are substantially similar to the credit facilities under this Agreement;

provided that, if the Benchmark Replacement as determined pursuant to clause (a) or (b) 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; provided, further, that, in the case of clause (b) above, such adjustment shall not be in the form of an increase of the Applicable Margin).

“**Benchmark Replacement Conforming Changes**” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “ABR,” the definition of “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, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner

substantially consistent with market practice (or, if the Administrative Agent decides 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 such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents); provided that, notwithstanding anything herein to the contrary, no “Benchmark Replacement Conforming Changes” shall result in (i) any material effect on the timing or amount of payments or borrowings or (ii) a deemed exchange of any Loan under Section 1001 of the Code, in each case, as determined by the Borrower Representative in its reasonable discretion, without the prior written consent of the Borrower Representative; provided, further, that (i) the Administrative Agent shall notify the Borrower Representative of any proposed “Benchmark Replacement Conforming Changes” and (ii) the Borrower Representative shall be deemed to consent to any such “Benchmark Replacement Conforming Changes” unless it shall object thereto in writing within 3 Business Days after having received notice thereof; provided, further, that to the extent the Borrower Representative objects to any such “Benchmark Replacement Conforming Changes” as provided for in the immediate preceding proviso, the Administrative Agent and the Borrower Representative shall negotiate in good faith to make alternative “Benchmark Replacement Conforming Changes”.

“**Benchmark Transition Event**” means with respect to a then-current Benchmark (other than a Relevant LIBOR) the occurrence of a public statement or publication of information by or on behalf of the administrator of such then-current Benchmark, the regulatory supervisor for the administrator of such Benchmark, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark, a resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, announcing or stating that (a) such administrator has ceased or will cease on a specified date to provide all Available Tenors of such Benchmark, 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 (b) all Available Tenors of such Benchmark are or will no longer be representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored.

“**Beneficial Ownership Certification**” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“**Beneficial Ownership Regulation**” means 31 C.F.R. § 1010.230.

“**Board**” means the Board of Governors of the Federal Reserve System of the United States of America.

“**Bond Guarantors**” means the Public Company and the KKR Group Partnership.

“**Borrower Group Companies**” means the Loan Parties and their Subsidiaries.

“**Borrower Representative**” has the meaning assigned to such term in Section 9.05.

“**Borrowers**” means (i) Kohlberg Kravis Roberts & Co. L.P., a Delaware limited partnership, (ii) KKR Group Partnership and (iii) any Additional Group Partnership that becomes a party to this Agreement in accordance with Section 5.09.

“**Borrowing**” means (a) Global Loans of the same Type and in the same currency, made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

“**Borrowing Request**” means a request for a Borrowing in accordance with Section 2.03 or Section 2.04 and in the form of Exhibit E or any other form reasonably acceptable to the Administrative Agent.

“**Business Day**” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City or London are authorized or required by law to remain closed; *provided* that, (i) when used in connection with a Loan denominated in Euros, the term “**Business Day**” shall also exclude any day which is not a TARGET Day, (ii) when used in connection with a Loan denominated in Swiss Francs, the term “**Business Day**” shall also exclude any day which banks are closed for the settlement of payments and foreign exchange transactions in Zurich, (iii) when used in connection with a Loan denominated in Yen, the term “**Business Day**” shall also exclude any day which banks are closed for general business in Japan, (iv) when used in connection with a Loan denominated in Australian Dollars, the term “**Business Day**” shall also exclude any day which banks are closed for general business in Australia, (v) when used in connection with a Loan denominated in Canadian Dollars, the term “**Business Day**” shall also exclude any day which banks are closed for general business in Canada and (vi) when used in connection with a Loan denominated in any other currency, the term “**Business Day**” shall also exclude any day which is not a day on which dealings in such currency can occur in the London interbank market and on which banks are open for business in the principal financial center for that currency.

“**Canadian Dollar**” means the lawful currency of Canada.

“**Canadian Prime Rate**” means, on any day, the rate determined by the Administrative Agent to be the higher of (i) the rate equal to the PRIMCAN Index rate that appears on the Bloomberg screen at 10:15 a.m. Toronto, Ontario time on such day (or, in the event that the PRIMCAN Index is not published by Bloomberg, any other information services that publishes such index from time to time, as selected by the Administrative Agent in its reasonable discretion) and (ii) the average rate for thirty (30) day Canadian Dollar bankers’ acceptances that appears on the Reuters Screen CDOR Page (or, in the event such rate does not appear on such page or screen, on any successor or substitute page or screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time, as selected by the Administrative Agent in its reasonable discretion) at 10:15 a.m. Toronto, Ontario time on such day, plus 1% per annum; *provided* that if any the above rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. Any change in the Canadian Prime Rate due to a change in the PRIMCAN Index or the CDOR shall be effective from and including the effective date of such change in the PRIMCAN Index or CDOR, respectively.

“**Cash and Cash Equivalents**” means (i) cash, (ii) cash equivalents and (iii) liquid short-term investments in the Specified Cash Management Account, in each case of clauses (i)-(iii), to the extent included in “Cash and Short-Term Investments” as set forth in the Public Company’s segment financial reporting. Cash and Cash Equivalents shall exclude cash reflected on the balance sheet of (i) KFN and its subsidiaries and (ii) Global Atlantic and its subsidiaries.

“**Cash Compensation and Benefits**” means (i) compensation and benefits less (ii) equity-based compensation, in each case determined on a total reportable segment basis for the Public Company.

“**CDOR Screen Rate**” means on any day for the relevant Interest Period, the annual rate of interest equal to the average rate applicable to Canadian dollar Canadian bankers’ acceptances for the

applicable period that appears on the “Reuters Screen CDOR Page” as defined in the International Swap Dealer Association, Inc. definitions, as modified and amended from time to time (or, in the event such rate does not appear on such page or screen, on any successor or substitute page or screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time, as selected by the Administrative Agent in its reasonable discretion), rounded to the nearest 1/100th of 1% (with .005% being rounded up), at approximately 10:00 a.m., Toronto, Ontario time, two Business Days prior to the commencement of such Interest Period (as adjusted by the Administrative Agent after 10:00 a.m. Toronto, Ontario time to reflect any error in the posted rate of interest or in the posted average annual rate of interest). If the CDOR Screen Rate shall be less than zero, the CDOR Screen Rate shall be deemed to be zero for purposes of this Agreement.

“**Change in Law**” means (a) the adoption of any law, rule or regulation after the Restatement Date, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the Restatement Date or (c) compliance by any Lender or Issuing Bank (or, for purposes of Section 2.14(b), by any lending office of such Lender or by such Lender’s or Issuing Bank’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Restatement Date. For purposes of this definition, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines, requirements, 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 pursuant to Basel III, shall in each case described in clauses (i) and (ii) above be deemed to be a Change in Law and have gone into effect after the date hereof, regardless of the date enacted, adopted, issued or implemented.

“**Change of Control**” means the occurrence of the following:

(a) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the combined assets of the Credit Group taken as a whole to any “person” (as that term is used in Section 13(d)(3) of the Exchange Act or any successor provision), other than to a Continuing KKR Person; (b) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any “person” (as that term is used in Section 13(d)(3) of the Exchange Act or any successor provision), other than a Continuing KKR Person, becomes the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act or any successor provision) of a majority of the controlling interests in (i) the Public Company or (ii) one or more Bond Guarantors that together hold all or substantially all of the assets of the Credit Group taken as a whole; or (c) Kohlberg Kravis Roberts & Co. L.P. shall cease to be Controlled by one or more Bond Guarantors.

“**Class**”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Global Loans or Swingline Loans.

“**CLO**” means a collateralized loan obligation vehicle.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

“**Commitment**” means, with respect to each Lender, the commitment of such Lender to make Global Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender’s Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The

amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment pursuant to which such Lender shall have assumed its Commitment, as applicable. As of the Restatement Date, the aggregate amount of the Lenders' Commitments is \$1,000,000,000.

"Compliance Certificate" means a certificate substantially in the form of Exhibit B, properly completed and signed by an Authorized Officer of the Borrower Representative.

"Constituent Documents" means, with respect to any Person, (a) the articles of incorporation, certificate of incorporation, certificate of limited partnership, constitution or certificate of formation (or the equivalent organizational documents) of such Person and (b) the by-laws, operating agreement or limited partnership agreement (or the equivalent governing documents) of such Person.

"Contingent Obligations" means contingent indemnification and expense reimbursement obligations as to which no claim has been asserted.

"Continuing KKR Person" means, immediately prior to and immediately following any relevant date of determination, (i) an individual who (a) is an executive of the KKR Group, (b) devotes substantially all of his or her business and professional time to the activities of the KKR Group and (c) did not become an executive of the KKR Group or begin devoting substantially all of his or her business and professional time to the activities of the KKR Group in contemplation of a Change of Control, or (ii) any Person in which any one or more of such individuals directly or indirectly, singly or as a group, holds a majority of the controlling interests.

"Control" means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. **"Controlling"** and **"Controlled"** have meanings correlative thereto.

"Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Global Loans and its LC Exposure and Swingline Exposure at such time.

"Credit Group" means the Loan Parties and the Loan Parties' direct and indirect Subsidiaries (to the extent of their economic ownership interest in such Subsidiaries) taken as a whole.

"Credit Rating" means (a) in the case of S&P, the issuer credit rating of the Public Company, (b) in the case of Fitch, the long-term "Issuer Default Rating" of the Public Company and (c) in the case of Moody's, the "Corporate Family Rating", in each case including any successor or equivalent rating.

"Daily Simple SARON" means, for any day (a **"SARON Interest Day"**), an interest rate per annum equal to the greater of (a) SARON for the date (such day "*i*") that is 5 Business Days prior to (i) if such SARON Interest Day is a Business Day, such SARON Interest Day or (ii) if such SARON Interest Day is not a Business Day, the Business Day immediately preceding such SARON Interest Day and (b) 0.0%. If by 5:00 pm (local time for SARON) on the second (2nd) Business Day immediately following any day "*i*", SARON in respect of such day "*i*" has not been published on the SARON Administrator's Website and a Benchmark Replacement Date with respect to SARON has not occurred, then SARON for such day "*i*" will be SARON as published in respect of the first preceding Business Day for which SARON was published on the SARON Administrator's Website; provided that SARON determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Simple SARON for no more than three (3) consecutive SARON Interest Days. Any change in Daily Simple SARON due to a change in SARON shall

be effective from and including the effective date of such change in the SARON without notice to the Borrower Representative.

“Daily Simple SOFR” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for syndicated business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion, which shall be consistent with the then-prevailing market conventions (any such convention, a **“Discretionary Daily Simple SOFR Convention”**); provided, further, that (i) the Administrative Agent shall notify the Borrower Representative of the proposed establishment of such Discretionary Daily Simple SOFR Convention and (ii) the Borrower Representative shall be deemed to have consented to the establishment of such Discretionary Daily Simple SOFR Convention unless it shall object thereto on the basis that, in the Borrower Representative’s reasonable discretion, such Discretionary Daily Simple SOFR Convention is adverse to the Borrower Representative’s interests by written notice to the Administrative Agent within 3 Business Days after having received notice thereof; provided, further, that to the extent the Borrower Representative objects to such Discretionary Daily Simple SOFR Convention, the Administrative Agent and the Borrower Representative shall negotiate in good faith to establish another convention.

“Daily Simple SONIA” means, for any day (a **“SONIA Interest Day”**), an interest rate per annum equal to the greater of (a) SONIA for the date (such day “*t*”) that is 5 Business Days prior to (i) if such SONIA Interest Day is a Business Day, such SONIA Interest Day or (ii) if such SONIA Interest Day is not a Business Day, the Business Day immediately preceding such SONIA Interest Day and (b) 0.0%. If by 5:00 pm (local time for SONIA) on the second (2nd) Business Day immediately following any day “*t*”, SONIA in respect of such day “*t*” has not been published on the SONIA Administrator’s Website and a Benchmark Replacement Date with respect to SONIA has not occurred, then SONIA for such day “*t*” will be SONIA as published in respect of the first preceding Business Day for which SONIA was published on the SONIA Administrator’s Website; provided that SONIA determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Simple SONIA for no more than three (3) consecutive SONIA Interest Days. Any change in Daily Simple SONIA due to a change in SONIA shall be effective from and including the effective date of such change in the SONIA without notice to the Borrower Representative.

“Daily Simple TONA” means, for any day (a **“TONA Interest Day”**), an interest rate per annum equal to the greater of (a) TONA for the date (such day “*t*”) that is 5 Business Days prior to (i) if such TONA Interest Day is a Business Day, such TONA Interest Day or (ii) if such TONA Interest Day is not a Business Day, the Business Day immediately preceding such TONA Interest Day and (b) 0.0%. If by 5:00 pm (local time for TONA) on the second (2nd) Business Day immediately following any day “*t*”, TONA in respect of such day “*t*” has not been published on the TONA Administrator’s Website and a Benchmark Replacement Date with respect to TONA has not occurred, then TONA for such day “*t*” will be TONA as published in respect of the first preceding Business Day for which TONA was published on the TONA Administrator’s Website; provided that TONA determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Simple TONA for no more than three (3) consecutive TONA Interest Days. Any change in Daily Simple TONA due to a change in TONA shall be effective from and including the effective date of such change in the TONA without notice to the Borrower Representative.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund all or any portion of its Loans, (ii) fund all or any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to the Administrative Agent or any Lender any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent and the Borrower Representative in writing that such failure is the result of such Lender’s reasonable determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower Representative or the Administrative Agent in writing, or has made a public statement to the effect, that it does not intend or expect to comply with all or any portion of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender’s reasonable determination that a condition precedent (specifically identified and including the particular default, if any) to funding under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after written request by the Administrative Agent, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, *provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent’s receipt of such certification in form and substance reasonably satisfactory to it, or (d) has become the subject of a Bankruptcy Event or Bail-In Action or has a Parent that has become the subject of a Bankruptcy Event or Bail-In Action.

“Disclosed Matters” means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.05.

“Domestic Borrower” means a Borrower organized under the laws of the United States or any state or territory thereof or the District of Columbia.

“Early Opt-in Effective Date” means, with respect to any Early Opt-in Election, the sixth Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from the Lenders constituting the Required Lenders.

“Early Opt-in Election” means, if a then-current Benchmark is a Relevant LIBOR, the occurrence of:

- (1) (a) in the case of Loans denominated in Dollars, a notification by the Administrative Agent to (or the request by the Borrower to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding syndicated credit facilities substantially similar to the credit facilities under this Agreement at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as the then-current benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review) and (b) in the case of Loans denominated in an LIBOR Quoted Currency other than Dollars, a notification by the Administrative Agent to (or the request by the Borrower to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding syndicated credit facilities substantially similar to the credit facilities under this Agreement at such time contain (as a result of amendment or as originally executed) a new benchmark interest rate to replace the Relevant LIBOR for such Alternative Currency as the then-current benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and
- (2) the joint election by the Administrative Agent and the Borrower to trigger a fallback

from the Relevant LIBOR and the provision by the Administrative Agent of written notice of such election to the Lenders.

“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.

“EMU Legislation” means the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of remediation, fines, penalties or indemnities), of or relating to any Loan Party directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with any Loan Party, 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 an event for which the 30 day notice period is waived); (b) the failure by any Plan to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA), 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 any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by any ERISA Affiliate 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 any ERISA Affiliate

of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any ERISA Affiliate 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 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 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 of 11:00 a.m. Brussels time two TARGET days prior to the commencement of such Interest Period. If such page or service ceases to be available, the Administrative Agent may specify another page or service displaying the relevant rate after consultation with the Borrower Representative. If the EURIBOR Screen Rate shall be less than zero, the EURIBOR Screen Rate shall be deemed to be zero for purposes of this Agreement.

“**Euro**” means the single currency of the Participating Member States introduced in accordance with the EMU Legislation.

“**Eurocurrency**”, when used with respect 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 the Eurocurrency Rate.

“**Eurocurrency Rate**” means, with respect to any Eurocurrency Borrowing for any Interest Period:

(a) denominated in a LIBOR Quoted Currency, the LIBO Screen Rate at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for deposits in the currency of such Eurocurrency Borrowing with a maturity comparable to such Interest Period;

(b) denominated in Canadian Dollars, the CDOR Screen Rate with tenor equal to such Interest Period;

(c) denominated in Australian Dollars, the AUD Screen Rate with tenor equal to such Interest Period;

(d) denominated in Euros, the EURIBOR Screen Rate with tenor equal to such Interest Period;

in each case, if the LIBO Screen Rate, the CDOR Screen Rate, the AUD Screen Rate or the EURIBOR Screen Rate, as applicable, shall not be available at such time for such Interest Period (an “**Impacted Interest Period**”) then the “Eurocurrency Rate” with respect to such Eurocurrency Borrowing for such Interest Period shall be the Interpolated Rate. Notwithstanding the foregoing, if the applicable rate described above is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“**Event of Default**” has the meaning assigned to such term in Article 7.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934 and any statute successor thereto, in each case as amended from time to time.

“Excluded Taxes” means, with respect to any Lender Party or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder, (a) Taxes imposed on (or measured by) its net income (however denominated) or franchise Taxes, in each case (i) imposed as a result of such recipient being organized under the law of, or having its principal office located in or, in the case of any Lender, having its applicable lending office in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) any branch profits Taxes imposed by the United States of America, or any similar Tax described in clauses (a)(i) or (ii) above, (c) in the case of a Lender, any withholding Tax imposed by the United States of America or the Cayman Islands at the time such Lender first becomes a party to this Agreement (other than by an assignment made pursuant to Section 2.18(b)) with respect to amounts payable by any Person that is then a Borrower under this Agreement, except to the extent that such Lender’s assignor (if any) was entitled at the time of assignment to receive additional amounts with respect to withholding Taxes pursuant to Section 2.16(a), (d) any Taxes to the extent attributable to such Lender’s failure to comply with Section 2.16(d), and (e) any U.S. Federal withholding Taxes imposed under FATCA.

“Existing Commitment” has the meaning assigned to such term in Section 2.22(a)(i).

“Existing Credit Agreement” has the meaning assigned to such term in the recitals hereto.

“Existing Letters of Credit” means those letters of credit outstanding under the Existing Credit Agreement as of the Restatement Date and set forth on Schedule 2.05.

“Existing Loans” has the meaning assigned to such term in Section 2.22(a)(i).

“Extended Commitments” has the meaning assigned to such term in Section 2.22(a)(i).

“Extended Loans” has the meaning assigned to such term in Section 2.22(a)(i).

“Extending Lender” has the meaning assigned to such term in Section 2.22(a)(ii).

“Extension Amendment” has the meaning assigned to such term in Section 2.22(a)(iii).

“Extension Date” has the meaning assigned to such term in Section 2.22(a)(iv).

“Extension Election” has the meaning assigned to such term in Section 2.22(a)(ii).

“Extension Request” has the meaning assigned to such term in Section 2.22(a)(i).

“Extension Series” means all Extended Loans and Extended Commitments that are established pursuant to the same Extension Amendment (or any subsequent Extension Amendment to the extent such Extension Amendment expressly provides that the Extended Loans or Extended Commitments, as applicable, provided for therein are intended to be a part of any previously established Extension Series) and that provide for the same interest margins, commitment fees, extension fees, maturity, and amortization schedule.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (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, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“FCPA” has the meaning assigned to such term in the Section 3.11.

“**Federal Funds Effective 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, 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; *provided* that if the applicable rate described above shall be less than zero, it shall be deemed to be zero for purposes of this Agreement.

“**Fee and Yield EBITDA**” means (i) Fee Related Earnings, plus (ii) Yield EBITDA, plus (iii) depreciation and amortization as determined on a total reportable segment basis for the Public Company.

For purposes of calculating Fee and Yield EBITDA for any Reference Period, if at any time during such Reference Period the Public Company or any of its Subsidiaries shall have made any Material Acquisition or Material Disposition, the Fee and Yield EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto as if such Material Acquisition or Material Disposition occurred on the first day of such Reference Period.

“**Fee Letter**” means the letter agreement among the Arranger and the Borrower Representative dated as of July 2, 2021.

“**Fee Paying Assets Under Management**” means fee paying assets under management as reported in the Public Company’s segment financial reporting.

“**Fee Related Earnings**” means (i) management fees, plus (ii) transaction and monitoring fees, net of fee credits, plus (iii) Fee Related Performance Revenues, less (iv) Fee Related Compensation, less (v) Other Operating Expenses as determined on a total reportable segment basis for the Public Company.

“**Fee Related Performance Revenues**” refers to the realized portion of incentive fees from certain assets under management that has an indefinite term and for which there is no immediate requirement to return invested capital to investors upon the realization of investments as determined on a total reportable segment basis for the Public Company. Fee-related performance revenues consists of performance fees (i) to be received from the Public Company’s 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 as determined on a total reportable segment basis for the Public Company.

“**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.

“**Fitch**” means Fitch Ratings, Inc.

“**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 the Relevant Rate.

“**Foreign Lender**” means, with respect to any Loan, any Lender making such Loan that is organized under the laws of a jurisdiction other than the Relevant Jurisdiction.

“**GAAP**” means generally accepted accounting principles in the United States of America.

“**Global Atlantic**” means The Global Atlantic Financial Group LLC, a Bermuda limited liability company (including its successor(s)).

“**Global Loan**” means a Loan made in U.S. Dollars or in one or more Alternative Currencies pursuant to Section 2.01.

“**Governmental Authority**” means the government of the United States of America, 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).

“**Guarantor**” means, (i) the Public Company, (ii) any other entity (other than the Borrowers) that guarantees the 5.500% Senior Notes due 2043 or the 5.125% Senior Notes due 2044, issued, respectively, by KKR Group Finance Co. II LLC and KKR Group Finance Co. III LLC, each a Delaware limited liability company, that becomes party to this Agreement in accordance with Section 11.07, (iii) any other entity (other than the Borrowers) that guarantees the 0.509% Senior Notes due 2023, the 0.764% Senior Notes due 2025 or the 1.595% Senior Notes due 2038 issued by KKR Finance Co. IV LLC, a Delaware limited liability company, that becomes party to this Agreement in accordance with Section 11.07, (iv) any other entity (other than the Borrowers) that guarantees the 1.625% Senior Notes due 2029, 3.750% Senior Notes due 2029, 3.625% Senior Notes due 2050 and 3.500% Senior Notes due 2050 issued by KKR Group Finance Co. V LLC, KKR Group Finance Co. VI LLC, KKR Group Finance Co. VII LLC and KKR Group Finance Co. VIII LLC, each a Delaware limited liability company, that becomes party to this Agreement in accordance with Section 11.07.

“**Guaranty**” 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 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 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 (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness; *provided* that the term “Guaranty” shall not include endorsements for collection or deposit in the ordinary course of business. The term “**Guarantee**” used as a verb has a corresponding meaning.

“**Hazardous Materials**” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes, and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“**IBA**” means ICE Benchmark Administration Limited.

“**Impacted Interest Period**” has the meaning assigned to such term in the definition of “Eurocurrency Rate.”

“**Incremental Commitments**” has the meaning assigned to such term in Section 2.21(a).

“**Incremental Effective Date**” has the meaning assigned to such term in Section 2.21(a).

“**Indebtedness**” of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding accounts payable incurred in the ordinary course of business), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all Guaranties by such Person of Indebtedness of others, (g) Finance Lease Obligations, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances, and (j) all net obligations of such Person under Swap Contracts; *provided* that Indebtedness shall not include (i) deferred or prepaid revenue, (ii) 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, (iii) any obligations from investment financing arrangements of investment funds, investment vehicles or managed accounts or any of their respective special purpose vehicles that are not obligations of the Loan Parties or their Subsidiaries, (iv) any Indebtedness incurred by (x) KFN or its subsidiaries or (y) Global Atlantic or its subsidiaries, in each case, that are not obligations of the Loan Parties or their Subsidiaries and (v) trade and other accounts payable arising in the ordinary course of business. The amount of Indebtedness of any person for purposes of clause (e) above 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. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date.

“**Indemnified Taxes**” means all Taxes imposed on or with respect to any payment by or on account of any obligation of any Loan Party hereunder or under any other Loan Document, other than Excluded Taxes or Other Taxes.

“**Interest Election Request**” means a request by the Borrower Representative to change or continue the Type of a Borrowing in accordance with Section 2.07 and in the form of Exhibit F or any other form reasonably acceptable to the Administrative Agent.

“**Interest Payment Date**” means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period, (c) with respect to any SONIA Loan, SARON Loan and TONA Loan, each date that is on the numerically corresponding day in each calendar month that is three months after the Borrowing of such SONIA Loan, SARON Loan or TONA Loan (or, if there is no such numerically corresponding day in such month, then the last day of such month) and (d) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

“Interest Period” means, with respect to any Eurocurrency Borrowing, the period beginning on the date of such Borrowing specified in the applicable Borrowing Request or on the date specified in the applicable Interest Election Request and ending on the numerically corresponding day in the calendar month that is one, three or, with respect to any Eurocurrency Borrower other than a Eurocurrency Borrowing denominated in Canadian Dollars, six months thereafter (or such other period as all of the Lenders may agree), as the Borrower Representative may elect; *provided* that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period.

“International Plan” means any “defined benefit plan” as such term is defined in Section 3(35) of ERISA, whether or not such employee benefit plan is subject to ERISA or the Code, which is sponsored, maintained, administered, contributed to, extended or arranged by any Borrower or any of its Subsidiaries under which any Borrower or any of its Subsidiaries has any liability (contingent or otherwise) and covers any current or former employee, officer, director or independent contractor of any Borrower or any of its Subsidiaries who is located exclusively outside of the United States.

“Interpolated Rate” means, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as the LIBO Screen Rate, the CDOR Screen Rate, the AUD Screen Rate or the EURIBOR Screen Rate, as applicable) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate, the CDOR Screen Rate, the AUD Screen Rate or the EURIBOR Screen Rate, as applicable (for the longest period for which the LIBO Screen Rate, the CDOR Screen Rate, the AUD Screen Rate or the EURIBOR Screen Rate, as applicable, is available for the applicable currency) that is shorter than the Impacted Interest Period; and (b) the LIBO Screen Rate, the CDOR Screen Rate, the AUD Screen Rate or the EURIBOR Screen Rate, as applicable, for the shortest period (for which that LIBO Screen Rate, the CDOR Screen Rate, the AUD Screen Rate or the EURIBOR Screen Rate, as applicable, is available for the applicable currency) that exceeds the Impacted Interest Period, in each case, at such time.

“Investment Company Act” has the meaning assigned to such term in Section 3.07.

“Issuer Documents” means with respect to any Letter of Credit, the LC Application and any other document, agreement and instrument entered into by the applicable Issuing Bank and the applicable Borrower (and/or the applicable Subsidiary) in favor of such Issuing Bank and relating to such Letter of Credit.

“Issuing Bank” means each of HSBC Bank USA, National Association, in its capacity as an issuer of Letters of Credit hereunder and/or any other Lenders to be designated by the Borrower Representative that agree to issue Letters of Credit hereunder, and in each case any of its successors in such capacity as provided in Section 2.05(f). Any Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term “Issuing Bank” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate. Each reference herein to the “Issuing Bank” in connection with a Letter of Credit or other matter shall be deemed to be a reference to the relevant Issuing Bank with respect thereto.

“KFN” means KKR Financial Holdings LLC, a Delaware limited liability company (including its successor(s)).

“**KKR Group**” means KKR Group Partnership, the direct and indirect parents (including, without limitation, general partners) of KKR Group Partnership (the “**Parent Entities**”), any direct or indirect Subsidiaries of the Parent Entities or KKR Group Partnership, the general partner or similar controlling entities of any investment or vehicle that is managed, advised or sponsored by the KKR Group (“**KKR Vehicle**”) and any other entity through which any of the foregoing directly or indirectly conducts its business, but shall exclude any company in which a KKR Vehicle has an investment. The Parent Entities include KKR Management LLP (including its successor(s)) and the Public Company.

“**KKR Group Partnership**” means KKR Group Partnership L.P., a Cayman Islands exempted limited partnership.

“**KKR Vehicle**” has the meaning assigned to such term in the definition of “KKR Group”.

“**LC Application**” means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the relevant Issuing Bank.

“**LC Disbursement**” means a payment made by an Issuing Bank pursuant to a Letter of Credit.

“**LC Exposure**” means, at any time, the U.S. Dollar Equivalent of the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrowers at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

“**Lender Joinder Agreement**” means a joinder agreement in the form of Exhibit D to this Agreement or any other form reasonably acceptable to the Administrative Agent.

“**Lender Parties**” means the Lenders (including the Swingline Lender), the Issuing Banks and the Administrative Agent.

“**Lenders**” means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment or pursuant to a Lender Joinder Agreement, other than any such Person that ceases to be a party hereto pursuant to an Assignment. Unless the context otherwise requires, the term “Lenders” includes the Swingline Lender and any Issuing Bank.

“**Letter of Credit**” means any letter of credit issued pursuant to this Agreement, including each Existing Letter of Credit. Pursuant to Section 2.05(a), each Existing Letter of Credit shall be deemed to be a Letter of Credit for all purposes of the Loan Documents.

“**Leverage Ratio**” means, on any date, the ratio of Total Indebtedness on such date to Fee and Yield EBITDA for the period of four consecutive fiscal quarters ended on such date or most recently ended on or prior to such date, as applicable.

“**LIBOR Replacement Date**” means, if a then-current Benchmark is a Relevant LIBOR the earliest to occur of:

- (1) the date on which IBA has permanently or indefinitely ceased to provide all Available Tenors of such Relevant LIBOR;
- (2) the date on which the Financial Conduct Authority has announced, pursuant to a public statement or publication of information, that all Available Tenors of such Relevant LIBOR are no longer representative; or

(3) the Early Opt-in Effective Date in respect of such Relevant LIBOR.

If the event giving rise to the LIBOR Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the LIBOR Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

“**LIBOR Quoted Currency**” means each of the following currencies: U.S. Dollars and any other applicable Alternative Currency (other than Canadian Dollars, Sterling, Australian Dollars, Euros, Yen or Swiss Franc); in each case as long as there is a published LIBOR rate with respect thereto.

“**LIBO Screen Rate**” means, for any day and time, with respect to any Eurocurrency Borrowing for any applicable currency and for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for the relevant currency for a period equal in length to such Interest Period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion); *provided* that if the LIBO Screen Rate as so determined would be less than zero, such rate shall be deemed to zero for the purposes of this Agreement.

“**Lien**” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any Finance Lease Obligations having substantially the same economic effect as any of the foregoing, but in any event not in respect of any Non-Finance Lease Obligations) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“**Loan Documents**” means this (i) Agreement, (ii) the Lender Joinder Agreements, (iii) the Extension Amendments, (iv) the Loan Party Joinder Agreements, (v) each LC Application and each other Issuer Document and (vi) any promissory notes issued pursuant to Section 2.09(e).

“**Loan Parties**” means the Borrowers and the Guarantors.

“**Loan Party Guaranty**” means the Guaranty set forth in Article 11.

“**Loan Party Joinder Agreement**” means a joinder agreement in the form of Exhibit C to this Agreement or any other form reasonably acceptable to the Administrative Agent.

“**Loans**” means the loans made by the Lenders to the Borrowers pursuant to this Agreement.

“**Material Acquisition**” means any acquisition or series of related acquisitions of a Subsidiary or business unit with Fee and Yield Earnings which are included in Fee and Yield EBITDA that involves the payment of consideration by the Public Company or any of its Subsidiaries in excess of \$250,000,000.

“**Material Adverse Effect**” means a material adverse effect on (a) the business, results of operations, or financial condition of the Loan Parties taken as a whole, (b) the ability of any Loan Party to perform its obligations under the Loan Documents or (c) the validity or enforceability of the Loan Documents or the rights or remedies of any Lender Party thereunder.

“**Material Disposition**” means any disposition or series of related dispositions of a Subsidiary or business unit with Fee and Yield Earnings which are included in Fee and Yield EBITDA that yields gross proceeds to the Public Company or any of its Subsidiaries in excess of \$250,000,000.

“**Material Indebtedness**” means any Indebtedness (other than the Loans and Letters of Credit) of any one or more of the Borrower Group Companies in an aggregate principal amount exceeding \$250,000,000; *provided* that in the case of any Subsidiary, Material Indebtedness shall consist solely of Indebtedness of the types described in subclauses (a) and (b) of the definition thereof.

“**Material Subsidiary**” means any Subsidiary which, together with its own Subsidiaries, (i) accounts for more than 10% of the consolidated assets of the Public Company as of the last day of the most recently ended fiscal quarter of the Public Company, (ii) accounts for more than 10% of the consolidated revenues of the Public Company for the most recently ended period of four consecutive fiscal quarters of the Public Company or (iii) accounts for more than 10% of Fee and Yield Earnings for the most recently ended period of four consecutive fiscal quarters of the Public Company.

“**Maturity Date**” means the fifth anniversary of the Restatement Date.

“**Moody’s**” means Moody’s Investors Service, Inc., and any successor to its rating agency business.

“**Multiemployer Plan**” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA that is subject to the provisions of Title IV of ERISA, and in respect of which any ERISA Affiliate makes or is obligated to make contributions.

“**New Lender**” has the meaning assigned to such term in Section 2.21(b).

“**New Loan**” has the meaning assigned to such term in Section 2.21(b).

“**Non-Finance Lease Obligations**” shall mean a lease obligation that is not required to be accounted for as a finance or capital lease on both the balance sheet and the income statement for financial reporting purposes in accordance with GAAP. An operating lease shall be considered a Non-Finance Lease Obligation.

“**Non-U.S. Lender**” means a Lender that is not a U.S. Person.

“**Notes**” means promissory notes of the Borrowers, substantially in the form of Exhibit H hereto, evidencing the obligation of each Borrower to repay the Loans made to it, and “**Note**” means any one of such promissory notes issued hereunder.

“**Obligations**” means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising, and including interest and fees that accrue after (or would accrue but for) the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“**OFAC**” means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Other Connection Taxes” means with respect to any Lender Party, Taxes imposed as a result of a present or former connection between such Lender Party and the jurisdiction imposing such Tax (other than connections arising from such Lender Party having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced, any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Currency Equivalent” means, at any time, with respect to any amount denominated in U.S. Dollars, the equivalent amount thereof in the applicable Alternative Currency, as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Alternative Currency with U.S. Dollars.

“Other Operating Expenses” means the sum of (i) occupancy and related charges and (ii) other operating expenses as determined on a total reportable segment basis for the Public Company.

“Other Taxes” means any and all present or future stamp, court or documentary, intangible, recording, filing or similar 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, performance, delivery or enforcement of, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.18(b)).

“Outstanding Amount” means (i) with respect to any Class of Loans on any date, the U.S. Dollar Equivalent of the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of such Class of Loans occurring on such date; and (ii) with respect to LC Exposure on any date, the U.S. Dollar Equivalent of the aggregate outstanding amount of such LC Exposure on such date after giving effect to any drawings or reimbursements occurring on such date.

“Parent” means, with respect to any Lender, any Person Controlling such Lender.

“Participant” has the meaning assigned to such term in Section 10.04(c)(i).

“Participant Register” has the meaning assigned to such term in Section 10.04(c)(i)(C).

“Participating Member State” means each state so described in any EMU Legislation.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Permitted Investments” means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than \$500,000,000; and

(d) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least \$5,000,000,000.

“Permitted Liens” means:

(a) Liens on voting stock or profit participating equity interests of any Subsidiary existing at the time such entity becomes a direct or indirect Subsidiary of the Public Company or is merged into a direct or indirect Subsidiary of the Public Company (*provided* such Liens are not created or incurred in connection with such transaction and do not extend to any other Subsidiary),

(b) statutory Liens, Liens for taxes or assessments or governmental liens not yet due or delinquent or which can be paid without penalty or are being contested in good faith, and

(c) other Liens of a similar nature as those described in subclauses (a) and (b) above.

“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 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.

“Prime Rate” means the rate of interest per annum publicly announced from time to time by HSBC Bank USA, National Association, as its prime rate in effect at its office located at 452 Fifth Avenue, New York, New York 10018; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Public Company” means KKR & Co. Inc., a Delaware corporation (or its successor).

“Rating Agency” means S&P, Fitch and Moody's.

“Reference Period” means any period of four consecutive fiscal quarters.

“Reference Time” with respect to any setting of a then-current Benchmark means (i) if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, (ii) if such Benchmark is based on a Screen Rate and is not USD LIBOR, the time set forth in the applicable definition of such Screen Rate and (iii) if such Benchmark is not USD LIBOR or based on a Screen Rate, the time determined by the Administrative Agent in its reasonable discretion.

“Register” has the meaning assigned to such term in Section 10.04(b)(iv).

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Relevant Governmental Body” means (a) 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, (b) with respect to a Benchmark Replacement in respect of 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 and (c) with respect to a Benchmark Replacement in respect of Loans denominated in an Alternative Currency (other than Sterling), (i) the central bank for the currency in which the Loans for such Benchmark Replacement is denominated or any central bank or other supervisor which is responsible for supervising either (A) such Benchmark Replacement or (B) the administrator of such Benchmark Replacement or (ii) any working group or committee officially endorsed or convened by (A) the central bank for the currency in which the Loans for such Benchmark Replacement is denominated, (B) any central bank or other supervisor that is responsible for supervising either (1) such Benchmark Replacement or (2) the administrator of such Benchmark Replacement, (C) a group of those central banks or other supervisors or (D) the Financial Stability Board or any part thereof with respect to such Benchmark Replacement.

“Relevant Jurisdiction” means (i) in the case of any Loan to any Domestic Borrower, the United States of America, and (ii) in the case of any Loan to any other Borrower, the jurisdiction imposing (or having the power to impose) withholding tax on payments by such Borrower under this Agreement.

“Relevant LIBOR” means (a) with respect to any Loan denominated in Dollars, USD LIBOR and (b) with respect to any Loan denominated in a LIBOR Quoted Currency other than Dollars, the London Interbank Offered Rate for such LIBOR Quoted Currency.

“Relevant Rate” means (i) with respect to any Loan denominated in Dollars, USD LIBOR, (ii) with respect to any Loan denominated in Canadian Dollars, the CDOR Screen Rate, (iii) with respect to any Loan denominated in Australian Dollars, the AUD Screen Rate, (iv) with respect to any Loan denominated in Euros, the EURIBOR Screen Rate, (v) with respect to any Loan denominated in Sterling, SONIA, (vi) with respect to any Loan denominated in Yen, TONA and (vii) with respect to any Loan denominated in Swiss Francs, SARON.

“Required Lenders” means, at any time, Lenders (or, if there are two or more Lenders, at least two Lenders) having Credit Exposures and unused Commitments representing more than 50% of the sum of the total Credit Exposures and unused Commitments at such time, exclusive in each case of the Credit Exposure and unused Commitment of any Defaulting Lender.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Restatement Date” means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 10.02).

“Revaluation Date” means with respect to any Loan or Letter of Credit, each of the following: (i) each date of receipt by the Administrative Agent of a Borrowing Request, or a request for the issuance of a Letter of Credit, denominated in an Alternative Currency, (ii) each date of receipt by the Administrative Agent of an Interest Election Request (or, if a Borrowing is continued pursuant to Section 2.07(e), each date by which an Interest Election Request would have been due), or a request for the amendment, renewal or extension of a Letter of Credit, denominated in an Alternative Currency and

(iii) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require.

“**S&P**” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, and any successor to its rating agency business.

“**Sanctioned Country**” means any country or territory that is subject to a comprehensive countrywide or region-wide trade or investment embargo under any Sanctions. As of the date of this Agreement, the following are the only “Sanctioned Countries”: the Crimea region of Ukraine, Cuba, Iran, North Korea and Syria.

“**Sanctions**” means any sanctions, prohibitions or trade embargoes imposed by any executive order of the U.S. government or by any sanctions program administered by OFAC, the U.S. State Department, the United Nations Security Council, the European Union, Her Majesty’s Treasury, the Hong Kong Monetary Authority, Global Affairs Canada and any other applicable Canadian Governmental Authority having jurisdiction over sanctions or other relevant sanctions authority.

“**Sanctions List**” means any Sanctions-related list of designated Persons maintained by OFAC at its official website or by the U.S. State Department, the United Nations Security Council, the European Union, Her Majesty’s Treasury, the Hong Kong Monetary Authority, Global Affairs Canada and any other applicable Canadian Governmental Authority having jurisdiction over sanctions or other relevant sanctions authority.

“**SARON**” means, with respect to any Business Day, a rate per annum equal to the Swiss Average Rate Overnight for such Business Day published by the SARON Administrator on the SARON Administrator’s Website.

“**SARON Administrator**” means the SIX Swiss Exchange AG (or any successor administrator of the Swiss Average Rate Overnight).

“**SARON Administrator’s Website**” means SIX Swiss Exchange AG’s website, currently at <https://www.six-group.com>, or any successor source for the Swiss Average Rate Overnight identified as such by the SARON Administrator from time to time.

“**SARON Interest Day**” has the meaning assigned to such term in the definition of “Daily Simple SARON”.

“**SARON 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 Daily Simple SARON.

“**SEC**” means the Securities and Exchange Commission, any successor thereto and any analogous Governmental Authority.

“**Screen Rates**” means, collectively, the LIBO Screen Rate, the AUD Screen Rate, the CDOR Screen Rate and the EURIBOR Screen Rate.

“**SOFR**” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the website of the SOFR Administrator, 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).

“**SOFR Administrator**” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“**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 website of the SONIA Administrator, 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 Administrator**” means the Bank of England (or any successor administrator of the Sterling Overnight Index Average).

“**SONIA Interest Day**” has the meaning assigned to such term in the definition of “Daily Simple SONIA”.

“**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 Daily Simple SONIA.

“**Specified Cash Management Account**” means an internally managed account investing in high-grade, short-duration cash management strategies used by the Credit Group to generated additional yield on its excess liquidity.

“**Specified Existing Commitment**” has the meaning assigned to such term in Section 2.22(a)(i).

“**Spot Rate**” means, on any day, for any currency, the spot rate quoted by HSBC Bank USA, National Association, in New York at approximately 11:00 a.m. for the purchase of such currency with another currency for delivery two Business Days later.

“**Sterling**” and “**£**” mean the lawful currency of the United Kingdom.

“**subsidiary**” means, with respect to any Person at any date, (a) any corporation more than 50% of whose equity interests of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time equity interests of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through subsidiaries, or (b) any limited liability company, partnership, association, joint venture or other entity of which such Person directly or indirectly through subsidiaries has more than a 50% equity interest (of either economic interests or ordinary voting power, as applicable) at the time.

“**Subsidiary**” means subsidiary of the Public Company that is or would be consolidated with the Public Company in the preparation of segment information included in the notes to the consolidated financial statements of the Public Company prepared in accordance with GAAP; *provided* that a Subsidiary shall not include (a) any investment funds, investment vehicles or separately managed accounts, (b) any portfolio company or portfolio investment of any such fund, investment vehicle or separately managed account (or any entity Controlled by a portfolio company or portfolio investment), (c) KFN and its subsidiaries, (d) Global Atlantic and its subsidiaries and (e) CLOs or other principal investments managed, Controlled or held as investments by the Public Company or its Subsidiaries; *provided, further* that with respect to Section 3.11 only, clauses (c) and (d) of the preceding proviso shall be included in the definition of Subsidiary.

“**Substantially All Merger**” means a merger or consolidation of one or more Loan Parties with or into another Person that would, in one or a series of related transactions, result in the transfer or other disposition, directly or indirectly, of all or substantially all of the combined assets of the Loan Parties taken as a whole to a Person that is not within the Loan Parties immediately prior to such transaction.

“**Substantially All Reorganization**” means any liquidation, dissolution, change in jurisdiction, conversion of organizational form or any other reorganization transaction, in one or a series of related transactions, that results in all or substantially all of the combined assets of the Loan Parties taken as a whole to a Person that is not within the Loan Parties immediately prior to such transaction.

“**Substantially All Sale**” means a sale, assignment, transfer, lease or conveyance to any other Person, in one or a series of related transactions, directly or indirectly, of all or substantially all of the combined assets of the Loan Parties taken as a whole to a Person that is not within the Loan Parties immediately prior to such transaction.

“**Swap Contract**” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “**Master Agreement**”), including any such obligations or liabilities under any Master Agreement.

“**Swap Termination Value**” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“**Swingline Exposure**” means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

“**Swingline Lender**” means HSBC Bank USA, National Association, in its capacity as lender of Swingline Loans hereunder.

“**Swingline Loan**” means a Loan made pursuant to Section 2.04.

“**Swiss Francs**” means the lawful currency of the Swiss Confederation.

“**TARGET Day**” means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system (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.

“**Taxes**” means any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Term SOFR**” means, for the applicable corresponding tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body; provided that such rate is 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.

“**TONA**” means, with respect to any Business Day, a rate per annum equal to the Tokyo Overnight Average Rate for such Business Day published by the TONA Administrator on the TONA Administrator’s Website.

“**TONA Administrator**” means the Bank of Japan (or any successor administrator of the Tokyo Overnight Average Rate).

“**TONA Administrator’s Website**” means the Bank of Japan’s website, currently at <http://www.boj.or.jp>, or any successor source for the Tokyo Overnight Average Rate identified as such by the TONA Administrator from time to time.

“**TONA Interest Day**” has the meaning assigned to such term in the definition of “Daily Simple TONA”.

“**TONA 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 Daily Simple TONA.

“**Total Indebtedness**” means, on any date, the total amount of Indebtedness of the Public Company and its Subsidiaries of the types described in clauses (a), (b), (f) (to the extent the underlying Indebtedness is of the types otherwise enumerated in this definition of Total Indebtedness), (g), (h) and (i) (to the extent of drawings thereunder) of the definition thereof and, in each case, excluding intercompany Indebtedness among the Public Company and its consolidated Subsidiaries (including amongst Subsidiaries); minus unrestricted Cash and Cash Equivalents of the Public Company and its Subsidiaries.

“**Transactions**” means the execution, delivery and performance by the Loan Parties of this Agreement and the Loan Documents, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder (including each Existing Letter of Credit deemed to be a Letter of Credit pursuant to Section 2.05(a)).

“**Type**”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Eurocurrency Rate, SONIA Rate, SARON Rate, TONA Rate or the Alternate Base Rate.

“**UK Financial Institutions**” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from 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.

“**U.S. Dollar Equivalent**” means, at any time, (a) with respect to any amount denominated in U.S. Dollars, such amount, and (b) with respect to any amount denominated in any Alternative Currency, the equivalent amount thereof in U.S. Dollars as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of U.S. Dollars with such Alternative Currency.

“**USD LIBOR**” means the London Interbank Offered Rate for Dollars.

“**U.S. Dollars**” and “**\$**” mean the lawful currency of the United States of America.

“**U.S. Person**” means a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“**USA PATRIOT Act**” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub.L.107-56, signed into law October 26, 2001, as amended.

“**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.

“**Yen**” means the lawful currency of Japan.

“**Yield Compensation**” means (i) realized investment income compensation multiplied by (ii) the ratio of (a) interest income and dividends divided by (b) the sum of (x) interest income and dividends plus (y) net realized gains (losses) as determined on a total reportable segment basis for the Public Company.

“**Yield EBITDA**” means (i) gross interest income and dividends less (ii) Yield Compensation as determined on a total reportable segment basis for the Public Company.

Section 1.02. *Classification of Loans and Borrowings.* For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a “**Global Loan**”) or by Type (e.g., a “**Eurocurrency Loan**”) or by Class and Type (e.g., a “**Eurocurrency Global Loan**”). Borrowings also

may be classified and referred to by Class (e.g., a “**Global Borrowing**”) or by Type (e.g., a “**Eurocurrency Borrowing**”) or by Class and Type (e.g., a “**Eurocurrency Global Borrowing**”).

Section 1.03. *Terms Generally.* The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed 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 as referring to such agreement, instrument or other document as from time to time amended, 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 to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (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, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.04. *Accounting Terms; GAAP.* 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, with such adjustments thereto as are reflected in and consistent with the financial statements referred to in Section 3.04(a), but in any event without giving effect to principles of consolidation; *provided* that, if the Borrower Representative notifies the Administrative Agent that the Borrowers request 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 Representative that the Required 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.

Section 1.05. *Exchange Rates; Currency Equivalents.* (a) The Administrative Agent shall determine the Spot Rates as of each Revaluation Date to be used for calculating U.S. Dollar Equivalent amounts of Borrowings and Outstanding Amounts denominated in Alternative Currencies. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of a Eurocurrency Loan an amount, such as a required minimum or multiple amount, is expressed in U.S. Dollars, but such Borrowing or Loan is denominated in an Alternative Currency, such amount shall be the relevant Other Currency Equivalent of such U.S. Dollar amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent.

Section 1.06. *Additional Alternative Currencies.* (a) The Borrower Representative may from time to time request that Loans be made or Letters of Credit be issued in a currency other than those specifically listed in the definition of “**Alternative Currency**”; *provided* that such requested currency is a lawful currency (other than U.S. Dollars) that is readily available and freely transferable and

convertible into U.S. Dollars. Any such request shall be subject to the approval of the Administrative Agent, the applicable Issuing Banks and the Lenders.

(b) Any such request shall be made to the Administrative Agent not later than 11:00 a.m., ten Business Days prior to the date of the desired Borrowing (or such other time or date as may be agreed by the Administrative Agent, in its sole discretion). In the case of any such request, the Administrative Agent shall promptly notify each Issuing Bank and each Lender thereof. Each Issuing Bank and each Lender shall notify the Administrative Agent, not later than 11:00 a.m., five Business Days after receipt of such request, whether it consents, in its sole discretion, to the making of Loans or issuance of Letters of Credit in such requested currency.

(c) Any failure by an Issuing Bank or a Lender to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by such Issuing Bank or such Lender to permit Loans to be made or Letters of Credit to be issued in such requested currency. If the Administrative Agent, the applicable Issuing Banks and all the Lenders consent to making Loans or issuing Letters of Credit in such requested currency, the Administrative Agent shall so notify the Borrower Representative and such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder. If the Administrative Agent shall fail to obtain consent to any request for an additional currency under this Section, the Administrative Agent shall promptly so notify the Borrower Representative.

Section 1.07. *Change of Currency.* (a) Each obligation of any Borrower to make a payment denominated in the national currency unit of any Participating Member State that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption (in accordance with the EMU Legislation). If, in relation to the currency of any such Participating Member State, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such Participating Member State adopts the Euro as its lawful currency; *provided* that if any Borrowing in the currency of such Participating Member State is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent, acting at the direction of the Required Lenders, and the Borrower Representative may from time to time agree to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent, acting at the direction of the Required Lenders, and the Borrower Representative may from time to time agree to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

Section 1.08. *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 the London interbank offered rate or other rates in the definition of "Eurocurrency Rate" or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate, as it may or may not be adjusted pursuant to Section 2.13, will be similar to,

or produce the same value or economic equivalence of, the Eurocurrency Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability.

Section 1.09. *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.

ARTICLE 2 THE CREDITS

Section 2.01. *Commitments.* Subject to the terms and conditions set forth herein, each Lender, severally and not jointly, agrees to make Global Loans to the Borrowers in U.S. Dollars or in one or more Alternative Currencies from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender's Credit Exposure exceeding such Lender's Commitment, or (ii) the sum of the total Credit Exposures exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Global Loans.

Section 2.02. *Loans and Borrowings.* (a) Each Global Loan shall be made as part of a Borrowing consisting of Global Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; *provided* that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.13, each Global Borrowing shall be comprised entirely of ABR Loans, Eurocurrency Loans, SONIA Loans, SARON Loans or TONA Loans as the Borrower Representative may request in accordance herewith. All ABR Loans shall be denominated in U.S. Dollars. Eurocurrency Loans may be denominated in U.S. Dollars or an Alternative Currency. All SONIA Loans shall be denominated in Sterling. All SARON Loans shall be denominated in Swiss Francs. All TONA Loans shall be denominated in Yen. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; *provided* that any exercise of such option shall not affect the obligation of the Borrowers to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurocurrency Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000. At the time that each ABR Borrowing, SONIA Borrowing, SARON Borrowing and TONA Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000; *provided* that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e). Each Swingline Loan shall be in an amount that is an integral multiple of \$100,000 and not less than \$1,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; *provided* that there shall not at any time be more than a total of ten Eurocurrency Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower Representative shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

Section 2.03. *Requests for Borrowings.* To request a Borrowing, the Borrower Representative shall notify the Administrative Agent of such request in the form of a Borrowing Request signed by the Borrower Representative not later than 11:00 a.m., New York City time, (a) in the case of a Eurocurrency Borrowing denominated in U.S. Dollars, three Business Days before the date of the proposed Borrowing, (b) in the case of a Eurocurrency Borrowing denominated in an Alternative Currency, four Business Days before the date of the proposed Borrowing, (c) in the case of a SONIA Borrowing denominated in Sterling, five Business Days before the date of the proposed Borrowing, (d) in the case of a SARON Borrowing denominated in Swiss Francs, five Business Days before the date of the proposed Borrowing, (e) in the case of a TONA Borrowing denominated in Yen, five Business Days before the date of the proposed Borrowing or (f) in the case of an ABR Borrowing, on the date of the proposed Borrowing. Each such Borrowing Request shall be irrevocable. Each such Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) the name of the Borrower;
- (ii) the aggregate amount of the requested Borrowing;
- (iii) the date of such Borrowing, which shall be a Business Day;
- (iv) whether such Borrowing is to be an ABR Borrowing, a Eurocurrency Borrowing, a SONIA Borrowing, a SARON Borrowing or a TONA Borrowing;
- (v) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of “**Interest Period**”;
- (vi) the location and number of the applicable Borrower’s account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06; and
- (vii) in the case of a Eurocurrency Borrowing, the currency of such Borrowing.

Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender’s Loan to be made as part of the requested Borrowing.

Section 2.04. *Swingline Loans.* (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrowers from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding \$50,000,000 or (ii) the sum of the total Credit Exposures exceeding the total Commitments; *provided* that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower Representative shall notify the Administrative Agent of such request by in the form of a Borrowing Request signed by the Borrower Representative, not later than 11:00 a.m., New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of

the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received by it. The Swingline Lender shall make each Swingline Loan available by means of a credit to the general deposit account of the applicable Borrower with the Swingline Lender or disbursement to such other account of the applicable Borrower as the Borrower Representative may specify in its Borrowing Request (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the Issuing Bank) on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, *mutatis mutandis*, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall promptly notify the Borrower Representative of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrowers in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; *provided* that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to any Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrowers of any default in the payment thereof.

Section 2.05. *Letters of Credit.* (a) General. Subject to the terms and conditions set forth herein (including without limitation the conditions set forth in Section 4.02), the Borrower Representative may request the issuance of Letters of Credit for the account of the Borrowers (to support obligations of any Borrower or its Subsidiaries), in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, from time to time during the Availability Period. All Letters of Credit shall be denominated in U.S. Dollars or an Alternative Currency. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower Representative to, or entered into by any Borrower with, any Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Notwithstanding the foregoing, each Existing Letter of Credit shall be deemed to be a Letter of Credit under this Agreement and for all purposes of the Loan Documents.

(b) Notice of Issuance, Amendment, Renewal or Extension; Certain Conditions. (i) To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of

Credit), the Borrower Representative shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Issuing Bank) to the applicable Issuing Bank and the Administrative Agent (at least five Business Days (or such shorter period of time as may be agreed by the Administrative Agent and such Issuing Bank) in advance of the requested date of issuance, amendment, renewal or extension) a notice (which shall include wording agreed with such Issuing Bank) requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the name of the account party (which may, at the option of the Borrower Representative, list any Loan Party or one or more Subsidiaries of any Borrower; *provided* that the listing of such Guarantor or Subsidiaries shall not create any obligations of such entity under this Agreement and the Borrowers shall remain at all times responsible for the obligations and agreements under the Loan Documents with respect to all Letters of Credit), the requested date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with Section 2.05(c), the amount of such Letter of Credit, the currency of denomination, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by an Issuing Bank, the Borrower Representative also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower Representative shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (x) the LC Exposure shall not exceed \$250,000,000 and (y) the sum of the total Credit Exposures shall not exceed the total Commitments.

(ii) Promptly after receipt of a notice requesting the issuance, amendment, renewal or extension of a Letter of Credit, the applicable Issuing Bank will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such notice from the Borrower Representative and, if not, such Issuing Bank will provide the Administrative Agent with a copy thereof. Upon receipt by such Issuing Bank of confirmation from the Administrative Agent that the requested issuance, amendment, renewal or extension is permitted in accordance with the terms hereof, then, subject to the terms and conditions hereof, such Issuing Bank shall, on the requested date, issue a Letter of Credit for the account of the Borrowers or enter into the applicable amendment, renewal or extension, as the case may be, in each case in accordance with such Issuing Bank's usual and customary business practices.

(c) Expiration Date. Each Letter of Credit shall expire at or before the close of business on the earlier of (i) the date that is one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension); *provided* that any 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 the date referred to in clause (ii) below) and (ii) the date that is five Business Days prior to the Maturity Date.

(d) Participations. Effective on the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of any Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. Pursuant to such participations, each Lender hereby absolutely and unconditionally agrees to pay in U.S. Dollars to the Administrative Agent, for the account of such Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrowers on the date due as provided in Section 2.05(e), or of any reimbursement payment required to be refunded to the Borrowers for any reason. Each Lender's obligation to acquire participations and make payments pursuant to this subsection is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment,

renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or any reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If any Issuing Bank makes any LC Disbursement in respect of a Letter of Credit, it shall promptly notify the Borrower Representative and the Administrative Agent and the Borrowers shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12:00 noon, New York City time, on the next Business Day of such notice; *provided* that the Borrower Representative may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrowers' obligation to make such payment shall be discharged and replaced by the resulting ABR Borrowing or Swingline Loan. If the Borrowers fail to make such payment when due, the Administrative Agent shall notify each Lender and the Issuing Bank of the applicable LC Disbursement, the payment then due from the Borrowers in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrowers, in the same manner as is provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, *mutatis mutandis*, to such payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrowers pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse any Issuing Bank for any LC Disbursement (other than the funding of ABR Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrowers of their obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrowers' obligation to reimburse LC Disbursements as provided in Section 2.05(e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrowers' obligations hereunder. None of the Lender Parties and their respective Related Parties shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of (x) any of the circumstances referred to in the preceding sentence or (y) the failure of any Issuing Bank to honor a drawing under any such Letter of Credit as a result of any Sanctions or any act or omission of any Governmental Authority), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of any Issuing Bank; *provided* that the foregoing shall not excuse any Issuing Bank from liability to the Borrowers to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrowers to the extent permitted by applicable law) suffered by the Borrowers that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of

Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of such Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, each Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents do not strictly comply with the terms of such Letter of Credit.

(g) Disbursement Procedures. Each Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall promptly notify the Administrative Agent and the Borrower Representative by telephone (confirmed by teletype) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement pursuant thereto; *provided* that any failure to give or delay in giving such notice shall not relieve the Borrowers of their obligation to reimburse such Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. Unless the Borrowers reimburse an LC Disbursement in full on the date an LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the day on which such LC Disbursement is made to but excluding the day on which the Borrowers reimburse such LC Disbursement, at the rate per annum then applicable to ABR Loans; *provided* that, if the Borrowers fail to reimburse such LC Disbursement when due pursuant to Section 2.05(e), then Section 2.12(c) and Section 2.12(d) shall apply. Interest accrued pursuant to this subsection shall be for the account of the applicable Issuing Bank, except that a pro rata share of interest accrued on and after the day that any Lender pursuant to Section 2.05(e) shall be for the account of such Lender.

(i) Issuing Banks. Any Issuing Bank may be replaced at any time by written agreement among the Borrower Representative, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement. At the time any such replacement becomes effective, the Borrowers shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.11(b). On and after the effective date of any such replacement, (A) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (B) references herein to the term “**Issuing Bank**” shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After an Issuing Bank is replaced, it will remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it before such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If an Event of Default shall occur and be continuing, on the Business Day that the Borrower Representative receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing more than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this subsection, the Borrowers shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to 101% of the LC Exposure as of such date plus any accrued and unpaid interest thereon; *provided* that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to a Borrower described in clause (h) or (i) of Article 7. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of

the Borrowers under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. The Administrative Agent shall invest and reinvest funds held by it on deposit in one or more Permitted Investments in accordance with the written instructions of the Required Lenders; *provided* that, in the absence of such written instructions, all funds shall remain uninvested on deposit in a non-interest bearing account in the commercial department of HSBC Bank USA, N.A. Investment instructions, which may be standing instructions, must be received by the Administrative Agent by 11:00 a.m. New York City time on the Business Day when such funds are to be invested. Instructions received after 11:00 a.m. New York City time will be treated as if received on the following Business Day. The Administrative Agent shall have no obligation to invest or reinvest any funds deposited with or received by the Administrative Agent after 11:00 a.m. New York City time on such day of deposit. Other than any interest earned on the investment of such deposits, which investments shall be made pursuant to the preceding sentence and at the Borrowers' risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse any Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrowers for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing more than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrowers under this Agreement. If the Borrowers are required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrowers within three Business Days after all Events of Default (including such Event of Default) have been cured or waived.

(k) Applicability of ISP 98. Unless otherwise agreed by the Borrower Representative and the applicable Issuing Bank, each Borrower agrees that any Issuing Bank may issue Letters of Credit hereunder subject to the International Standby Practices 1998, ICC Publication No. 590 or, at such Issuing Bank's option, such later revision thereof in effect at the time of issuance of any such Letter of Credit ("**ISP 98**"). Any Issuing Bank's privileges, rights and remedies under such ISP 98 shall be in addition to, and not in limitation of, its privileges, rights and remedies expressly provided for herein.

(l) Independence. Each Borrower acknowledges that the rights and obligations of each Issuing Bank under each Letter of Credit is independent of the existence, performance or nonperformance of any contract or arrangement underlying such Letter of Credit, including contracts or arrangements between any Issuing Bank and any Borrower and between such Borrower and the beneficiary.

Section 2.06. *Funding of Borrowings*. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time (in the case of fundings to an account in New York City), or 12:00 noon, local time (in the case of fundings to an account in another jurisdiction), in each case to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; *provided* that (x) ABR Loans shall be made available by 2:00 p.m. New York City or local time, as the case may be, and (y) Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such funds available to the Borrowers by promptly crediting the amounts so received, in like funds, to an account of the applicable Borrower maintained in New York City or London or in the financial center of the country of the currency of such Loans and designated by the Borrower Representative in the applicable Borrowing Request; *provided* that ABR Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent receives notice from a Lender before the proposed date of any Borrowing that such Lender will not make its share of such Borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.06(a) and may, in reliance on such assumption, make available to the Borrowers a corresponding amount in the required currency. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrowers 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 the Borrowers to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, if such Borrowing is denominated in U.S. Dollars, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, and if such Borrowing is denominated in an Alternative Currency, a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds in the relevant currency (which determination shall be conclusive absent manifest error), or (ii) in the case of the Borrowers, the interest rate applicable to such Borrowing (*provided* that in the case of a Borrowing denominated in U.S. Dollars, the interest rate applicable to ABR Loans). If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

Section 2.07. *Interest Elections.* (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower Representative may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower Representative may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. Notwithstanding the foregoing, the Borrower Representative may not (i) elect to convert the currency in which any Loans are denominated, (ii) elect an Interest Period for Eurocurrency Loans that does not comply with Section 2.02(d), (iii) elect to convert any ABR Loans to Eurocurrency Loans that would result in the number of Eurocurrency Borrowings exceeding the maximum number of Eurocurrency Borrowings permitted under Section 2.02(c), or (iv) elect an Interest Period for Eurocurrency Loans unless the aggregate outstanding principal amount of Eurocurrency Loans (including any Eurocurrency Loans in the same currency made on the date that such Interest Period is to begin) to which such Interest Period will apply complies with the requirements as to minimum principal amount set forth in Section 2.02(c). This Section shall not apply to Swingline Loan Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower Representative shall notify the Administrative Agent of such election in the form of an Interest Election Request signed by the Borrower Representative by the time that a Borrowing Request would be required under Section 2.03 if the Borrower Representative were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election; *provided* that in the case of a conversion of Eurocurrency Loans to ABR Loans, notice of such election must be delivered not later than 11:00 a.m., New York City time, three Business Days before the end of the current Interest Period for such Eurocurrency Loans. Each such Interest Election Request shall be irrevocable.

(c) Each Interest Election Request shall specify the following information in compliance with Section 2.02 and Section 2.07(e):

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing, a Eurocurrency Borrowing, a SONIA Borrowing, a SARON Borrowing or a TONA Borrowing; and

(iv) if the resulting Borrowing is to be a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of “**Interest Period**”.

If an Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Borrower Representative shall be deemed to have selected an Interest Period of one month’s duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender’s portion of each resulting Borrowing.

(e) If the Borrower Representative fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing before the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be continued as a Eurocurrency Loan having an Interest Period of one month. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower Representative, then, so long as an Event of Default is continuing, no outstanding ABR Borrowing may be converted to a Eurocurrency Borrowing.

Section 2.08. *Termination and Reduction of Commitments.* (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrowers may at any time terminate, or from time to time reduce, the Commitments; *provided* that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 and (ii) the Borrowers shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.10, the sum of the Credit Exposures would exceed the total Commitments.

(c) The Borrower Representative shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days before the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower Representative pursuant to this Section shall be irrevocable; *provided* that a notice of termination or reduction of the Commitments may state that such termination or reduction is conditioned upon the effectiveness of a refinancing or other events, in which case such notice may be revoked (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent and will be made ratably among the Lenders in accordance with their respective Commitments.

Section 2.09. *Repayment of Loans; Evidence of Debt.* (a) Each Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Global Loan on the Maturity Date and (ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made; *provided* that on each date that a Global Borrowing is made, the Borrowers shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower 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.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the currency, Class and Type thereof and the Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to Section 2.09(b) or 2.09(c) shall be prima facie evidence of the existence and amounts of the obligations recorded therein; *provided* that any failure by any Lender or the Administrative Agent to maintain such accounts or any error therein shall not affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans of any Class made by it be evidenced by a promissory note. In such event, each Borrower shall prepare, execute and deliver promptly to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) substantially in the form of Exhibit H. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.10. *Prepayment of Loans; Collateralization of LC Exposure.* (a) Each Borrower shall have the right at any time to prepay any Borrowing in whole or in part, subject to the provisions of this Section.

(b) If the Administrative Agent notifies the Borrower Representative at any time that the aggregate Outstanding Amount of all Credit Exposure at such time exceeds an amount equal to 105% of the Commitments then in effect, then, within seven Business Days after receipt of such notice, the Borrowers shall prepay Loans or cash collateralize LC Exposure in an aggregate amount sufficient to reduce such Outstanding Amount as of such date of payment to an amount not to exceed 100% of the Commitments then in effect. The Administrative Agent may, at any time and from time to time after the initial deposit of such cash collateral, request that additional cash collateral be provided in order to protect against the results of further exchange rate fluctuations.

(c) The Borrower Representative shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by teletype) of any prepayment hereunder (i) in the case of prepayment of a Eurocurrency Borrowing denominated in U.S. Dollars, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment, (ii) in the case of a Eurocurrency Borrowing denominated in an Alternative Currency, not later than 11:00 a.m., New York City time, three Business Days before the date of payment, (iii) in the

case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of prepayment, (iv) in the case of prepayment of a SONIA Borrowing denominated in Sterling, not later than 11:00 a.m., New York City time, five Business Days before the date of prepayment, (v) in the case of prepayment of a SARON Borrowing denominated in Swiss Francs, not later than 11:00 a.m., New York City time, five Business Days before the date of prepayment, (vi) in the case of prepayment of a TONA Borrowing denominated in Yen, not later than 11:00 a.m., New York City time, five Business Days before the date of prepayment or (vii) in the case of prepayment of a Swingline Loan, not later than 11:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; *provided* that such notice may state that the prepayment is conditioned upon the effectiveness of a refinancing or other events, in which case such notice may be revoked (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.12.

Section 2.11. *Fees.* (a) The Borrowers agree to pay to the Administrative Agent for the account of each Lender a facility fee, which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Restatement Date to but excluding the date on which such Commitment terminates; *provided* that, if such Lender continues to have any Credit Exposure after its Commitment terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Credit Exposure. Accrued facility fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; *provided* that any facility fees accruing after the date on which the Commitments terminate shall be payable on demand. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrowers agree to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurocurrency Loans on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Restatement Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to each Issuing Bank a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Restatement Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as each Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Restatement Date; *provided* that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to each Issuing Bank pursuant to this subsection shall be payable within 30 days after demand. All participation fees and

fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrowers agree to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon in writing by the Borrower Representative and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds in U.S. Dollars, to the Administrative Agent (or to the applicable Issuing Bank, in the case of fees payable to it) for distribution, in the case of facility fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

Section 2.12. *Interest.* (a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each (i) Eurocurrency Borrowing shall bear interest at the Eurocurrency Rate for the Interest Period in effect for such Borrowing *plus* the Applicable Rate, (ii) SONIA Borrowing shall bear interest at Daily Simple SONIA in effect for such Borrowing *plus* the Applicable Rate *plus* the Applicable SONIA Adjustment, (iii) SARON Borrowing shall bear interest at Daily Simple SARON in effect for such Borrowing *plus* the Applicable Rate *plus* the Applicable SARON Adjustment and (iv) TONA Borrowing shall bear interest at Daily Simple TONA in effect for such Borrowing *plus* the Applicable Rate *plus* the Applicable TONA Adjustment.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrowers hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding subsections of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitments; provided that (i) interest accrued pursuant to Section 2.12(c) shall be payable on demand, (ii) upon any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) upon any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and interest in respect of Loans denominated in Alternative Currencies as to which market practice differs from the foregoing shall be computed in accordance with such market practice, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Eurocurrency Rate, SONIA Rate, SARON Rate or TONA Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.13. *Effect of Benchmark Transition Event.*

(a) Benchmark Replacement.

(i) Notwithstanding anything to the contrary herein or in any other Loan Document (and any Swap Contract shall be deemed not to be a “Loan Document” for purposes of this Section 2.13):

(A) LIBOR Replacement. On March 5, 2021 the Financial Conduct Authority (“FCA”), the regulatory supervisor of IBA, announced in a public statement the future cessation or loss of representativeness, as applicable, of each tenor setting of USD LIBOR and each other Relevant LIBOR. According to the FCA, IBA will permanently cease publication on a representative basis of (i) all GBP, EUR, CHF and JPY LIBOR settings, and the 1-week and 2-month USD LIBOR settings following the publication of such settings on December 31, 2021, and (ii) the overnight/Spot Next, 1-month, 3-month, 6-month and 12-month USD LIBOR settings, immediately following the publication of such settings on June 30, 2023. As a result, upon the occurrence of a LIBOR Replacement Date in respect of a Relevant LIBOR, the applicable Benchmark Replacement for Loans denominated in Dollars and for Loans denominated in the relevant Alternative Currency, as applicable, will replace the Relevant LIBOR for all purposes hereunder and under any other Loan Document in respect of any setting of the Relevant LIBOR (1) if the Benchmark Replacement is determined in accordance with clause (a)(1)(A) or clause (a)(1)(B) of the definition of “Benchmark Replacement”, on such LIBOR Replacement Date and for all subsequent settings of the Relevant LIBOR without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (2) if the Benchmark Replacement is determined in accordance with clause (a)(1)(C) or clause (b) of the definition of “Benchmark Replacement”, at or after 5:00 p.m. 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 Required Lenders. For Loans denominated in Dollars, Sterling, Yen or Swiss Francs, if the Benchmark Replacement is Daily Simple SOFR, Daily Simple SONIA, Daily Simple SARON or Daily Simple TONA, respectively, all interest payments on such Loans will be payable on a quarterly basis.

(B) Future Benchmark Replacement. If a Benchmark Transition Event occurs after the date hereof with respect to any then-current Benchmark and a Benchmark Replacement is determined in accordance with clause (b) of “Benchmark Replacement”, then such Benchmark Replacement will replace the relevant then-current Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. 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 Required Lenders. At any time that the administrator of a then-current Benchmark has permanently or indefinitely ceased to provide such Benchmark or such Benchmark has been announced by the regulatory supervisor for the administrator of such Benchmark pursuant to public statement or publication of information to be no longer representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored, the Borrower may revoke any request for a Eurocurrency Borrowing, SARON Borrowing, SONIA Borrowing or TONA Borrowing, as applicable, of, conversion to or continuation of Eurocurrency

Loans, SARON Loans, SONIA Loans or TONA Loans, as applicable, to be made, converted or continued that would bear interest by reference to such Benchmark until the Borrower's receipt of notice from the Administrative Agent that a Benchmark Replacement has replaced such Benchmark and, failing that, either (i) the Borrower will be deemed to have converted any such request for a Eurocurrency Borrowing denominated in Dollars into a request for a Eurocurrency Borrowing of or conversion to ABR Loans or (ii) any Eurocurrency Borrowing, SARON Borrowing, SONIA Borrowing or TONA Borrowing, as applicable, denominated in an Alternative Currency shall be ineffective. During the period referenced in the foregoing sentence, the component of ABR based upon the applicable then-current Benchmark will not be used in any determination of ABR. Furthermore, if any Eurocurrency Loan, SARON Loan, SONIA Loan or TONA Loan, as applicable, in an Alternative Currency is outstanding on the date of the Borrower's receipt of such notice from the Administrative Agent with respect to a then-current Benchmark applicable to such Eurocurrency Loan, SARON Loan, SONIA Loan or TONA Loan, as applicable, then until such time as a Benchmark Replacement for such then-current Benchmark is implemented pursuant to this Section 2.13, (i) if such Eurocurrency Loan is denominated in Dollars, then 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), such Loan shall be converted by the Administrative Agent to, and shall constitute, an ABR Loan denominated in Dollars on such day or (ii) if such Eurocurrency Loan, SARON Loan, SONIA Loan or TONA Loan, as applicable, is denominated in an Alternative Currency, then such Loan shall, on the last day of the Interest Period or on the Interest Payment Date, as applicable, applicable to such Loan (or the next succeeding Business Day if such day is not a Business Day), at the Borrower's election prior to such day: (A) be prepaid by the Borrower on such day or (B) solely for the purpose of calculating the interest rate applicable to such Eurocurrency Loan, such Eurocurrency Loan, SARON Loan, SONIA Loan or TONA Loan, as applicable, shall be deemed to be a Eurocurrency Loan denominated in Dollars and shall accrue interest at the same interest rate applicable to Eurocurrency Loans denominated in Dollars at such time.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation and administration of a Benchmark Replacement, the Administrative Agent 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).

(c) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly (and in any event within five (5) Business Days) notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, and (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (d) below. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, the Borrower or any Lender (or group of Lenders) pursuant to this Section 2.13, 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 2.13.

(d) Unavailability of Tenor of Benchmark. At any time (including in connection with the implementation of a Benchmark Replacement), (i) if a then-current Benchmark is a term rate (including Term SOFR or a Relevant LIBOR), then the Administrative Agent may remove any tenor of such Benchmark that is unavailable or non-representative for Benchmark (including Benchmark Replacement) settings and (ii) the Administrative Agent may reinstate any such previously removed tenor for such Benchmark (including Benchmark Replacement) settings.

Section 2.14. *Increased Costs*. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any reserve requirement contemplated by Section 2.14(e)) or Issuing Bank;

(ii) subject any Lender Party to any Taxes (other than (A) Indemnified Taxes, (B) Excluded Taxes and (C) Other Taxes) with respect to Eurocurrency Loans made by such Lender or any Letter of Credit or participation therein (including on its deposits, reserves, other liabilities or capital attributable thereto); or

(iii) impose on any Lender or such Issuing Bank or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Eurocurrency 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, continuing, converting to or maintaining any Eurocurrency Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or such Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or such Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrowers will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate it for such additional costs incurred or reduction suffered, but only to the extent such Lender or such Issuing Bank is imposing such charges on borrowers (similarly situated to the Borrowers hereunder) under comparable syndicated credit facilities.

(b) If any Lender or any Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or such Issuing Bank's capital or on the capital of such Lender's or such Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such Lender's or such Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered, but only to the extent such Lender or such Issuing Bank is imposing such charges on borrowers (similarly situated to the Borrowers hereunder) under comparable syndicated credit facilities.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or such Issuing Bank or its holding company, as the case may be, as specified in Section 2.14(a) or 2.14(b) shall be delivered to the Borrower Representative and shall be conclusive absent manifest error. The Borrowers shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within 30 days after receipt thereof.

(d) Failure or delay by any Lender or any Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such Issuing Bank's right to demand such compensation; *provided* that the Borrowers shall not be required to compensate a Lender or such Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days before the date that such Lender or any Issuing Bank, as the case may be, notifies the Borrower Representative of the Change in Law giving rise to such increased cost or reduction and of such Lender's or such Issuing Bank's intention to claim compensation therefor; *provided, further* that, if the Change in Law giving rise to such increased cost or reduction is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(e) The Borrowers shall pay to each Lender, (i) as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "**Eurocurrency liabilities**"), additional interest on the unpaid principal amount of each Eurocurrency Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), and (ii) as long as such Lender shall be required to comply with any reserve ratio requirement or analogous requirement of any other central banking or financial regulatory authority imposed in respect of the maintenance of the Commitments or the funding of the Eurocurrency Loans, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which in each case shall be due and payable on each date on which interest is payable on such Loan, *provided* the Borrower Representative shall have received at least 10 days' prior notice (with a copy to the Administrative Agent) of such additional interest or costs from such Lender. If a Lender fails to give notice 10 days prior to the relevant Interest Payment Date, such additional interest or costs shall be due and payable 30 days from receipt of such notice.

(f) Except in the case of Section 2.14(a)(ii), this Section 2.14 shall not apply to matters covered by Section 2.16 relating to Taxes, including any Excluded Taxes.

Section 2.15. *Break Funding Payments.* In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.10(c) and is revoked in accordance therewith) or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower Representative pursuant to Section 2.18, then, in any such event, the Borrowers shall compensate each Lender for the loss, cost and expense directly attributable to such event. Such loss, cost and expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Eurocurrency Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the relevant currency of a comparable amount and period from other banks in the relevant market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrowers and shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof.

Section 2.16. *Taxes.* (a) Any and all payments by or on account of any obligation of any Loan Party under the Loan Documents shall be made free and clear of and without deduction or withholding for any Taxes; *provided* that if a Loan Party shall be required by applicable law to deduct or withhold any Taxes from such payments, then (i) if such Taxes are Indemnified Taxes or Other Taxes the sum payable by such Loan Party shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) each Lender Party receives an amount equal to the sum it would have received had no such deductions or withholdings been made, (ii) such Loan Party shall make such deductions and withholdings and (iii) such Loan Party shall pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law.

(b) Without limiting the provisions of subsection (a) above, each Loan Party shall, jointly and severally, indemnify each Lender Party, within 30 days after written demand therefor, for the full amount of any Indemnified Taxes imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under the Loan Documents (including amounts payable under this Section) or Other Taxes (together with any penalties, interest and reasonable expenses) payable or paid by such Lender Party or required to be withheld or deducted from a payment to such Lender Party, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to such Loan Party by a Lender Party on its own behalf, or by the Administrative Agent on behalf of a Lender Party, shall be conclusive absent manifest error.

(c) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any Loan Party to a Governmental Authority, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) (i) Any Lender that is entitled to an exemption from or reduction of withholding tax (including FATCA) under the law of a Relevant Jurisdiction, or any treaty to which such jurisdiction is a party, or under any law or treaty of any other jurisdiction in which payments may be made by a Borrower pursuant to this Agreement, with respect to payments under this Agreement, shall deliver to the Borrower Representative (with a copy to the Administrative Agent), at the time or times reasonably requested by the Borrower Representative or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower Representative as will permit such payments to be made without withholding or at a reduced rate. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Each Lender shall promptly notify the Administrative Agent of any change in circumstances which would modify or render invalid any such claimed exemption or reduction. Notwithstanding anything to the contrary herein, the completion, execution and submission of such documentation (other than such documentation set forth in clauses (ii) and (iii) of this Section 2.16(d)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower Representative and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower Representative or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower Representative or the Administrative Agent as may be necessary for the Borrower Representative or the Administrative Agent to comply with its obligations under FATCA, to determine that such Lender has or has not complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for the purposes of this Section 2.16(d), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower Representative and the Administrative Agent 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 the Borrower Representative or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower Representative and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit G-1 to the effect that such Non-U.S. Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower Representative within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax**

Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or W-8BEN-E; or

(4) to the extent a Non-U.S. Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or Exhibit G-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided* that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Non-U.S. Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-4 on behalf of each such direct and indirect partner.

(e) If a Lender Party determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by a Loan Party or with respect to which a Loan Party has paid additional amounts pursuant to this Section that in the good faith judgment of such Lender Party is allocable to such indemnity or additional amounts and is not subject to return, reassessment or other repayment, it shall pay to such Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of such Lender Party’s out-of-pocket expenses and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that such Loan Party, upon the request of such Lender Party, agrees to repay the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Lender Party in the event such Lender Party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (f), in no event will a Lender Party be required to pay any amount to a Loan Party pursuant to this paragraph (f) the payment of which would place the Lender Party in a less favorable net after-tax position than the Lender Party would have been in if the Tax giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section shall not be construed to require any Lender Party to make available its tax returns (or any other information relating to its taxes which it deems confidential) to any Loan Party or any other Person.

(f) Each Lender shall severally indemnify the Administrative Agent for any Taxes, including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section (but only to the extent that the Loan Parties have not already indemnified the Administrative Agent for such Taxes and without limiting the obligation, if any, of the Loan Parties to do so), in each case attributable to such Lender that are paid or payable by the Administrative Agent in connection with any Loan Document, whether or not such Taxes were correctly or legally imposed or asserted, and any reasonable expenses arising therefrom or with respect thereto. This indemnification shall be made within 15 days from the date the Administrative Agent makes demand therefor.

(g) For purposes of this Section 2.16, the term “applicable law” includes FATCA.

Section 2.17. *Payments Generally; Pro Rata Treatment; Sharing of Set-offs.* (a) Each Borrower shall make each payment required to be made by it under the Loan Documents (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.14, 2.15 or 2.16, or otherwise) before the time expressly required under the relevant Loan Document for such payment (or, if no such time is expressly required, before 12:00 noon, local time at the place of payment), on the date when due, in immediately available funds, without set off or counterclaim. Any

amount received after such time on any day may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to such account of the Administrative Agent as the Administrative Agent shall specify by notice to the Borrower Representative, except payments to be made directly to any Issuing Bank or the Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.14, 2.15, 2.16 and 10.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payment received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, if such payment accrues interest, interest thereon shall be payable for the period of such extension. All payments hereunder of principal and interest in respect of any Loan (or of any breakage indemnity or payment under Section 2.15 in respect of any Loan) shall be made in the currency of such Loan; all other payments under each Loan Document shall be made in U.S. Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) *first*, to pay ratably any unpaid fees, costs and expenses of the Administrative Agent, (ii) *second*, to pay interest and fees then due hereunder, ratably among the other Lender Parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (iii) *third*, to pay principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Global Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Global Loans or participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other applicable Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Global Loans, LC Disbursements or Swingline Loans of other Lenders to the extent necessary 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 Global Loans and participations in LC Disbursements and Swingline Loans; *provided* that (x) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (y) the provisions of this subsection shall not be construed to apply to any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to any Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this subsection shall apply). Each Borrower consents to the foregoing and agrees, 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 such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower Representative prior to the date on which any payment is due to the Administrative Agent for the account of one or more Lender Parties hereunder that such payment will not be made, the Administrative Agent may assume that such payment has been made on such date in accordance herewith and may, in reliance upon such assumption, distribute to each relevant Lender Party the amount due. In such event, if such

payment has not in fact been made, then each of Lender Party severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender Party 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, if such payment is denominated in U.S. Dollars, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, and, if such payment is denominated in an Alternative Currency, a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds in the relevant currency (which determination shall be conclusive absent manifest error).

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d), 2.05(e), 2.06(b), 2.17(d) or 10.03(b), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

Section 2.18. *Mitigation Obligations; Replacement of Lenders.* (a) If any Lender requests compensation under Section 2.14, 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 2.16, 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, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or 2.16, 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. The Borrowers agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.14, 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 2.16, and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with paragraph (a) of this Section, or if any Lender becomes a Defaulting Lender, or if a Lender does not consent to a proposed amendment, waiver, consent or release with respect to any Loan Document that requires the consent of each Lender and has been approved by the Required Lenders, then the Borrower Representative may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (i) to the extent required under Section 10.04, the Borrower Representative shall have received the prior written consent of the Administrative Agent and the Issuing Banks, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such assignment will result in a material reduction in such compensation or payments. A Lender shall not be required to make any such assignment if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower Representative to require such assignment cease to apply. At any time prior to the effectiveness of such assignment, the Borrower Representative, in its sole discretion, may revoke the notice requiring such assignment. Each party hereto agrees that (i) an assignment required pursuant to this paragraph may be effected pursuant to an Assignment executed by the Borrower Representative, the Administrative Agent and the assignee and (ii) the Lender required to

make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to and be bound by the terms thereof; *provided* that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender; *provided* that any such documents shall be without recourse to or warranty by the parties thereto.

Section 2.19 [Reserved].

Section 2.20. *Defaulting Lenders.* If any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

- (a) fees shall cease to accrue on the unused portion of the Commitment of such Defaulting Lender pursuant to Section 2.11(a);
- (b) the Commitment and Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification permitted to be effected by the Required Lenders pursuant to Section 10.02);
- (c) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:
 - (i) so long as no Event of Default has occurred and is continuing, the Swingline Exposure and LC Exposure of such Defaulting Lender shall be automatically reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent the sum of all non-Defaulting Lenders' Credit Exposures plus such Defaulting Lender's Swingline Exposure and LC Exposure does not exceed the total of all non-Defaulting Lenders' Commitments;
 - (ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrowers shall within three Business Days following notice by the Administrative Agent (a) *first* prepay such Swingline Exposure and (b) either (x) procure the reduction or termination of the Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) or (y) if requested in writing by the applicable Issuing Bank, cash collateralize for the benefit of such Issuing Bank only the Borrowers' obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.05(j) for so long as such LC Exposure is outstanding;
 - (iii) if the Borrowers cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrowers shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.11(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;
 - (iv) to the extent that the LC Exposures of the non-Defaulting Lenders are adjusted pursuant to clause (i) above, then the letter of credit fees payable to the Lenders pursuant to Section 2.11(b) shall to the same extent be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and
 - (v) if all or any portion of such Defaulting Lender's LC Exposure is not reallocated, reduced, terminated nor cash collateralized pursuant to clause (i) or (ii) above, then, without

prejudice to any rights or remedies of any Issuing Bank or any other Lender hereunder, all letter of credit fees payable under Section 2.11(b) with respect to such Defaulting Lender's LC Exposure shall be payable to such Issuing Bank until and to the extent that such LC Exposure is reallocated, reduced, terminated and/or cash collateralized; and

(d) so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and no Issuing Bank shall be required to issue, extend, renew or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding LC Exposure after giving effect thereto will be 100% covered by the Commitments of the non-Defaulting Lenders and/or prepaid, reduced, terminated and/or cash collateralized to the extent requested by the applicable Issuing Bank in accordance with Section 2.20(c), and participating interests in any newly made Swingline Loan or newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.20(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) with respect to any Lender, a Bankruptcy Event or a Bail-In Action with respect to any Person as to which such Lender is, directly or indirectly, a subsidiary, shall occur following the date hereof and for so long as such event shall continue or (ii) the Swingline Lender or any Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its funding obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and no Issuing Bank shall be required to issue, extend, renew or increase any Letter of Credit, unless the Swingline Lender or such Issuing Bank, as the case may be, shall have entered into arrangements with the Borrowers or such Lender, reasonably satisfactory to the Swingline Lender or such Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Borrower Representative, the Swingline Lender and the applicable Issuing Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and the LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders other than the Swingline Loans as the Administrative Agent shall determine is necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage; *provided* that there shall be no retroactive effect on fees adjusted or reallocated pursuant to Section 2.20(a) and Section 2.20(c)(iii), (iv) and (v).

Section 2.21. *Incremental Facilities.*

(a) The Borrower Representative may by written notice to the Administrative Agent elect to request the establishment of one or more increases in Commitments (the "**Incremental Commitments**"), by an aggregate amount that is an integral multiple of \$5,000,000 and not less than \$10,000,000 individually (or such lesser amount as may be approved by the Administrative Agent); *provided* that at no time shall the aggregate amount of Commitments, after giving effect to such Incremental Commitments effected pursuant to this Section, exceed \$1,500,000,000. Each such notice shall specify the date (each, an "**Incremental Effective Date**") on which the Borrower Representative proposes that the Incremental Commitments shall be effective. The Borrowers may approach any Lender or any other Person (other than a natural person) to provide all or a portion of the Incremental Commitments; *provided* that any Lender may elect or decline, in its sole discretion, to provide such Incremental Commitment. Each Incremental Commitment shall become effective as of the applicable Incremental Effective Date; *provided* that (i) the conditions set forth in Section 4.02 shall be satisfied (with all references in such Section to a Borrowing being deemed to be references to such Incremental Commitments) and the Administrative Agent shall have received a certificate to that effect dated such date and executed by an

Authorized Officer, (ii) the Incremental Commitments shall be effected pursuant to one or more Lender Joinder Agreements executed and delivered by the Borrower Representative and the Administrative Agent, (iii) the Administrative Agent, the Swingline Lender and the Issuing Bank shall have consented (not to be unreasonably withheld or delayed) to any New Lender (as defined below) to the extent such consent, if any, would be required under Section 10.04 for an assignment of Loans or Commitments to such Person and (iv) the Borrowers shall make any payments required pursuant to Section 2.15 in connection with the Incremental Commitments, as applicable.

(b) On any Incremental Effective Date, subject to the satisfaction of the foregoing terms and conditions, (i) each of the Lenders with existing Commitments shall assign to each Lender with an Incremental Commitment (each, a “**New Lender**”) and each of the New Lenders shall purchase from each of the Lenders with existing Commitments, at the principal amount thereof, such interests in the Loans outstanding on such Incremental Effective Date as shall be necessary in order that, after giving effect to all such assignments and purchases, the Loans will be held by existing Lenders and New Lenders ratably in accordance with their Commitments after giving effect to the addition of such Incremental Commitments to the Commitments, (ii) each Incremental Commitment shall be deemed for all purposes a Commitment and, each Loan made under an Incremental Commitment (a “**New Loan**”) shall be deemed, for all purposes, Loans and (iii) each New Lender shall become a Lender with respect to the Incremental Commitment and all matters relating thereto.

(c) Incremental Commitments and New Loans shall be identical to the Commitments and the Loans.

(d) Each Lender Joinder Agreement may, without the consent of any other Lenders, effect technical and corresponding amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provision of this Section 2.21.

Section 2.22. *Extended Commitments and Extended Loans.*

(a) (i) The Borrower Representative may at any time and from time to time request that all or a portion of the Commitments, and/or any Extended Commitments, each existing at the time of such request (each, an “**Existing Commitment**” and any related revolving credit loans thereunder, “**Existing Loans**”) be converted to extend the termination date thereof and the scheduled maturity date(s) of any payment of principal with respect to all or a portion of any principal amount of Loans related to such Existing Commitments (any such Existing Commitments which have been so extended, “**Extended Commitments**” and any related Loans, “**Extended Loans**”) and to provide for other terms consistent with this Section 2.22(a). In order to establish any Extended Commitments, the Borrower Representative shall provide a notice (an “**Extension Request**”) to the Administrative Agent (who shall provide a copy of such notice to each of the Lenders) setting forth the proposed terms of the Extended Commitments to be established, which shall not be materially more restrictive to the Loan Parties (as determined in good faith by the Borrower Representative), when taken as a whole, than the terms of the applicable Existing Commitments (the “**Specified Existing Commitment**”) unless (x) the Lenders providing Existing Loans receive the benefit of such more restrictive terms or (y) any such provisions apply after the Maturity Date, in each case, to the extent provided in the applicable Extension Amendment; *provided, however*, that (x) (A) the interest margins with respect to the Extended Commitments may be higher or lower than the interest margins for the Specified Existing Commitments and/or (B) additional fees and premiums may be payable to the Lenders providing such Extended Commitments in addition to or in lieu of any increased margins contemplated by the preceding clause (A) and (y) the facility fee with respect to the Extended Commitments may be higher or lower than the facility fee for the Specified Existing Commitment; *provided that*, notwithstanding anything to the contrary in this Section 2.22(a) or otherwise, (1) the

borrowing and repayment of Extended Loans shall be made on a pro rata basis with all other Existing Loans so long as the Existing Commitments are outstanding and (2) assignments and participations of Extended Commitments and Extended Loans shall be governed by the same assignment and participation provisions applicable to Existing Commitments and Existing Loans as set forth in Section 10.04. Any Extension Request by the Borrower Representative shall be made to all Lenders holding the applicable Existing Commitments and Existing Loans, but no Lender shall have any obligation to agree to have any of its Loans or Commitments converted into Extended Loans or Extended Commitments pursuant to such Extension Request. Any Extended Commitments of any Extension Series shall constitute a separate series of revolving credit commitments from the Specified Existing Commitments and from any other Existing Commitments (together with any other Extended Commitments so established on such date).

(ii) Any Lender (an “**Extending Lender**”) wishing to have all or a portion of its Existing Commitments subject to such Extension Request converted into Extended Commitments shall notify the Administrative Agent (an “**Extension Election**”) on or prior to the date specified in such Extension Request of the amount of its Existing Commitments that it has elected to convert into Extended Commitments. Such Extended Commitment shall be treated identically to all other Commitments for purposes of the obligations of a Lender in respect of Swingline Loans under Section 2.04 and Letters of Credit under Section 2.05, except that the applicable Extension Amendment may provide that the maturity dates for Swingline Loans and Letters of Credit, as applicable, may be extended and the related obligations to make Swingline Loans and issue Letters of Credit may be continued so long as the Swingline Lender and/or the applicable Issuing Bank, as applicable, have consented to such extensions in their sole discretion (it being understood that no consent of any other Lender shall be required in connection with any such extension).

(iii) Extended Commitments, as applicable, shall be established pursuant to an amendment (an “**Extension Amendment**”) to this Agreement executed by the Borrower Representative, the Administrative Agent and the Extending Lenders (and not any other Lenders). No Extension Amendment shall provide for any tranche of Extended Commitments in an aggregate principal amount that is less than \$10,000,000.

(iv) Notwithstanding anything to the contrary contained in this Agreement, (A) on any date on which any Existing Commitment or Existing Loan is converted to extend the related scheduled maturity date(s) in accordance with clause (i) above (an “**Extension Date**”), in the case of the Specified Existing Commitments of each Extending Lender, the aggregate principal amount of such Specified Existing Commitments shall be deemed reduced by an amount equal to the aggregate principal amount of Extended Commitments so converted by such Lender on such date, and such Extended Commitments shall be established as a separate series of revolving credit commitments from any Existing Commitments and (B) if, on any Extension Date, any Loans of any Extending Lender are outstanding under the applicable Specified Existing Commitments, such Loans (and any related participations) shall be deemed to be allocated as Extended Loans (and related participations) and Existing Loans (and related participations) in the same proportion as such Extending Lender’s Specified Existing Commitments to Extended Commitments. Each Extended Commitment shall become effective as of the applicable Extension Date; *provided* that the conditions set forth in Section 4.02 shall be satisfied (with all references in such Section to a Borrowing being deemed to be references to such Extension Request) and the Administrative Agent shall have received a certificate to that effect dated such date and executed by an Authorized Officer,

(b) The Administrative Agent and the Lenders (other than the Swingline Lender and the Issuing Bank to the extent such consent is expressly required by this Section 2.22) hereby consent to the

consummation of the transactions contemplated by this Section 2.22 (including payment of any interest, fees, or premium in respect of any Extended Commitments set forth in the relevant Extension Amendment) and hereby waive the requirements of any provision of this Agreement (including, without limitation, any pro rata payment or amendment section) or any other Loan Document that may otherwise prohibit or restrict any such extension or any other transaction contemplated by this Section 2.22.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to enter into this Agreement, to make the Loans and issue or participate in Letters of Credit as provided for herein, each Loan Party makes the following representations and warranties to the Lenders, all of which shall survive the execution and delivery of this Agreement and the making of the Loans and the issuance of the Letters of Credit:

Section 3.01. *Organization; Powers.* Each Loan Party (a) is duly organized, validly existing and in good standing (if applicable) under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and (b) except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing (if applicable) in, every jurisdiction where such qualification is required.

Section 3.02. *Authorization; Enforceability.* The Transactions to be entered into by each Loan Party are within its organizational powers and have been duly authorized by all necessary organizational action. This Agreement has been duly executed and delivered by each Loan Party and constitutes, and each other Loan Document to which any Loan Party is to be a party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of such Loan Party, as the case may be, in each case enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 3.03. *Governmental Approvals; No Conflicts.* The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (i) such as have been obtained or made and are in full force and effect or (ii) where the failure to obtain or make them would not reasonably be expected to have a Material Adverse Effect, (b) will not violate (i) the Constituent Documents of any Borrower Group Company or (ii) except where such violation would not reasonably be expected to have a Material Adverse Effect, any law or regulation applicable to any Borrower Group Company or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon any Borrower Group Company or its assets, or give rise to a right thereunder to require any Borrower Group Company to make any payment except where the failure to do so, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, and (d) will not result in the creation or imposition of any Lien on any asset of any Borrower Group Company, except where the failure to do so, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

Section 3.04. *Financial Condition; No Material Adverse Change.* (a) The Borrower Representative has heretofore furnished to the Administrative Agent statements of financial condition, results of operations, changes in equity and cash flows of the Public Company as of and for the (i) fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020 and (ii) fiscal quarter ended March 31, 2021. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Public Company, as of such dates and for such periods on a consolidated basis and in accordance with GAAP, except to the extent provided in the notes to said

financial statements and in the case of the statements referred to in clause (ii) above, subject to year-end adjustments and the absence of footnotes.

(b) Except as disclosed in the financial statements referred to above or the notes thereto and except for the Disclosed Matters, after giving effect to the Transactions, none of the Loan Parties has, as of the Restatement Date, any liabilities and obligations, that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(c) As of the Restatement Date, there has been no material adverse change in the business, results of operations or financial condition of the Loan Parties, taken as a whole, since December 31, 2020.

Section 3.05. *Litigation and Environmental Matters.* (a) As of the Restatement Date, there are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Loan Party, threatened in writing against or affecting any Borrower Group Company (i) as to which there is a reasonable possibility of adverse determinations that, in the aggregate, would reasonably be expected to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve any of the Loan Documents or the Transactions.

(b) Except for any matters that, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, no Borrower Group Company (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) is subject to any Environmental Liability, (iii) has received written notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

Section 3.06. *Compliance with Laws.* Each Borrower Group Company is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

Section 3.07. *Investment Company Status; Regulatory Restrictions on Borrowing.* No Loan Party is required to be registered as an “**investment company**” under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”).

Section 3.08. *Taxes.* Each Borrower Group Company has timely filed or caused to be filed all Tax returns required to have been filed by it and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the relevant Borrower Group Company has set aside on its books adequate reserves in accordance with GAAP or (b) to the extent that failures to do so, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. There is no proposed tax assessment against any Borrower Group Company that, if made, could reasonably be expected to have a Material Adverse Effect.

Section 3.09. *ERISA.* (a) No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. Each Borrower Group Company and its ERISA Affiliates are in compliance with those provisions of ERISA and the regulations and published interpretations thereunder which are applicable to it, except where noncompliance could not reasonably be expected to result in a Material Adverse Effect.

(b) Each International Plan has been maintained in compliance with its terms and with the requirements prescribed by applicable law (including any special provisions relating to qualified plans where such International Plan was intended to so qualify) and has been maintained in good standing with the applicable regulatory authorities, except where noncompliance would not result in a Material Adverse Effect. No unfunded liabilities, determined on the basis of actuarial assumptions which are reasonable in the aggregate, exist under all of the International Plans in the aggregate that could reasonably be expected to result in a Material Adverse Effect.

(c) Except as would not reasonably be expected to result in a Material Adverse Effect, no Plan or International Plan is a Multiemployer Plan and no Plan or International Plan is a multiple employer welfare arrangement as defined in Section 3(40) of ERISA which is subject to ERISA.

Section 3.10. *Disclosure.*

(a) None of the written information and written data furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished), when taken as a whole, 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 materially misleading at such time, it being understood and agreed that for purposes of this Section 3.10, such factual information and data shall not include pro forma information, projections, estimates (including financial estimates, forecasts, and other forward-looking information) or other forward-looking information and information of a general economic or general industry nature; *provided* that, with respect to any pro forma information or any projected financial information (including financial estimates, forecasts and other forward-looking information), each Loan Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time made, it being recognized by the Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results and such differences may be material.

(b) As of the Restatement Date, the information included in each Beneficial Ownership Certification, if applicable, provided on or prior to the Restatement Date to any Lender in connection with this Agreement is true and correct in all material respects.

Section 3.11. *Compliance with Sanctions and Anti-Corruption Laws.* No Borrower, Guarantor or any of their respective Subsidiaries, or, to the knowledge of any Borrower, any of their respective directors, officers, employees or any of their respective agents that will receive any economic benefit from the credit facility established hereby, is a Person that is, or is 50% or more owned or controlled by Persons that are, the subject of Sanctions, including by being identified on a Sanctions List, or is located, organized or resident in a Sanctioned Country. The Borrowers, the Guarantors and their respective Subsidiaries are in compliance in all material respects with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), and all other applicable anti-corruption laws and anti-money laundering laws, and have instituted and maintain policies and procedures reasonably designed to ensure compliance with applicable Sanctions, anti-corruption laws and anti-money laundering laws.

ARTICLE 4
CONDITIONS

Section 4.01. *Effectiveness.* This Agreement shall become effective on the date that each of the following conditions shall have been satisfied (or waived in accordance with Section 10.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence reasonably satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received written opinions (addressed to the Administrative Agent and the Lenders party to this Agreement as of the Restatement Date and dated the Restatement Date) of each of Simpson Thacher & Bartlett LLP, counsel to the Loan Parties, Maples and Calder (Cayman) LLP, special Cayman Islands counsel to KKR Group Partnership L.P., Willkie Farr & Gallagher LLP, special Investment Company Act counsel to the Loan Parties, and David J. Sorkin, general counsel of the Public Company, in form and substance reasonably satisfactory to the Administrative Agent and covering such matters relating to the Loan Parties, the Loan Documents and the Transactions as the Administrative Agent shall reasonably request. The Borrower Representative hereby requests such counsel to deliver such opinions.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent may reasonably request relating to the organization, existence and good standing of each Loan Party, the authorization of the Transactions and any other legal matters relating to such Loan Party, the Loan Documents or the Transactions, all in form and substance reasonably satisfactory to the Administrative Agent, or, in each case, confirmation that such documentation or authorization has not been modified, waived or rescinded since it was delivered in connection with the Existing Credit Agreement and remains in full force and effect on the Restatement Date.

(d) The Administrative Agent shall have received or shall concurrently receive reasonably satisfactory evidence that the outstanding interest under the Existing Credit Agreement as of the Restatement Date shall have been paid in full.

(e) The Administrative Agent shall have received a certificate, dated the Restatement Date and signed by an Authorized Officer of the Borrower Representative, confirming compliance with the conditions set forth in clauses (a) and (b) of Section 4.02.

(f) The Administrative Agent shall have received payment in full of (i) fees due on the Restatement Date pursuant to the Fee Letter, and (ii) to the extent invoiced in reasonable detail at least three Business Days prior to the Restatement Date, reimbursement or payment of all out of pocket expenses required to be reimbursed or paid by any Loan Party hereunder.

(g) The Lenders shall have received, to the extent requested by the Lenders at least 10 days prior to the Restatement Date, on or before the date which is five Business Days prior to the Restatement Date, all documentation and other information with respect to the Loan Parties required by bank regulatory authorities under applicable “**know your customer**” and anti-money laundering rules and regulations including the USA PATRIOT Act.

(h) To the extent the any Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, at least 10 days prior to the Restatement Date, any Lender that has requested, in a written notice to the Borrower Representative, a Beneficial Ownership Certification in relation to any Borrower shall have received such Beneficial Ownership Certification.

The Administrative Agent shall notify the Borrower Representative and the Lenders of the Restatement Date, and such notice shall be conclusive and binding. On the Restatement Date, the Existing Credit

Agreement will be automatically amended and restated in its entirety to read as set forth herein. On and after the Restatement Date the rights and obligations of the parties hereto shall be governed by this Agreement; *provided* that the rights and obligations of the parties hereto with respect to the period prior to the Restatement Date shall continue to be governed by the provisions of the Existing Credit Agreement. Credit Exposures outstanding under the Existing Credit Agreement on the Restatement Date shall be adjusted as set forth in Schedule 2.01 hereto.

Section 4.02. *Each Credit Event.* The obligation of each Lender to make any Loan, and of each Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date); *provided* that, any representation and warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

(c) In the case of a Borrowing to be denominated in an Alternative Currency, there shall not have occurred any significant change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which in the reasonable opinion of the Administrative Agent and the Required Lenders would make it impracticable for such Borrowing to be denominated in the relevant Alternative Currency.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrowers, on the date thereof as to the matters specified in clauses (a) and (b) of this Section.

ARTICLE 5 AFFIRMATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees and any other amounts payable under the Loan Documents (other than Contingent Obligations) have been paid in full and all Letters of Credit have expired or been cancelled and all LC Disbursements have been reimbursed, each of the Loan Parties covenants and agrees with the Lenders that:

Section 5.01. *Financial Statements; Other Information.* The Borrower Representative will furnish to the Administrative Agent:

(a) as soon as available and in any event on or before the date that is five days after the date on which consolidated financial statements of the Public Company are required to be filed with the SEC (after giving effect to any permitted extensions; and if such consolidated financial statements are not required to be filed with the SEC, on or before the date that is 120 days after the end of each fiscal year of the Public Company), (i) the consolidated statements of financial condition, operations, changes in equity and cash flows as of the end of and for such year, in each case for the Public Company and (ii)

management's segment financial information as set forth in the consolidated financial statements and notes thereto of the Public Company, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, and, in each case, certified by independent certified public accountants of recognized national standing whose opinion shall not be qualified as to the scope of audit or as to the status of the Public Company or any of the Material Subsidiaries (or group of Subsidiaries that together would constitute a Material Subsidiary) as a going concern (other than any exception, explanatory paragraph or qualification, that is expressly solely with respect to, or expressly resulting solely from, (i) an upcoming maturity date under any Indebtedness occurring within one year from the time such opinion is delivered or (ii) any potential inability to satisfy a financial maintenance covenant on a future date or in a future period);

(b) as soon as available and in any event on or before the date that is five days after the date on which consolidated financial statements of the Public Company are required to be filed with the SEC with respect to each of the first three fiscal quarters (commencing with the fiscal quarter ending June 30, 2021) of each fiscal year of the Public Company (after giving effect to any permitted extensions; and if such consolidated financial statements are not required to be filed with the SEC, on or before the date that is 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Public Company), (i) the consolidated statements of financial condition, operations, changes in equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, in each case for the Public Company and (ii) management's segment financial information as set forth in the consolidated financial statements and notes thereto of the Public Company, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year;

(c) no later than the date that the financial statements or other information is required to be delivered under clause (a) or (b) above, a duly completed Compliance Certificate of an Authorized Officer of the Borrower Representative (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.05 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate; and

(d) promptly following any request therefor, (i) such other information regarding the operations, business affairs and financial condition of any Borrower Group Company, or compliance with the terms of any Loan Document, as the Administrative Agent (or the Administrative Agent on behalf of the Required Lenders) may reasonably request and (ii) such other information reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money laundering rules and, as applicable, the Beneficial Ownership Regulation (including any information that would result in a change to the list of beneficial owners identified in a Beneficial Ownership Certification).

Documents required to be delivered pursuant to Section 5.01 (other than Section 5.01(c)) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the earliest date on which (i) such documents are posted on the Public Company's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent) or (ii) such financial statements and/or other documents are posted on the SEC's EDGAR website on the Internet; *provided* that the Borrower Representative shall notify the Administrative Agent (by telecopier or electronic mail) of the posting of any such documents on any website described in this paragraph and upon request by the Administrative Agent, provide to the Administrative Agent by electronic mail electronic versions (*i.e.*, soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery

or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrowers with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Each Borrower hereby acknowledges that (a) the Administrative Agent may make available to the Lenders and the Issuing Banks materials and/or information provided by or on behalf of the Borrowers hereunder (collectively, "**Borrower Materials**") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "**Platform**"), so long as the access to such Platform (i) is limited to the Administrative Agent, the Lenders and assignees or prospective assignees and their respective advisors and (ii) remains subject to the confidentiality requirements set forth in Section 10.12, and (b) certain of the Lenders may be "public-side" Lenders (*i.e.*, Lenders that do not wish to receive material non-public information with respect to the Loan Parties or their securities) (each, a "**Public Lender**"). The Borrower Representative hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrower Representative shall be deemed to have authorized the Administrative Agent, the Issuing Banks and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrowers or their respective securities for purposes of United States federal and state securities laws (*provided, however*, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.12); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor;" and (z) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor." Notwithstanding the foregoing, the Borrower Representative shall be under no obligation to mark any Borrower Materials "PUBLIC."

Section 5.02. *Notices of Material Events.* The Borrower Representative will furnish to the Administrative Agent (which will promptly thereafter furnish to the Lenders) prompt written notice of the following:

- (a) the occurrence of any Default or Event of Default;
- (b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting any Borrower Group Company or any Affiliate thereof that could reasonably be expected to be adversely determined and, if so determined, would reasonably be expected to result in a Material Adverse Effect; and
- (c) any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of the Authorized Officer of the Borrower Representative setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.03. *Existence; Conduct of Business.* Each Loan Party will, and will cause each of its Material Subsidiaries to, take all actions necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect; *provided* that the foregoing shall not prohibit any merger, consolidation, liquidation, dissolution, change in jurisdiction or conversion of organizational form permitted by Section 6.02.

Section 5.04. *Payment of Taxes.* Each Loan Party will pay and discharge, and will cause each of its Subsidiaries to pay and discharge, all tax obligations before the same shall become delinquent or in default and before penalties accrue thereon, except where (a) (i) the validity or amount thereof is being contested in good faith by appropriate proceedings, (ii) such Loan Party has set aside on its books adequate reserves with respect thereto (in the good faith judgment of the management of such Loan Party) in accordance with GAAP, and (iii) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation or (b) the failure to make payment pending such contest would not reasonably be expected to result in a Material Adverse Effect.

Section 5.05. *Maintenance of Properties; Insurance.* Each Loan Party will, and will cause each of its Subsidiaries to, (a) 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 that the failure to do so would not reasonably be expected to have a Material Adverse Effect and (b) maintain insurance in such amounts and against such risks as, in the good faith judgment of the management of such Loan Party, is reasonable and prudent to be maintained by companies of the same size and nature of business operating in the same or similar locations and in light of the availability of insurance on a cost-effective basis.

Section 5.06. *Books and Records; Inspection Rights.* Each Loan Party will, and will cause each of its Subsidiaries to, keep books of record and account with respect to its assets and business and will permit any representatives designated by the Administrative Agent or the Required Lenders, upon reasonable prior notice, to visit and inspect its properties, to examine its books and records, and to discuss its affairs, finances and condition with its officers, all at such reasonable times and as often as reasonably requested; *provided* that (x) excluding any such visits and inspections during the continuation of an Event of Default, (i) only the Administrative Agent on behalf of the Required Lenders may exercise the rights of the Administrative Agent and the Lenders under this Section and (ii) the Administrative Agent may not exercise such rights more than once in any calendar year, and (y) when an Event of Default exists, the Administrative Agent or any representative of the Required Lenders (or any of its respective representatives or independent contractors) may do any of the foregoing at the expense of the applicable Borrower Group Company at any time during normal business hours and upon reasonable advance notice. Notwithstanding anything to the contrary in this Section 5.06, none of the Loan Parties will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discuss, any document, information or other matter that (a) constitutes non-financial trade secrets or non-financial proprietary information, (b) in respect of which disclosure to the Administrative Agent or any Lender (or their respective representatives or agents) is prohibited by law or any agreement binding on a third party (not created in contemplation thereof) or (c) in any Loan Party's reasonable judgment, would compromise any attorney-client privilege, privilege afforded to attorney work product or similar privilege, *provided* that such Borrower Group Company shall make available redacted versions of requested documents or, if unable to do so consistent with the preservation of such privilege, shall make commercially reasonable efforts to disclose information responsive to the requests of the Administrative Agent, any Lender or any of their respective representatives and agents, in a manner that will protect such privilege.

Section 5.07. *Compliance with Laws.* Each Loan Party will, and will cause each Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority (including, without limitation, Environmental Laws and applicable Sanctions and the FCPA and all other applicable anti-corruption laws, and the rules and regulations promulgated thereunder) applicable to it or its property, except where failures to do so, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Borrowers, the Guarantors and their respective Subsidiaries will maintain policies and procedures designed to ensure compliance with applicable Sanctions and anti-corruption laws.

Section 5.08. *Use of Proceeds and Letters of Credit.* The proceeds of the Loans and Letters of Credit will be used for general corporate purposes (including any transaction not prohibited by the Loan Documents); *provided* that no part of the proceeds of any Loan, and no Letter of Credit, will be used, whether directly or indirectly, for any purpose that entails a violation of Regulation U or X of the Board.

Section 5.09. *Further Assurances.* If any Person (i) becomes an Additional Group Partnership after the Restatement Date, the Borrower Representative will, within 60 days after such Person becomes an Additional Group Partnership (or such longer period of time as reasonably agreed by the Administrative Agent) notify the Administrative Agent (on behalf of the Lenders) thereof and, with the approval of (x) the Administrative Agent acting at the direction of the Required Lenders (not to be unreasonably withheld or conditioned) for any Additional Group Partnership organized under the laws of the United States or any state thereof, Cayman Islands or Luxembourg and (y) the Administrative Agent and each Lender for any Additional Group Partnership organized in any foreign jurisdiction other than Cayman Islands or Luxembourg, upon request, deliver to the Lenders all documentation and other information with respect to such Additional Group Partnership required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations including the USA PATRIOT Act and the Beneficial Ownership Regulation and cause such Additional Group Partnership to become a Borrower by delivering to the Administrative Agent a Loan Party Joinder Agreement executed by such Additional Group Partnership and the Borrower Representative, and upon such delivery (and the delivery in connection therewith of written opinions of counsel and documents and certificates as the Administrative Agent may reasonably require), such Additional Group Partnership shall for all purposes of this Agreement be a Borrower and a party to this Agreement or (ii) is required to be a Guarantor after the Restatement Date, the Borrower Representative will cause such Person to become a Guarantor pursuant to the terms of Section 11.07. The Borrower Representative shall not be required to comply with this Section 5.09 in case the Administrative Agent acting at the direction of the Required Lenders or each Lender, as the case may be, does not approve such Additional Group Partnership to become a Borrower under this Agreement.

ARTICLE 6 NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees and any other amounts payable under the Loan Documents (other than Contingent Obligations) have been paid in full and all Letters of Credit have expired or been cancelled and all LC Disbursements have been reimbursed, each of the Loan Parties covenants and agrees with the Lenders that:

Section 6.01. *Liens.* The Loan Parties shall not create, assume, incur or guarantee any Indebtedness for money borrowed that is secured by a Lien (other than Permitted Liens) on any voting stock or profit participating equity interests of their respective Subsidiaries (to the extent of their ownership of such voting stock or profit participating equity interests) or any entity that succeeds (whether by merger, consolidation, sale of assets or otherwise) to all or any substantial part of the business of any of such Subsidiaries, without providing that the Obligations hereunder (together with, if the Loan Parties shall so determine, any other Indebtedness of (including any Guarantee of Indebtedness by) the Loan Parties ranking equally with the Obligations and existing as of the Restatement Date or thereafter incurred) will be secured equally and ratably with or prior to all other Indebtedness secured by such Lien on the voting stock or profit participating equity interests of any such entities. This Section 6.01 shall not limit the ability of the Loan Parties to incur Indebtedness or other obligations secured by Liens on assets other than the voting stock or profit participating equity interests of their respective Subsidiaries.

Section 6.02. *Fundamental Changes.* No Loan Party shall be a party to a Substantially All Merger or participate in a Substantially All Sale, unless:

(i) such Loan Party is the surviving Person, the Person formed by or surviving such Substantially All Merger or to which such Substantially All Sale has been made or resulting from a Substantially All Reorganization (the “**Successor Person**”) is organized under the laws of the United States or any state thereof, Canada, Cayman Islands, Ireland, Luxembourg or any country in the United Kingdom (collectively, the “**Permitted Jurisdictions**”), and is either (x) an existing Loan Party or (y) has expressly assumed, by a Loan Party Joinder Agreement, all of the obligations of such Loan Party under the Loan Documents;

(ii) immediately after giving effect to such transaction, no Default or Event of Default has occurred and is continuing;

(iii) the Lenders shall have received all documentation and other information with respect to the Successor Person required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations including the USA PATRIOT Act;

(iv) at least 10 days prior to the effective date of the applicable Loan Party Joinder Agreement, any Lender that has requested, in a written notice to the Borrower Representative, a Beneficial Ownership Certification shall have received such Beneficial Ownership Certification; and

(v) such Loan Party shall have delivered to the Administrative Agent a customary opinion of counsel with respect to the Successor Person and the Loan Party Joinder Agreement and a certificate on behalf of such Loan Party signed by one of its Authorized Officers stating that all conditions provided in this Section 6.02 relating to such transaction have been satisfied.

Section 6.03. *Use of Proceeds; Sanctions; Anti-Corruption Laws.* (a) No Borrower will use the proceeds of the Loans or Letters of Credit, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person which will use such proceeds, in each case for the purpose of directly, or to its knowledge indirectly, funding activities or business (i) of or with any Person, that at the time of such funding is (A) identified on a Sanctions List, (B) owned, directly or indirectly, 50% or more by one or more Persons identified on a Sanctions List, or (C) located, organized or resident in a Sanctioned Country or (ii) in any country, that at the time of such funding, is a Sanctioned Country, in each case of clauses (i) and (ii), in violation of applicable Sanctions or if such use of proceeds would be in violation of applicable Sanctions if conducted by a U.S. Person.

(b) No part of the proceeds of the Loans will be used, directly or indirectly, for the purpose of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of the FCPA or any other applicable anti-corruption law or anti-money laundering law.

Section 6.04. *Fiscal Year.* The Public Company shall not change its fiscal year-end from December 31.

Section 6.05. *Financial Covenants.*

(a) Fee Paying Assets Under Management, calculated on the last day of any fiscal quarter, commencing September 30, 2021, shall not be less than \$100,000,000,000; and

- (b) The Leverage Ratio, calculated on the last day of any fiscal quarter, commencing September 30, 2021, shall not be greater than 4.0 to 1.0.

ARTICLE 7
EVENTS OF DEFAULT

If any of the following events (“**Events of Default**”) shall occur:

- (a) the Borrowers shall fail to pay any principal of any Loan when the same shall become due and payable;
- (b) the Borrowers shall fail to pay any interest on any Loan or any fee, any reimbursement obligation in respect of any LC Disbursement or any other amount (other than an amount referred to in (a) of this Article) payable under any Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five days;
- (c) any representation, warranty, or certification made or deemed made by or on behalf of any Loan Party in any Loan Document or any certificate furnished pursuant to any Loan Document, shall prove to have been incorrect in any material respect when made or deemed made;
- (d) the Borrowers shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02(a), 5.03 (with respect to the existence of any Loan Party), 5.08 or in Article 6;
- (e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after written notice thereof from the Administrative Agent or the Required Lenders to the Borrower Representative;
- (f) any Borrower Group Company shall fail to make any payment in respect of any Material Indebtedness (whether of principal or interest or, in the case of Swap Contracts, payment required as a result of termination events of such Swap Contracts and that is not otherwise being contested in good faith), when the same shall become due and payable (after giving effect to all applicable grace period and delivery of all required notices, if any, provided in the instrument or agreement under which such Material Indebtedness was created), whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;
- (g) any event or condition occurs (other than, with respect to Indebtedness in respect of Swap Contracts, termination events (such as illegality, force majeure or tax events) or equivalent events that are not events of default pursuant to the terms of such Swap Contracts) (after giving effect to all applicable grace period and delivery of all required notices) that results in any Material Indebtedness becoming due before its scheduled maturity or that enables or permits the holder or holders of such Material Indebtedness or any trustee or agent on its or their behalf to cause Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, before its scheduled maturity; *provided* that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the sale, transfer or other disposition (including as a result of the casualty or condemnation event) of the property securing such Indebtedness;
- (h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Loan Party or Material Subsidiary or its debts, or of a substantial part of its assets, 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 Loan Party or Material Subsidiary or for a substantial part of its assets, 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;

(i) any Loan Party or Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, 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 (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Loan Party or Material Subsidiary or for a substantial part of its assets, (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;

(j) any Loan Party shall admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of \$100,000,000 (after giving effect to amounts payable by insurance) shall be rendered against any Loan Party or Material Subsidiary and 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 asset of any Loan Party or Material Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect;

(m) an International Plan shall fail to comply with applicable local law, which, in the aggregate, would reasonably be expected to result in a Material Adverse Effect;

(n) a Change of Control shall occur; or

(o) the Loan Party Guaranty shall at any time fail to constitute a valid and binding agreement of (i) the Public Company or (ii) any other Guarantor party thereto (in the case of clause (ii), in any material respects) or any party shall so assert in writing;

then, and in every such event (other than an event with respect to any Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may with the consent of the Required Lenders and shall, at the request of the Required Lenders, by notice to the Borrower Representative, take any or all of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately or (ii) declare the Loans then outstanding 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 the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are waived by each Borrower to the extent permitted by applicable law; *provided, however*, that the Administrative Agent shall not be obligated to follow any direction by Required Lenders if Administrative Agent reasonably determines that such direction is in conflict with any provisions of any applicable law, and the Administrative Agent shall not, under any circumstances, be liable to any Lenders, Issuing Banks, the Borrowers, the Guarantors or any other person or entity for following the

direction of Required Lenders. At all times, if the Administrative Agent acting at the direction of the Required Lenders advises the Lenders that it wishes to proceed in good faith with respect to any enforcement action, each of the Lenders will cooperate in good faith with respect to such enforcement action and will not unreasonably delay the enforcement of the Loan Documents; and in case of any event with respect to any Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are waived by each Borrower to the extent permitted by applicable law.

ARTICLE 8
THE ADMINISTRATIVE AGENT

Section 8.01. *Appointment and Authorization.* Each Lender Party hereby irrevocably appoints the Administrative Agent as its agent 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 of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

Section 8.02. *Rights and Powers as a Lender.* The bank 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” or “Lenders” 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 bank and its Affiliates may accept deposits from, lend money to, act as financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, any Loan Party or Affiliate thereof as if it were not the Administrative Agent hereunder and without duty to account therefor to the Lenders or the Issuing Banks.

Section 8.03. *Limited Parties and Responsibilities.* 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, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent 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 in writing to exercise as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02); *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 such Administrative Agent to liability, if the Administrative Agent is not indemnified to its satisfaction, or that is contrary to any Loan Document or applicable law, and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for any failure to disclose, any information relating to any Loan Party that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it (x) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), (y) in the absence of its own gross negligence or willful misconduct (as finally determined by a court of competent jurisdiction) or (z) by reason of any occurrence beyond the control of the Administrative Agent (including but not limited to any act or provision of any present or future law or regulation of any Governmental Authority, any act of God or war, civil unrest, local or national disturbance or disaster, any act of

terrorism, or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility). The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower Representative or a Lender, and 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 any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (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 4 or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. The Administrative Agent will notify the Lenders and Issuing Banks of its receipt of any such notice. The Administrative Agent shall take such action with respect to such default or event of default as may be directed by the Required Lenders in accordance with the terms of this Agreement; *provided, however* that unless and until the Administrative Agent has received any such direction by Required Lenders, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to any such default or event of default as it shall deem advisable or in the best interest of the Lenders and Issuing Banks. Nothing in this Agreement shall oblige the Administrative Agent to carry out any “know your customer”, Beneficial Ownership Regulation or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Administrative Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Administrative Agent. In no event shall the Administrative Agent be required to expend or risk any of its own funds or otherwise incur any liability, financial or otherwise, in the performance of its duties under the Loan Documents or in the exercise of any of its rights or powers under this Agreement.

Section 8.04. *Authority to Rely on Certain Writings, Statements and Advice.* The Administrative Agent shall be entitled to rely on, and shall not incur any liability for relying on, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely on any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, the Administrative Agent may presume that such condition is satisfactory to such Lender or Issuing Bank unless the Administrative Agent receives notice to the contrary from such Lender or Issuing Bank prior to the making of such loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for a Loan Party), 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. *Sub-Agents and Related Parties.* The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by it. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding Sections 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 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; Successor Administrative Agent.* (a) Subject to the appointment and acceptance of a successor Administrative Agent as provided in this Section, the

Administrative Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower Representative. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower Representative, to appoint a successor. If no successor shall have been so appointed by the Required 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 and the Issuing Banks, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower Representative to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed by the Borrower Representative and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.03 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.

(b) Notwithstanding clause (a) above, any entity into which the Administrative Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Administrative Agent in its individual capacity shall be a party, or any corporation to which substantially all of the corporate trust business of the Administrative Agent in its individual capacity may be transferred, shall succeed the Administrative Agent and assume the obligations of the Administrative Agent, without any further action; *provided* that the Administrative Agent shall notify the Borrower Representative and the Lenders of such merger, conversion, consolidation or transfer.

(c) Notwithstanding paragraph (a) of this Section, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its intent to resign, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders, the Issuing Banks and the Borrower Representative, whereupon, on the date of effectiveness of such resignation stated in such notice, (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; *provided* that (A) all payments required to be made hereunder or under any other Loan Document to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (B) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall directly be given or made to each Lender and each Issuing Bank. Following the effectiveness of the Administrative Agent's resignation from its capacity as such, the provisions of this Article and Section 10.03, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, 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. *Credit Decisions by Lenders.* Each Lender acknowledges that it has, independently and without reliance on the Administrative Agent, the Arranger or any other Lender 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 on the Administrative Agent, the Arranger or any other Lender 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 on this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

Section 8.08. *Arranger.* The Arranger shall have no duty or obligation whatsoever under this Agreement.

Section 8.09. *Withholding Taxes.* To the extent required by any applicable law, the Administrative Agent shall be entitled to deduct withholding from any payment to any Lender as required under applicable law and shall have no obligation to gross-up any payment hereunder or to pay any additional amount as a result of such withholding. If the Internal Revenue Service or any other Governmental Authority asserts a claim that the Administrative Agent did not properly withhold Tax from amounts paid to or for the account of any Lender because the appropriate form was not delivered or was not properly executed or because such Lender failed to notify the Administrative Agent of a change in circumstance which rendered the exemption from, or reduction of, withholding Tax ineffective or for any other reason, or if Administrative Agent reasonably determines that a payment was made to a Lender pursuant to this Agreement without deduction of applicable withholding Tax from such payment, such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as Tax or otherwise, including any penalties or interest and together with all expenses (including legal expenses, allocated internal costs and out-of-pocket expenses) incurred.

Section 8.10. *Administrative Agent May File Proofs of Claim.* In case of any bankruptcy or other insolvency proceeding involving any Loan Party (a, "**Bankruptcy Proceeding**"), the Administrative Agent shall be entitled but not obligated to intervene in such Bankruptcy Proceeding to (a) file and prove a claim for the whole amount of principal, interest and unpaid fees in respect of the Loans, issued Letters of Credit and all other Obligations that are owing and unpaid under the terms of this Agreement and other Loan Documents and to file such documents as may be necessary or advisable in order to have the claims of the Lenders, Issuing Banks and Administrative Agent (including any claim for reasonable compensation, expenses, disbursements and advances of any of the foregoing entities and their respective agents, counsel and other advisors) allowed in such Bankruptcy Proceedings; and (b) to collect and receive any monies or other property payable or deliverable on account of any such claims and to distribute the same to the Lenders and Issuing Banks under the terms of this Agreement. Further, any custodian, receiver, assignee, trustee, liquidator or similar official in any such Bankruptcy Proceeding is (i) authorized to make payments or distributions in a Bankruptcy Proceeding directly to the Administrative Agent on behalf of all of the Lenders or Issuing Banks to whom any amounts are owed under this Agreement and other loan documents, unless the Administrative Agent expressly consents in writing to the making of such payments or distributions directly to such Lenders and Issuing Banks; and (ii) required to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under this Agreement and other loan documents.

ARTICLE 9 MULTIPLE BORROWERS

Section 9.01. *Joint and Several.* Each Borrower agrees that the representations and warranties made by, and the liabilities, obligations and covenants of and applicable to, any and all of the Borrowers under this Agreement, shall be in every case (whether or not specifically so stated in each such case herein) joint and several in all circumstances; *provided* that the maximum liability of each Borrower hereunder and under the other Loan Documents shall in no event exceed the amount which can be incurred by such Borrower under applicable laws relating to the insolvency of debtors. Each Borrower accepts, as co-debtor and not merely as surety, such joint and several liability with the other Borrowers and hereby waives any and all suretyship defenses that it might otherwise have hereunder. 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. Without limiting the generality of the foregoing, each Borrower agrees that the obligations of such Borrower hereunder and under the other Loan Documents shall be enforceable against such Borrower notwithstanding that this Agreement or any other Loan Document may be unenforceable in any respect against any other Borrower or that any other Borrower may have commenced bankruptcy, reorganization, liquidation or similar proceedings.

Section 9.02. *No Subrogation.* Notwithstanding any payment or payments made by any of the Borrowers hereunder or any set-off or application of funds of any of the Borrowers by any Lender, the Borrowers shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against any Borrower or any Guarantor or other guarantor or any collateral security or guaranty or right of offset held by the Administrative Agent or any Lender for the payment of the Obligations, nor shall the Borrowers seek or be entitled to seek any contribution or reimbursement from any Borrower or any Guarantor or other guarantor in respect of payments made by any Borrower hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Borrowers on account of the Obligations (other than Contingent Obligations) are paid in full and the Commitments are terminated. If any amount shall be paid to any Borrower on account of such subrogation or contribution rights at any time when all of the Obligations shall not have been paid in full or the Commitments shall not have been terminated, such amount shall be held by such Borrower in trust for the Administrative Agent and the Lenders, segregated from other funds of such Borrower, and shall, promptly upon receipt by such Borrower, be turned over to the Administrative Agent in the exact form received by such Borrower (duly indorsed by such Borrower to the Administrative Agent, if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

Section 9.03. *Full Knowledge.* Each Borrower acknowledges, represents and warrants that such Borrower has had a full and adequate opportunity to review the Loan Documents. Each Borrower represents and warrants that such Borrower fully understands the remedies the Administrative Agent (on behalf of the Lenders) may pursue against such Borrower and each other Borrower in the event of a default under the Loan Documents and such Borrower's and each other Borrower's financial condition and ability to perform under the Loan Documents. Each Borrower agrees to keep itself fully informed regarding all aspects of such Borrower's and each other Borrower's financial condition and the performance of such Borrower's and each other Borrower's obligations under this Agreement and the other Loan Documents. Each Borrower agrees that neither the Administrative Agent nor any Lender has any duty, whether now or in the future, to disclose to any Borrower any information pertaining to such Borrower, any other Borrower, any Guarantor or other guarantor or any collateral security or guaranty.

Section 9.04. *Reinstatement.* Each Borrower's obligations hereunder shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, administration, dissolution, liquidation or reorganization of any Borrower or any Guarantor or other guarantor, or upon or as a result of the appointment of a receiver, administrative receiver, administrator, intervenor or conservator of, or trustee or similar officer for, any Borrower or any Guarantor or other guarantor or any substantial part of the property of such Borrower, Guarantor or other guarantor, or otherwise, all as though such payments had not been made.

Section 9.05. *Borrower Representative.* Each Loan Party and, if applicable, the general partners (or general partners of those general partners, as the case may be) of such Loan Party, hereby designates Kohlberg Kravis Roberts & Co. L.P. as its representative and agent (in such capacity,

the “**Borrower Representative**”) for all purposes under the Loan Documents, including requests for Loans and Letters of Credit, designation of interest rates, delivery or receipt of communications, preparation and delivery of financial reports, requests for waivers, amendments or other accommodations, actions under the Loan Documents (including in respect of compliance with covenants), and all other dealings with the Administrative Agent, any Issuing Bank, the Swingline Lender or any Lender. Kohlberg Kravis Roberts & Co. L.P. hereby accepts such appointment as Borrower Representative. The Administrative Agent, the Issuing Banks, the Swingline Lender and the Lenders shall be entitled to rely upon, and shall be fully protected in relying upon, any notice or communication (including any notice of borrowing) delivered by the Borrower Representative on behalf of any Borrower. The Administrative Agent, the Issuing Banks, the Swingline Lender and the Lenders may give any notice or communication with a Borrower hereunder to the Borrower Representative on behalf of such Borrower. Each of the Administrative Agent, Issuing Banks, the Swingline Lender and the Lenders shall have the right, in its discretion, to deal exclusively with the Borrower Representative for any or all purposes under the Loan Documents. Each Borrower agrees that any notice, election, communication, representation, agreement or undertaking made on its behalf by the Borrower Representative shall be binding upon and enforceable against it.

ARTICLE 10
MISCELLANEOUS

Section 10.01. *Notices.* (a) Unless otherwise expressly provided herein, all notices and other communications provided for herein or under any other Loan Document shall be in writing (including by facsimile transmission) and shall be delivered by hand or overnight courier service, mailed by certified or registered mail, sent by telecopy or sent by electronic mail, as follows:

- (i) If to any Loan Party, to it in care of the Borrower Representative at 30 Hudson Yards, New York, New York 10001 (Email: []; Attention: Chief Financial Officer; *provided* that a copy of all such notices and other communications shall be delivered to (x) Borrower Representative at 30 Hudson Yards, New York, New York 10001 (Email: []), Attention: General Counsel and (y) Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017 (Telecopy No. (212) 455-2502), Attention: Justin Lungstrum.
- (ii) If to the Administrative Agent, to HSBC Bank USA, National Association, Corporate Trust and Loan Agency, 452 5th Avenue (8E6), New York, New York 10018, Attention of Corporate Trust and Loan Agency (Telecopy No. (917) 229-6659; Electronic Mail Address: ctlany.loanagency@us.hsbc.com, CTLANY.TransactionManagement@us.hsbc.com).
- (iii) If to HSBC Bank USA, National Association, in its capacity as the Issuing Bank, to HSBC Bank USA, National Association, 2 Hanson Place – 14th Floor, Brooklyn, New York, Attention of Global Trade and Receivable Finance (Telecopy No. (718) 488-4902; Electronic Mail Address: []).
- (iv) If to the Swingline Lender, to HSBC Bank USA, National Association, 452 5th Avenue (8E6), New York, New York 10018, Attention of Corporate Trust and Loan Agency (Telecopy No. (917) 229-6659; Electronic Mail Address: ctlany.loanagency@us.hsbc.com, CTLANY.TransactionManagement@us.hsbc.com).
- (v) If to any other Lender, to it at its address (or telecopy number or electronic mail address) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices pursuant to Article 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or any Borrower may, in its discretion, agree to accept notices and other communications to it or in its care hereunder by electronic communications pursuant to procedures approved by it; *provided* that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address, telecopy number or electronic mail address for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt, which shall be deemed to occur in the case of courier service, mail, telecopy or electronic mail as follows:

- (i) if by way of courier service or mail, when it has been received at the relevant address in an envelope addressed to such party at that address; or
- (ii) if by way of telecopy, when received in legible form;
- (iii) if by way of electronic mail, when received;

and, if a particular department or officer is specified as part of its address details provided pursuant to this Section, if addressed to that department or officer; *provided* that (x) any communication to be made or delivered to the Administrative Agent will be effective only when actually received by the Administrative Agent and then only if it is expressly marked for the attention of the department or officer specified by the Administrative Agent for this purpose, and (y) it is understood that any communication made or delivered to the Borrower Representative in accordance with this Section will be deemed to have been made or delivered to each of the Loan Parties.

Section 10.02. *Waivers; Amendments.* (a) No failure or delay by any Lender Party in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender Parties under the Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by Section 10.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

(b) Subject to Section 2.13(b), no Loan Document or provision thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower Representative and the Required Lenders or by the Borrower Representative and the Administrative Agent with the consent of the Required Lenders; *provided* that no such agreement shall

- (i) increase the Commitment without the written consent of each Lender directly and adversely affected thereby,
- (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fee payable hereunder, without the written consent of each Lender Party directly and adversely affected thereby,

(iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any date for the payment of any interest or any fee payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender Party directly and adversely affected thereby,

(iv) change Section 2.17(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender directly and adversely affected thereby,

(v) change any provision of this Section or the definition of “**Required Lenders**” or any other provision of any Loan Document specifying the number or percentage of Lenders required to take any action thereunder, without the written consent of each Lender,

(vi) release all or substantially all of the Guarantors from the Loan Party Guaranty (except as expressly provided hereunder or under such Loan Document), or limit the liability of all or substantially all of the Guarantors in respect thereof, without the written consent of each Lender, or

(vii) amend Section 1.06 or the definition of “**Alternative Currency**” without the written consent of each Lender;

provided, further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Bank or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be.

Notwithstanding the foregoing, in addition to any credit extensions and related Lender Joinder Agreement(s) effectuated without the consent of Lenders in accordance with Section 2.21 or Section 2.22, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower Representative (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and other definitions related to such new Loans.

Notwithstanding anything in this Agreement (including, without limitation, this Section 10.02) or any other Loan Document to the contrary, (i) this Agreement and the other Loan Documents may be amended to effect an incremental facility pursuant to Section 2.21 or extension facility pursuant to Section 2.22 (and the Administrative Agent and the Borrower Representative may effect such amendments to this Agreement and the other Loan Documents without the consent of any other party as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower Representative, to effect the terms of any such incremental facility or extension facility) and (ii) any provision of this Agreement or any other Loan Document may be amended by an agreement in writing entered into by the Borrower Representative and the Administrative Agent, in accordance with the procedures described below in this clause to (x) cure any ambiguity, omission, mistake, defect or inconsistency (as reasonably determined by the Administrative Agent and the Borrower Representative) and (y) effect administrative changes of a technical or immaterial nature (including to effect changes to the terms and conditions applicable solely to an Issuing Bank in respect of issuances of Letters of Credit) and such amendment shall be deemed approved by the Lenders if the Lenders shall have received at least five Business Days’ prior written notice of such change and the Administrative Agent shall not have

received, within five Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment.

Section 10.03. *Expenses; Indemnity; Damage Waiver.* (a) The Borrowers shall, on a joint and several basis, pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, supplements, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable and documented out-of-pocket expenses incurred by any Lender Party, including the fees, charges and disbursements of any counsel for any Lender Party (which shall be limited to one counsel for all Lender Parties, except (x) solely in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict notifies the Borrower Representative of any existence of such conflict, one additional counsel in each relevant jurisdiction (which may include a single special counsel acting in multiple jurisdictions) and (y) to the extent that the Administrative Agent notifies the Borrower Representative of the need for specialized legal skills and thereafter, after receipt of the consent of the Borrower Representative (which consent shall not be unreasonably withheld or delayed) has retained its own counsel), in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrowers shall, on a joint and several basis, indemnify each of the Lender Parties and their respective Related Parties (without duplication) (each such Person being called an “**Indemnitee**”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities (including Environmental Liabilities) and related expenses, including the reasonable and documented fees, charges and disbursements of any counsel for any Indemnitee (which shall be limited to one counsel for all Indemnities, except (x) solely in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict notifies the Borrower Representative of any existence of such conflict, one additional counsel in each relevant jurisdiction (which may include a single special counsel acting in multiple jurisdictions and (y) to the extent that the Indemnitee notifies the Borrower Representative of the need for specialized legal skills and thereafter, after receipt of the consent of the Borrower Representative (which consent shall not be unreasonably withheld or delayed) has retained its own counsel), incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit) 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 and regardless of whether any Indemnitee or any Loan Party is a party thereto or whether or not such claim, litigation, investigation or proceeding is brought by any Loan Party or any other Person; *provided* that such indemnity shall not be available to any Indemnitee 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 such Indemnitee’s or any of its Related Parties’ bad faith, gross negligence or willful misconduct or from a material breach of the obligations of such Indemnitee or any of its Related Parties under the Credit

Agreement or (y) arise out of, or in connection with, any actual or threatened litigation, investigation or proceeding that does not involve an act or omission by the any Loan Party or any of its Affiliates and that is brought by one Indemnitee against another Indemnitee.

(c) To the extent that the Borrowers fail to pay any amount required to be paid by it to the Administrative Agent, the Issuing Banks or the Swingline Lender under Section 10.03(a) or (b), each Lender severally agrees to pay to the Administrative Agent, the Issuing Banks or the Swingline Lender, as the case may be, such Lender's Applicable 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, the Issuing Banks or the Swingline Lender in its capacity as such. For purposes hereof, a Lender's "**pro rata share**" shall be determined based on its share of the sum of the total Credit Exposures and unused Commitments at the time.

(d) To the extent permitted by applicable law, no Loan Party nor any Indemnitee shall have any 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, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; *provided* that nothing contained in this Section 10.03(d) shall limit any Borrower's indemnity obligations with respect to third party claims. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it 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, except to the extent that such damages are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from such Indemnitee's or any of its Related Parties' willful misconduct or gross negligence.

(e) Each Indemnitee shall provide prompt notice of any claim; *provided* that the failure to give such notice shall not affect any Indemnitee's rights to indemnity under this Section 10.03. All amounts due under this Section shall be payable within 30 days after written demand therefor; *provided*, *however*, that any Indemnitee shall promptly refund an indemnification payment received hereunder to the extent that there is a final judicial determination that such Indemnitee was not entitled to indemnification with respect to such payment pursuant to this Section 10.03.

(f) The Borrower Representative is entitled to assume and control the defense and settlement of any claim so long as the Borrowers confirm their obligation to indemnify such Indemnitee in accordance with this Section 10.03. No such Indemnitee may settle a claim without the prior written consent of the Borrower Representative, which may not be unreasonably withheld or delayed; *provided* that without the prior written consent of an Indemnitee (which consent shall not be unreasonably withheld or delayed), the Borrower Representative shall not effect any settlement of any pending or threatened proceeding against an Indemnitee in respect of which indemnity could have been sought hereunder by such Indemnitee unless (i) such settlement includes an unconditional release of such Indemnitee from all liability or claims that are the subject matter of such proceeding and (ii) such settlement does not include any statement as to any admission of fault, culpability, wrongdoing or failure to act by such Indemnitee.

(g) This Section 10.03 shall not apply with respect to Taxes, other than any Taxes that represent losses, claims, damages, liabilities, obligations, penalties, actions, judgments, suits, costs, expenses or disbursements arising from any non-Tax claim.

Section 10.04. *Successors and Assigns.* (a) The provisions of this Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns

permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), except that (i) except as permitted under Section 6.02, no Borrower or Guarantor may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower or Guarantor without such consent shall be null and void), and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. 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 (including any Affiliate of any Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of the Lender Parties) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more 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) with the prior written consent of:

(A) the Borrower Representative (such consent not to be unreasonably withheld or delayed if the assignee is a bank or other depository institution), *provided* that no consent of the Borrower Representative shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default under Article 7(a), (b), (h) or (i) has occurred and is continuing, any other assignee, unless, in each case, such assignment is to an Alternative Asset Investment Firm, in which case such assignment shall require the consent of the Borrower Representative in its sole discretion;

(B) the Administrative Agent (such consent not to be unreasonably withheld or delayed), *provided* that no consent of the Administrative Agent shall be required for an assignment of any Commitment to an assignee that is a Lender with a Commitment immediately prior to giving effect to such assignment;

(C) the Issuing Bank (such consent not to be unreasonably withheld or delayed); and

(D) the Swingline Lender (such consent not to be unreasonably withheld or delayed).

Notwithstanding the foregoing, no such assignment shall be made to a natural Person, to any Borrower or any Affiliate of any Borrower or Defaulting Lender.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$10,000,000 unless each of the Borrower Representative and the Administrative Agent otherwise consent, *provided* that no such consent of the Borrower Representative shall be required if an Event of Default under Section 7(a), (b), (h) or (i) has occurred and is continuing;

(B) 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;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment, together with a processing and recordation fee of \$3,500;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent tax forms required pursuant to Section 2.16(d) and a completed Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Loan Parties and their related parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including federal and state securities laws; and

(E) the Administrative Agent shall not be obligated to consent to an assignment hereunder until it is satisfied it has complied with all necessary "know your customer", Beneficial Ownership Regulation or other similar checks under all applicable laws and regulations in relation to the assignment to the assignee, and an assignment will only be effective after performance by the Administrative Agent of all "know your customer", Beneficial Ownership Regulation or other checks relating to any Person that it is required to carry out in relation to such assignment, the completion of which the Administrative Agent shall promptly notify to the assigning Lender and the assignee.

For the purposes of this Section 10.04(b), the term "**Approved Fund**" has the following meaning:

"**Approved Fund**" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and 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.

(iii) Subject to acceptance and recording thereof pursuant to subsection (b)(iv) of this Section, from and after the effective date specified in each Assignment the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment, 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, be released from its obligations under this Agreement (and, in the case of an Assignment 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 2.14, 2.15, 2.16 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 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 subsection (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amounts of the Loans and LC Disbursements 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 parties hereto may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by any party hereto, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire and applicable tax forms (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in subsection (b)(ii)(C) of this Section and any written consent to such assignment required by subsection (b) of this Section, the Administrative Agent shall accept such Assignment and record the information contained therein in the Register; *provided* that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or (e), 2.06(b), 2.17(d) or 10.03(b), the Administrative Agent shall have no obligation to accept such Assignment and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment, whether or not evidenced by a promissory note, shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this subsection.

(c) (i) Any Lender may, without the consent of any Loan Party or other Lender Party, sell participations to one or more banks or other entities (other than a natural Person, any Borrower or any Affiliate or Subsidiary of any Borrower) (a "**Participant**") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided* that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers and the other Lender Parties 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 the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; *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 to Section 10.02(b) that affects such Participant. Subject to subsection (c)(ii) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 (subject to the requirements and limitations therein, including the requirements under Section 2.16(d) (it being understood that the documentation required under Section 2.16(d) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. Each Lender that sells a participation, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall 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 this Agreement (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 or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan 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, each Loan Party and the Administrative Agent shall treat each person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement, notwithstanding notice to the contrary.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.14 or Section 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant (except to the extent that such entitlement to receive greater payments results from a Change in Law that occurs after the Participant acquired the applicable participation), unless the sale of the participation to such Participant is made with the Borrower Representative's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.16 unless the Borrower Representative is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 2.16(d) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank having jurisdiction over such Lender, and this Section shall not apply to any such pledge or assignment of a security interest; *provided* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 10.05. *Survival.* All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to the Loan Documents shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that any Lender Party may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as any principal of or accrued interest on any Loan or any fee or any other amount payable under the Loan Documents (other than Contingent Obligations) is outstanding and unpaid or any Letter of Credit is outstanding or any Commitment has not expired or terminated. The provisions of Sections 2.14, 2.15, 2.16 and 10.03 and Article 8 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

Section 10.06. *Counterparts; Integration; Effectiveness.* This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. The Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, 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 which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. 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.

Section 10.07. *Severability.* If any provision of any Loan Document is invalid, illegal or unenforceable in any jurisdiction then, to the fullest extent permitted by law, (i) such provision shall, as to such jurisdiction, be ineffective to the extent (but only to the extent) of such invalidity, illegality or unenforceability, (ii) the other provisions of the Loan Documents shall remain in full force and effect in such jurisdiction and (iii) the invalidity, illegality or unenforceability of any such provision in any

jurisdiction shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

Section 10.08. *Right of Setoff.* If an Event of Default shall have occurred and be continuing, each Lender Party and each Affiliate of the Administrative Agent is authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender Party or Affiliate of the Administrative Agent to or for the credit or the account of a Loan Party against any of and all the obligations of a Loan Party now or hereafter existing under this Agreement held by such Lender Party, irrespective of whether or not such Lender Party shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender Party under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender Party may have. Each Lender Party agrees promptly to notify the Loan Parties and the Administrative Agent after any such set-off and application made by such Lender Party or Affiliate of the Administrative Agent; *provided* that the failure to give such notice shall not affect the validity of such set-off and application.

Section 10.09. *Governing Law; Jurisdiction; Consent to Service of Process.* (a) This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws of the State of New York.

(b) Each party hereto irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any court of the State of New York and of any Federal court, in each case located in the Borough of Manhattan in connection with any action or proceeding arising out of or relating to any Loan Document, and each party hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in such New York State or, to the extent permitted by law, in such Federal court.

(c) Each party hereto 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 any Loan Document in any court referred to Section 10.09(b). Each party hereto irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of any such suit, action or proceeding in any such court.

(d) Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in any Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Each Loan Party irrevocably appoints the Borrower Representative (the “**Process Agent**”) as its agent to receive on behalf of such Loan Party and its properties service of copies of the summon and complaint and any other process which may be served in any such action or proceeding. Such service may be made by mailing or delivering a copy of such process to such Loan Party in care of the Process Agent at the Process Agent’s above address, and each such Loan Party hereby irrevocably authorizes and directs the Process Agent to accept such service on its behalf.

Section 10.10. *Waiver of Jury Trial.* EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY 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 ANY LOAN DOCUMENT OR ANY TRANSACTION CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) AND FOR ANY COUNTERCLAIM THEREIN. 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.

Section 10.11 *Headings.* Article and Section headings and the Table of Contents 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 10.12. *Confidentiality.* (a) Each Lender Party agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel, other advisors and any sub-agent appointed pursuant to Section 8.05 (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent requested by any regulatory authority (in which case such Lender Party agrees (except with respect to any routine or ordinary course audit or examination conducted by bank accountants or any governmental or bank regulatory authority exercising examination or regulatory authority), to the extent practicable and not prohibited by applicable law, rule or regulation, to inform the Borrower Representative promptly thereof prior to disclosure), (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (in which case such Lender Party agrees (except with respect to any routine or ordinary course audit or examination conducted by bank accountants or any governmental or bank regulatory authority exercising examination or regulatory authority), to the extent practicable and not prohibited by applicable law, rule or regulation, to inform the Borrower Representative promptly thereof prior to disclosure), (iv) to any other party to this Agreement, (v) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to any Loan Document or the enforcement of any right thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section, to (x) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (y) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to any Loan Party and its obligations, *provided* that (i) the disclosure of any such Information to any assignee or Participant, or any prospective assignee or Participant, or any actual or prospective counterparty (or its advisors) referred to above shall only be made after the acknowledgment and acceptance by such assignee, Participant, prospective assignee or Participant, or any actual or prospective counterparty (or its advisors) that such Information is being disseminated on a confidential basis (on substantially the terms set forth in this Section 10.12 or confidentiality provisions at least as restrictive as those set forth in this Section 10.12), in each case for the benefit of the Loan Parties, in accordance with the standard syndication processes of such Lender Party or customary market standards for dissemination of such type of information, which shall in any event require "click through" or other affirmative actions on the part of recipient to access such Information, (vii) with the consent of the Borrower Representative, (viii) 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 any Lender Party on a nonconfidential basis from a third party that is not, to such Lender Party's knowledge, subject to confidentiality obligations owing to the Borrowers. For the purposes of this Section, "**Information**" means all information received from the Loan Parties relating to the Loan Parties or their business, other than any such information that is available to any Lender Party on a nonconfidential basis prior to disclosure by the Loan Parties. 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.

(b) EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 10.12(a) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWERS AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

(c) ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE LOAN PARTIES OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWERS AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER REPRESENTATIVE AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

Section 10.13. *Interest Rate Limitation.* Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the “**Charges**”), shall exceed the maximum lawful rate (the “**Maximum Rate**”) that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of payment, shall have been received by such Lender.

Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if any Lender shall have received from the Borrowers an amount in excess of the maximum permitted by any applicable law, rule or regulation, then the Borrowers shall be entitled, by notice in writing to the Administrative Agent to obtain reimbursement from that Lender in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by that Lender to the Borrowers.

Section 10.14. *USA PATRIOT Act.* Each Lender that is subject to the USA PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of the Loan Parties and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Loan Parties in accordance with the USA PATRIOT Act.

Section 10.15. *Judgment Currency.* (a) The Borrowers’ obligations hereunder and under the other Loan Documents to make payments in a specified currency (the “**Obligation Currency**”) shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or

recovery results in the effective receipt by the Administrative Agent or a Lender or an Issuing Bank of the full amount of the Obligation Currency expressed to be payable to the Administrative Agent or such Lender or such Issuing Bank under this Agreement or the other Loan Documents. If, for the purpose of obtaining or enforcing judgment against any Loan Party in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the “**Judgment Currency**”) an amount due in the Obligation Currency, the conversion shall be made, at the rate of exchange at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given (such Business Day being hereinafter referred to as the “**Judgment Currency Conversion Date**”).

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, the Borrowers covenant and agree to pay, or cause to be paid, such additional amounts, if any (but in any event not a lesser amount), as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining any rate of exchange or currency equivalent for this Section, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

Section 10.16. *No Fiduciary Duty.* The Administrative Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the “**Lenders**”), may have economic interests that conflict with those of the Loan Parties, their stockholders and/or their affiliates. Each Loan Party agrees that nothing in the Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and such Loan Party, its stockholders or its affiliates, on the other. The Loan Parties acknowledge and agree that (i) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm’s-length commercial transactions between the Lenders, on the one hand, and the Loan Parties, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of any Loan Party, its stockholders or its affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise any Loan Party, its stockholders or its Affiliates on other matters) or any other obligation to any Loan Party except the obligations expressly set forth in the Loan Documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of any Loan Party, its management, stockholders, creditors or any other Person. Each Loan Party acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. Each Loan Party agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to such Loan Party, in connection with such transaction or the process leading thereto.

Section 10.17. *Acknowledgment 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 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 an 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 entity, 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 10.18. *No Waiver; Cumulative Remedies; Enforcement.* No failure by any Lender, any Issuing Bank or the Administrative Agent to exercise, and no delay by any such Person 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 right, remedy, power or privilege hereunder 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, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Article 7 for the benefit of all the Lenders and the Issuing Banks; *provided, however*, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.17) or (c) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Bankruptcy Proceeding; and *provided, further*, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Article 7 and (ii) in addition to the matters set forth in clauses (b) and (c) of the preceding proviso and subject to Section 2.17, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

ARTICLE 11 LOAN PARTY GUARANTY

Section 11.01. *Guaranty.* (a) Subject to the provisions of paragraph (b), each Guarantor hereby unconditionally and irrevocably guarantees to the Administrative Agent, for the benefit of the Lender Parties and their respective successors, indorsees, transferees and assigns, the prompt and complete

payment and performance by each Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations.

(b) This Loan Party Guaranty is a guaranty of payment when due and not of collectability and this Loan Party Guaranty is a primary obligation of each Guarantor and not merely a contract of surety.

(c) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable laws relating to the insolvency of debtors.

(d) Each Guarantor agrees that the Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing this Loan Party Guaranty or affecting the rights and remedies of the Administrative Agent or any other Lender Party hereunder.

(e) No payment or payments made by any Borrower, any Guarantor, any other guarantor or any other Person or received or collected by the Administrative Agent or any other Lender Party from any Borrower, any Guarantor, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder, which shall, notwithstanding any such payment or payments other than payments made by such Guarantor in respect of the Obligations or payments received or collected from such Guarantor in respect of the Obligations, remain liable for the Obligations up to the maximum liability of such Guarantor hereunder until the Obligations are paid in full (other than Contingent Obligations) and the Commitments are terminated.

(f) Any and all payments by or on account of any obligation of any Guarantor under this Article 11 shall be governed by the terms set forth in Section 2.16 of this Agreement.

Section 11.02. *Right of Contribution.* Each Guarantor hereby agrees that, to the extent that any Guarantor shall have paid more than its proportionate share of any payments made in respect of the Loan Party Guaranty, such Person shall be entitled to seek and receive contribution from and against the Guarantors hereunder. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 11.03 hereof. The provisions of this Section 11.02 shall in no respect limit the obligations and liabilities of any Guarantor to the Administrative Agent and the Lenders, and each Guarantor shall remain liable to the Administrative Agent and the Lenders for the full amount guaranteed by such Person under the Loan Party Guaranty.

Section 11.03. *No Subrogation.* Notwithstanding any payment or payments made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by any Lender, the Guarantors shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against any Borrower or any other guarantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Obligations, nor shall the Guarantors seek or be entitled to seek any contribution or reimbursement from any Borrower or any other guarantor in respect of payments made by any Guarantor hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Borrowers on account of the Obligations are paid in full (other than Contingent Obligations) and the Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full or the Commitments shall not have been terminated, such amount shall be held by such Guarantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Guarantor, and shall, promptly upon receipt by such Guarantor, be turned over to the Administrative

Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Administrative Agent, if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

Section 11.04. *Guaranty Absolute and Unconditional.* Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon this Loan Party Guaranty or acceptance of this Loan Party Guaranty, the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Loan Party Guaranty; and all dealings between the Borrowers (or any of them) and the Guarantors (or any of them), on the one hand, and the Administrative Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Loan Party Guaranty. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment with or upon any Borrower or any other Guarantor or other guarantors with respect to the Obligations. Each Guarantor understands and agrees that this Loan Party Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to (a) the validity, regularity or enforceability of this Agreement, any other Loan Document, any Letter of Credit, any of the Obligations or any collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Guarantor against any Borrower, the Administrative Agent, any Issuing Bank or any Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of any Borrower, any Guarantor or other guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Borrower for the Obligations, of any Guarantor under this Loan Party Guaranty or of any other guarantor, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against the Guarantor, the Administrative Agent and any Lender may, but shall be under no obligation to, pursue such rights and remedies as it may have against any Borrower, any Guarantor any other guarantor or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to pursue such other rights or remedies or to collect any payments from any such Borrower, Guarantor or other guarantor or other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of any such Borrower, Guarantor or other guarantor or other Person or any such collateral security, guarantee or right of offset, shall not relieve the Guarantors of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent and the Lenders against the Guarantors. This Loan Party Guaranty shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantors and the respective successors and assigns thereof, and shall inure to the benefit of the Administrative Agent and the Lenders, and their respective successors, indorsees, transferees and assigns, until all the Obligations and the obligations of the Guarantors under this Loan Party Guaranty (other than Contingent Obligations) shall have been satisfied by payment in full and the Commitments shall be terminated, notwithstanding that from time to time during the term of the Credit Agreement any Borrower may be free from any Obligations.

Section 11.05. *Reinstatement.* This Loan Party Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, administration, dissolution, liquidation or reorganization of any Borrower or any Guarantor or other guarantor, or upon or as a result of the appointment of a receiver, administrative receiver, administrator, intervenor or conservator of, or trustee or similar officer for, any Borrower or any Guarantor or other guarantor or any substantial part of the property of such Borrower, Guarantor or such other guarantor, or otherwise, all as though such payments had not been made.

Section 11.06. *Payments.* Each Guarantor hereby guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in the relevant currency at the administrative office specified by the Administrative Agent.

Section 11.07. *Additional Guarantors.* From time to time subsequent to the Restatement Date, each entity which is required to be a Guarantor pursuant to the definition thereof shall become a Guarantor, with the same force and effect as if originally named as a Guarantor herein, for all purposes of this Agreement, upon execution and delivery by such entity of a Loan Party Joinder Agreement (and the delivery in connection therewith of written opinions of counsel and documents and certificates as the Administrative Agent may reasonably require). The execution and delivery of any instrument adding an additional Guarantor as a party to this Agreement shall not require the consent of any other party hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

KOHLBERG KRAVIS ROBERTS & CO. L.P., as Borrower

By: KKR & Co. GP LLC, its general partner

By: /s/ Robert H. Lewin

Name: Robert H. Lewin

Title: Chief Financial Officer

KKR GROUP PARTNERSHIP L.P., as Borrower

By: KKR Group Holdings Corp., its general partner

By: Robert H. Lewin

Name: Robert H. Lewin

Title: Chief Financial Officer

[Signature Page to Amended and Restated Credit Agreement]

KKR & CO. INC., as Guarantor

By: /s/ Robert H. Lewin

Name: Robert H. Lewin

Title: Chief Financial Officer

[Signature Page to Second Amended and Restated Credit Agreement]

**HSBC BANK USA, NATIONAL
ASSOCIATION**, as Lender, as Issuing Bank
and as Administrative Agent

By: /s/ Ershad Sattar

Name: Ershad Sattar

Title: VP

[Signature Page to Second Amended and Restated Credit Agreement]

**HSBC BANK USA, NATIONAL
ASSOCIATION, as Lender and as Issuing
Bank**

By: /s/ Richard L. Harris

Name: Richard L. Harris

Title: Director

BANK OF AMERICA, N.A., as Lender

By: /s/ Matthew C. White

Name: Matthew C. White

Title: Director

CITIBANK NA, as Lender

By: /s/ Eros Marshall

Name: Eros Marshall

Title: Vice President

MIZUHO BANK, LTD., as Lender

By: /s/ Donna DeMagistris

Name: Donna DeMagistris

Title: Executive Director

[Signature Page to Second Amended and Restated Credit Agreement]

**SUMITOMO MITSUI BANKING
CORPORATION, as Lender**

By: /s/ Shane Klein

Name: Shane Klein
Title: Managing Director

WELLS FARGO BANK N.A., as Lender

By: /s/ Michael Kusner

Name: Mike Kusner
Title: Managing Director

BARCLAYS BANK PLC, as Lender

By: /s/ Ronnie Glenn

Name: Ronnie Glenn
Title: Director

**CREDIT SUISSE AG, NEW YORK
BRANCH, as Lender**

By: /s/ Doreen Barr

Name: Doreen Barr
Title: Authorized Signatory

By: /s/ Andrew Griffin

Name: Andrew Griffin
Title: Authorized Signatory

[Signature Page to Second Amended and Restated Credit Agreement]

GOLDMAN SACHS BANK USA, as
Lender

By: /s/ Rebecca Kratz

Name: Rebecca Kratz

Title: Authorized Signatory

JPMORGAN CHASE BANK, N.A., as
Lender

By: /s/ Alfred Chi

Name: Alfred Chi

Title: Vice President

MORGAN STANLEY BANK N.A., as
Lender

By: /s/ Michael King

Name: Michael King

Title: Authorized Signatory

ROYAL BANK OF CANADA, as Lender

By: /s/ Alex Figueroa

Name: Alex Figueroa

Title: Authorized Signatory

[Signature Page to Second Amended and Restated Credit Agreement]

**UBS AG, STAMFORD BRANCH, as
Lender**

By: /s/ Housseem Daly

Name: Housseem Daly

Title: Director

By: /s/ Dionne Robinson

Name: Dionne Robinson

Title: Authorized Director

**U.S. BANK NATIONAL
ASSOCIATION, as Lender**

By: /s/ Barry K. Chung

Name: Barry K. Chung

Title: Sr. Vice President

BMO HARRIS BANK N.A., as Lender

By: /s/ Michael Orphanides

Name: Michael Orphanides

Title: Managing Director

**NOMURA CORPORATE FUNDING
AMERICAS, LLC, as Lender**

By: /s/ Sean P. Kelly

Name: Sean P. Kelly

Title: Managing Director

[Signature Page to Second Amended and Restated Credit Agreement]

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.**
CREDIT AGREEMENT

Dated as of August 4, 2021
among

GLOBAL ATLANTIC FINANCIAL LIMITED,
as Holdings,

GLOBAL ATLANTIC (FIN) COMPANY,
as Borrower,

THE GUARANTORS PARTY HERETO,
as Guarantors,

WELLS FARGO BANK, N.A.,
as Administrative Agent,

and

THE LENDERS PARTY HERETO

WELLS FARGO SECURITIES, LLC,
RBC CAPITAL MARKETS
and
U.S. BANK NATIONAL ASSOCIATION,
as Joint Lead Arrangers and Joint Bookrunners

ROYAL BANK OF CANADA
and
U.S. BANK NATIONAL ASSOCIATION,
as Syndication Agents

BMO HARRIS BANK N.A.,
KEYBANK NATIONAL ASSOCIATION,
THE BANK OF NOVA SCOTIA
and
JPMORGAN CHASE BANK, N.A.,
as Documentation Agents

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CREDIT AGREEMENT

This CREDIT AGREEMENT is entered into as of August 4, 2021 by and among GLOBAL ATLANTIC FINANCIAL LIMITED, an exempted company incorporated and existing under the laws of Bermuda (“**GAFL**”), GLOBAL ATLANTIC (FIN) COMPANY, a Delaware corporation and a wholly-owned subsidiary of Holdings (the “**Borrower**”), certain other subsidiaries of Holdings from time to time as Guarantors hereunder, the lenders from time to time party to this Agreement (collectively, the “**Lenders**”; individually, each, a “**Lender**”), WELLS FARGO BANK, N.A., as administrative agent for the Lenders (the “**Administrative Agent**”) and the other agents and arrangers party hereto.

RECITALS:

WHEREAS, the Borrower has requested that the Lenders establish a revolving credit facility for the Borrower, and the Lenders are willing to establish a revolving credit facility for the Borrower upon the terms and conditions set forth herein;

WHEREAS, the Borrower intends to use the proceeds of the revolving credit facility for working capital and general corporate purposes of Holdings and the Subsidiaries;

WHEREAS, the Guarantor party to this Agreement on the Effective Date is willing to guarantee the obligations of the Borrower, as provided in the Guarantee Agreement; and

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.01 *Certain Defined Terms.* The following terms have the following meanings:

“**Administrative Agent**” has the meaning specified in the introduction to this Agreement, and includes its successors and permitted assigns in such capacity.

“**Administrative Agent’s Office**” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 10.02 or such other address or account as the Administrative Agent may from time to time specify.

“**Affected Financial Institution**” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“**Affiliate**” means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power (a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners of the other Person or (b) to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, membership interests, by contract or otherwise.

“**Agent-Related Persons**” means the initial Administrative Agent and any successor Administrative Agent, in each case together with their respective Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

“**Agents**” means the Administrative Agent, the Arrangers, the Bookrunners, the Syndication Agents and the Documentation Agents.

“**Agreement**” means this Credit Agreement, as amended, restated, modified or supplemented from time to time in accordance with the terms hereof.

“**A.M. Best**” means A.M. Best Company.

“**Annual Statement**” means the annual statutory financial statement of any Insurance Subsidiary required to be filed with the insurance commissioner (or similar authority) of its jurisdiction of incorporation, which statement shall be in the form required by such Insurance Subsidiary’s jurisdiction of incorporation or, if no specific form is so required, in the form of financial statements permitted by such insurance commissioner (or such similar authority) to be used for filing annual statutory financial statements and shall contain the type of information permitted or required by such insurance commissioner (or such similar authority) to be disclosed therein, together with all exhibits or schedules filed therewith.

“**Anti-Corruption Laws**” means any and all laws, judgments, orders, executive orders, decrees, ordinances, rules, regulations, statutes, case law or treaties related to corruption or bribery and including the Foreign Corrupt Practices Act (15 U.S.C. §§ 78dd-1, et seq.) and the Bribery Act 2016 of Bermuda.

“**Anti-Money Laundering Laws**” means any and all laws, judgments, orders, executive orders, decrees, ordinances, rules, regulations, statutes, case law or treaties related to terrorism financing or money laundering including any applicable provision of the PATRIOT Act (as defined below) and The Currency and Foreign Transactions Reporting Act (also known as the “Bank Secrecy Act”, 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

“**Applicable Margin**”, “**Applicable Revolving Commitment Fee Percentage**” and “**Applicable Non-Collateralized Letter of Credit Fee**” mean a percentage, per annum, determined by reference to the Debt Ratings in effect from time to time, as set forth in the table below:

<u>Pricing Level</u>	<u>Debt Ratings S&P / Moody’s / Fitch</u>	<u>Applicable Non-Collateralized Letter of Credit Fee</u>	<u>Applicable Margin for Base Rate Loans</u>	<u>Applicable Margin for LIBOR Rate Loans</u>	<u>Applicable Revolving Commitment Fee Percentage</u>
1	≥ A-/A3/A-	[**]%	[**]%	1.125%	0.125%
2	BBB+/Baa1/BBB+	[**]%	[**]%	[**]%	[**]%
3	BBB/Baa2/BBB	[**]%	[**]%	[**]%	[**]%
4	BBB-/Baa3/BBB-	[**]%	[**]%	[**]%	[**]%
5	≤ BB+/Ba1/BB+	[**]%	[**]%	2.00%	0.325%

[**] = 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.

Initially, the Applicable Margin, Applicable Revolving Commitment Fee Percentage and Applicable Non-Collateralized Letter of Credit Fee shall be set at Pricing Level 3. No change in the Applicable Margin, Applicable Revolving Commitment Fee Percentage or Applicable Non-Collateralized Letter of Credit Fee shall be effective until one (1) Business Day after the date of the public announcement of a change in any of the Debt Ratings. Within one (1) Business Day of the date of the public announcement of a change in any of the Debt Ratings, the Administrative Agent shall give the Borrower and each Lender notice of the Applicable Margin, the Applicable Revolving Commitment Fee Percentage and the Applicable Non-Collateralized Letter of Credit Fee in effect from such date.

“Applicable Reserve Requirement” means, at any time, for any determination of the LIBOR Rate, the maximum rate, expressed as a decimal, at which reserves (including any basic marginal, special, supplemental, emergency or other reserves) are required to be maintained with respect thereto against “Eurocurrency liabilities” (as such term is defined in Regulation D of the FRB) under regulations issued from time to time by the FRB or other applicable banking regulator. Without limiting the effect of the foregoing, the Applicable Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (i) any category of liabilities which includes deposits by reference to which the applicable LIBOR Rate is to be determined, or (ii) any category of extensions of credit or other assets which include LIBOR Rate Loans. A Loan bearing interest at an interest rate based on the LIBOR Rate shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credit for proration, exceptions or offsets that may be available from time to time to the applicable Lender. The rate of interest on a Loan bearing interest at an interest rate based on the LIBOR Rate shall be adjusted automatically on and as of the effective date of any change in the Applicable Reserve Requirement.

“Approved Electronic Communications” means any notice, demand, communication, information, document or other material that any of Holdings or any of its Subsidiaries provides to the Administrative Agent pursuant to any Loan Document or the transactions contemplated therein, which is distributed to the Administrative Agent or Lenders by means of electronic communications pursuant to Section 10.02(b).

“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.

“Arrangers” means, collectively, WFS, RBCCM and US Bank.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee substantially in the form of Exhibit D or in another form reasonably acceptable to the Administrative Agent.

“Attorney Costs” means and includes all reasonable fees, expenses and disbursements of any law firm or other external legal counsel.

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (a) if the then-current Benchmark is a future looking term rate,

any tenor for such Benchmark that is or may be used for determining the length of an Interest Period or (b) if clause (a) does not apply, any payment period for interest calculated with reference to such Benchmark, as applicable, pursuant to this Agreement as of such date. Any reference to “Benchmark” shall include, as applicable, the published component used in the calculation thereof.

“**Bail-In Action**” means the exercise of any Write-Down and Conversion Powers by the applicable 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).

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy,” as now and hereafter in effect, or any successor statute.

“**Base Rate**” means for any day a fluctuating rate *per annum* equal to the highest of (a) the Federal Funds Rate *plus* 1/2 of 1%, (b) the rate of interest *per annum* determined by the Administrative Agent from time to time as its prime commercial lending rate for Dollar loans in the United States for such day, and (c) the LIBOR Rate for an Interest Period of one month beginning on such day (or if such day is not a Business Day, the Business Day immediately preceding such day) *plus* 1.00% *per annum*; *provided* that, if such rate *per annum* is less than zero, the Base Rate will be deemed to be zero for purposes of this Agreement.

“**Base Rate Loan**” means a Revolving Loan that bears interest based on the Base Rate.

“**Benchmark**” means, initially, USD LIBOR; provided that if a replacement for the applicable Benchmark has occurred pursuant to Section 3.05, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate.

“**Benchmark Replacement**” means, for any Available Tenor:

(a) for purposes of clause (a)(i)(A) of Section 3.05:

the first alternative set forth in the order below that can be determined by the Administrative Agent:

(A) the sum of: (i) Term SOFR and (ii) the related Benchmark Replacement Adjustment;

(B) the sum of: (i) Daily Simple SOFR and (ii) the related Benchmark Replacement Adjustment; or

- (C) the sum of: (i) the alternate benchmark rate and (ii) an adjustment (which may be a positive or negative value or zero), in each case, that has been selected by the Administrative Agent and the Borrower as the replacement for such Available Tenor of such then-current Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body for U.S. syndicated credit facilities denominated in Dollars at such time that are substantially similar to the credit facilities under this Agreement; and

(b) for purposes of clause (a)(i)(B) of Section 3.05, the sum of: (i) the alternate benchmark rate and (ii) an adjustment (which may be a positive or negative value or zero), in each case, that has been selected by the Administrative Agent and the Borrower as the replacement for such Available Tenor of such then-current Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body for U.S. syndicated credit facilities denominated in Dollars at such time that are substantially similar to the credit facilities under this Agreement;

provided that, in the case of clause (a)(A), if the Administrative Agent decides that Term SOFR is not administratively feasible for the Administrative Agent, then Term SOFR will be deemed unable to be determined for purposes of this definition. If the Benchmark Replacement as determined pursuant to clause (a) or (b) 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; provided, further, that, in the case of clause (b) above, such adjustment shall not be in the form of an increase of the Applicable Margin.

“Benchmark Replacement Adjustment” means, with respect to any replacement of any then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

- (1) for purposes of clause (a)(A) of the definition of “Benchmark Replacement” and clause (a)(ii) of Section 3.05, an amount equal to (A) 0.11448% (11.448 basis points) for an Available Tenor of one-month’s duration, (B) 0.26161% (26.161 basis points) for an Available Tenor of three-months’ duration and (C) 0.42826% (42.826 basis points) for an Available Tenor of six-months’ duration;
- (2) for purposes of clause (a)(B) of the definition of “Benchmark Replacement,” an amount equal to 0.26161% (26.161 basis points); and
- (3) for purposes of clause (a)(C) of the definition of “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 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 Available Tenor of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable LIBOR Replacement Date 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 Available Tenor of such Benchmark with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in the currency applicable to such Benchmark;

provided that, (x) in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion in accordance with the then prevailing market conventions and (y) if the then-current Benchmark is a term rate, more than one tenor of such Benchmark is available as of the applicable LIBOR Replacement Date and the applicable Unadjusted Benchmark Replacement that will replace such Benchmark in accordance with Section 3.05(a) will not be a term rate, the Available Tenor of such Benchmark for purposes of this definition of “Benchmark Replacement Adjustment” shall be deemed to be, with respect to each Unadjusted Benchmark Replacement having a payment period for interest calculated with reference thereto, the Available Tenor that has approximately the same length (disregarding business day adjustments) as such payment period.

“**Benchmark Replacement Conforming Changes**” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “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, and other technical, administrative or operational matters) that the Administrative Agent, in consultation with the Borrower, decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides 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 such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent, in consultation with the Borrower, decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents); provided that, notwithstanding anything herein to the contrary, no “Benchmark Replacement Conforming Changes” shall result in (i) any material effect on the timing or amount of payments or borrowings or (ii) a deemed exchange of any Loan under Section 1001 of the Code, in each case, without the prior written consent of the Borrower (other than any such consent previously provided in accordance with Section 3.05 hereof).

“**Benchmark Transition Event**” means with respect to the then-current Benchmark (other than USD LIBOR) the occurrence of a public statement or publication of information by or on behalf of the administrator of such then-current Benchmark, the regulatory supervisor for the administrator of such Benchmark, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark, a resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, announcing or stating that (a) such administrator has ceased or will cease on a specified date to provide all Available Tenors of such Benchmark, 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 (b) all Available Tenors of such Benchmark are or will no longer be representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored.

“**Beneficial Ownership Certification**” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“**Beneficial Ownership Regulation**” means 31 C.F.R. § 1010.230.

“**Benefit Plan**” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“**Bookrunners**” means, collectively, WFS, RBCCM and US Bank.

“**Borrower**” has the meaning specified in the introduction to this Agreement.

“**Borrower Materials**” has the meaning specified in Section 6.02.

“**Borrowing Date**” means the date of a Credit Extension (other than a conversion or continuation of a Loan).

“**Business Day**” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located or New York City and, if such day relates to any LIBOR Rate Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“**Capital Adequacy Regulation**” means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy or liquidity of any bank or of any corporation controlling a bank.

“**Capital and Surplus**” means, as to any Insurance Subsidiary, as of any date, the total amount shown on (i) line 38, page 3, column 1 and (ii) line 24.1, page 3 (or such other line on which the equivalent information is provided on any other such Annual Statement) of the Annual Statement of such Insurance Subsidiary as of such date, or an amount determined in a consistent manner for any date other than one as of which an Annual Statement is prepared.

“**Capital Stock**” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all shares (of whatever class) in the capital of a Bermuda exempted company, any and all equivalent ownership interests in a Person (other than a corporation), including partnership interests and membership interests, and any and all warrants, rights or options to purchase any of the foregoing; *provided* that, for the avoidance of

doubt, Capital Stock shall not be deemed to include debt convertible or exchangeable for any of the foregoing.

“**Capitalized Lease Liabilities**” means, with respect to any Person, all monetary obligations of such Person under any leasing or similar arrangement that, in accordance with GAAP, would be classified as a capitalized lease, *provided* that, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty. For purposes of this definition, whenever in this Agreement it is necessary to determine whether a lease is a capital lease or an operating lease, such determination shall be made on the basis of GAAP as in effect on January 1, 2015.

“**Cash**” means Dollars and any overnight or other investment money market funds of the Custodian with which a Collateralized L/C Collateral Account is maintained (or an Affiliate of such Custodian).

“**Cash Collateralize**” means, in respect of an Obligation, to provide and pledge (as a first priority perfected security interest) cash collateral in Dollars, at a location and pursuant to documentation in form and substance satisfactory to the Administrative Agent (and “**Cash Collateralization**” and “**Cash Collateralized**” have corresponding meanings). “**Cash Collateral**” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“**Cash Equivalents**” means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of twelve months or less from the date of acquisition issued by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than \$500,000,000 and a short-term deposit rating of at least A-1 by S&P and P-1 by Moody’s, or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally; (c) commercial paper of an issuer rated at least A-2 by S&P and P-2 by Moody’s at the time of acquisition thereof, or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within nine months from the date of acquisition; (d) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than thirty (30) days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P and A2 by Moody’s; (f) securities with maturities of one year or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (b) of this definition; or

(g) shares of money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition.

“Cash Management Obligations” means obligations owed in respect of any overdraft and related liabilities arising from treasury, depository and cash management services or any automated clearing house transfers of funds or in respect of any credit card or similar services.

“CBOs” means notes or other instruments (other than CMOs) secured by collateral consisting primarily of debt securities and/or other types of debt obligations, including loans.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

“Change of Control” means (a) from and after the IPO, any acquisition, directly or indirectly, by any person or group (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than the Permitted Holders, of beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Exchange Act) of a percentage, on a fully diluted basis, of the outstanding shares of Voting Stock of the IPO Entity that is both (i) equal to or greater than 35% and (ii) greater than the percentage, on a fully diluted basis, of the outstanding shares of Voting Stock of the IPO Entity that is beneficially owned, directly or indirectly, by the Permitted Holders; (b) from and after the IPO, any person or group (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than the Permitted Holders, shall obtain, directly or indirectly, the power (whether or not exercised) to elect a majority of the members of the board of directors (or similar governing body) of the IPO Entity (other than additional direct power of GAFGL to elect a majority of the members of the board of directors (or similar governing body) of GAFL); (c)(i) prior to the IPO, the Permitted Holders shall cease to beneficially own and control, directly or indirectly, at least 50.1% on a fully diluted basis of the outstanding shares of Voting Stock of GAFL or (ii) Holdings shall cease to beneficially own and control, directly or indirectly, 100% on a fully diluted basis of the outstanding shares of Voting Stock of the Borrower; or (d) the occurrence of a “change of control” (howsoever defined) in any instrument governing any Indebtedness of Holdings or its Restricted Subsidiaries with an aggregate outstanding amount in excess of \$75,000,000 that constitutes an “event of default” under such other debt instrument or would constitute an “event of default” after notice or passage of time under such other debt instrument. For the avoidance of doubt, (A) the IPO will not constitute a Change of Control and (B) no change in ownership or control of KKR Management LLP, or indirect change in ownership or control of KKR solely as a result of a change in ultimate ownership or control of KKR Management LLP, is or will constitute a Change of Control.

“Class” means (i) with respect to Lenders, Lenders having Revolving Exposure, and (ii) with respect to Loans, Revolving Loans. Until the consummation of an Extension pursuant to Section 2.13, there will be only one Class hereunder.

“CMOs” means notes or other instruments secured by collateral consisting primarily of mortgages, mortgage-backed securities and/or other types of mortgage-related obligations.

“Code” means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

“Collateralized L/C Aggregate Collateral Amount” means, subject to the immediately succeeding paragraph, the sum of the Collateralized L/C Collateral Amounts of all Cash and Eligible Securities that are held in Collateralized L/C Collateral Accounts and subject to a first priority perfected security interest in favor of the Administrative Agent securing the Obligations with respect to Collateralized Letters of Credit.

Notwithstanding the foregoing, (a) if the aggregate fair market value of Eligible Securities of any single corporate issuer (or any Affiliate thereof) that are held in Collateralized L/C Collateral Accounts represents more than 10% of the aggregate fair market value of all Cash and Eligible Securities that are held in Collateralized L/C Collateral Accounts, the excess over 10% will be excluded from the Collateralized L/C Aggregate Collateral Amount, (b) the weighted average rating of all Agency Securities (as described in Appendix B) constituting Eligible Securities and held in Collateralized L/C Collateral Accounts must at all times be at least (i) AA+ from S&P or (ii) Aa1 from Moody’s, (c) if the aggregate fair market value of Asset-Backed Securities (as described in Appendix B) (including CMBS) held in Collateralized L/C Collateral Accounts represents more than 20% of the aggregate value of all Cash and Eligible Securities held in Collateralized L/C Collateral Accounts, the excess over 20% will be excluded from the Collateralized L/C Aggregate Collateral Amount, (d) if the aggregate fair value of Asset-Backed Securities constituting CMBS held in Collateralized L/C Collateral Accounts represents more than 10% of the aggregate value of all Cash and Eligible Securities held in Collateralized L/C Collateral Accounts, the excess over 10% will be excluded from the Collateralized L/C Aggregate Collateral Amount, (e) if the aggregate value of OECD Government Securities (as described in Appendix B) held in Collateralized L/C Collateral Accounts represents more than 20% of the aggregate value of all Cash and Eligible Securities held in Collateralized L/C Collateral Accounts, the excess over 20% will be excluded from the Collateralized L/C Aggregate Collateral Amount, and (f) if the aggregate value of Supranational Securities (as described in Appendix B) held in Collateralized L/C Collateral Accounts represents more than 20% of the aggregate value of all Cash and Eligible Securities held in Collateralized L/C Collateral Accounts, the excess over 20% will be excluded from the Collateralized L/C Aggregate Collateral Amount. For the avoidance of doubt, (x) any Cash or Eligible Securities that are not held in Collateralized L/C Collateral Accounts or subject to a first priority perfected security interest in favor of the Administrative Agent securing the Obligations with respect to Collateralized Letters of Credit or (y) any Eligible Securities for which an ISIN has not been issued, in each case, will not be included in the Collateralized L/C Aggregate Collateral Amount.

“Collateralized L/C Collateral” means, collectively, all property of whatever kind and nature subject or purported to be subject from time to time to a Lien under any Collateralized L/C Security Document.

“Collateralized L/C Collateral Account” means any deposit account or securities account maintained by the Borrower with a Custodian in respect of which a Collateralized L/C Security and Control Agreement is in effect.

“Collateralized L/C Collateral Amount” means, at any time, with respect to Cash or any category of Eligible Securities, the product of (a)(i) the amount of such Cash or (ii) the fair market value of such Eligible Securities, in each case, that is held in a Collateralized L/C Collateral Account at such time and subject to a first priority perfected security interest in favor of the

Administrative Agent securing the Obligations with respect to Collateralized Letters of Credit, *multiplied by* (b) the Collateralized L/C Collateral Rate therefor, in each case, determined as of the close of business on the immediately preceding Business Day. The fair market value of Eligible Securities will be determined by reference to a generally recognized source selected by the applicable Custodian (or the most recent bid quotation from such source). With respect to any Eligible Securities having a fair market value denominated in a currency other than Dollars, the Dollar equivalent thereof (using a method selected by the applicable Custodian) will be used for purposes of determining the value of such Eligible Securities.

“**Collateralized L/C Collateral Certificate**” means a certificate substantially in the form of Exhibit K executed by a Responsible Officer of the Borrower.

“**Collateralized L/C Collateral Deficiency**” has the meaning specified in Section 2.02(1)(vi).

“**Collateralized L/C Collateral Deficiency Correction Date**” has the meaning specified in Section 2.02(1)(vi).

“**Collateralized L/C Collateral Rate**” means, for Cash or any category of obligation or investment specified in Appendix B in the column entitled “Cash and Eligible Securities” (other than Cash, the “**Eligible Securities**”), the percentage set forth opposite such category of Cash or Eligible Securities in Appendix B in the column entitled “Collateralized L/C Collateral Rate” and, in each case, subject to the term to maturity criteria set forth therein.

“**Collateralized L/C Collateral Requirement**” means the requirement that:

(a) the Administrative Agent shall have received a counterpart to a Collateralized L/C Security and Control Agreement with respect to each Collateralized L/C Collateral Account, duly executed and delivered by the Borrower and the Custodian with which such Collateralized L/C Collateral Account is maintained;

(b) all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create the Liens intended to be created by the Collateralized L/C Security Documents and perfect or record such Liens to the extent, and with the priority, required by the Collateralized L/C Security Documents, shall have been filed, registered or recorded or delivered to the Administrative Agent for filing, registration or recording;

(c) the Borrower shall have obtained all consents and approvals required to be obtained by it in connection with the execution and delivery of all Collateralized L/C Security Documents to which it is a party, the performance of its obligations thereunder and the granting of the Liens granted by it thereunder; and

(d) the Borrower shall have taken all other action required under the Collateralized L/C Security Documents to perfect, register and/or record the Liens granted by it thereunder.

“**Collateralized L/C Disbursement**” means a payment made by a Lender pursuant to a Collateralized Letter of Credit.

“**Collateralized L/C Liens**” means the Liens granted or to be granted by the Borrower under the Collateralized L/C Security Documents.

“**Collateralized L/C Security and Control Agreement**” means, with respect to any Collateralized L/C Collateral Account, a Security and Control Agreement substantially in the form of Exhibit E-2 and duly executed and delivered by the Administrative Agent, the Borrower and the Custodian with which such Collateralized L/C Collateral Account is maintained.

“**Collateralized L/C Security Documents**” means the Collateralized L/C Security and Control Agreements and each other security agreement, instrument or document executed and delivered pursuant thereto or pursuant to Section 2.02(l) or Section 6.13, to secure any of the Secured Obligations (as defined in the Collateralized L/C Security and Control Agreements).

“**Collateralized L/C Security Invalidity**” means, at any time, (a) any provision of any Collateralized L/C Security Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, shall cease to be in full force and effect or (b) any Lien purported to be created under any Collateralized L/C Security Document that is required to be in effect at such time (in accordance with the Collateralized L/C Collateral Requirement) shall cease to be, or shall be asserted by any Credit Party or any Restricted Subsidiary of Holdings not to be, a valid and perfected Lien on any Collateralized L/C Collateral covered thereby, with the priority required by the applicable Collateralized L/C Security Document (except as a result of the Administrative Agent’s failure to maintain possession of any stock certificates, promissory notes or other documents or possessory collateral delivered to it under any Collateralized L/C Security Document).

“**Collateralized L/C True-Up Amount**” means, as of any date of determination, with respect to each Letter of Credit that is a Collateralized Letter of Credit, an amount equal to the difference between (a) the total letter of credit fees referred to in Section 2.08(a)(ii) that would have accrued in respect of such Letter of Credit (if such Letter of Credit was a Non-Collateralized Letter of Credit) from the date of issuance thereof to such date and (b) the total letter of credit fees referred to in Section 2.08(a)(iii) that have accrued in respect of such Letter of Credit from the date of issuance thereof to such date.

“**Collateralized Letter of Credit**” means a Letter of Credit the Obligations with respect to which are secured by a first priority perfected security interest in favor of the Administrative Agent in all Cash and Eligible Securities that are held in the Collateralized L/C Collateral Accounts.

“**Collateralized Letter of Credit Fee**” means **[**]**% *per annum*.

“**Collateralized Letter of Credit Usage**” means, as at any date of determination, the sum of (i) the maximum aggregate amount which is, or at any time thereafter may become, available for drawing under all Collateralized Letters of Credit then outstanding *plus* (ii) the aggregate amount of all Collateralized L/C Disbursements made by the Lenders and not theretofore reimbursed by or on behalf of the Borrower.

[]** = *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.*

“**Commitment Letter**” means that certain commitment letter, dated as of June 23, 2021, by and among the Borrower, Wells Fargo, WFS. RBC, RBCCM and US Bank, as amended, restated, supplemented or otherwise modified from time to time.

“**Commitment Termination Date**” means the earliest to occur of (i) the fifth anniversary of the Effective Date, (ii) the date the Revolving Commitments are permanently reduced to zero pursuant to Section 2.06, and (iii) the date of the termination of the Revolving Commitments pursuant to Section 8.02.

“**Compensation Period**” has the meaning specified in Section 2.10(c)(ii).

“**Compliance Certificate**” means a certificate substantially in the form of Exhibit A executed by a Responsible Officer of Holdings.

“**Confirming Bank**” means, as provided in Section 2.14 with respect to any Non-NAIC Approved Bank, any Person (including any Lender) that is an NAIC Approved Bank and that has agreed in a written agreement to confirm Letters of Credit with respect to which such Non-NAIC Approved Bank is an issuer, which agreement shall be in form and substance reasonably satisfactory to the Administrative Agent (such an agreement, a “**Confirming Bank Agreement**”).

“**Connection Income Taxes**” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“**Consolidated Total Assets**” means, with respect to any Person, the total assets which would appear on a consolidated balance sheet of such Person and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP.

“**Contingent Obligation**” means, without duplication, any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the debt, obligation or other liability of any other Person (other than by endorsements of instruments in the course of collection or indemnities or other similar obligations under contracts entered into in the ordinary course of business and not in respect of Indebtedness or the issuance of Capital Stock), or guarantees the payment of dividends or other distributions upon the shares of any other Person; *provided* that the obligations of any Person under or in connection with insurance policies, under or in connection with Reinsurance Agreements, or in connection with Investments of Insurance Subsidiaries or Subsidiaries of Insurance Subsidiaries permitted by the applicable Department shall not be deemed Contingent Obligations of such Person. The amount of any Contingent Obligation of any Person shall (subject to any limitation set forth therein) 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 Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

“**Contractual Obligation**” means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or

other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

“**Conversion/Continuation Notice**” means a notice of conversion or continuation of a Revolving Loan substantially in the form of Exhibit C-3.

“**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.

“**Covered Party**” has the meaning specified in Section 10.24(a).

“**Credit Extension**” means (a) the making, conversion or continuation of a Loan or (b) the issuance, renewal or extension of a Letter of Credit.

“**Credit Parties**” means the Borrower and the Guarantors.

“**Custodian**” means (a) US Bank and (b) any other bank or financial institution that is (i)(A) with respect to any deposit account, a “bank” within the meaning of Section 9-102(a)(8) of the Uniform Commercial Code, and (B) with respect to any securities account, a “securities intermediary” within the meaning of Section 8-102(a)(14) of the Uniform Commercial Code, (ii) located in the United States of America and (iii) satisfactory to the Administrative Agent.

“**CwA**” means Commonwealth Annuity and Life Insurance Company, a Massachusetts life insurance company.

“**Daily Simple SOFR**” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for syndicated business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion, which shall be consistent with the then-prevailing market conventions.

“**Debt Ratings**” means, as of any date of determination, the public long-term issuer credit ratings as determined by at least two of S&P, Moody’s and Fitch of any Credit Party; *provided* that (a) if more than one Credit Party has Debt Ratings, then the Debt Ratings of the Credit Party with the highest Debt Rating shall apply, (b) if the respective Debt Ratings of the applicable Credit Party issued by the foregoing rating agencies differ by one level, then the Pricing Level for the higher of such Debt Ratings shall apply (with the Debt Ratings for Pricing Level 1 being the highest and the Debt Ratings for Pricing Level 5 being the lowest) and (c) if there is a split in Debt Ratings of the applicable Credit Party of more than one level, then the Pricing Level that is one level higher than the Pricing Level of the lower Debt Rating shall apply.

“**Debt to Total Capitalization Ratio**” means, as of any date of determination, without duplication, the ratio of (a) the principal amount of, and accrued but unpaid interest on, all consolidated Indebtedness (other than Operating Indebtedness, Indebtedness in respect of undrawn letters of credit, Non-Recourse Insurance Subsidiary Indebtedness or Intercompany Indebtedness)

of any Person and its Restricted Subsidiaries outstanding on such date to (b) Total Capitalization of such Person and its Restricted Subsidiaries on such date.

“**Debtor Relief Laws**” means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally, including state or other insurance insolvency laws.

“**Default**” means any event or circumstance that constitutes an Event of Default or that, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

“**Defaulting Lender**” means, subject to Section 2.12(b), any Lender that (a) has failed to (i) fund all or any portion of its Revolving Loans within two (2) Business Days of the date such Revolving Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (which conditions precedent, together with the applicable default, if any, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, (b) has notified the Borrower or the Administrative Agent 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 Lenders’ 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 the applicable default, if any, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent or the Borrower 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), (d) the Administrative Agent has received notification that such Lender is, or has a direct or indirect parent company that is (i) insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors or (ii) the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor or sequestrator or the like has been appointed for such Lender or its direct or indirect parent company, or such Lender or its direct or indirect parent company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment, (e) ceases to be a NAIC Approved Bank and has failed to comply with its obligations under Section 2.14, or (f) is subject of any Bail-In Action; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Capital Stock 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 or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

“**Department**” means, with respect to any Insurance Subsidiary, the Governmental Authority of such Insurance Subsidiary’s state or other jurisdiction of domicile with which such Insurance Subsidiary is required to file its Annual Statement.

“**Designated Subsidiary**” means (a) the Borrower, (b) each Restricted Subsidiary of Holdings that directly or indirectly owns any Capital Stock of the Borrower and (c) each Restricted Subsidiary of Holdings (other than an Insurance Subsidiary) that directly or indirectly owns any Capital Stock of any Insurance Subsidiary (including any such Restricted Subsidiary of Holdings that is itself owned by an Insurance Subsidiary) that (i) as of the Effective Date, has incurred, created, assumed, suffered to exist, guaranteed or at any time become directly or indirectly liable with respect to, any Indebtedness in an aggregate principal amount exceeding \$50,000,000 (other than Intercompany Indebtedness), or (ii) after the Effective Date, incurs, creates, assumes, suffers to exist, guaranties or at any time becomes directly or indirectly liable with respect to, any Indebtedness in an aggregate principal amount exceeding \$50,000,000 (other than Intercompany Indebtedness). Nothing contained in this definition shall be deemed to limit the ability of any Guarantor (other than Holdings) to merge, consolidate, amalgamate or sell all or substantially all of its assets in accordance with Section 7.06.

“**Disposition**” means the sale, assignment, leasing, transfer, contribution, conveyance, or other disposal of, any of a Person’s assets (other than cash) (including a sale and leaseback transaction and, in the case of any Restricted Subsidiary, the issuance or sale of its Capital Stock). The terms “**Dispose of**” and “**Disposed of**” shall have correlative meaning.

“**Disqualified Lender**” means (i) certain insurance companies that have been identified in writing by GAFL to the Arrangers on or prior to August 4, 2021 and (ii) certain additional insurance companies or insurance company holding companies that have become competitors or clients of the Borrower or any Guarantor or any of their Subsidiaries after August 4, 2021 identified in writing by Holdings to the Arrangers and the Administrative Agent, *provided* that any Person (x) that is a Lender or that enters into a binding agreement to assume rights and obligations under this Agreement or (y) that is a Participant or that enters into a binding agreement to purchase a participation in all or a portion of a Lender’s rights and/or obligations under this Agreement and, in the case of either clause (x) or (y), subsequently becomes a Disqualified Lender (but was not a Disqualified Lender on the Effective Date or at the time it became a Lender or a Participant or entered into an agreement of such type, as applicable) shall be deemed to not be a Disqualified Lender hereunder. The list of Disqualified Lenders shall be made available to all Lenders by posting such list to IntraLinks or another similar electronic system.

“**Documentation Agents**” means, collectively, Bank of Nova Scotia, BMO and Wells Fargo and their respective successors and assigns in such capacity.

“**Dollars**,” “**dollars**” and “**\$**” each mean lawful money of the United States.

“**Early Opt-in Effective Date**” means, with respect to any Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Early Opt-in Election is provided to the

Lenders, written notice of objection to such Early Opt-in Election from the Lenders constituting the Required Lenders.

“**Early Opt-in Election**” means, if the then-current Benchmark is USD LIBOR, the occurrence of:

- (1) a notification by the Administrative Agent to (or the request by the Borrower to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding syndicated credit facilities substantially similar to the credit facilities under this Agreement at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as the then-current benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and
- (2) the joint election by the Administrative Agent and the Borrower to trigger a fallback from USD LIBOR and the provision by the Administrative Agent of written notice of such election to the Lenders.

“**Economic Sanctions Laws**” means any and all laws, judgments, orders, executive orders, decrees, ordinances, rules, regulations, statutes, case law or treaties relating to economic sanctions and terrorism financing, including any applicable provisions of each of the Trading with the Enemy Act (50 U.S.C. App. §§ 5(b) and 16, as amended), the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706, as amended) and Executive Order 13224 (effective September 24, 2001), as amended.

“**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 delegatee) having responsibility for the resolution of any EEA Financial Institution.

“**Effective Date**” means August 4, 2021, or, if later, the first date all the conditions precedent in [Section 4.01](#) are satisfied or waived in accordance with [Section 10.01](#).

“**Electronic Signature**” means an electronic sound, symbol or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“**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 (i) the Administrative

Agent and (ii) unless an Event of Default under Section 8.01(a), (f) or (g) has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); *provided* that (x) notwithstanding the foregoing, “Eligible Assignee” shall not include Holdings, the Borrower or any of its Affiliates (other than Goldman Sachs & Co. LLC and any lending affiliates thereof, but excluding Holdings and its Subsidiaries) or any Disqualified Lender, (y) each Eligible Assignee must be a NAIC Approved Bank and (z) the Borrower shall be deemed to have approved an assignee unless it shall object thereto by written notice to the Administrative Agent within fifteen (15) Business Days after having received notice thereof.

“**Eligible Securities**” has the meaning set forth in the definition of “Collateralized L/C Collateral Rate”.

“**Embargoed Person**” means any Person that (i) is publicly identified on the most current list of “Specially Designated Nationals and Blocked Persons” published by the United States Treasury’s Office of Foreign Assets Control (“**OFAC**”), the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority, or is located, resides, is organized or chartered or has a place of business in a country, region or territory subject to sanctions administered or enforced from time to time by the U.S. government, including those administered by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority or (ii) is publicly identified as prohibited from doing business with the United States under the International Emergency Economic Powers Act, the Trading With the Enemy Act or any other Requirement of Law.

“**Entitled Person**” has the meaning set forth in Section 10.22(b).

“**Environment**” means ambient air, indoor air, surface water, groundwater, drinking water, soil, surface and subsurface strata, and natural resources such as wetlands, flora and fauna.

“**Environmental Claims**” means all written claims, complaints or notices, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the Environment or threat to public health, personal injury (including sickness, disease or death), property damage, natural resources damage, or otherwise alleging liability or responsibility for damages (punitive or otherwise), cleanup, removal, remedial or response costs, restitution, civil or criminal penalties, injunctive relief or other type of relief, resulting from or based upon the presence, placement, or Release (including intentional or unintentional, negligent or non-negligent, sudden or non-sudden or accidental or non-accidental placement, spills, leaks, discharges, emissions or releases) of any Hazardous Material at, in, under or from property, whether or not owned by Holdings or any of its Restricted Subsidiaries, excluding, in any case, liabilities or claims arising under any insurance contract or policy, reinsurance agreement or retrocession agreement relating to any of the foregoing where Holdings or any of its Restricted Subsidiaries is the insurer.

“**Environmental Laws**” means all Requirements of Law relating to pollution or protection of the Environment, health and safety.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of remediation, fines, penalties or indemnities), of Holdings, any other Credit Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage or treatment of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974 and the regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with Holdings or any of its Subsidiaries within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Single Employer Pension Plan; (b) with respect to any Single Employer Pension Plan, the failure to satisfy the minimum funding standard under Sections 412 or 430 of the Code and Sections 302 or 303 of ERISA, whether or not waived, the failure to make by its due date a required installment under Section 430(j) of the Code or Section 303 of ERISA with respect to any Single Employer Pension Plan or the failure to make a required contribution to a Multiemployer Plan; (c) a withdrawal by Holdings, any of its Subsidiaries or any ERISA Affiliate from a Single Employer Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (d) a complete or partial withdrawal by Holdings, any of its Subsidiaries or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is insolvent; (e) the filing of a notice of intent to terminate, the treatment of a plan amendment as a termination under Section 4041 or 4041A of ERISA or the commencement of proceedings by the PBGC to terminate a Single Employer Pension Plan or Multiemployer Plan; (f) an event or condition that would reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Single Employer Pension Plan or Multiemployer Plan; (g) the imposition of any liability under Title IV of ERISA, other than required plan contributions and PBGC premiums due but not delinquent under Section 4007 of ERISA, upon Holdings, any of its Subsidiaries or any ERISA Affiliate; (h) the engagement by Holdings, any of its Subsidiaries or any ERISA Affiliate in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; (i) a Multiemployer Plan is determined to be in “critical” or “endangered” status under Section 432 of the Code or Section 305 of ERISA, or, with respect to any Single Employer Pension Plan, a determination that it is “at risk” under Section 430 of the Code or Section 303 of ERISA; or (j) the imposition of a Lien under Section 430(k) of the Code or Section 303(k) or 4068 of ERISA.

“Erroneous Payment” has the meaning assigned thereto in Section 9.14(a).

“Erroneous Payment Deficiency Assignment” has the meaning assigned thereto in Section 9.14(d).

“**Erroneous Payment Impacted Class**” has the meaning assigned thereto in Section 9.14(d).

“**Erroneous Payment Return Deficiency**” has the meaning assigned thereto in Section 9.14(d).

“**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.

“**Event of Default**” has the meaning specified in Section 8.01.

“**Exchange Act**” means the Securities Exchange Act of 1934 and the regulations promulgated thereunder.

“**Excluded Taxes**” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Credit Party under any Loan Document, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender (other than an assignee pursuant to a request by the Borrower under Section 3.07 or 10.14) (i) any United States federal withholding Tax that is imposed on amounts payable to such Lender under any laws in effect at the time such Lender becomes a party hereto (or designates a new lending office), except to the extent that such Lender (or its assignor, if any) was entitled, immediately prior to the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding Tax pursuant to Section 3.01(a) or (ii) any Tax that is attributable to such Lender’s failure to comply with Section 3.01(e) and (c) any United States federal withholding Tax that is imposed pursuant to FATCA.

“**Existing Credit Agreement**” means the Second Amended and Restated Credit Agreement dated as of May 21, 2018 (as amended, restated, amended and restated, modified or supplemented, waived or otherwise modified from time to time prior to the Effective Date), by and among GAFL, the Borrower, the guarantors party thereto, the lenders party thereto and RBC, as the administrative agent.

“**Extended Revolving Commitments**” has the meaning specified in Section 2.13(c)(ii).

“**Extended Revolving Loans**” has the meaning specified in Section 2.13(c)(ii).

“**Extended Termination Date**” has the meaning specified in Section 2.13(a).

“**Extension**” has the meaning specified in Section 2.13(a).

“**Extension Amendment**” has the meaning specified in Section 2.13(f).

“**Extension Offer**” has the meaning specified in Section 2.13(a).

“**Facility**” means, collectively, the Revolving Loans and Revolving Commitments therefor.

“**FATCA**” means current Sections 1471 through 1474 of the Code and any amended or successor version that is substantively comparable and not materially more onerous to comply with (including any current or future United States Treasury Regulations or other official administrative guidance promulgated thereunder), any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or official practices adopted pursuant to any published intergovernmental agreement entered into in connection with the implementation of such sections of the Code.

“**FCA**” has the meaning assigned thereto in Section 1.06.

“**Federal Funds Rate**” means, for any day, the greater of (i) the rate calculated by the Federal Reserve Bank of New York based on such day’s Federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the Federal funds effective rate and (ii) 0%; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Administrative Agent on such day on such transactions as determined by the Administrative Agent.

“**Fee Letter**” means any fee letter agreement entered into pursuant to Section 2.08(d).

“**Fiscal Quarter**” means any fiscal quarter of a Fiscal Year.

“**Fiscal Year**” means any period of twelve consecutive calendar months ending on December 31.

“**Fitch**” means Fitch Ratings Limited, together with any Person succeeding thereto by merger, consolidation or acquisition of all or substantially all of its assets, including substantially all of its business of rating securities.

“**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 USD LIBOR.

“**Foreign Lender**” means any Lender that is not a “United States Person” within the meaning of Section 7701(a)(30) of the Code.

“**Foreign Subsidiary**” means a Subsidiary (which may be a corporation, limited liability company, partnership or other legal entity) organized under the laws of a jurisdiction outside the United States.

“**FRB**” means the Board of Governors of the Federal Reserve System and any Governmental Authority succeeding to any of its principal functions.

“**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.

“**GA Bermuda**” means Global Atlantic Re Limited, a Bermuda exempted company registered under the Insurance Act 1978 of Bermuda as a Class 3A and long-term Class C insurer.

“**GAAP**” means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), that are applicable to the circumstances as of the date of determination.

“**GAFGL**” means Global Atlantic Financial Group LLC, a limited liability company incorporated and existing under the laws of Bermuda.

“**GAFL**” has the meaning specified in the introduction to this Agreement.

“**GAFL**” means Global Atlantic Financial Life Limited, an exempted company incorporated and existing under the laws of Bermuda.

“**Governmental Act**” means any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority.

“**Governmental Authority**” means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial or regulatory functions of or pertaining to government, including any board of insurance, insurance department or insurance commissioner.

“**Guarantee**” has the meaning specified in the Guarantee Agreement.

“**Guarantee Agreement**” means the Guarantee Agreement, dated as of the Effective Date, among the Guarantors and the Administrative Agent, substantially in the form of Exhibit E-1.

“**Guarantee Requirement**” means the requirement that the Administrative Agent shall have received from Holdings, the Borrower and each other Designated Subsidiary either (a) a counterpart to this Agreement and the Guarantee Agreement, duly executed and delivered on behalf of such Person, or (b) in the case of any Person that becomes a Designated Subsidiary after the Effective Date, a supplement to this Agreement and the Guarantee Agreement, in the form specified in the Guarantee Agreement or otherwise reasonably acceptable to the Administrative Agent, duly executed and delivered on behalf of such Designated Subsidiary.

“**Guaranteed Obligations**” has the meaning specified in the Guarantee Agreement.

“**Guaranteed Parties**” has the meaning specified in the Guarantee Agreement.

“**Guaranteed Swap Contract**” means any Swap Contract entered into by a Credit Party with any Person that, at the time such Swap Contract is entered into, is the Administrative Agent, any Arranger, any Bookrunner or any Lender (or an Affiliate of the Administrative Agent, any Arranger, any Bookrunner or any Lender) to hedge interest rate risk of such Credit Party with respect to the Facility.

“**Guarantors**” means each of Holdings and each other Designated Subsidiary that is a party to the Guarantee Agreement. Nothing contained in this definition shall be deemed to limit the ability of any Guarantor (other than Holdings) to merge, consolidate, amalgamate or sell all or substantially all of its assets in accordance with [Section 7.06](#).

“**Hazardous Material**” means: (a) any “hazardous substance,” as defined by CERCLA; (b) any “hazardous waste,” as defined by the Resource Conservation and Recovery Act; (c) petroleum and any petroleum product; or (d) any other pollutant, contaminant, chemical, material, waste or substance in any form that is subject to regulation or, as to which, liability or standards of conduct can be imposed under any Environmental Law.

“**Historical Financial Statements**” means, as of the Effective Date, the audited consolidated balance sheets and the related consolidated statements of income, stockholders’ equity and cash flows of Holdings for the Fiscal Years ended December 31, 2019 and December 31, 2020.

“**Historical Statutory Statements**” has the meaning specified in [Section 5.11\(b\)](#).

“**Holdings**” means (a) prior to the IPO, GAFL, and (b) upon and after the IPO, the IPO Entity.

“**Hybrid Securities**” means, at any time, trust preferred securities, deferrable interest subordinated debt securities, mandatory convertible debt or other hybrid securities issued by the Borrower or any Restricted Subsidiary that is accorded at least some equity treatment by S&P or Moody’s at the time of issuance thereof.

“**IBA**” has the meaning assigned thereto in [Section 1.06](#).

“**Increase Amount**” means, at any time, the amount equal to (a) \$250,000,000 less (b) the aggregate amount of all New Revolving Commitments effected at or prior to such time. On the Effective Date, the Increase Amount is \$250,000,000.

“**Increased Amount Date**” has the meaning specified in [Section 2.15\(a\)](#).

“**Indebtedness**” means, with respect to any Person, without duplication: (a) all indebtedness of such Person for borrowed money or in respect of loans or advances; (b) all indebtedness of such Person evidenced by bonds, debentures, notes or other similar instruments; (c) all indebtedness in respect of letters of credit, whether or not drawn (*provided* that, solely for purposes of [Section 7.09](#), indebtedness in respect of letters of credit that are not drawn and unpaid shall not constitute “Indebtedness”), and bankers’ acceptances and letters of guaranty issued for

the account or upon the application or request of such Person; (d) all Capitalized Lease Liabilities of such Person; (e) the liabilities (if any) of such Person in respect of Swap Contracts as determined by reference to the Swap Termination Value thereof; (f) all obligations of such Person to pay the deferred purchase price of property or services that are included as liabilities in accordance with GAAP (other than accrued expenses incurred and trade accounts payable in each case in the ordinary course of business) and all obligations secured by a Lien on property owned or being purchased by such Person, but only to the extent of the lesser of the obligations secured or the value of the property to which such Lien is attached (including obligations arising under conditional sales or other title retention agreements); (g) any obligations of a partnership of the kind referred to in clauses (a) through (f) above or clause (h) or (i) below in which such Person is a general partner; (h) solely for purposes of Section 7.09, all obligations in respect of Hybrid Securities (other than Hybrid Securities (or the greatest portion thereof) that are treated as equity by S&P or Moody's) of such Person; and (i) all Contingent Obligations of such Person in connection with Indebtedness or obligations of others of the kinds referred to in clauses (a) through (h) above; *provided*, that obligations under the Tax Benefit Payment Agreement shall not constitute Indebtedness.

"Indemnified Liabilities" has the meaning specified in Section 10.05(a).

"Indemnified Persons" has the meaning specified in Section 10.05(a).

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document, and (b) to the extent not otherwise described in clause (a) of this definition, Other Taxes.

"Insolvency Proceeding" means, with respect to any Person, (a) any case, action or proceeding with respect to such Person before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, conservation, rehabilitation, receivership, dissolution, winding-up or relief of debtors or (b) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, compromise with creditors or other similar arrangement in respect of its creditors generally or any substantial portion of its creditors, in any case, undertaken under U.S. Federal, state or foreign law, including Title 11 of the United States Code and the Companies Act 1981 of Bermuda.

"Insurance Investments" means Investments by an Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary for its investment portfolio (other than such Person's Investments in its Restricted Subsidiaries engaged in insurance lines of business) in the ordinary course of business consistent with the policies and procedures approved by the board of directors or the investment committee (or other applicable committee) of such Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary.

"Insurance Subsidiary" means any Subsidiary of Holdings that is or is required to be licensed as an insurer or reinsurer.

"Intercompany Indebtedness" means Indebtedness owed by Holdings or a Restricted Subsidiary to Holdings or a Restricted Subsidiary; *provided* that all such Indebtedness of any

Credit Party owed to any Restricted Subsidiary that is not a Credit Party is unsecured and subject to the Intercompany Subordination Provisions.

“Intercompany Subordination Provisions” means the terms and conditions set forth on Exhibit I.

“Interest Payment Date” means (a) with respect to any Base Rate Loan, the last Business Day of each calendar quarter and (b) with respect to any LIBOR Rate Loan, the last day of each Interest Period applicable to the Credit Extension of which such Revolving Loan is a part; *provided* that if any Interest Period for a LIBOR Rate Loan exceeds three months, the date that falls three months after the beginning of such Interest Period and after each Interest Payment Date thereafter is also an Interest Payment Date (but in each case, subject to the definition of “Interest Period”).

“Interest Period” means, with respect to any LIBOR Rate Loan, the period beginning on the date of the applicable Credit Extension and ending on the numerically corresponding day in the calendar month that is one, three or six months thereafter, as the Borrower may elect; *provided* that:

(a) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) of this definition, end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period with respect to any portion of any Class of Revolving Loans shall extend beyond such Class’s Commitment Termination Date.

For purposes hereof, the date of a Credit Extension initially shall be the date on which such Credit Extension is made and thereafter shall be the effective date of the most recent continuation of such Credit Extension.

“Interest Rate Determination Date” means, with respect to any Interest Period, the date that is two (2) Business Days prior to the first day of such Interest Period.

“Interest Type” means, when used with respect to any Revolving Loan, whether the rate of interest on such Revolving Loan is determined by reference to the LIBOR Rate or the Base Rate.

“Investment” means any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase (including purchases financed with equity) of any Capital Stock, bonds, notes, obligations, debentures or other debt securities of, or any other investment in, any Person.

“**IPO**” means the consummation of the initial public offering of common Capital Stock in (a) GAFL or (b) any Person (i) that is a Wholly-Owned Subsidiary of GAFL immediately prior to the IPO and (ii) of which (A) the Borrower, (B) CwA, (C) GA Bermuda, (D) each Person that is an Insurance Subsidiary of GAFL immediately prior to the IPO and (E) each Person that, immediately prior to the IPO, is a Subsidiary of GAFL that directly or indirectly owns any Capital Stock of any Insurance Subsidiary of GAFL (including each such Subsidiary that is itself owned by an Insurance Subsidiary of GAFL), in the case of each of clauses (A) through (E), is a Wholly-Owned Subsidiary (GAFL or such Person, as the case may be, the “**IPO Entity**”), in each case pursuant to an effective registration statement filed with the SEC pursuant to the Securities Act.

“**IRS**” means the Internal Revenue Service or any Governmental Authority succeeding to any of its principal functions under the Code.

“**ISDA Definitions**” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

“**Issuance Notice**” means a notice substantially in the form of Exhibit C-2.

“**Joinder Agreement**” means an agreement substantially in the form of Exhibit L.

“**Judgment Currency**” has the meaning set forth in Section 10.22(b).

“**KKR**” means KKR & Co. Inc.

“**Knowledge**” means, with respect to any Person, the actual knowledge of the facts, circumstances or condition by a Responsible Officer, including the chief financial officer, president, chief executive officer, treasurer, senior vice president or vice president, of such Person involved in negotiating the Transactions.

“**Latest Maturity Date**” means, at any date of determination, the latest maturity or expiration date applicable to any Revolving Loan or Revolving Commitment hereunder at such time, including the latest maturity or expiration date of any Extended Revolving Commitments or Extended Revolving Loans, in each case as extended in accordance with this Agreement from time to time.

“**L/C Disbursement**” means a payment made by a Lender pursuant to a Letter of Credit.

“**L/C Exposure**” means at any time the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time and (b) the aggregate amount of all payments or disbursements made by the Lenders pursuant to a Letter of Credit that have not yet been reimbursed by or on behalf of the Borrower at such time. The L/C Exposure of any Revolving Lender at any time shall equal its Pro Rata Share of the aggregate L/C Exposure at such time.

“**Lenders**” has the meaning specified in the introduction to this Agreement and includes any other Person that shall have become a party hereto pursuant to an Assignment and Assumption in accordance with Section 10.07, other than any such Person that ceases to be a party hereto

pursuant to an Assignment and Assumption. As the context requires, the term “Lenders” includes each Limited Fronting Lender and each Participating Lender.

“**Lending Office**” means, as to any Lender, the office or offices of such Lender specified as its “Lending Office” or “Domestic Lending Office” or “LIBOR Lending Office,” as the case may be, in its administrative questionnaire delivered to the Administrative Agent, or such other office or offices or office of a third party or sub-agent, as appropriate, as such Lender may from time to time notify the Borrower and the Administrative Agent.

“**Letter of Credit**” means a standby letter of credit issued or to be issued by the Lenders pursuant to this Agreement. Each Letter of Credit will be a Syndicated Letter of Credit.

“**Letter of Credit Sublimit**” means \$500,000,000.

“**Letter of Credit Usage**” means, as at any date of determination, the sum of (i) the maximum aggregate amount which is, or at any time thereafter may become, available for drawing under all Letters of Credit then outstanding *plus* (ii) the aggregate amount of all L/C Disbursements made by the Lenders and not theretofore reimbursed by or on behalf of the Borrower.

“**LIBOR Rate**” means for any Interest Period with respect to a LIBOR Rate Loan: the rate *per annum* obtained by dividing (i) (a) the rate *per annum* equal to the rate determined by the Administrative Agent to be the London interbank offered rate administered by the ICE Benchmark Administration (or any other person which takes over the administration of that rate) for deposits (for delivery on the first day of such period) with a term equivalent to such period in Dollars displayed on page LIBOR 01 of the Reuters Screen (or any replacement 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 Reuters, determined as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date, or (b) in the event the rate referenced in the preceding clause (a) is not available, the rate *per annum* determined by the Administrative Agent as the rate of interest equal to the offered quotation rate to major banks in the offshore Dollar market at their request by the Administrative Agent’s London Branch for deposits (for delivery on the first day of the relevant period) in Dollars of amounts in same day funds comparable to the principal amount of the Revolving Loan, for which the LIBOR Rate is then being determined with maturities comparable to such period as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date, by (ii) an amount equal to (a) one *minus* (b) the Applicable Reserve Requirement; *provided* that, if such rate *per annum* is less than zero, the LIBOR Rate will be deemed to be zero for purposes of this Agreement.

“**LIBOR Replacement Date**” means, if the then-current Benchmark is USD LIBOR the earliest to occur of:

- (1) the date on which IBA has permanently or indefinitely ceased to provide all Available Tenors of USD LIBOR;
- (2) the date on which the Financial Conduct Authority has announced, pursuant to a public statement or publication of information, that all Available Tenors of USD LIBOR are no longer representative; or

(3) the Early Opt-in Effective Date in respect of such relevant LIBOR.

For the avoidance of doubt, if the event giving rise to the LIBOR Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the LIBOR Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

“**License**” means any license, certificate of authority, permit or other authorization that is required to be obtained from any Governmental Authority in connection with the operation, ownership or transaction of insurance business.

“**Lien**” means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease or any financing lease having substantially the same economic effect as any of the foregoing) and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease or a licensor under a license that does not otherwise secure an obligation.

“**Limited Fronting Lender**” means, with respect to any Participating Lender, any Lender that is an NAIC Approved Bank and that has agreed in a written agreement to act as a fronting bank on behalf of such Participating Lender in accordance with Section 2.02(m), which agreement shall be in form and substance reasonably satisfactory to the Administrative Agent (such an agreement, a “**Limited Fronting Lender Agreement**”).

“**Limited Fronting Percentage**” means, with respect to any Limited Fronting Lender and any Participating Lender, the percentage (not to exceed 100%) of such Participating Lender’s Pro Rata Share of the aggregate undrawn amount of Letters of Credit in respect of which such Limited Fronting Lender has agreed to act as a fronting bank, as set forth in the Limited Fronting Lender Agreement between such Limited Fronting Lender and such Participating Lender.

“**Loan**” means either a Base Rate Loan or a LIBOR Rate Loan, as the context may require.

“**Loan Documents**” means this Agreement and amendments of and joinders to this Agreement that are deemed pursuant to their terms to be Loan Documents for purposes hereof, all Revolving Loan Notes, the Guarantee Agreement, the Collateralized L/C Security Documents, the Fee Letters and all Extension Amendments.

“**Loan Notice**” means a notice of Credit Extension substantially in the form of Exhibit C-1.

“**Margin Stock**” means “margin stock” as such term is defined in Regulation U or X of the FRB.

“**Material Adverse Effect**” means (a) a material adverse change in, or a material adverse effect upon, the business, properties, results of operations or condition (financial or otherwise) of Holdings and its Restricted Subsidiaries taken as a whole; (b) a material impairment of the ability of any Credit Party to perform under any Loan Document to which it is a party; (c) a material

adverse effect upon the legality, validity, binding effect or enforceability against any Credit Party of any Loan Document to which it is a party; or (d) a material adverse change in the rights, remedies and benefits available to, or conferred upon, the Administrative Agent and any Lender under any Loan Document.

“**Material Indebtedness**” means Indebtedness having an aggregate outstanding principal amount, individually or in the aggregate, with all other Indebtedness of the Credit Parties and their respective Restricted Subsidiaries (excluding Intercompany Indebtedness, Indebtedness under the Loan Documents and Operating Indebtedness which is recourse only to a Subsidiary of the Borrower which is a special purpose life insurance captive vehicle) of not less than \$75,000,000.

“**Minimum Cash Collateral Amount**” means, at any time, (i) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 103% of the L/C Exposure of the Lenders with respect to Letters of Credit issued and outstanding at such time and (ii) otherwise, an amount determined by the Administrative Agent in its reasonable discretion.

“**Minimum Collateralized L/C Aggregate Collateral Amount**” means, as at any date of determination, 103% of the Collateralized Letter of Credit Usage.

“**MNPI**” means material non-public information (within the meaning of United States federal, state or other applicable securities laws) with respect to Holdings, the Borrower or their respective affiliates or securities.

“**Moody’s**” means Moody’s Investors Service, Inc., together with any Person succeeding thereto by merger, consolidation or acquisition of all or substantially all of its assets, including substantially all of its business of rating securities.

“**Multiemployer Plan**” means a “multiemployer plan,” within the meaning of Section 4001(a)(3) of ERISA, to which Holdings, any of its Subsidiaries or any ERISA Affiliate makes, is making or is obligated to make contributions or, during the preceding six calendar years, has made, or been obligated to make, contributions.

“**NAIC**” means the National Association of Insurance Commissioners or any successor thereto, or in the absence of the National Association of Insurance Commissioners or such successor, any other association, agency or other organization performing advisory, coordination or other like functions among insurance departments, insurance commissioners and similar Governmental Authorities of the various states of the United States toward the promotion of uniformity in the practices of such Governmental Authorities.

“**NAIC Approved Bank**” means any Lender that is a bank listed on the most current “Qualified U.S. Financial Institutions List (“**QUFSI**”)” of banks approved by the NAIC.

“**Natural Person**” means a natural person or any company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof.

“**Net Income**” means, for any Person for any period, the net income (or loss) of such Person for such period as determined, unless otherwise indicated, in accordance with GAAP.

“**Net Worth**” means the total common and preferred shareholders’ equity of any Person as determined in accordance with GAAP (calculated excluding (i) accumulated other comprehensive income (loss), (ii) any charges taken to write off any goodwill included on such Person’s balance sheet on the Effective Date to the extent such charges are required by FASB ASC 320 (Investments—Debt and Equity Securities) and ASC 350 (Intangibles—Goodwill and Others), (iii) all noncontrolling interests (as determined in accordance with FASB ASC 160 (Noncontrolling Interests in Consolidated Financial Statements)), and (iv) reinsurance embedded derivatives as determined in accordance with FASB ASC 815-15-55-102 (formerly known as FASB Derivative Implementation Group B-36)).

“**New Revolving Commitment**” has the meaning set forth in Section 2.15(a).

“**New Revolving Loan**” has the meaning set forth in Section 2.15(b).

“**New Revolving Loan Lender**” has the meaning set forth in Section 2.15(a).

“**Non-Collateralized Letter of Credit**” means a Letter of Credit that is not a Collateralized Letter of Credit.

“**Non-Consenting Lender**” means a Lender that does not consent to an amendment or waiver pursuant to Section 10.01 that requires the consent of all or all affected Lenders in order to become effective and as to which Lenders holding more than 50% of the Revolving Loans and Revolving Commitments have consented.

“**Non-Defaulting Lender**” means, at any time, each Lender that is not a Defaulting Lender at such time.

“**Non-NAIC Approved Bank**” means any Person that is not an NAIC Approved Bank.

“**Non-Recourse Insurance Subsidiary Indebtedness**” means non-recourse Indebtedness of Insurance Subsidiaries and Subsidiaries thereof incurred in the ordinary course of business resulting from the sale or securitization of non-admitted assets, policy loans, CBOs and CMOs or other similar instruments and structures.

“**Obligations**” means all advances to, and debts, liabilities and obligations of, any Credit Party arising under any Loan Document, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Credit Party of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the generality of the foregoing, the Obligations of the Credit Parties under the Loan Documents include (a) the obligation to pay principal, interest, charges, expenses, fees, Attorney Costs, indemnities and other amounts payable by any Credit Party under any Loan Document and (b) the obligation of any Credit Party to reimburse any amount in respect of any of the foregoing that any Lender, in its sole discretion, may elect to pay or advance on behalf of such Credit Party.

“**OFAC**” has the meaning set forth in the definition of “Embargoed Person”.

“**Operating Indebtedness**” of any Person means, at any date, without duplication, any Indebtedness of such Person (a) in respect of AXXX, XXX and other similar life or annuity reserve requirements, (b) incurred in connection with repurchase agreements and securities lending, (c) to the extent the proceeds of which are used directly or indirectly (including for the purpose of funding portfolios that are used to fund trusts in order) to support AXXX, XXX and other similar life or annuity reserves, (d) to the extent the proceeds of which are used to fund discrete assets or pools of assets (and any related hedge instruments and capital) that are segregated from other assets of such Person and in the judgment of such Person have sufficient cash flow to pay principal and interest thereof, with insignificant risk of other assets of such Person being called upon to make such principal and interest payments, (e) in respect of undrawn letters of credit or drawn letters of credit that are reimbursed, issued on behalf of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary in the ordinary course of its business for insurance regulatory or reinsurance purposes, (f) that is owed to a Federal Home Loan Bank or (g) that is excluded entirely from financial leverage by either S&P or Moody’s in its evaluation of Holdings.

“**Organization Documents**” means (i) with respect to any corporation, the certificate or articles of incorporation, the bylaws, any certificate of designation or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, (ii) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement and (iii) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity, or in the case of clauses (i), (ii) and (iii), the equivalent or comparable constituent documents with respect to any Foreign Subsidiary.

“**Other Connection Taxes**” means, with respect to any recipient, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in the Revolving Loans, Revolving Commitments or Loan Documents).

“**Other Taxes**” means any present or future recording, stamp, court or documentary Taxes or any other excise, sales or property Taxes, charges or similar levies that arise from any payment made under this Agreement or any other Loan Document or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, this Agreement or any other Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.07 or 10.14).

“**Participant**” has the meaning specified in Section 10.07(d).

“**Participant Register**” has the meaning specified in Section 10.07(d).

“**Participating Lender**” means any Lender that is (a) a Non-NAIC Approved Bank or (b) unable to issue Letters of Credit for the benefit of the Borrower and its Subsidiaries due to

regulatory restrictions, legal impediments or any other internal or external restrictions, in each case, on behalf of which a Limited Fronting Lender has agreed to act as a fronting bank in accordance with the definition of the term “Limited Fronting Lender” and [Section 2.02\(m\)](#).

“**PATRIOT Act**” has the meaning specified in [Section 10.17](#).

“**Payment Recipient**” has the meaning assigned thereto in [Section 9.14\(a\)](#).

“**PBGC**” means the Pension Benefit Guaranty Corporation or any Governmental Authority succeeding to any of its principal functions under ERISA.

“**Pension Plan**” means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA that Holdings, any of its Subsidiaries or any ERISA Affiliate sponsors or maintains, or to which it makes, is making or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

“**Permitted Holders**” means any of KKR and its Subsidiaries.

“**Permitted Swap Obligations**” means all obligations (contingent or otherwise) of any Insurance Subsidiary existing or arising under Swap Contracts; *provided* that (x) each of the following criteria is satisfied: (a) such obligations are (or were) entered into by such Person in the ordinary course of business and consistent with past practices of such Person for the purpose of managing risks associated with liabilities, commitments or assets held by such Person, or changes in the value of securities issued by such Person in conjunction with a securities repurchase program not otherwise prohibited hereunder, and not for purposes of speculation or taking a “market view” and (b) such Swap Contracts do not contain any provision (a “walk-away” provision) exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party or (y) such obligations are entered into by such Person in the ordinary course of business and consistent with past practices of such Person to transfer risk that might otherwise be transferred by insurance or reinsurance transactions (and is an established line of business for such Person) and not for purposes of speculation or taking a “market view”.

“**Person**” means an individual, partnership, corporation, company, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority or other entity of whatever nature.

“**Plan**” means an employee benefit plan (as defined in Section 3(3) of ERISA) that Holdings or any of its Subsidiaries sponsors or maintains or to which Holdings or any of its Subsidiaries makes, is making or is obligated to make, contributions and includes any Pension Plan.

“**Platform**” has the meaning specified in [Section 6.02](#).

“**Portfolio Interest Exemption**” has the meaning specified in [Section 3.01\(e\)\(B\)\(iii\)](#).

“**Post-IPO Offerings**” means any offering, whether public or private, of capital stock of the IPO Entity after the IPO.

“**Prepayment Notice**” means a written notice made pursuant to Section 2.06(e), substantially in the form of Exhibit J.

“**Pricing Level**” means any of Pricing Level 1, Pricing Level 2, Pricing Level 3, Pricing Level 4 or Pricing Level 5 set forth in the table in the definition of “Applicable Margin”, “Applicable Revolving Commitment Fee Percentage” and “Applicable Non-Collateralized Letter of Credit Fee”.

“**Pro Rata Share**” means the percentage obtained by dividing (a) the Revolving Commitment of that Lender by (b) the aggregate Revolving Commitments of all Lenders; provided that if the Revolving Commitment of each Lender has been terminated pursuant to Section 8.02, then the Pro Rata Share of each Lender shall be determined based on the Pro Rata Share of such Lender immediately prior to such termination and after giving effect to any subsequent assignments made pursuant to the terms hereof.

“**PTE**” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“**Public Lender**” has the meaning specified in Section 6.02.

“**Purchase Money Debt**” means Indebtedness incurred by a Person in connection with the purchase of fixed or capital assets by such Person, in which assets the seller or financier thereof has taken or retained a Lien; *provided* that (x) any such Lien attaches to such assets concurrently with or within 120 days after the purchase thereof by such Person and (y) at the time of incurrence of such Indebtedness, the aggregate principal amount of such Indebtedness shall not exceed the costs of the assets so purchased plus fees and expenses reasonably related thereto.

“**QFC Credit Support**” has the meaning specified in Section 10.24.

“**Quarterly Statement**” means the quarterly statutory financial statement of any Insurance Subsidiary required to be filed with the insurance commissioner (or similar authority) of its jurisdiction of incorporation or, if no specific form is so required, in the form of financial statements permitted by such insurance commissioner (or such similar authority) to be used for filing quarterly statutory financial statements and shall contain the type of financial information permitted by such insurance commissioner (or such similar authority) to be disclosed therein, together with all exhibits or schedules filed therewith.

“**RBC**” means Royal Bank of Canada.

“**RBCCM**” means RBC Capital Markets, a brand name for the capital markets businesses of RBC and its Affiliates.

“**Reference Time**” with respect to any setting of the then-current Benchmark means if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting.

“**Register**” has the meaning specified in Section 10.07(c).

“**Reimbursement Date**” has the meaning specified in Section 2.02(h).

“**Reinsurance Agreements**” means any agreement, contract, treaty, certificate or other arrangement by which any Insurance Subsidiary agrees to transfer or cede to another insurer all or part of the liability assumed or assets held by it under one or more insurance, annuity, reinsurance or retrocession policies, agreements, contracts, treaties, certificates or similar arrangements. Reinsurance Agreements shall include, but not be limited to, any agreement, contract, treaty, certificate or other arrangement that is treated as such by the applicable Department.

“**Related Parties**” means, with respect to any Person, such Person’s Affiliates and the partners (to the extent such Person is a partnership), directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“**Release**” means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, injection, migration or leaching into or through the Environment.

“**Relevant Governmental Body**” means 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.

“**Reportable Event**” means any of the events set forth in Section 4043(c) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

“**Required Lenders**” means, as of any date of determination, one or more Lenders having or holding Revolving Exposure and unused Revolving Commitments representing more than 50% of the aggregate Revolving Exposure and unused Revolving Commitments of all Revolving Lenders; *provided* that the aggregate amount of Revolving Exposure and unused Revolving Commitments shall be determined with respect to any Defaulting Lender by disregarding the Revolving Exposure and unused Revolving Commitments of such Defaulting Lender.

“**Requirement of Law**” means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority and orders of, and all applicable restrictions imposed by, all Governmental Authorities, in each case applicable to or legally binding upon the Person or any of its property or to which the Person or any of its property is subject.

“**Resolution Authority**” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“**Responsible Officer**” means the chief executive officer, president, chief financial officer, treasurer or assistant treasurer, or other officer of similar stature or responsibility, of a Credit Party. Any document delivered under any Loan Document that is signed by a Responsible Officer of a Credit Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Credit Party and such Responsible Officer shall

be conclusively presumed to have acted on behalf of such Credit Party. Unless otherwise specified, “Responsible Officer” means a Responsible Officer of Holdings.

“**Restricted Payments**” has the meaning set forth in Section 7.07.

“**Restricted Subsidiary**” means any Subsidiary other than an Unrestricted Subsidiary; *provided* that upon the occurrence of any Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be included in the definition of “Restricted Subsidiary”.

“**Revolving Commitment**” means the commitment of a Lender to make or otherwise fund any Revolving Loan and to issue Letters of Credit hereunder (or, in the case of a Participating Lender, to acquire participations in Letters of Credit hereunder pursuant to Section 2.02(m)), and “**Revolving Commitments**” means such commitments of all Lenders in the aggregate. The amount of each Lender’s Revolving Commitment, if any, is set forth on Appendix A or in the applicable Assignment and Assumption or Joinder Agreement, as applicable, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The aggregate amount of the Revolving Commitments as of the Effective Date is \$1,000,000,000.

“**Revolving Commitment Period**” means the period from the Effective Date to but excluding the Commitment Termination Date.

“**Revolving Exposure**” means, with respect to any Lender as of any date of determination, the sum of (a) the aggregate outstanding principal amount of the Revolving Loans of that Lender and (b) the aggregate Letter of Credit Usage in respect of all Letters of Credit issued by that Lender.

“**Revolving Lender**” means a Lender having a Revolving Commitment.

“**Revolving Loan**” means a Loan made by a Lender to the Borrower pursuant to Section 2.01(a).

“**Revolving Loan Note**” means a promissory note in the form of Exhibit B, as it may be amended, restated, supplemented or otherwise modified from time to time.

“**S&P**” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, together with any Person succeeding thereto by merger, consolidation or acquisition of all or substantially all of its assets, including substantially all of its business of rating securities.

“**SAP**” means, with respect to any Insurance Subsidiary, the statutory accounting practices prescribed or permitted by the insurance commissioner (or other similar authority) in the jurisdiction of such Insurance Subsidiary for the preparation of annual statements and other financial reports by insurance companies of the same type as such Insurance Subsidiary that are applicable to the circumstances as of the date of filing of such statement or report.

“**SEC**” means the Securities and Exchange Commission or any Governmental Authority succeeding to any of its principal functions.

“**Secured Parties**” has the meaning specified in the Collateralized L/C Security and Control Agreement.

“**Securities Act**” means the Securities Act of 1933 and the regulations promulgated thereunder.

“**Security and Control Agreement**” means the Security and Control Agreement, dated as of the Effective Date, among the Borrower, the Administrative Agent and the Custodian.

“**Single Employer Pension Plan**” means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA, other than a Multiemployer Plan, that Holdings, any of its Subsidiaries or any ERISA Affiliate sponsors or maintains, or to which Holdings, any of its Subsidiaries or any ERISA Affiliate makes or is obligated to make contributions or would reasonably be expected to have liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

“**SOFR**” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the website of the SOFR Administrator, 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).

“**SOFR Administrator**” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“**Specified Currency**” has the meaning set forth in [Section 10.22\(a\)](#).

“**Specified Place**” has the meaning set forth in [Section 10.22\(a\)](#).

“**Subordinated Indebtedness**” means any Indebtedness of Holdings or any Restricted Subsidiary that is subordinated in right of payment to the Obligations.

“**Subsidiary**” of a Person means any corporation, company, partnership, limited liability company, limited liability partnership, joint venture, trust, association or other unincorporated organization of which or in which such Person and such Person’s Subsidiaries own directly or indirectly more than 50% of (a) the combined voting power of all classes of shares or stock having general voting power under ordinary circumstances to elect a majority of the board of directors, if it is a company or corporation, (b) the voting or managing interests (which shall mean the general partner in the case of a partnership), if it is a partnership, joint venture or similar entity, (c) the beneficial interest, if it is a trust, association or other unincorporated organization or (d) the voting or managing membership interests, if it is a limited liability company. Unless otherwise specified, “**Subsidiary**” means a Subsidiary of Holdings. Unless otherwise specified, when used herein, the term “Subsidiary” of KKR shall not include any portfolio company of KKR or any of its Subsidiaries. For the avoidance of doubt, neither Holdings nor any of its Subsidiaries shall be considered a portfolio company of KKR or any of its Subsidiaries.

“**Successor Entity**” has the meaning specified in Section 7.06(c).

“**Supported QFC**” has the meaning specified in Section 10.24.

“**Surplus Debentures or Notes**” means, as to any Insurance Subsidiary, debt securities or notes of such Insurance Subsidiary issued to Holdings or any of its Subsidiaries the proceeds of which are permitted to be included, in whole or in part, as Capital and Surplus of such Insurance Subsidiary as approved and permitted by the applicable Department and are of a type generally described in the insurance industry as a “surplus note”.

“**Swap Contract**” means any agreement relating to any transaction (whether or not arising under a master agreement) that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, futures contract, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option, credit derivative transaction or any other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and any master agreement relating to or governing any or all of the foregoing.

“**Swap Termination Value**” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts and all rights to set off against collateral posted in respect of such Swap Contract, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined by Holdings based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include any Lender).

“**Syndicated Letter of Credit**” means a single multi-bank letter of credit issued by all of the Lenders (acting through the Administrative Agent in accordance with the provisions hereof) in which each Lender, as an issuing bank thereunder, has a several (but not joint) obligation in respect of a specified portion of the amount of such Letter of Credit.

“**Syndication Agents**” means, collectively, RBC and US Bank and their respective successors and assigns in such capacity.

“**Synthetic Purchase Agreement**” means any agreement pursuant to which Holdings or any of its Subsidiaries is or may become obligated to make (a) any payment in connection with the purchase by any third party from a Person other than Holdings or any of its Subsidiaries (other than any Subsidiary that is a Subsidiary of an Insurance Subsidiary but is not itself an Insurance Subsidiary) of any Capital Stock or Subordinated Indebtedness of Holdings or any of its Subsidiaries (other than any Subsidiary that is a Subsidiary of an Insurance Subsidiary but is not itself an Insurance Subsidiary) or (b) any payment the amount of which is determined by reference to the price or value at any time of any such Capital Stock or Subordinated Indebtedness; *provided* that (i) no phantom stock or similar plan providing for payments only to current or former directors, officers or employees of Holdings or any of its Subsidiaries (or to their heirs or estates)

and (ii) no such agreement in respect of any Disposition of any Capital Stock of a Subsidiary of Holdings that is permitted by Section 7.02 shall in either case be deemed to be a Synthetic Purchase Agreement.

“**Tax Benefit Payment Agreement**” means the Tax Benefit Payment Agreement, dated as of April 30, 2013, among the Borrower, as Payor, GAFLL, as Intermediate Guarantor, GAFGL, as Parent Guarantor and The Goldman Sachs Group, Inc., as Payee.

“**Tax Status Certificate**” has the meaning specified in Section 3.01(e)(B)(iii).

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Term SOFR**” means, for the applicable corresponding tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body; provided that such rate is 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.

“**Term SOFR Notice**” means a notification by the Administrative Agent to the Lenders and the Borrower of the occurrence of a Term SOFR Transition Event.

“**Term SOFR Transition Event**” means the determination by the Administrative Agent that (a) Term SOFR has been selected or recommended for use by the Relevant Governmental Body, (b) the administration of Term SOFR is administratively feasible for the Administrative Agent and (c) a LIBOR Replacement Date in respect of USD LIBOR has occurred resulting in a Benchmark Replacement in accordance with Section 3.05 that is not Term SOFR.

“**Total Capitalization**” means, without duplication, (a) the amount described in clause (a) of the definition of “Debt to Total Capitalization Ratio” *plus* (b) the Net Worth of the applicable Person.

“**Total Utilization of Revolving Commitments**” means, as at any date of determination, the sum of (i) the aggregate principal amount of all outstanding Revolving Loans *plus* (ii) the Letter of Credit Usage.

“**Transactions**” means the (i) execution, delivery and performance by each Credit Party of the Loan Documents to which it is to be a party, (ii) borrowing of Loans, use of the proceeds thereof and issuance of Letters of Credit hereunder and (iii) payment of fees and expenses incurred in connection with the foregoing.

“**Transaction Parties**” has the meaning specified in Section 5.07(d).

“**UK Financial Institution**” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from 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.

“**Unfunded Pension Liability**” means the excess of a Pension Plan’s benefit liabilities under Section 4001(a)(16) of ERISA over the current value of that Pension Plan’s assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 430 of the Code for the applicable plan year.

“**Uniform Commercial Code**” means the Uniform Commercial Code as in effect from time to time in the State of New York; *provided that*, if perfection or the effect of perfection or non-perfection or the priority of any Collateralized L/C Lien on any Collateralized L/C Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, “Uniform Commercial Code” 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.

“**United States**” and “**U.S.**” each means the United States of America.

“**Unrestricted Subsidiary**” means any Subsidiary designated by the board of directors (or similar governing body) of (a) Holdings or (b) if such Subsidiary is a Subsidiary of the Borrower, the Borrower, as an Unrestricted Subsidiary pursuant to Section 6.14 subsequent to the date hereof. Holdings or the Borrower may designate any subsidiary (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, Holdings or any Subsidiary (other than any subsidiary of the subsidiary to be so designated); *provided that* (i) each of (A) the subsidiary to be so designated and (B) its subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of Holdings or any Restricted Subsidiary, (ii) neither Holdings nor the Borrower may designate (A) the Borrower, (B) any Insurance Subsidiary or (C) any Subsidiary of Holdings or the Borrower that directly or indirectly owns any Capital Stock of any Insurance Subsidiary (including any such Subsidiary of Holdings or the Borrower that is itself owned by an Insurance Subsidiary) to be an Unrestricted Subsidiary and (iii) for the avoidance of doubt, there shall be no Unrestricted Subsidiaries on the Effective Date.

“**US Bank**” means U.S. Bank National Association.

“**U.S. Special Resolution Regimes**” has the meaning specified in Section 10.24.

“**USD LIBOR**” means the London Interbank Offered Rate for Dollars.

“**Voting Stock**” of any Person means Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock or other relevant equity interest has voting power by reason of any contingency) to vote in the election of the board of directors or similar governing body of such Person.

“**Weighted Average Life to Maturity**” means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

“**Wells Fargo**” means Wells Fargo Bank, N.A.

“**WFS**” means Wells Fargo Securities, LLC.

“**Wholly-Owned Subsidiary**” means any Person in which all of the Capital Stock (other than directors’ and national citizen qualifying shares or similar *de minimis* holdings by another Person, in each case, as required by law) is owned, beneficially and of record, by Holdings, or by one or more of the other Wholly-Owned Subsidiaries, or both.

“**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 *Other Interpretive Provisions.*

- (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.
- (b) The words “**hereof**,” “**herein**,” “**hereunder**” and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Article, Schedule and Exhibit references are to this Agreement unless otherwise specified.
- (c)
 - (i) The term “**documents**” includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.
 - (ii) The term “**including**” is not limiting and means “including without limitation”.

(iii) In the computation of periods of time from a specified date to a later specified date, the word “**from**” means “from and including,” the words “**to**” and “**until**” each mean “to but excluding” and the word “**through**” means “to and including”.

(iv) The term “**will**” shall be construed to have the same meaning and effect as the word “**shall**”.

(d) Unless otherwise expressly provided herein or the context requires otherwise, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation, (iii) any reference herein to a Person shall be construed to include such Person’s permitted successors and assigns and (iv) the word “**property**” shall be construed to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.

(g) This Agreement and the other Loan Documents are the result of negotiations among, and have been reviewed by counsel to, the Administrative Agent, the Borrower and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Lenders or the Administrative Agent merely because of the Administrative Agent’s or Lenders’ involvement in their preparation.

Section 1.03 *Classification of Loans.* For purposes of this Agreement, Loans may be classified and referred to by Interest Type (e.g., a “LIBOR Rate Loan”).

Section 1.04 *Accounting Principles.*

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP as in effect from time to time, consistently applied. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of Holdings and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) References herein to particular columns, lines or sections of any Person’s Annual Statement shall be deemed, where appropriate, to be references to the corresponding column, line or section of such Person’s Quarterly Statement, or if no such corresponding column, line or

section exists or if any report form changes, then to the corresponding item referenced thereby. In the event the columns, lines or sections of the Annual Statement or Quarterly Statement referenced herein are changed or renumbered from the columns, lines and sections applicable to the 2020 Annual Statement, or the March 31, 2021 Quarterly Statement, all such references shall be deemed references to such column, line or section as so renumbered or changed.

(i) If, at any time after the date of this Agreement, any material change is made to GAAP or Holdings' accounting practices that would affect in any material respect the determination of compliance with the covenants set forth in this Agreement, Holdings shall notify the Administrative Agent of the change and Holdings and the Administrative Agent shall negotiate in good faith to amend such covenant, subject to the approval of the Required Lenders, to restore Holdings and the Lenders to the position they occupied before the implementation of such material change in GAAP or accounting practices; *provided* that if Holdings and the Administrative Agent are unable to reach agreement within sixty (60) days following the implementation of such material change, the Administrative Agent shall be permitted, acting in good faith, to make such amendments, in each case subject to the approval of the Required Lenders, to the covenants set forth in this Agreement as it reasonably determines are necessary to restore Holdings and the Lenders to the position they occupied prior to the implementation thereof.

Section 1.05 *Divisions.*

(a) Solely with respect to Sections 6.11 and 7.02, 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 Capital Stock at such time.

Section 1.06 *Rates.*

(a) The interest rate on LIBOR Rate Loans and Base Rate Loans (when determined by reference to clause (c) of the definition of Base Rate) may be determined by reference to the LIBOR Rate, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. On March 5, 2021, ICE Benchmark Administration ("IBA"), the administrator of the London interbank offered rate, and the Financial Conduct Authority (the "FCA"), the regulatory supervisor of IBA, announced in public statements (the "Announcements") that the final publication or representativeness date for the London interbank offered rate for Dollars for: (a) 1-week and 2-month tenor settings will be December 31, 2021 and (b) overnight, 1-month, 3-month, 6-month and 12-month tenor settings will be June 30, 2023. No successor administrator for IBA was identified in such Announcements. As a result, it is possible that commencing immediately after such dates, the London interbank offered rate for such tenors may no longer be available or may no longer be deemed a representative reference rate upon which to determine the interest rate on LIBOR Rate Loans or Base Rate Loans (when determined by reference to clause (c) of the definition of Base Rate). There is no assurance that

the dates set forth in the Announcements will not change or that IBA or the FCA will not take further action that could impact the availability, composition or characteristics of any London interbank offered rate. Public and private sector industry initiatives have been and continue, as of the date hereof, to be underway to implement new or alternative reference rates to be used in place of the London interbank offered rate. In the event that the London interbank offered rate or any other then-current Benchmark is no longer available or in certain other circumstances set forth in Section 3.05, such Section 3.05 provides a mechanism for determining an alternative rate of interest. The Administrative Agent will promptly notify the Borrower, pursuant to Section 3.05, of any change to the reference rate upon which the interest rate on LIBOR Rate Loans and Base Rate Loans (when determined by reference to clause (c) of the definition of Base Rate) is based. However, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (i) the administration of, submission of, calculation of or any other matter related to the London interbank offered rate or with respect to any alternative, comparable or successor rate thereto, or replacement rate thereof (including any then-current Benchmark or any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement reference rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 3.05, will be similar to, or produce the same value or economic equivalence of, the LIBOR Rate or any other Benchmark, or have the same volume or liquidity as did the London interbank offered rate or any other Benchmark prior to its discontinuance or unavailability, or (ii) the effect, implementation or composition of any Benchmark Replacement Conforming Changes.

ARTICLE 2
THE CREDITS

Section 2.01 *Revolving Loans.*

(a) Revolving Commitments. During the Revolving Commitment Period, subject to the terms and conditions hereof, each Lender with a Revolving Commitment severally agrees to make Revolving Loans in Dollars to the Borrower; *provided* that, after giving effect to the making of any Revolving Loans, in no event shall the Total Utilization of Revolving Commitments exceed the Revolving Commitments then in effect. Amounts borrowed pursuant to this Section 2.01(a) may be repaid and reborrowed during the Revolving Commitment Period. Each Revolving Commitment shall expire on the Commitment Termination Date and all Revolving Loans and all other amounts owed hereunder with respect to the Revolving Loans and the Revolving Commitments shall be paid in full no later than such date.

(b) Borrowing Mechanics for Revolving Loans.

(i) Except pursuant to Section 2.02(h) or 2.02(l)(vi), Revolving Loans shall be made in an aggregate minimum amount of \$2,500,000 and integral multiples of \$1,000,000 in excess of that amount.

(ii) Whenever the Borrower desires that Lenders make Revolving Loans, the Borrower shall deliver to the Administrative Agent a fully executed and delivered Loan Notice no later than 10:00 a.m. (New York City time) (A) in the case of a LIBOR Rate Loan, at least three (3) Business Days in advance of the proposed Borrowing Date, (B) in

the case of one or more Base Rate Loans in an aggregate principal amount greater than \$100,000,000, at least one (1) Business Day in advance of the proposed Borrowing Date, and (C) in the case of one or more Base Rate Loans in an aggregate principal amount equal to or less than \$100,000,000, on the proposed Borrowing Date; *provided* that, if such Borrowing Date is the Effective Date, such Loan Notice may be delivered within such period shorter than three (3) Business Days as may be agreed by the Administrative Agent with respect to LIBOR Rate Loans. Except as otherwise provided herein, a Loan Notice for a Revolving Loan that is a LIBOR Rate Loan shall be irrevocable on and after the related Interest Rate Determination Date.

(iii) Notice of receipt of each Loan Notice in respect of Revolving Loans, together with the amount of each Lender's Pro Rata Share thereof, if any, together with the applicable interest rate, shall be provided by the Administrative Agent to each applicable Lender by facsimile or other electronic communication with reasonable promptness, but (*provided* that the Administrative Agent shall have received such notice by 10:00 a.m. (New York City time)) not later than 3:00 p.m. (New York City time) (or, in the case of a Loan Notice delivered pursuant to Section 2.01(b)(ii)(C), 12:00 noon (New York City time)) on the same day as the Administrative Agent's receipt of such Loan Notice from the Borrower.

(iv) Each Lender shall make the amount of its Revolving Loan available to the Administrative Agent not later than 12:00 noon (New York City time) (or, in the case of Base Rate Loans with respect to which a Loan Notice is delivered pursuant to Section 2.01(b)(ii)(C), 2:00 p.m. (New York City time)) on the applicable Borrowing Date by wire transfer of same day funds in Dollars, at the Administrative Agent's Office. Except as provided herein, upon satisfaction or waiver of the conditions precedent specified herein, the Administrative Agent shall make the proceeds of such Revolving Loans available to the Borrower on the applicable Borrowing Date by causing an amount of same day funds in Dollars equal to the proceeds of all such Revolving Loans received by the Administrative Agent from Lenders to be credited to the account of the Borrower at the Administrative Agent's Office or to such other account or accounts as may be designated in writing to the Administrative Agent by the Borrower.

Section 2.02 *Issuance of Letters of Credit.*

(a) Letters of Credit. During the Revolving Commitment Period, subject to the terms and conditions hereof (including Section 2.02(m)), the Lenders shall issue Letters of Credit in respect of which the Borrower is the applicant (or, so long as the Borrower is a joint and several co-applicant in respect thereof, any Subsidiary is the applicant; *provided* that, with respect to any such Subsidiary, the Borrower shall have designated such Subsidiary to the Administrative Agent in writing as an applicant of Letters of Credit at least seven (7) Business Days prior to the delivery by the Borrower of the Issuance Notice with respect to the first Letter of Credit in respect of which such Subsidiary is the applicant, and any Lender shall have been provided with documentation and other information it reasonably determines are required by bank regulatory authorities under applicable "know-your-customer" and Anti-Money Laundering Laws, including the PATRIOT Act, at least five (5) Business Days prior to the delivery of such Issuance Notice as has been reasonably requested in writing at least six (6) Business Days prior to the delivery of such Issuance

Notice) for the support of obligations of Holdings and/or its Subsidiaries in an aggregate amount up to but not exceeding the Letter of Credit Sublimit; *provided*, (i) each Letter of Credit shall be a standby letter of credit denominated in Dollars; (ii) the stated amount of each Letter of Credit shall not be less than \$500,000 or such lesser amount as is acceptable to the Administrative Agent; (iii) after giving effect to such issuance, in no event shall the Total Utilization of Revolving Commitments exceed the Revolving Commitments then in effect; (iv) after giving effect to such issuance, in no event shall the Letter of Credit Usage exceed the Letter of Credit Sublimit; (v) after giving effect to the issuance of any Collateralized Letter of Credit, in no event shall the Collateralized L/C Aggregate Collateral Amount be less than the Minimum Collateralized L/C Aggregate Collateral Amount; (vi) in no event shall any Letter of Credit have an expiration date later than the earlier of (A) five (5) days prior to the Commitment Termination Date (unless such Letter of Credit shall on the date of issuance have been Cash Collateralized in the Minimum Cash Collateral Amount which Letter of Credit, for the avoidance of doubt, shall not have an expiration date later than twelve (12) months (or, if required by the applicable Department, thirteen (13) months) after the Commitment Termination Date) and (B) the date which is one (1) year from the date of issuance of such Letter of Credit (or, if required by the applicable Department, thirteen (13) months from the date of issuance of such Letter of Credit); (vii) in no event shall any Letter of Credit be issued if such issuance would violate any Requirement of Law; (viii) in no event shall any Letter of Credit be issued if such Letter of Credit is otherwise unacceptable to the Administrative Agent in its reasonable discretion; and (ix) each Letter of Credit shall be substantially in the form of the Administrative Agent's customary form; *provided, further*, that, without the prior consent of each Lender, no Letter of Credit may be issued that would vary the several and not joint nature of the obligations of the Lenders thereunder and, subject to Section 2.02(m), each Letter of Credit shall be issued by all of the Lenders having Revolving Commitments at the time of issuance as a single multi-bank letter of credit, but the obligation of each Lender thereunder shall be several and not joint, based upon its Pro Rata Share of the aggregate undrawn amount of such Letter of Credit (subject to Section 2.02(m)). Subject to the foregoing, the Administrative Agent may agree that a Letter of Credit will automatically be extended for one or more successive periods not to exceed one year each, unless the Administrative Agent elects not to extend for any such additional period; *provided*, that the Administrative Agent shall not extend any such Letter of Credit if (i) it has received written notice from a Lender or the Borrower that an Event of Default has occurred and is continuing at least two (2) Business Days prior to the time the Administrative Agent must elect to allow such extension; *provided, further*, if a Letter of Credit will not be renewed, the Administrative Agent shall notify the Borrower and the beneficiary of such Letter of Credit of such non-renewal or (ii) such renewal would occur later than five (5) days prior to the Commitment Termination Date (unless such Letter of Credit shall on the date of renewal have been Cash Collateralized in the Minimum Cash Collateral Amount which Letter of Credit, for the avoidance of doubt, shall not have an expiration date later than twelve (12) months (or, if required by the applicable Department, thirteen (13) months) after the Commitment Termination Date).

(b) Notice of Issuance, Amendment, Renewal or Extension. Whenever the Borrower desires the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), it shall deliver to the Administrative Agent an Issuance Notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying (i) the date of issuance, amendment, renewal or extension, as the case may be (which shall be a Business Day), (ii) the date on which such Letter of Credit is to expire

(which shall comply with Section 2.02(a)), (iii) the amount of such Letter of Credit, (iv) the name and address of the beneficiary thereof, (v) in the case of the issuance of a Letter of Credit, whether such Letter of Credit will be a Non-Collateralized Letter of Credit or a Collateralized Letter of Credit and (vi) the other terms and conditions of (and such other information as shall be necessary to prepare, amend, renew or extend, as the case may be) such Letter of Credit no later than 11:00 a.m. (New York City time) at least ten (10) Business Days, or such shorter period as may be agreed to by the Administrative Agent in any particular instance, in advance of the proposed date of issuance, amendment, renewal or extension, as the case may be. Upon receipt by the Administrative Agent of an Issuance Notice, the Administrative Agent shall deliver to each Lender with a Revolving Commitment a copy of such Issuance Notice; *provided* that any failure to deliver or delay in delivering a copy of such Issuance Notice shall not relieve any Lender of its obligations under this Section 2.02. In connection with any request for a Collateralized Letter of Credit, the Borrower shall deliver to the Administrative Agent a Collateralized L/C Collateral Certificate no later than 11:00 a.m. (New York City time) on the Business Day immediately preceding the date of issuance of such Collateralized Letter of Credit, confirming that the Collateralized L/C Aggregate Collateral Amount after giving effect to such issuance shall equal or exceed the Minimum Collateralized L/C Aggregate Collateral Amount. If requested by the Administrative Agent, the Borrower also shall submit a letter of credit application on the Administrative Agent's standard form in connection with any request for a Letter of Credit. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with the Administrative Agent relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Upon the issuance, renewal or extension of any Letter of Credit or amendment or modification to a Letter of Credit, the Administrative Agent shall notify each Lender with a Revolving Commitment of such issuance and the amount of such Lender's respective L/C Exposure in such Letter of Credit and deliver to such Lender a copy of such Letter of Credit; *provided* that any failure to give or delay in giving such notice or any failure to deliver or delay in delivering a copy of such Letter of Credit shall not relieve any Lender of its obligations under this Section 2.02.

(c) Obligation of Lenders. With respect to any Letter of Credit, the obligation of any Lender under such Letter of Credit shall be several and not joint and shall at any time be in an amount equal to such Lender's Pro Rata Share of the aggregate undrawn amount of such Letter of Credit (subject to Section 2.02(m)), and each Letter of Credit shall expressly so provide.

(d) Adjustment of Pro Rata Shares. Upon (i) each addition of a new Lender hereunder, (ii) each change in the Revolving Commitment of a Lender pursuant to this Agreement and (iii) each change in status of a Lender as a Participating Lender, then in the case of each outstanding Letter of Credit, without the consent of the beneficiary thereunder unless required under such Letter of Credit or applicable law (including, if applicable, the Uniform Customs and Practices for Documentary Credits governing such Letter of Credit), the Administrative Agent shall promptly amend such Letter of Credit to specify the Lenders that are parties thereto, after giving effect to such event, and such Lenders' respective Pro Rata Shares as of the effective date of such amendment (subject to Section 2.02(m)). However, it is acknowledged by the Administrative Agent and the Lenders that amendments of outstanding Letters of Credit may not be immediately effected and may be subject to the consent of the beneficiaries of such Letters of Credit. Accordingly, whether or not Letters of Credit are amended as contemplated hereby, the

Lenders agree that they shall purchase and sell participations or otherwise make or effect such payments among themselves (but through the Administrative Agent) so that payments by the Lenders of drawings under Letters of Credit and payments by the Borrower of L/C Disbursements made by the Lenders and interest thereon are, except as otherwise expressly set forth herein (including with respect to Limited Fronting Lenders and Defaulting Lenders), in each case shared by the Lenders in accordance with the Revolving Commitments of the Lenders from time to time in effect.

(e) Issuance and Administration of Letters of Credit. With respect to each Letter of Credit, such Letter of Credit shall be executed and delivered by the Administrative Agent in the name and on behalf of, and as attorney-in-fact for, the Lenders party to such Letter of Credit, and the Administrative Agent shall act as the agent of each such Lender to (i) receive drafts, other demands for payment and other documents presented by the beneficiary under such Letter of Credit, (ii) determine whether such drafts, demands and documents are in compliance with the terms and conditions of such Letter of Credit and (iii) notify such Lender and the Borrower that a valid drawing has been made and the date that the related disbursement is to be made; *provided* that the Administrative Agent shall have no obligation or liability for any disbursement under such Letter of Credit, and each Letter of Credit shall expressly so provide. Each Lender hereby irrevocably appoints and designates the Administrative Agent as its attorney-in-fact, acting through any duly authorized officer of the Person that is serving as the Administrative Agent, to execute and deliver in the name and on behalf of such Lender each Letter of Credit (together with any amendment, extension or renewal thereof) to be issued by the Lenders hereunder. Promptly upon the request of the Administrative Agent, each Lender will furnish to the Administrative Agent such powers of attorney or other evidence as any beneficiary of any such Letter of Credit may reasonably request in order to demonstrate that the Administrative Agent has the power to act as attorney-in-fact for such Lender to execute and deliver each Letter of Credit (together with any amendment, extension or renewal thereof).

(f) Responsibility of Administrative Agent With Respect to Requests for Drawings and Payments. In determining whether to honor any drawing under any Letter of Credit by the beneficiary thereof, the Administrative Agent shall be responsible only to examine the documents delivered under such Letter of Credit with reasonable care so as to ascertain whether they appear on their face to be in substantial compliance with the terms and conditions of such Letter of Credit. As between the Borrower and the Administrative Agent, the Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit issued by the Administrative Agent by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the Administrative Agent shall not be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any such Letter of Credit or any document presented by a beneficiary in connection with a drawing under any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) failure of the beneficiary of any such Letter of Credit to comply fully with any conditions required in order to draw upon such Letter of Credit; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in

cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of the Administrative Agent, including any Governmental Acts; none of the above shall affect or impair, or prevent the vesting of, any of the Administrative Agent's rights or powers hereunder. Without limiting the foregoing and in furtherance thereof, any action taken or omitted by the Administrative Agent under or in connection with the Letters of Credit or any documents and certificates delivered thereunder, if taken or omitted in good faith (as defined under Article 5 of the Uniform Commercial Code as adopted by the State of New York), shall not give rise to any liability on the part of the Administrative Agent to the Borrower. Notwithstanding anything to the contrary contained in this Section 2.02(f), the Borrower shall retain any and all rights it may have against the Administrative Agent for any direct damages (as opposed to special, indirect, consequential or punitive damages, which claims are hereby waived by the Borrower to the extent permitted under applicable law) suffered by the Borrower arising solely out of the gross negligence or willful misconduct of the Administrative Agent in determining whether documents delivered under any Letter of Credit substantially comply with the terms thereof as determined by a final, non-appealable judgment of a court of competent jurisdiction.

(g) Disbursement Procedures. The Administrative Agent shall, within a reasonable time following its receipt thereof, examine all documents purporting to represent a demand for payment under any Letter of Credit. The Administrative Agent shall promptly after such examination notify each of the Lenders by telephone (confirmed by telecopy or electronic mail) of such demand for payment. With respect to any drawing properly made under any such Letter of Credit, as determined by the Administrative Agent, subject to Section 2.02(m), each Lender will make an L/C Disbursement in respect of such Letter of Credit in accordance with its liability under such Letter of Credit and this Agreement, such L/C Disbursement to be made in Dollars to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make any such L/C Disbursement available to the beneficiary of such Letter of Credit by promptly crediting the amounts so received, in like funds in Dollars, to the account identified by such beneficiary in connection with such demand for payment. Promptly following any L/C Disbursement by any Lender in respect of any such Letter of Credit, the Administrative Agent will notify the Borrower of such L/C Disbursement; *provided* that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Lenders with respect to any such L/C Disbursement.

(h) Reimbursement by the Borrower of Amounts Drawn or Paid Under Letters of Credit. In the event the Borrower has received a notice of any L/C Disbursement made pursuant to Section 2.02(g), the Borrower shall reimburse each Lender in respect of any such L/C Disbursement by paying to the Administrative Agent on or before the Business Day immediately following the date of such L/C Disbursement, but in no event later than the third (3rd) Business Day immediately following the date of such L/C Disbursement (the "**Reimbursement Date**") in an amount in Dollars and in same day funds equal to the amount of such L/C Disbursement; *provided* that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Administrative Agent and the Lenders once such notice is delivered; *provided, further*, that anything contained herein to the contrary notwithstanding, (i) unless the Borrower shall have notified the Administrative Agent prior to 10:00 a.m. (New York City time)

on the date of such L/C Disbursement that the Borrower intends to reimburse the Administrative Agent for the amount of such L/C Disbursement with funds other than the proceeds of Revolving Loans, the Borrower shall be deemed to have given a timely Loan Notice to the Administrative Agent requesting Lenders with Revolving Commitments to make Revolving Loans that are Base Rate Loans on the Reimbursement Date in an amount in Dollars equal to such L/C Disbursement, and (ii) subject to satisfaction or waiver of the conditions specified in Section 4.02, Lenders with Revolving Commitments shall, on the Reimbursement Date, make Revolving Loans that are Base Rate Loans in the amount of such L/C Disbursement, the proceeds of which shall be applied directly by the Administrative Agent to reimburse each Lender for its Pro Rata Share of such L/C Disbursement; *provided, further*, if for any reason (including, without limitation, by reason of exceeding the Revolving Commitments) proceeds of Revolving Loans are not received by the Administrative Agent on the Reimbursement Date in an amount equal to the amount of such L/C Disbursement, then the Borrower shall reimburse the Administrative Agent, on demand, in an amount in same day funds equal to the excess of the amount of such L/C Disbursement over the aggregate amount of such Revolving Loans, if any, which are so received. Nothing in this Section 2.02(h) shall be deemed to relieve any Lender with a Revolving Commitment from its obligation to make Revolving Loans on the terms and conditions set forth herein, and the Borrower shall retain any and all rights it may have against any such Lender resulting from the failure of such Lender to make such Revolving Loans under this Section 2.02(h).

(i) Obligations Absolute. The obligation of the Borrower to reimburse the Administrative Agent, on behalf of the Lenders, for L/C Disbursements and to repay any Revolving Loans made by Lenders pursuant to Section 2.02(h) shall be absolute, unconditional and irrevocable and shall be paid strictly in accordance with the terms hereof under all circumstances including any of the following circumstances: (i) any lack of validity or enforceability of any Letter of Credit; (ii) the existence of any claim, set-off, defense or other right which the Borrower or any Lender may have at any time against a beneficiary or any transferee of any Letter of Credit (or any Persons for whom any such transferee may be acting), Administrative Agent, Lender or any other Person or, in the case of a Lender, against the Borrower, whether in connection herewith, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between the Borrower or one of its Subsidiaries and the beneficiary for which any Letter of Credit was procured); (iii) any draft or other document presented under any 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; (iv) payment by the Administrative Agent under any Letter of Credit against presentation of a draft or other document which does not substantially comply with the terms of such Letter of Credit; (v) any adverse change in the business, operations, properties, assets, condition (financial or otherwise) or prospects of Holdings or any of its Subsidiaries; (vi) any breach hereof or of any other Loan Document by any party hereto or thereto; (vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing; or (viii) the fact that an Event of Default or a Default shall have occurred and be continuing.

(j) Indemnification. Without duplication of any obligation of the Borrower under Section 10.04 or 10.05, in addition to amounts payable as provided herein, the Borrower hereby agrees to protect, indemnify, pay and save harmless Administrative Agent from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable fees, expenses and disbursements of one outside counsel) which the Administrative

Agent may incur or be subject to as a consequence, direct or indirect, of (i) the issuance or wrongful dishonor of any Letter of Credit by the Administrative Agent, other than as a result of the gross negligence or willful misconduct of the Administrative Agent as determined by a final, non-appealable judgment of a court of competent jurisdiction or (ii) the failure of the Administrative Agent to honor a drawing under any such Letter of Credit as a result of any Governmental Act.

(k) Cash Collateralization. If (i) any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the Loans have been accelerated pursuant to Section 8.02, Lenders with L/C Exposure representing greater than 50% of the total L/C Exposure) demanding the deposit of Cash Collateral pursuant to this paragraph, or (ii) at any time, the Letter of Credit Usage exceeds the Letter of Credit Sublimit, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to 103% of the L/C Exposure (less the Collateralized Letter of Credit Usage) as of such date in Dollars plus any accrued and unpaid interest thereon (or, in the case of clause (ii), an amount in cash equal to 103% of such excess); *provided* that the obligation to deposit such Cash Collateral shall become effective upon notice from the Administrative Agent to the Borrower, *provided, further*, that the obligation to deposit such Cash Collateral shall become effective immediately and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default described in clause (f) or (g) of Section 8.01. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Obligations with respect to the Non-Collateralized Letters of Credit. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Lenders for any drawing under a Letter of Credit for which they have not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the L/C Exposure at such time or, if the Loans have been accelerated pursuant to Section 8.02 (but subject to the consent of Lenders with L/C Exposure representing greater than 50% of the total L/C Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of Cash Collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all Events of Default have been cured or waived.

(l) Collateralized Letters of Credit.

(i) Pursuant to Section 2.02(b), and subject to Section 2.02(a), the Borrower may decide, prior to the issuance thereof, whether a Letter of Credit will be a Non-Collateralized Letter of Credit or a Collateralized Letter of Credit.

(ii) Cash and Eligible Securities provided and pledged to secure a Collateralized Letter of Credit must be held in one or more Collateralized L/C Collateral Accounts, and such Cash and Eligible Securities will be held in such Collateralized L/C Collateral Accounts as collateral for the payment and performance of the Secured Obligations (as

defined in the Collateralized L/C Security and Control Agreements). The Administrative Agent will have exclusive dominion and control, including the exclusive right of withdrawal, over the Collateralized L/C Collateral Accounts as provided in the Collateralized L/C Security and Control Agreements. Interest or profits, if any, on Cash and Eligible Securities held in a Collateralized L/C Collateral Account will accumulate in such Collateralized L/C Collateral Account. Cash and the proceeds of Eligible Securities held in Collateralized L/C Collateral Accounts shall be applied by the Administrative Agent to reimburse the Lenders for any drawing under a Collateralized Letter of Credit for which they have not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the Collateralized Letter of Credit Usage at such time.

(iii) If, on the last Business Day of any calendar month, the Collateralized L/C Aggregate Collateral Amount exceeds the Minimum Collateralized L/C Aggregate Collateral Amount, then the Borrower may, within two (2) Business Days after such day, submit a written request to the Administrative Agent for the return of Cash and/or Eligible Securities held in Collateralized L/C Collateral Accounts having Collateralized L/C Collateral Amounts, in the aggregate, equal to or less than such excess and identified by the Borrower in such written request (in the manner required by the applicable Collateralized L/C Security and Control Agreement). The Administrative Agent shall, within two (2) Business Days after the date on which the Administrative Agent receives such written request from the Borrower, instruct the applicable Custodian(s) to transfer such Cash and/or Eligible Securities to the Borrower; *provided* that, after giving effect to any such transfer, the Collateralized L/C Aggregate Collateral Amount shall equal or exceed the Minimum Collateralized L/C Aggregate Collateral Amount. The Borrower shall have no right to request the return of, and the Administrative Agent shall have no obligation to instruct any Custodian to transfer, Cash and/or Eligible Securities having Collateralized L/C Collateral Amounts, in the aggregate, of less than \$100,000.

(iv) So long as no Event of Default has occurred and is continuing or would result therefrom, the Borrower may submit a written request to the Administrative Agent for the substitution of Cash and/or Eligible Securities held in a Collateralized L/C Collateral Account and identified by the Borrower in such written request with Cash and/or Eligible Securities to be held in such Collateralized L/C Collateral Account and identified by the Borrower in such written request (in the manner required by the applicable Collateralized L/C Security and Control Agreement). The Administrative Agent shall, within two (2) Business Days after the date on which the Administrative Agent receives such written request from the Borrower, instruct the applicable Custodian to (i) receive from the Borrower for deposit to a Collateralized L/C Collateral Account Cash and/or Eligible Securities identified by the Borrower in such written request and (ii) transfer Cash and/or Eligible Securities identified by the Borrower in such written request to the Borrower; *provided* that, after giving effect to any such substitution, the Collateralized L/C Aggregate Collateral Amount shall equal or exceed the Minimum Collateralized L/C Aggregate Collateral Amount. The Borrower shall have no right to request the substitution of, and the Administrative Agent shall have no obligation to instruct any Custodian to substitute, Cash and/or Eligible Securities having Collateralized L/C Collateral Amounts, in the aggregate, of less than \$100,000.

(v) So long as no Event of Default has occurred and is continuing or would result therefrom, the Borrower may submit a written request to the Administrative Agent for the investment of cash held in a Collateralized L/C Collateral Account in Cash and/or Eligible Securities to be held in Collateralized L/C Collateral Accounts and identified by the Borrower in such written request (in the manner required by the applicable Collateralized L/C Security and Control Agreement). The Administrative Agent shall, within two (2) Business Days after the date on which the Administrative Agent receives such written request from the Borrower, instruct the applicable Custodian to invest such cash in Cash and/or Eligible Securities identified by the Borrower in such written request; *provided* that, after giving effect to any such investment, the Collateralized L/C Aggregate Collateral Amount shall equal or exceed the Minimum Collateralized L/C Aggregate Collateral Amount. The Borrower shall have no right to request the investment of, and the Administrative Agent shall have no obligation to instruct any Custodian to invest, cash having a Collateralized L/C Collateral Amount of less than \$100,000.

(vi) The Borrower shall at all times cause the Collateralized L/C Aggregate Collateral Amount to equal or exceed the Minimum Collateralized L/C Aggregate Collateral Amount at such time. If on any date the Minimum Collateralized L/C Aggregate Collateral Amount exceeds the Collateralized L/C Aggregate Collateral Amount (such excess, a “**Collateralized L/C Collateral Deficiency**”) (including as a result of any Collateralized L/C Security Invalidity), the Borrower shall, in no event later than the fifth (5th) Business Day immediately following the date on which the Administrative Agent notifies the Borrower of such Collateralized L/C Collateral Deficiency (the “**Collateralized L/C Collateral Deficiency Correction Date**”), transfer to one or more Collateralized L/C Collateral Accounts Cash and/or Eligible Securities so that the Collateralized L/C Aggregate Collateral Amount shall equal or exceed the Minimum Collateralized L/C Aggregate Collateral Amount; *provided* that anything contained herein to the contrary notwithstanding, (i) unless the Borrower shall have notified the Administrative Agent prior to 10:00 a.m. (New York City time) on the Business Day immediately preceding the Collateralized L/C Collateral Deficiency Correction Date that the Borrower intends to transfer to one or more Collateralized L/C Collateral Accounts Cash and/or Eligible Securities so that the Collateralized L/C Aggregate Collateral Amount shall equal or exceed the Minimum Collateralized L/C Aggregate Collateral Amount, the Borrower shall be deemed to have given a timely Loan Notice to the Administrative Agent requesting Lenders with Revolving Commitments to make Revolving Loans that are Base Rate Loans on the Collateralized L/C Collateral Deficiency Correction Date in an amount in Dollars equal to such Collateralized L/C Collateral Deficiency, and (ii) subject to satisfaction or waiver of the conditions specified in Section 4.02, Lenders with Revolving Commitments shall, on the Collateralized L/C Collateral Deficiency Correction Date, make Revolving Loans that are Base Rate Loans in the amount of such Collateralized L/C Collateral Deficiency, the proceeds of which shall be transferred directly by the Administrative Agent to a Collateralized L/C Collateral Account; *provided, further*, if for any reason (including, without limitation, by reason of exceeding the Revolving Commitments) proceeds of Revolving Loans are not received by the Administrative Agent on the Collateralized L/C Collateral Deficiency Correction Date in an amount equal to the amount of such Collateralized L/C Collateral Deficiency, then the Borrower shall, on the Collateralized L/C Collateral Deficiency Correction Date, pay to the Administrative Agent

an amount in Dollars and in same day funds equal to the Collateralized L/C True-Up Amount with respect to all Letters of Credit that are Collateralized Letters of Credit on such date. Upon receipt by the Administrative Agent of an amount in Dollars and in same day funds equal to the Collateralized L/C True-Up Amount with respect to all Letters of Credit that are Collateralized Letters of Credit on such date, each Letter of Credit that is a Collateralized Letter of Credit on such date shall cease to be a Collateralized Letter of Credit for purposes of this Agreement and the Collateralized L/C Security Documents and shall be a Non-Collateralized Letter of Credit as of such date. Nothing in this Section 2.02(1)(vi) shall be deemed to relieve any Lender with a Revolving Commitment from its obligation to make Revolving Loans on the terms and conditions set forth herein, and the Borrower shall retain any and all rights it may have against any such Lender resulting from the failure of such Lender to make such Revolving Loans under this Section 2.02(1)(vi).

(m) Limited Fronting Lenders and Participating Lenders. In the event that, and for so long as, any Lender acts as a Limited Fronting Lender on behalf of any Participating Lender:

(i) such Limited Fronting Lender, in reliance upon the obligations of such Participating Lender contained in this Section 2.02(m), with respect to each Letter of Credit issued hereunder, (A) shall be an issuing bank under such Letter of Credit in place of such Participating Lender and (B) shall have a several (but not joint) obligation in respect of an amount of such Letter of Credit equal to the sum of (1) such Limited Fronting Lender's Pro Rata Share of the aggregate undrawn amount of such Letter of Credit, *plus* (2) the product of the applicable Limited Fronting Percentage and such Participating Lender's Pro Rata Share of the aggregate undrawn amount of such Letter of Credit;

(ii) by the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of such Limited Fronting Lender or such Participating Lender, such Limited Fronting Lender hereby grants to such Participating Lender, and such Participating Lender hereby acquires from such Limited Fronting Lender, a participation in such Letter of Credit equal to the product of the applicable Limited Fronting Percentage and such Participating Lender's Pro Rata Share of the aggregate undrawn amount of such Letter of Credit. In consideration and in furtherance of the foregoing, such Participating Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of such Limited Fronting Lender, the product of the applicable Limited Fronting Percentage and such Participating Lender's Pro Rata Share of each L/C Disbursement made by such Limited Fronting Lender under such Letter of Credit and not reimbursed by the Borrower on the Reimbursement Date, or of any reimbursement payment required to be refunded to the Borrower for any reason. Such Participating Lender acknowledges and agrees that its obligation to acquire participations pursuant to this Section 2.02(m)(ii) in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or Event of Default or any reduction or termination of the Revolving Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. To the extent that such Participating Lender has made payments pursuant to this Section 2.02(m)(ii) to

reimburse such Limited Fronting Lender in respect of any participation interests purchased hereunder in respect of any Letter of Credit, promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to Section 2.02(h) in respect of such Letter of Credit, the Administrative Agent shall distribute such payment to such Limited Fronting Lender and such Participating Lender, in each case as their interests may appear. Any payment made by such Participating Lender in respect of its participation pursuant to this paragraph to reimburse such Limited Fronting Lender for any payment made in any respect of any drawing under a Letter of Credit shall not relieve the Borrower of its obligation to reimburse the amount of such drawing pursuant to the terms of this Agreement;

(iii) such Limited Fronting Lender shall not issue any Letter of Credit hereunder if such Participating Lender is a Defaulting Lender unless such Limited Fronting Lender has entered into arrangements satisfactory to it with the Borrower and/or such Participating Lender to eliminate such Limited Fronting Lender's risk with respect to such Participating Lender in respect of each Letter of Credit hereunder; and

(iv) any reference in this Agreement or any other Loan Document to the issuance by such Participating Lender of a letter of credit pursuant to this Agreement shall be deemed to refer to the issuance by such Limited Fronting Lender of such letter of credit in place of such Participating Lender pursuant to this Section 2.02(m).

Section 2.03 *Pro Rata Shares*. All Revolving Loans shall be made, and all Letters of Credit issued, by Lenders simultaneously and proportionately to their respective Pro Rata Shares (subject to Section 2.02(m)), it being understood that no Lender shall be responsible for any default by any other Lender in such other Lender's obligation to make a Revolving Loan or issue a Letter of Credit requested hereunder nor shall any Revolving Commitment of any Lender be increased or decreased as a result of a default by any other Lender in such other Lender's obligation to make a Revolving Loan or issue a Letter of Credit requested hereunder, except, in each case, as provided in Section 2.02(d).

Section 2.04 *Conversion and Continuation of Revolving Loans*.

(a) Each conversion of Revolving Loans from one Interest Type to the other, and each continuation of LIBOR Rate Loans, shall be made upon the Borrower's irrevocable written notice to the Administrative Agent in the form of a Conversion/Continuation Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Each such Conversion/Continuation Notice must be received by the Administrative Agent not later than 12:00 noon (New York City time) three (3) Business Days prior to the requested date of any conversion to or continuation of LIBOR Rate Loans or of any conversion of LIBOR Rate Loans to Base Rate Loans. Except as otherwise provided herein, a LIBOR Rate Loan may be continued or converted only on the last day of an Interest Period for such LIBOR Rate Loan. The Administrative Agent shall determine the interest rate that shall apply to any converted or continued LIBOR Rate Loans pursuant to Section 2.07(c).

(b) Each Conversion/Continuation Notice shall specify (i) whether the Borrower is requesting a conversion of Revolving Loans from one Interest Type to the other, or a continuation

of LIBOR Rate Loans, (ii) the requested date of the conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Revolving Loans to be converted or continued, (iv) the Interest Type of Revolving Loans to which existing Revolving Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto (each such Interest Period shall comply with the provisions of the definition of "Interest Period").

(c) Notwithstanding any contrary provision hereof, if (i) an Event of Default of the type described in Section 8.01(a), (f) or (g) has occurred and is continuing, unless the Required Lenders otherwise consent or (ii) any other Event of Default has occurred and is continuing and the Required Lenders have so requested, each Revolving Loan will be converted into a Base Rate Loan at the end of the Interest Period applicable thereto.

Section 2.05 *Notes; Loan Accounts.*

(a) Each Revolving Loan made by each Lender shall be evidenced by one or more loan accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The loan accounts or records maintained by the Administrative Agent and each Lender shall be conclusive evidence of the amount of the Revolving Loans made by the Lenders to the Borrower and the interest and payments thereon absent manifest error. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligations of the Borrower hereunder to pay any amount owing with respect to the Revolving Loans made to the Borrower. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

(b) Upon the request of any Lender made through the Administrative Agent, instead of or in addition to loan accounts, the Revolving Loans made by each Lender may be evidenced by one or more Revolving Loan Notes. Each Lender shall endorse on the schedules annexed to its Revolving Loan Note the date, amount and maturity of each Revolving Loan deemed made by it and the amount of each payment of principal made by the Borrower with respect thereto. Each such Lender is irrevocably authorized by the Borrower to endorse its Revolving Loan Note and each Lender's record shall be conclusive absent manifest error; *provided* that the failure of a Lender to make, or an error in making, a notation thereon with respect to the Revolving Loan shall not limit or otherwise affect the obligations of the Borrower hereunder or under any such Revolving Loan Note to such Lender.

Section 2.06 *Prepayments.*

(a) Optional Prepayments. The Borrower will have the right at any time to prepay any Loan in whole or in part, in minimum amounts of \$2,500,000 or any multiple of \$1,000,000 in excess thereof, subject to the provisions of this Section 2.06.

(b) Voluntary Commitment Reductions.

(i) The Borrower may, upon not less than three (3) Business Days' prior written or telephonic notice to the Administrative Agent (or such shorter period of time as may be agreed to by the Administrative Agent), at any time and from time to time terminate in whole or permanently reduce in part, without premium or penalty, the Revolving

Commitments in an amount up to the amount by which the Revolving Commitments exceed the Total Utilization of Revolving Commitments at the time of such proposed termination or reduction; *provided* that any such partial reduction of the Revolving Commitments shall be in an aggregate minimum amount of \$5,000,000 and integral multiples of \$1,000,000 in excess of that amount.

(ii) The Borrower's notice to the Administrative Agent shall designate the date (which shall be a Business Day) of such termination or reduction and the amount of any partial reduction, and shall reduce the Revolving Commitment of each Lender proportionately to its Pro Rata Share thereof.

(c) Mandatory Prepayments. The Borrower shall from time to time prepay the Revolving Loans and/or Cash Collateralize the Letters of Credit to the extent necessary so that the Total Utilization of Revolving Commitments shall not at any time exceed the Revolving Commitments then in effect.

(d) Application of Prepayments.

(i) Any prepayment of the Revolving Loan pursuant to Section 2.06(a) shall be applied to repay outstanding Revolving Loans owing by the Borrower making such prepayment to the full extent thereof.

(ii) Any prepayment of Revolving Loans pursuant to Section 2.06(c) shall be applied as follows:

(1) *first*, to prepay the Revolving Loans to the full extent thereof without any permanent reduction of the Revolving Commitments; and

(2) *second*, to prepay outstanding reimbursement obligations with respect to Letters of Credit without any permanent reduction of the Revolving Commitments;

(3) *third*, to Cash Collateralize Letters of Credit making such prepayment without any permanent reduction of the Revolving Commitments; and

(4) *fourth*, to the Borrower.

(e) Notice of Prepayments. The Borrower shall notify the Administrative Agent in the form of a Prepayment Notice of any prepayment of any Loan hereunder not later than 12:00 noon (New York City time) one (1) Business Day before the date of prepayment. Each such Prepayment Notice shall be irrevocable (other than to the extent provided in connection with refinancing the Obligations) and shall specify the prepayment date and the principal amount of each Loan or portion thereof to be prepaid.

(f) Application of Prepayments of Revolving Loans to Base Rate Loans and LIBOR Rate Loans. Considering each Class of Revolving Loans being prepaid separately, any prepayment thereof shall be applied first to Base Rate Loans to the full extent thereof before application to

LIBOR Rate Loans, in each case in a manner which minimizes the amount of any payments required to be made by the Borrower pursuant to Section 3.04.

Section 2.07 *Interest.*

(a) Except as otherwise set forth herein, each Class of Revolving Loans shall bear interest on the unpaid principal amount thereof from the date made through repayment (whether by acceleration or otherwise) thereof as follows:

- (i) if a Base Rate Loan, at the Base Rate *plus* the Applicable Margin; or
- (ii) if a LIBOR Rate Loan, at the LIBOR Rate *plus* the Applicable Margin.

(b) The basis for determining the rate of interest with respect to any Revolving Loan, and the Interest Period with respect to any LIBOR Rate Loan, shall be selected by the Borrower and notified to the Administrative Agent and Lenders pursuant to the applicable Loan Notice or Conversion/Continuation Notice, as the case may be; *provided* that the Borrower may not select the LIBOR Rate for any Credit Extension if the aggregate amount of such Credit Extension is less than \$1,000,000.

(c) In connection with LIBOR Rate Loans there shall be no more than eight (8) Interest Periods outstanding at any time. In the event the Borrower fails to specify between a Base Rate Loan or a LIBOR Rate Loan in the applicable Loan Notice or Conversion/Continuation Notice, such Revolving Loan (if outstanding as a LIBOR Rate Loan) will be automatically converted into a Base Rate Loan on the last day of the then-current Interest Period for such Revolving Loan (or if outstanding as a Base Rate Loan will remain as, or (if not then outstanding) will be made as, a Base Rate Loan). In the event the Borrower fails to specify an Interest Period for any LIBOR Rate Loan in the applicable Loan Notice or Conversion/Continuation Notice (or fails to deliver a Conversion/Continuation Notice within the time limits provided in Section 2.04(a)), the Borrower shall be deemed to have selected an Interest Period of one (1) month. As soon as practicable after 10:00 a.m. (New York City time) on each Interest Rate Determination Date, the Administrative Agent shall determine (which determination shall, absent manifest error, be final, conclusive and binding upon all parties) the interest rate that shall apply to the LIBOR Rate Loans for which an interest rate is then being determined for the applicable Interest Period and shall promptly give notice thereof (in writing or by telephone confirmed in writing) to the Borrower and each Lender. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Lenders of any change in the Administrative Agent's prime commercial lending rate used in determining the Base Rate promptly following the public announcement of such change.

(d) The Borrower agrees to pay to each Lender, with respect to any L/C Disbursement on behalf of the Borrower, interest on the amount paid by such Lender in respect of each such L/C Disbursement from the date of such L/C Disbursement to but excluding the date such amount is reimbursed by or on behalf of the Borrower at a rate equal to (i) for the period from the date of such L/C Disbursement to but excluding the applicable Reimbursement Date, the rate of interest otherwise payable hereunder with respect to Revolving Loans that are Base Rate Loans, and

(ii) thereafter, a rate which is 2.00% *per annum* in excess of the rate of interest otherwise payable hereunder with respect to Revolving Loans that are Base Rate Loans.

(e) Interest payable pursuant to Section 2.07(d) shall be computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed in the period during which it accrues, and shall be payable in Dollars on demand or, if no demand is made, on the date on which the related drawing under a Letter of Credit is reimbursed in full. Promptly upon receipt by the Administrative Agent of any payment of interest pursuant to Section 2.07(d), the Administrative Agent shall distribute to each Lender with respect to such L/C Disbursement such Lender's Pro Rata Share of any interest received by the Administrative Agent in respect of such Lender's Pro Rata Share of such L/C Disbursement for the period from the date on which such L/C Disbursement was made by Lenders to but excluding the date on which such L/C Disbursement is reimbursed by the Borrower.

(f) Notwithstanding the foregoing, if any principal of or interest on any Revolving Loan or any fee or other amount payable by the Borrower pursuant to any Loan Document is not paid when due, whether upon acceleration or otherwise, such overdue amount shall, without further notice, bear interest, after as well as before judgment to the extent permitted by law, at a rate *per annum* equal to (i) in the case of overdue principal of any Revolving Loan, 2.00% plus the rate otherwise applicable to such Revolving Loan as provided in the preceding subsections of this Section 2.07 and (ii) in the case of any other amount, 2.00% *plus* the rate otherwise applicable to Base Rate Loans as provided in the preceding subsections of this Section 2.07.

(g) Interest on each Revolving Loan shall be paid in arrears by the Borrower on each Interest Payment Date for such Revolving Loan; *provided* that (i) interest accrued pursuant to Section 2.07(f) shall be payable on demand of the Administrative Agent, (ii) upon any repayment or prepayment of any Revolving Loan, interest accrued on the principal amount repaid shall be payable on the date of such repayment and (iii) upon any conversion of a LIBOR Rate Loan before the end of the current Interest Period therefor, interest accrued on such Revolving Loan shall be payable on the effective date of such conversion.

(h) Anything herein to the contrary notwithstanding, the obligations of the Borrower to any Lender hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder to the extent (but only to the extent) that contracting for or receiving such payment by such Lender would be contrary to the provisions of any law applicable to such Lender limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Lender, and in such event the Borrower shall pay such Lender interest at the highest rate permitted by applicable law until the total amount of interest due hereunder equals the amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect. In addition, if when the Revolving Loans made hereunder are repaid in full the total interest due hereunder (taking into account the increase provided for above) is less than the total amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect, then to the extent permitted by law, the Borrower shall pay to the Administrative Agent an amount equal to the difference between the amount of interest paid and the amount of interest which would have been paid if the highest rate of interest that may be lawfully contracted for, charged or received had at all times been in effect. Notwithstanding the

foregoing, it is the intention of Lenders and the Borrower to conform strictly to any applicable usury laws. Accordingly, if any Lender contracts for, charges, or receives any consideration which constitutes interest in excess of the highest rate of interest that may be lawfully contracted for, charged or received by such Lender, then any such excess shall be cancelled automatically and, if previously paid, shall at such Lender's option be applied to the outstanding amount of the Revolving Loans made hereunder or be refunded to the Borrower.

Section 2.08 *Fees.*

(a) The Borrower agrees to pay to Lenders:

(i) commitment fees equal to (1) the average of the daily difference between (A) the Revolving Commitments and (B) the aggregate principal amount of (x) all outstanding Revolving Loans *plus* (y) the Letter of Credit Usage, *multiplied by* (2) the Applicable Revolving Commitment Fee Percentage;

(ii) letter of credit fees equal to (1) the Applicable Non-Collateralized Letter of Credit Fee, *multiplied by* (2) the average aggregate daily maximum amount available to be drawn under all Non-Collateralized Letters of Credit (regardless of whether any conditions for drawing could then be met and determined as of the close of business on any date of determination, but in any event expressly including all Non-Collateralized Letters of Credit which may have been drawn, to the extent not yet reimbursed pursuant to Section 2.02(h)); and

(iii) letter of credit fees equal to (1) the Collateralized Letter of Credit Fee, *multiplied by* (2) the average aggregate daily maximum amount available to be drawn under all Collateralized Letters of Credit (regardless of whether any conditions for drawing could then be met and determined as of the close of business on any date of determination, but in any event expressly including all Collateralized Letters of Credit which may have been drawn, to the extent not yet reimbursed pursuant to Section 2.02(h)). All fees referred to in this Section 2.08(a) shall be paid in Dollars to the Administrative Agent at the Administrative Agent's Office and upon receipt, the Administrative Agent shall promptly distribute to each Lender (including each Participating Lender) its Pro Rata Share thereof.

(b) The Borrower agrees to pay directly to the Administrative Agent, for its own account, the following fees:

(i) a letter of credit issuance fee of \$[**] per Letter of Credit issued; and

(ii) such documentary and processing charges for any issuance, amendment, transfer or payment of a Letter of Credit as are in accordance with the Administrative Agent's standard schedule for such charges and as in effect at the time of such issuance, amendment, transfer or payment, as the case may be.

(c) All fees referred to in Section 2.08(a) and 2.08(b) shall be calculated pursuant to the second sentence of Section 2.09(a). The commitment fee referred to in Section 2.08(a)(i) shall be payable quarterly in arrears on the last Business Day of March, June, September and December of each year during the Revolving Commitment Period, commencing on the first such date to occur

[**] = *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.*

after the Effective Date, and on the Commitment Termination Date. The fees referred to in Sections 2.08(a)(ii), 2.08(a)(iii) and 2.08(b) shall be payable quarterly in arrears on the last Business Day of March, June, September and December of each year during the period from the Effective Date to but excluding the later of the Commitment Termination Date and the date on which there ceases to be any Letter of Credit Usage, commencing on the first such date to occur after the Effective Date, and on the later of the Commitment Termination Date and the date on which there ceases to be any Letter of Credit Usage; *provided* that any such fees accruing after such later date shall be payable on demand.

(d) In addition to the foregoing, the Borrower shall pay to the Administrative Agent for its own account, fees payable in the amounts and at the times separately agreed upon by the Borrower and the Administrative Agent. Such fees shall be fully earned when paid and shall not be refundable under any circumstances.

Section 2.09 *Computation of Fees and Interest.*

(a) All computations of interest for Base Rate Loans when the Base Rate is determined by the Administrative Agent's prime commercial lending rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed. Interest and fees shall accrue during each period in which such interest or fees are computed from the first day thereof to the last day thereof.

(b) Each determination of an interest rate by the Administrative Agent shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent will, at the request of the Borrower or any Lender, deliver to the Borrower or such Lender, as the case may be, a statement showing the quotations used by the Administrative Agent in determining any interest rate and the resulting interest rate.

Section 2.10 *Payments Generally.*

(a) All payments to be made by the Borrower under the Loan Documents shall be made without condition or deduction for any defense, set-off, recoupment or counterclaim. Except as otherwise expressly provided in any Loan Document, all payments to be made by the Borrower under any Loan Document shall be made to the Administrative Agent for the account of the Lenders at the Administrative Agent's Office, and shall be made in dollars and in immediately available funds, no later than 2:00 p.m. (New York City time) on the date specified in such Loan Document. The Administrative Agent will promptly distribute to each Lender its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Administrative Agent later than 2:00 p.m. (New York City time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Borrower or any Lender has notified the Administrative Agent, prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that the Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that the Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in immediately available funds, then:

(i) if the Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in immediately available funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in immediately available funds at the Federal Funds Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in immediately available funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the Borrower to the date such amount is recovered by the Administrative Agent (the “**Compensation Period**”) at the customary rate set by the Administrative Agent for the correction of errors among banks for three (3) Business Days and thereafter at the Base Rate. If such Lender pays such amount to the Administrative Agent, then such amount (other than the interest thereon) shall constitute such Lender’s Revolving Loan included in the applicable Credit Extension. If such Lender does not pay such amount forthwith upon the Administrative Agent’s demand therefor, the Administrative Agent may make a demand therefor upon the Borrower, and the Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate *per annum* equal to the applicable rate for Base Rate Loans to the applicable Credit Extension. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Revolving Commitments or to prejudice any rights that the Administrative Agent or the Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (c), shall be conclusive, absent manifest error.

(d) If any Lender makes available to the Administrative Agent funds for any Revolving Loan to be made by such Lender as provided in the foregoing provisions of this Article 2, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the extension of Revolving Loans set forth in Article 4 are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(e) The obligations of the Lenders hereunder to make Revolving Loans are several and not joint. The failure of any Lender to make any Revolving Loan on any date required hereunder

shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Revolving Loans.

(f) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Revolving Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for the Revolving Loan in any particular place or manner.

Section 2.11 *Sharing of Payments by Lenders.*

(a) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment (i) on account of any Obligations due and payable hereunder and under the other Loan Documents at such time resulting in such Lender receiving payment in excess of its ratable share (calculated according to the proportion of (A) the amount of such Obligations due and payable to such Lender at such time to (B) the aggregate amount of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time obtained by all the Lenders at such time or (ii) of or on account of any of Obligations owing (but not due and payable) to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (calculated according to the proportion of (A) the amount of such Obligations owing (but not due and payable) to such Lender at such time to (B) the aggregate amount of Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time obtained by all the Lenders at such time, then, in each case, such Lender shall (x) notify the Administrative Agent of such fact, and (y) purchase (for cash at face value) participations in the Obligations of the other Lenders due and payable or owing, as the case may be, or make such other adjustments as shall be equitable, so that the benefit of such excess payments shall be shared by all such Lenders; *provided that*:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section 2.11 shall not be construed to apply to (1) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or (2) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Revolving Loans to any assignee or participant.

(b) Each Credit Party consents to the foregoing and agrees, 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 such Credit Party rights of set-off and counterclaim (subject to Section 10.09) with respect to such participation as fully as if such Lender were a direct creditor of such Credit Party in the amount of such participation.

Section 2.12 *Defaulting Lenders.*

(a) Defaulting Lender 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) Defaulting Lender Waterfall. 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 8 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 10.09 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*, as the Borrower may request (so long as no Default or Event of Default shall have occurred and be continuing), to the funding of any Revolving Loan or L/C Disbursement on a pro rata basis 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; *third*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Revolving Loans and L/C Disbursements on a pro rata basis under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fifth*, so long as no Event of Default shall have occurred and be continuing, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, 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 Revolving Loans or reimbursement obligations with respect to Letters of Credit in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Revolving 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 Revolving Loans of, and reimbursement obligations with respect to Letters of Credit owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Revolving Loans of, or reimbursement obligations with respect to Letters of Credit owed to, such Defaulting Lender until such time as all Revolving Loans and funded and unfunded Letters of Credit are held by the Lenders pro rata in accordance with the applicable Revolving Commitments without giving effect to Section 2.12(a)(iii). 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 shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(ii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any fee pursuant to Section 2.08(a) for any period during which that Lender is a Defaulting Lender

(and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) With respect to any fees not required to be paid to any Defaulting Lender pursuant to clause (i) above, the Borrower 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 Pro Rata Share of Letters of Credit that has been reallocated to such Non-Defaulting Lender pursuant to clause (ii) below and (y) not be required to pay the remaining amount of any such fee.

(iii) Reallocation of Letters of Credit. With respect to any Letter of Credit outstanding at the time such Lender becomes a Defaulting Lender, with the consent of the beneficiary thereunder to the extent required under applicable law (including, if applicable, the Uniform Customs and Practices for Documentary Credits governing such Letter of Credit), but only if there has not occurred and shall not be continuing any Default or Event of Default unless all Non-Defaulting Lenders shall otherwise agree, (A) all or any part of such Defaulting Lender's Pro Rata Share of the outstanding Obligations with respect to Letters of Credit shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Pro Rata Shares but only to the extent (1) the sum of all Non-Defaulting Lenders' Revolving Exposures plus such Defaulting Lender's Revolving Exposure does not exceed the total of all Non-Defaulting Lenders' Commitments and (2) the sum of each Non-Defaulting Lender's Revolving Exposure plus the amount of such Defaulting Lender's Revolving Exposure reallocated to such Non-Defaulting Lender does not exceed such Non-Defaulting Lender's Revolving Commitment and (B) each such Letter of Credit shall be amended by the Administrative Agent to specify the Lenders that are parties to such Letter of Credit (excluding, for avoidance of doubt, such Lender), after giving effect to such event, and such Lenders' respective Pro Rata Shares as of the effective date of such amendment. Subject to Section 10.23, no reallocation pursuant to this Section 2.12(a)(iii) shall constitute a waiver or release of any claim by any party hereto against such Defaulting Lender arising from such Lender becoming a Defaulting Lender.

(b) Defaulting Lender Cure. If the Borrower and the Administrative Agent agree in writing that a Lender is no longer 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 at par that portion of outstanding Revolving Loans and Letters of Credit of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Revolving Loans and funded and unfunded Letters of Credit to be held pro rata by the Lenders in accordance with the applicable Revolving Commitments (without giving effect to Section 2.12(a)(iii)), whereupon such 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 Borrower 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 having been a Defaulting Lender.

(c) New Letters of Credit. So long as any Lender is a Defaulting Lender, the Pro Rata Shares of the Lenders in respect of any newly issued Letter of Credit shall be allocated among Non-Defaulting Lenders in a manner consistent with Section 2.12(a)(iii) above (and such Defaulting Lender shall have no obligation under each such Letter of Credit to the extent such Pro Rata Shares in respect thereof are so reallocated).

(d) Lender Counterparties. So long as any Lender is a Defaulting Lender, such Lender shall not be a contractual counterparty with respect to any Guaranteed Swap Contract entered into while such Lender was a Defaulting Lender.

Section 2.13 *Maturity Extensions of Revolving Loans.*

(a) The Borrower may, on up to two occasions from the Effective Date to the Commitment Termination Date, pursuant to the provisions of this Section 2.13, agree with one or more Lenders holding Revolving Loans and Revolving Commitments of any Class to extend the Commitment Termination Date of such Class of Loans for an additional one year period from such Commitment Termination Date and to provide for other terms consistent with this Section 2.13 (each such modification, an “**Extension**”) pursuant to a written offers (each, an “**Extension Offer**”) made by the Borrower to all Lenders under such Class that is proposed to be extended under this Section 2.13, in each case on a pro rata basis (based on the relative principal amounts of the outstanding Revolving Commitments of each Lender in such Class) and on the same terms to each such Lender. In connection with each Extension, the Borrower will provide notification to the Administrative Agent (for distribution to the Lenders of the applicable Class), not later than thirty (30) days prior to the then-applicable Commitment Termination Date of the requested new termination date for the extended Revolving Loans and Revolving Commitments of such Class (each, an “**Extended Termination Date**”) and the due date for Lender responses, which due date shall be no sooner than ten (10) Business Days after delivery of such notice by the Borrower. In connection with any Extension, each Lender of the applicable Class wishing to participate in such Extension shall, prior to such due date, provide the Administrative Agent with a written notice thereof in a form reasonably satisfactory to the Administrative Agent. Any Lender that does not respond to an Extension Offer by the applicable due date shall be deemed to have rejected such Extension. In connection with any Extension, the Borrower shall agree to such procedures, if any, as may be reasonably established by, or acceptable to, the Administrative Agent to accomplish the purposes of this Section 2.13.

(b) After giving effect to any Extension, the Revolving Commitments so extended shall cease to be a part of the Class of which they were a part immediately prior to the Extension and shall be a new Class hereunder; *provided* that at no time shall there be more than four (4) different Classes of Revolving Commitments; *provided, further*, that, (i) all Credit Extensions and all prepayments of Revolving Loans shall continue to be made on a ratable basis among all Lenders, based on the relative amounts of their Revolving Commitments, until the repayment of the Revolving Loans attributable to the non-extended Revolving Commitments on the applicable Commitment Termination Date, (ii) the allocation of the outstanding Obligations with respect to any then-existing or subsequently issued or made Letter of Credit as between the Revolving Commitments of such new “Class” and the remaining Revolving Commitments shall be made on a ratable basis in accordance with the relative amounts thereof until the applicable Commitment Termination Date has occurred, (iii) no termination of Extended Revolving Commitments and no

repayment of Extended Revolving Loans accompanied by a corresponding permanent reduction in Extended Revolving Commitments shall be permitted unless such termination or repayment (and corresponding reduction) is accompanied by at least a pro rata termination or permanent repayment (and corresponding pro rata permanent reduction), as applicable, of the Existing Revolving Loans and Existing Revolving Commitments (or all Existing Revolving Commitments of such Class and related Existing Revolving Loans shall have otherwise been terminated and repaid in full) and (iv) with respect to Letters of Credit, the Commitment Termination Date with respect to the Revolving Commitments may not be extended without the prior written consent of the Administrative Agent. If the Total Utilization of Revolving Commitments exceeds the Revolving Commitments as a result of the occurrence of the Commitment Termination Date (or the applicable Extended Termination Date with respect to any Class of Revolving Loans or Class of Revolving Commitments extended pursuant to this [Section 2.13](#)) while an extended Class of Revolving Commitments remains outstanding, the Borrower shall make such payments as are necessary in order to eliminate such excess on such date.

(c) The consummation and effectiveness of each Extension shall be subject to the following:

(i) no Default or Event of Default shall have occurred and be continuing at the time any Extension Offer is delivered to the Lenders or at the time of such Extension (after giving effect to such Extension);

(ii) the Revolving Loans or Revolving Commitments, as applicable, of any Lender extended pursuant to any Extension (as applicable, “**Extended Revolving Loans**” or “**Extended Revolving Commitments**”) shall have the same terms as the Class of Revolving Loans or Revolving Commitments, as applicable, subject to the related Extension Amendment (as applicable, “**Existing Revolving Loans**” or “**Existing Revolving Commitments**”); except (A) the final maturity date of any Extended Revolving Commitments of a Class to be extended pursuant to an Extension may be later than the Latest Maturity Date at the time of such Extension, and the Weighted Average Life to Maturity of any Extended Revolving Commitments of a Class to be extended pursuant to an Extension shall be no shorter than the Weighted Average Life to Maturity of the Class of Existing Revolving Commitments, as applicable, subject to the Latest Maturity Date at the time of such Extension; (B) the all-in pricing (including, without limitation, margins, fees and premiums) with respect to the Extended Revolving Loans or Extended Revolving Commitments, as applicable, may be higher or lower than the all-in pricing (including, without limitation, margins, fees and premiums) for the Existing Revolving Loans or Existing Revolving Commitments, as applicable; (C) the revolving credit commitment fee rate with respect to the Extended Revolving Commitments may be higher or lower than the revolving credit commitment fee rate for Existing Revolving Commitments, in each case, to the extent provided in the applicable Extension Amendment; (D) no repayment of any Extended Revolving Loans or Extended Revolving Commitments, as applicable, shall be permitted unless such repayment is accompanied by an at least pro rata repayment of all earlier maturing Loans (including previously extended Loans) (or all earlier maturing Loans (including previously extended Loans) shall otherwise be or have been terminated and repaid in full); (E) the Extended Revolving Loans and/or Extended Revolving Commitments may contain a “most favored nation” provision for the benefit of Lenders

holding Extended Revolving Commitments; and (F) the other terms and conditions applicable to Extended Revolving Loans and/or Extended Revolving Commitments may be terms different than those with respect to the Existing Revolving Loans or Existing Revolving Commitments, as applicable, so long as such terms and conditions only apply after the Latest Maturity Date; *provided, further*, that each Extension Amendment may, without the consent of any Lender other than the applicable extending Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent and the Borrower, to give effect to the provisions of this Section 2.13, including any amendments necessary to treat the applicable Loans and/or Revolving Commitments of the extending Lenders as a new “Class” of loans and/or commitments hereunder; *provided, however*, that no Extension Amendment may provide for any Class of Extended Revolving Commitments to be secured by any assets of any Restricted Subsidiary that do not also secure the Existing Revolving Commitments;

(iii) all documentation in respect of such Extension shall be consistent with the foregoing, and all written communications by the Borrower generally directed to the applicable Lenders under the applicable Class in connection therewith shall be in form and substance consistent with the foregoing and otherwise reasonably satisfactory to the Administrative Agent;

(iv) the aggregate amount of the Extended Revolving Commitments extended pursuant to such Extension shall be more than 50% of the aggregate amount of the Revolving Commitments in effect immediately prior to such Extension; and

(v) no Extension shall become effective unless, on the proposed effective date of such Extension, the conditions precedent set forth in Section 4.02(a), (b) and (c) shall be satisfied (with all references in such Section to the making of a Loan being deemed to be references to the Extension on the applicable date of such Extension), and the Administrative Agent shall have received a certificate to that effect dated the applicable date of such Extension and executed by a Responsible Officer of the Borrower.

(d) For the avoidance of doubt, it is understood and agreed that the provisions of Section 2.08 and Section 10.04 will not apply to any payment of interest or fees in respect of any Extended Revolving Commitments that have been extended pursuant to an Extension at a rate or rates different from those paid or payable in respect of Revolving Loans of any other Class, in each case as is set forth in the relevant Extension Offer made pursuant to and in accordance with the provisions of this Section 2.13 with respect to such Extensions of Revolving Commitments.

(e) No Lender who rejects any request for an Extension shall be deemed a Non-Consenting Lender for purposes of Section 10.14.

(f) The Lenders hereby irrevocably authorize the Administrative Agent to enter into amendments (collectively, “**Extension Amendments**”) to this Agreement and the other Loan Documents as may be necessary in order to establish new Classes of Revolving Commitments created pursuant to an Extension, in each case on terms consistent with this Section 2.13, so long as the Lenders shall have received at least five (5) Business Days’ prior written notice of any

Extension Amendment and the Administrative Agent shall not have received, within five (5) Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such Extension Amendment; *provided*, that all such Extension Amendments entered into with the Borrower by the Administrative Agent hereunder shall be binding on the Lenders. Without limiting the foregoing, in connection with any Extension, (i) the Borrower and the appropriate Guarantors and Subsidiaries shall (at their expense) amend (and the Administrative Agent is hereby directed to amend) any Loan Document that the Administrative Agent reasonably requests to be amended to reflect the then latest Extended Termination Date and (ii) the Borrower and the appropriate Guarantors and Subsidiaries shall deliver such board resolutions, secretary's certificates, officer's certificates and other documents as shall reasonably be requested by the Administrative Agent in connection therewith and, if requested by the Administrative Agent, a legal opinion of counsel in form and substance reasonably acceptable to the Administrative Agent.

(g) Promptly following the consummation and effectiveness of any Extension, the Borrower will furnish to the Administrative Agent (who shall promptly furnish to each Lender) written notice setting forth the Extended Termination Date and material economic terms of the Extension and the aggregate principal amount of each Class of Revolving Loans and Revolving Commitments after giving effect to the Extension and attaching a copy of the fully executed Extension Amendment.

Section 2.14 *Provisions Relating to NAIC Approved Banks.* If, at any time from and after the Effective Date, any Lender is not or ceases to be a NAIC Approved Bank, such Lender shall promptly notify the Borrower and the Administrative Agent thereof. Each Lender agrees to use commercially reasonable efforts, at all times from and after the Effective Date, (a) to be a NAIC Approved Bank or (b) if such Lender is not or ceases to be a NAIC Approved Bank, (i) to maintain in effect a Confirming Bank Agreement with a Confirming Bank (which Confirming Bank (if not a Lender), prior to entering into such Confirming Bank Agreement, shall be subject to the prior written consent of the Borrower and the Administrative Agent (such consent, in each case, not to be unreasonably withheld)) upon such terms and conditions as such parties may agree or (ii) to maintain in effect a Limited Fronting Lender Agreement with a Limited Fronting Lender upon such terms and conditions as such parties may agree. In the event that any Person (including any other Lender) agrees to act as a Confirming Bank or a Limited Fronting Lender for any Lender which is a Non-NAIC Approved Bank, such other Person shall receive such compensation therefor as such Non-NAIC Approved Bank and such Person may agree. If any Lender shall enter into a Confirming Bank Agreement or a Limited Fronting Lender Agreement hereunder at any time, it shall promptly furnish a copy thereof to the Borrower and the Administrative Agent and, thereafter, promptly notify the Borrower and the Administrative Agent of the termination or expiration of such Confirming Bank Agreement or Limited Fronting Lender Agreement, as the case may be. Notwithstanding anything herein to the contrary, no Lender shall have any obligation to agree to act hereunder as a Confirming Bank or a Limited Fronting Lender for any other Lender.

Section 2.15 *Incremental Facilities.*

(a) The Borrower may, by written notice to the Administrative Agent, elect to request prior to the Commitment Termination Date, an increase to the then-existing Revolving Commitments (any such increase, "**New Revolving Commitments**"), by an amount not in excess

of the Increase Amount at such time and not less than \$10,000,000 individually (or such lesser amount which shall be approved by the Administrative Agent or such lesser amount that shall equal the Increase Amount at such time), and integral multiples of \$1,000,000 in excess of that amount. Each such notice shall specify (A) the date (each, an “**Increased Amount Date**”) on which the Borrower proposes that the New Revolving Commitments shall be effective, which shall be a date not less than 10 Business Days after the date on which such notice is delivered to the Administrative Agent and (B) the identity of each Lender or other Person that is an Eligible Assignee (each, a “**New Revolving Loan Lender**”) to whom the Borrower proposes any portion of such New Revolving Commitments be allocated and the amounts of such allocations; *provided* that the Administrative Agent may elect or decline to arrange such New Revolving Commitments in its sole discretion and any Lender approached to provide all or a portion of the New Revolving Commitments may elect or decline, in its sole discretion, to provide a New Revolving Commitment. Such New Revolving Commitments shall become effective as of such Increased Amount Date; *provided* that (1) no Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to such New Revolving Commitments; (2) all of the representations and warranties contained herein or in any Loan Document (other than the representations and warranties contained in Sections 5.05 and 5.11(c)) shall be true and correct in all material respects on and as of such Increased Amount Date to the same extent as though made on and as of such Increased Amount Date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date; *provided* that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof, (3) Holdings and its Subsidiaries shall be in pro forma compliance with Sections 7.09 and 7.10 as of the last day of the most recently ended Fiscal Quarter after giving effect to such New Revolving Commitments; (4) all New Revolving Commitments shall be effected pursuant to one or more Joinder Agreements executed and delivered by the Borrower, the New Revolving Loan Lender and the Administrative Agent, each of which shall be recorded in the Register and each New Revolving Loan Lender shall be subject to the requirements set forth in Section 3.01(e); (5) Holdings shall make any payments required pursuant to Section 3.04 in connection with the New Revolving Commitments; and (6) the Borrower shall deliver or cause to be delivered any legal opinions or other documents reasonably requested by the Administrative Agent in connection with any such transaction.

(b) On any Increased Amount Date on which New Revolving Commitments are effected, subject to the satisfaction of the foregoing terms and conditions, (i) (x) each of the Revolving Lenders shall assign to each of the New Revolving Loan Lenders, and each of the New Revolving Loan Lenders shall purchase from each of the Revolving Lenders, at the principal amount thereof, such interests in the Revolving Loans outstanding on such Increased Amount Date and (y) each outstanding Letter of Credit shall be amended in accordance with the procedures set forth in Section 2.02(d), in each case as shall be necessary in order that, after giving effect to all such assignments and purchases, the Revolving Exposure will be held by then-existing Revolving Lenders and New Revolving Loan Lenders ratably in accordance with their Revolving Commitments after giving effect to the addition of such New Revolving Commitments to the Revolving Commitments, (ii) each New Revolving Commitment shall be deemed for all purposes a Revolving Commitment and each Loan made thereunder (a “**New Revolving Loan**”) shall be deemed, for all purposes, a Revolving Loan and (iii) each New Revolving Loan Lender shall become a Lender with respect to the New Revolving Commitment and all matters relating thereto.

For the avoidance of doubt, the terms and provisions of the New Revolving Loans and New Revolving Commitments shall be documented solely as an increase, and shall be identical, to the then-existing Revolving Commitments.

The Administrative Agent shall notify Lenders promptly upon receipt of the Borrower's notice of each Increased Amount Date and in respect thereof (x) the New Revolving Commitments and the New Revolving Loan Lenders, and (y) the respective interests in such Lender's Revolving Loans, in each case subject to the assignments contemplated by this Section 2.15.

ARTICLE 3
TAXES, YIELD PROTECTION AND ILLEGALITY

Section 3.01 *Taxes.*

(a) Payments Free of Indemnified Taxes and Other Taxes. Any and all payments by or on account of any obligation of any Credit Party hereunder or under any other Loan Document shall be made free and clear of and without deduction or withholding for any Taxes, *provided* that if any applicable withholding agent shall be required by applicable law to deduct or withhold any Taxes from such payments, then (i) the applicable withholding agent shall make such deductions or withholdings, (ii) the applicable withholding agent shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and (iii) if such Tax is an Indemnified Tax, the sum payable by the applicable Credit Party shall be increased as necessary so that after all required deductions or withholdings have been made (including deductions applicable to additional sums payable under this Section 3.01) the Administrative Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made.

(b) Payment of Other Taxes by the Borrower. Without limiting the provisions of subsection (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Indemnification by the Borrower. Without duplication of the provisions of subsection (a) above, the Borrower shall indemnify the Administrative Agent and each Lender, within ten (10) Business Days after written demand therefor, for the full amount of any Indemnified Taxes in respect of payments under any Loan Document (including Indemnified Taxes imposed on or attributable to amounts payable under this Section 3.01) that are imposed on or payable by the Administrative Agent or such Lender, as the case may be, and reasonable expenses arising therefrom, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; *provided*, that the Borrower shall not be required to indemnify the Administrative Agent or a Lender pursuant to this Section 3.01 for any Indemnified Taxes to the extent that such recipient fails to notify the Borrower within 270 days after the date on which such Person has made payment of such Indemnified Taxes; *provided, further*, that, if the Indemnified Taxes imposed or asserted giving rise to such claims are retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof. A certificate setting forth the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the

Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes by any Credit Party to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders. Each Lender shall deliver to the Borrower and to the Administrative Agent, whenever reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable laws and such other reasonably requested information as will permit such payments to be made without withholding or at a reduced rate. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. If any form, certification or other documentation provided by a Lender pursuant to this Section 3.01(e) (including any of the specific documentation described below) expires or becomes obsolete or inaccurate in any respect, such Lender shall promptly notify the Borrower and the Administrative Agent in writing and shall promptly update or otherwise correct the affected documentation or promptly notify the Borrower and the Administrative Agent in writing that such Lender is not legally eligible to do so.

Without limiting the generality of the foregoing,

(A) any Lender that is a “United States person” within the meaning of Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent duly completed and executed copies of IRS Form W-9 or such other documentation or information prescribed by applicable laws or reasonably requested by the Borrower or the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon request of the Borrower or the Administrative Agent) as will enable the Borrower or the Administrative Agent, as the case may be, to determine that such Lender is not subject to U.S. federal backup withholding or information reporting requirements;

(B) each Foreign Lender that is entitled under the Code or any applicable treaty to an exemption from or reduction of U.S. federal withholding tax with respect to any payments hereunder or under any other Loan Document shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrower or the Administrative Agent), duly completed and executed copies of whichever of the following is applicable:

- (i) IRS Form W-8BEN or W-8BEN-E claiming eligibility for benefits of an income tax treaty to which the United States is a party,

(ii) IRS Form W-8ECI (or any successor thereto) claiming that specified payments (as applicable) under this Agreement or any other Loan Documents (as applicable) constitute income that is effectively connected with such Foreign Lender's conduct of a trade or business in the United States,

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code (the "**Portfolio Interest Exemption**"), (x) a certificate (a "**Tax Status Certificate**"), substantially in the form of Exhibit F-1, to the effect that such Foreign Lender is not (1) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (2) a "10 percent shareholder" of the Borrower, within the meaning of Section 881(c)(3)(B) of the Code or (3) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code, and that no interest to be received is effectively connected with a U.S. trade or business and (y) IRS Form W-8BEN or W-8BEN-E,

(iv) where such Lender is a partnership (for U.S. federal income tax purposes) or otherwise not a beneficial owner (e.g., where such Lender has sold a participation), IRS Form W-8IMY (or any successor thereto), (if so required) a Tax Status Certificate substantially in the form of Exhibit F-2 or Exhibit F-4, IRS Form W-9, and all required supporting documentation (including, where one or more of the underlying beneficial owner(s) is claiming the benefits of the Portfolio Interest Exemption, a Tax Status Certificate of such beneficial owner(s); *provided* that, if the Foreign Lender is a partnership and not a participating Lender, a Tax Status Certificate substantially in the form of Exhibit F-3 from the beneficial owner(s) shall be provided by the Foreign Lender on behalf of the beneficial owner(s)), or

(v) any other form prescribed by applicable laws as a basis for claiming exemption from or a reduction in United States federal withholding tax together with such supplementary documentation as may be prescribed by applicable laws to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(C) each Lender shall deliver to the Borrower and the Administrative Agent (in such number of duly completed and executed copies as shall be requested by the recipient), at such time or times reasonably requested by the Borrower or the Administrative Agent, such documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent (1) to comply with the Borrower's and/or Administrative Agent's obligations under FATCA, (2) to determine that such Lender has complied with such Lender's obligations under FATCA and/or (3) to determine the amount to deduct and withhold from any payment under this Agreement or the other Loan Documents pursuant to FATCA. Solely for purposes of this clause (C), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Notwithstanding anything to the contrary in this Section 3.01(e), no Lender shall be required to deliver any documentation that it is not legally eligible to provide.

(f) Status of Administrative Agent. The Administrative Agent shall deliver the following to the Borrower on or before the date on which it becomes the Administrative Agent

under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower): (1) if the Administrative Agent is not acting through a U.S. office, (x) executed copies of IRS Form W-8BEN-E with respect to any amounts payable to the Administrative Agent for its own account and (y) executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, and/or other certification documents from each beneficial owner, as applicable with respect to any amounts payable to the Administrative Agent for the account of others; provided, however, that no additional amounts for non-U.S. Taxes and non-U.S. Other Taxes shall be payable by the Borrower under Section 3.01 or Section 3.03(a) if such additional amounts or Other Taxes would not have been payable had the Administrative Agent acted through a U.S. office; provided, further, that such additional amounts for Taxes and Other Taxes shall be payable in accordance with Section 3.01 and Section 3.03(a) to the extent that such Taxes that are payable as a result of a change in law that occurred after the date hereof; and (2) if the Administrative Agent is acting through a U.S. office, (x) executed copies of IRS Form W-8ECI with respect to any amounts payable to the Administrative Agent for its own account and (y) executed copies of IRS Form W-8IMY with respect to any amounts payable to the Administrative Agent for the account of others, certifying that it is a “U.S. branch,” that the payments its receives for the account of others are not effectively connected with the conduct of its trade or business within the United States and that it is using such form as evidence of its agreement with the Borrower to be treated as a U.S. person with respect to such payments (and the Borrower and the Administrative Agent agree to so treat the Administrative Agent as a U.S. person with respect to such payments as contemplated by Section 1.1441-1(b)(2)(iv) of the United States Treasury Regulations).

(g) Treatment of Certain Refunds. If the Administrative Agent or any Lender determines, in its good faith discretion, that it has received a refund in cash of any Indemnified Taxes as to which it has been indemnified by a Credit Party or with respect to which a Credit Party has paid additional amounts pursuant to this Section 3.01, it shall promptly pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Credit Party under this Section 3.01 with respect to the Indemnified Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender (including any Taxes), 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 the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority (other than any penalties arising from the gross negligence or willful misconduct of the Administrative Agent or the Lender as determined in a final, non-appealable judgment by a court of competent jurisdiction)) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. Such Lender or Administrative Agent, as the case may be, shall, at the Borrower’s reasonable request, provide the Borrower with a copy of any notice of assessment or other evidence reasonably satisfactory to the Borrower of the requirement to repay such refund received from the relevant taxing authority. This subsection shall not be construed to require the Administrative Agent, or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

Section 3.02 *Illegality*.

(a) If any Lender reasonably and in good faith determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, after the Effective Date, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make LIBOR Rate Loans, then, on notice thereof by the Lender to the Borrower through the Administrative Agent, any obligation of that Lender to make LIBOR Rate Loans shall be suspended until the Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist.

(b) If a Lender reasonably and in good faith determines that it is unlawful for such Lender to maintain any LIBOR Rate Loan after the Effective Date, on notice thereof by the Lender to the Borrower through the Administrative Agent, such LIBOR Rate Loans of that Lender then outstanding, either on the last day of the Interest Period thereof, if the Lender may lawfully continue to maintain such LIBOR Rate Loans to such day, or immediately, if the Lender may not lawfully continue to maintain such LIBOR Rate Loan, shall convert to a Base Rate Loan on such applicable date and within three (3) Business Days after the Borrower's receipt of such notice the Borrower shall pay to the applicable Lender accrued interest on such LIBOR Rate Loan along with all amounts required under Section 3.04.

(c) If the obligation of any Lender to make or maintain LIBOR Rate Loans has been so terminated or suspended, the Borrower may elect, by giving notice to the Lenders through the Administrative Agent, that all Revolving Loans which would otherwise be made or maintained by the Lenders as LIBOR Rate Loans shall instead be Base Rate Loans.

(d) If any Lender gives a notice pursuant to this Section 3.02, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its LIBOR Rate Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate the need for the notice pursuant to this Section 3.02, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material economic, legal or regulatory respect.

Section 3.03 *Increased Costs and Reduction of Return.*

(a) If any Lender reasonably and in good faith determines that, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance by that Lender with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) after the later of (x) the Effective Date and (y) the date such Lender becomes a party to this Agreement, there shall be any increase in the cost (including Taxes, other than (i) Taxes described in clauses (b) and (c) of the definition of "Excluded Taxes", (ii) Connection Income Taxes and (iii) Indemnified Taxes) to such Lender of agreeing to make or making, funding or maintaining any Loans or participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligations to participate in or issue any Letter of Credit), or any reduction in the amount of any sum received or receivable by such Lender, then the Borrower shall be liable for, and shall from time to time, promptly upon written demand (with a copy of such demand to be sent to the Administrative Agent), pay to the Administrative Agent for the account of such Lender, additional amounts as are sufficient to compensate such

Lender for such increased costs or reduction suffered, to the extent such Lender is imposing such costs on borrowers that are similarly situated to the Borrower with respect to whom such Lender has similar rights of compensation.

(b) If any Lender reasonably and in good faith shall have determined that (i) the introduction of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Lender (or its Lending Office) or any corporation controlling the Lender with any Capital Adequacy Regulation, in each case after the later of (x) the Effective Date and (y) the date such Lender becomes a party to this Agreement, affects or would affect the amount of capital or liquidity required or expected to be maintained by the Lender or any corporation controlling the Lender and (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy or liquidity and such Lender's desired return on capital) determines that the amount of such capital or liquidity is increased as a consequence of its Revolving Commitment, loans, credits or obligations under this Agreement, then, thirty (30) days after written demand by such Lender to the Borrower through the Administrative Agent, the Borrower shall pay to the Lender, from time to time as specified by the Lender, additional amounts sufficient to compensate the Lender for such increase, to the extent such Lender is employing such increase with respect to borrowers that are similarly situated to the Borrower with respect to whom such Lender has similar rights of compensation.

(c) Notwithstanding anything herein to the contrary, for all purposes of the Loan Documents, all requests, rules, guidelines or directives concerning liquidity and capital adequacy issued by any United States regulatory authority (i) under or in connection with the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act and (ii) in connection with the implementation of the recommendations of the Bank for International Settlements or the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority), in each case pursuant to Basel III, regardless of the date adopted, issued, promulgated or implemented are deemed to have been adopted and to have taken effect after the date hereof and after the date any Lender becomes a party to this Agreement.

(d) The Borrower shall not be required to compensate any Lender pursuant to this Section 3.03 for any increased costs or reduced returns to the extent such Lender makes written demand on the Borrower for compensation later than 270 days after the date any such increased cost or reduced return is incurred; *provided* that, if the change in law giving rise to any such increased cost or reduced giving rise to such claims are retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof. A certificate setting forth the amount of such increased costs or reduced returns delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

Section 3.04 *Funding Losses*. The Borrower shall reimburse each Lender and hold each Lender harmless from any loss (other than loss of profits or the Applicable Margin), expense or liability which the Lender may sustain or incur as a consequence of:

- (a) the failure of the Borrower to make on a timely basis any payment of principal of any LIBOR Rate Loan;
- (b) the failure of the Borrower to continue a LIBOR Rate Loan after the Borrower has given (or is deemed to have given) a Conversion/Continuation Notice thereof;
- (c) the failure of the Borrower to make any prepayment of a LIBOR Rate Loan in accordance with any notice of prepayment given by the Borrower;
- (d) the prepayment (including pursuant to Section 2.06) or other payment (including after acceleration thereof) of a LIBOR Rate Loan on a day that is not the last day of the relevant Interest Period;
- (e) a Credit Extension of any LIBOR Rate Loan does not occur on a date specified therefor in a Loan Notice delivered by or on behalf of the Borrower, or a conversion to or continuation of any LIBOR Rate Loan does not occur on a date specified therefor in a Conversion/Continuation Notice delivered by or on behalf of the Borrower; or
- (f) any conversion of any of its LIBOR Rate Loans occurring on a date prior to the last day of an Interest Period applicable to the Revolving Loan;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its LIBOR Rate Loans or from fees payable to terminate the deposits from which such funds were obtained, but excluding any administrative fee or other amount chargeable by such Lender for the calculation of such loss.

Section 3.05 *Effect of Benchmark Transition Event*

(a) Benchmark Replacement.

(i) Notwithstanding anything to the contrary herein or in any other Loan Document (and any Swap Contract shall be deemed not to be a “Loan Document” for purposes of this Section 3.05):

(A) LIBOR Replacement. Upon the occurrence of a LIBOR Replacement Date, the Benchmark Replacement will replace USD LIBOR for all purposes hereunder and under any other Loan Document in respect of any setting of USD LIBOR on such LIBOR Replacement Date and for all subsequent settings of USD LIBOR without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document. For Loans denominated in Dollars, if the Benchmark Replacement is Daily Simple SOFR, all interest payments on such Loans will be payable on a quarterly basis.

(B) Future Benchmark Replacement. If a Benchmark Transition Event occurs after the date hereof with respect to any then current Benchmark and a Benchmark Replacement is determined in accordance with clause (a)(C) or clause (b) of “Benchmark Replacement”, then such Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder and under any Loan

Document in respect of any Benchmark setting at or after 5:00 p.m. 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 Required Lenders. At any time that the administrator of the then-current Benchmark has permanently or indefinitely ceased to provide such Benchmark or such Benchmark has been announced by the regulatory supervisor for the administrator of such Benchmark pursuant to public statement or publication of information to be no longer representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored, the Borrower may revoke any request for a LIBOR Rate Borrowing of, conversion to or continuation of LIBOR Rate Loans to be made, converted or continued that would bear interest by reference to such Benchmark until the Borrower's receipt of notice from the Administrative Agent that a Benchmark Replacement has replaced such Benchmark and, failing that the Borrower will be deemed to have converted any such request for a LIBOR Rate Borrowing denominated in Dollars into a request for a LIBOR Rate Borrowing of or conversion to Base Rate Loans. During the period referenced in the foregoing sentence, the component of Base Rate based upon the then-current Benchmark will not be used in any determination of Base Rate. Furthermore, if any LIBOR Rate Loan is outstanding on the date of the Borrower's receipt of such notice from the Administrative Agent with respect to a then-current Benchmark applicable to such LIBOR Rate Loan, then until such time as a Benchmark Replacement for such then-current Benchmark is implemented pursuant to this Section 3.05, 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), such Loan shall be converted by the Administrative Agent to, and shall constitute, an Base Rate Loan denominated in Dollars on such day.

(ii) Term SOFR Transition Event. Notwithstanding anything to the contrary in this Agreement or in any other Loan Document, if a Term SOFR Transition Event shall have occurred and the Administrative Agent shall have delivered a Term SOFR Notice to the Lenders and the Borrower, then on the date that is thirty (30) days after the delivery of such Term SOFR Notice the "Benchmark Replacement" shall revert to and shall be deemed to be the sum of (a) Term SOFR and (b) the related Benchmark Replacement Adjustment and will replace the then-current Benchmark for all purposes hereunder or 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. For the avoidance of doubt, the Administrative Agent shall not be required to deliver a Term SOFR Notice after a Term SOFR Transition Event and may elect or not elect to do so in its sole discretion upon notice to and after consultation with the Borrower.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation and administration of a Benchmark Replacement, the Administrative Agent 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).

(c) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event or a Term SOFR Transition Event (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, and (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (d) below. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, the Borrower or any Lender (or group of Lenders) pursuant to this Section 3.05, 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 3.05.

(d) Unavailability of Tenor of Benchmark. At any time (including in connection with the implementation of a Benchmark Replacement), (i) if a then-current Benchmark is a term rate (including Term SOFR or USD LIBOR), then the Administrative Agent may remove any tenor of such Benchmark that is unavailable (including as a result of such tenor not being displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in consultation with the Borrower) or non-representative for Benchmark (including Benchmark Replacement) settings and (ii) the Administrative Agent may reinstate any such previously removed tenor for such Benchmark (including Benchmark Replacement) settings.

(e) Tax Matters. Notwithstanding anything herein or in any other Loan Document to the contrary, any Benchmark Replacement pursuant to this Section 3.05 shall be required to meet the standards set forth in Proposed United States Treasury Regulations under Section 1.1001-6 (or any successor United States Treasury Regulations or other official IRS guidance promulgated that supersedes such Proposed United States Treasury Regulations) such that that use of the Benchmark Replacement is not treated as a “modification” (and therefore an exchange) of any Loans for purposes of Treasury Regulations Section 1.1001-3 (and, if the Administrative Agent determines in good faith consultation with the Borrower that the Benchmark Replacement as determined pursuant to clauses (a) or (b) of the definition thereof does not meet such standards, the Administrative Agent and the Borrower shall cooperate in good faith to make such commercially reasonable adjustments to the Benchmark Replacement that are necessary to ensure that that the use of the Benchmark Replacement is not treated as a “modification” (and therefore an exchange) of any Loans for purposes of Treasury Regulations Section 1.1001-3).

Section 3.06 *Certificates of Lenders.* Any Lender claiming reimbursement or compensation under this Article 3 shall deliver to the Borrower (with a copy to the Administrative Agent) a certificate setting forth in reasonable detail the amount payable to the Lender hereunder and such certificate shall be conclusive and binding on the Borrower in the absence of

demonstrable error. Such certificate shall set forth in reasonable detail the methodology used in determining the amount payable to the Lender.

Section 3.07 *Substitution of Lenders*. If the Borrower receives from any Lender notice of a claim for compensation under Section 3.01 or 3.03 or notice of illegality under Section 3.02, the Borrower may, upon notice to such Lender and the Administrative Agent, replace such Lender by causing such Lender to assign its Revolving Loans and Revolving Commitment (with the assignment fee to be paid by the Borrower in such instance) pursuant to Section 10.07(b) to one or more other Lenders or Eligible Assignees procured by the Borrower; provided that (x) the Borrower shall be obligated to replace all Lenders that have made similar requests and (y) each such Lender shall have received payment of an amount equal to the outstanding principal of its Revolving Loans, accrued interest thereon, accrued fees and all other amounts payable to it under the Loan Documents from the applicable assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts). The Borrower shall release such Lender from its obligations under the Loan Documents. Any Lender being replaced shall execute and deliver an Assignment and Assumption with respect to such Lender's outstanding Revolving Loans.

Section 3.08 *Survival*. The agreements and obligations of the Borrower in Section 3.01, Section 3.03 and Section 3.04 and the agreements and obligations of the Lenders in Section 3.06 shall survive the termination of this Agreement and the payment of all other Obligations.

ARTICLE 4
CONDITIONS PRECEDENT

Section 4.01 *Conditions to Effectiveness*. This Agreement shall become effective on the date that each of the following conditions precedent are satisfied or waived:

(a) The Administrative Agent shall have received each of the following, each of which shall be originals or facsimiles or Adobe PDFs delivered by electronic mail (followed promptly by originals) unless otherwise specified:

(i) from each party hereto, a counterpart of this Agreement executed by such party; and

(ii) a Revolving Loan Note executed by the Borrower in favor of each Lender that has requested a Revolving Loan Note at least two (2) Business Days prior to the Effective Date.

(b) The Guarantee Requirement shall have been satisfied.

(c) The Collateralized L/C Collateral Requirement shall have been satisfied.

(d) The Administrative Agent shall have received:

(i) copies of the resolutions of the board of directors, authorized subcommittee thereof, or other equivalent body of each Credit Party authorizing the Transactions to which

such Credit Party is a party, certified as of the Effective Date by the Secretary or an Assistant Secretary of such Credit Party;

(ii) a certificate of the Secretary or Assistant Secretary of each Credit Party certifying the names and true signatures of the officers of such Credit Party authorized to execute, deliver and perform, as applicable, this Agreement and all other Loan Documents to be delivered by such Credit Party hereunder;

(iii) the articles or certificate of incorporation or equivalent document of each Credit Party as in effect on the Effective Date, certified by the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation or organization as of a recent date;

(iv) the bylaws or equivalent documents (including, in respect of any Credit Party incorporated in Bermuda, its memorandum of association and bye-laws) of each Credit Party as in effect on the Effective Date, certified by the Secretary or Assistant Secretary of such Credit Party as of the Effective Date;

(v) the register of directors and officers and register of members of each Credit Party incorporated in Bermuda, certified by the Secretary or Assistant Secretary of such Credit Party as of the Effective Date;

(vi) a certificate of good standing or equivalent document for each Credit Party from the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation or organization as of a recent date;

(vii) a tax assurance certificate issued to each Credit Party incorporated in Bermuda, certified by the Secretary or Assistant Secretary of such Credit Party as of the Effective Date; and

(viii) certified copies of Uniform Commercial Code, tax and judgment lien searches, or equivalent reports or searches, each of a recent date listing all effective financing statements, lien notices or comparable documents that name any Credit Party as debtor and that are filed in those state and county jurisdictions in which any Credit Party is organized or maintains its principal place of business and such other searches that the Administrative Agent reasonably deems necessary and requested at least five (5) days prior to the Effective Date.

(e) The Administrative Agent shall have received a written opinion, reasonably acceptable to the Administrative Agent in form and substance (addressed to the Administrative Agent and the Lenders and dated the Effective Date), from each of (i) Sidley Austin LLP, counsel for the Credit Parties, and (ii) Appleby (Bermuda) Limited, Bermuda counsel for Holdings.

(f) The Administrative Agent shall have been paid (i) all costs, fees and expenses (including, without limitation, Attorney Costs of the Administrative Agent, the Arrangers, the Bookrunners and recording taxes and fees) to the extent then due and payable to the Administrative Agent, the Arrangers or the Bookrunners and (ii) all other compensation contemplated by the Commitment Letter and each Fee Letter payable to the Administrative Agent, the Arrangers, the

Bookrunners or the Lenders on or before the Effective Date, in each case to the extent invoiced at least two (2) Business Days prior to the Effective Date.

(g) All principal, premium, if any, interest, fees and other amounts due or outstanding under the Existing Credit Agreement shall have been paid in full, the commitments under the Existing Credit Agreement shall have been terminated and all guarantees and Liens existing in connection with the Existing Credit Agreement shall have been discharged and released, and the Administrative Agent shall have received reasonably satisfactory evidence thereof.

(h) The Administrative Agent shall have received (i) a certificate signed by a Responsible Officer of Holdings on behalf of the Borrower, dated as of the Effective Date, (A) confirming that Holdings and its Restricted Subsidiaries have received all required approvals of the Transactions from each applicable Governmental Authority except applicable regulatory approvals of Governmental Authorities required under applicable law in connection with the enforcement of any Collateralized L/C Security Document and (B) certifying that the conditions precedent specified in this Section 4.01(h), (i), (k), (l) and (n) have been satisfied and (ii) a solvency certificate executed by a Responsible Officer of Holdings, substantially in the form of Exhibit H.

(i) All governmental and regulatory authorizations necessary in connection with the financing contemplated hereby shall have been obtained and be in full force and effect.

(j) Each Credit Party shall have provided the documentation and other information to the Administrative Agent as the Lenders reasonably determine are required by bank regulatory authorities under applicable “know-your-customer” and Anti-Money Laundering Laws, including the PATRIOT Act, at least two (2) Business Days prior to the Effective Date as has been reasonably requested in writing at least four (4) Business Days prior to the Effective Date by the Lenders. The Borrower shall have delivered a Beneficial Ownership Certification to the Administrative Agent and each Lender requesting one.

(k) There will not exist (after giving effect to the financing hereunder) any “event of default” under any Material Indebtedness of Holdings or its Subsidiaries.

(l) The organizational structure of Holdings and its Subsidiaries will be as set forth on Schedule 4.01(l).

(m) The Administrative Agent and the Lenders shall have received at least five (5) calendar days prior to the Effective Date (i) the Historical Financial Statements and (ii) the most recent Annual Statements and Quarterly Statements (for those periods ending after delivery of the most recent Annual Statements for each Insurance Subsidiary) of each Insurance Subsidiary as filed with the insurance regulator of such Insurance Subsidiary’s jurisdiction of domicile on or prior to such date, in each case, to the extent such reports and statements have been prepared by such Insurance Subsidiaries.

(n) All of the representations and warranties contained herein or in any Loan Document shall be true and correct in all material respects on and as of the Effective Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have

been true and correct in all material respects on and as of such earlier date; *provided* that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof.

Section 4.02 *Conditions to All Borrowings and Letter of Credit Issuances.* The obligation of any Lender to make any Loans or to issue, renew or extend any Letter of Credit, on any Borrowing Date (including on the Effective Date) is subject to satisfaction of the following conditions precedent:

(a) All of the representations and warranties contained herein or in any Loan Document by any Credit Party (other than the representations and warranties contained in Sections 5.05 and 5.11(c)), shall be true and correct in all material respects on and as of such Borrowing Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date; *provided* that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof.

(b) No Default or Event of Default shall have occurred and be continuing on such date or immediately after giving effect to the proposed Credit Extension.

(c) The Administrative Agent shall have received a Loan Notice or Issuance Notice in accordance with the requirements hereof, along with a Collateralized L/C Collateral Certificate, if applicable.

(d) After making the Credit Extension requested on such Borrowing Date, (i) the Total Utilization of Revolving Commitments shall not exceed the Revolving Commitments then in effect, (ii) the Letter of Credit Usage shall not exceed the Letter of Credit Sublimit and (iii) in the case of any Credit Extension consisting of the issuance, renewal or extension of a Collateralized Letter of Credit, the Collateralized L/C Aggregate Collateral Amount shall not be less than the Minimum Collateralized L/C Aggregate Collateral Amount.

(e) On or before the date of issuance of any Letter of Credit, the Administrative Agent shall have received all other information required by the applicable Issuance Notice, and such other documents or information as the Administrative Agent may reasonably require in connection with the issuance of such Letter of Credit.

Each Loan Notice submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied (or waived) on and as of the date of the applicable Credit Extension.

Section 4.03 *Determinations Under Section 4.01.* For purposes of determining compliance with the conditions specified in Section 4.01, (i) each of the Lenders shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by, or acceptable or satisfactory to, the Lenders unless an officer of the Administrative Agent responsible for the Transactions shall have received notice from such Lender prior to the Effective Date specifying its objection thereto and, in the case of any Lender, such Lender shall not have made available to the Administrative Agent on the

Effective Date such Lender's Pro Rata Share of the borrowing to be made on such date and (ii) transactions occurring (or to occur) on the Effective Date in accordance with, and as expressly set forth in, the funds flow memorandum delivered to (and approved by) the Administrative Agent shall be deemed to occur and have occurred substantially simultaneously with the effectiveness hereof on the Effective Date.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

Each Credit Party represents and warrants to the Administrative Agent and the Lenders on behalf of itself and its Restricted Subsidiaries that on the Effective Date and, to the extent provided in Section 4.02(a), on the date of the making of each Revolving Loan or issuance, renewal or extension of a Letter of Credit hereunder the following statements are true and correct:

Section 5.01 *Corporate Existence and Power.* Such Credit Party and each of its Restricted Subsidiaries:

(a) is duly incorporated or organized, validly existing and in good standing (but, with respect to any Credit Party or Restricted Subsidiary that is not incorporated, organized or formed under the laws of the United States of America, any State thereof or the District of Columbia, only to the extent such concept is applicable to such Credit Party or Restricted Subsidiary) under the laws of the jurisdiction of its incorporation, organization or formation;

(b) has the corporate (or other organizational) power and authority (i) to own its assets and carry on its business and (ii) in the case of a Credit Party, to perform its obligations, if any, under the Loan Documents to which it is a party;

(c) is duly qualified as a foreign entity and in good standing under the laws of each jurisdiction where its ownership, lease or operation of its property or the conduct of its business requires such qualification; and

(d) is in compliance with all Requirements of Law;

except, in each case referred to in clauses (c) and (d), to the extent that the failure to do so, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 5.02 *Corporate Authorization; No Contravention.* The Transactions to be entered into by such Credit Party are within such Credit Party's corporate or other organizational powers. The Transactions (including the execution, delivery and performance by such Credit Party of each Loan Document to which it is a party) have been duly authorized by all necessary corporate or other organizational action of such Credit Party and do not and will not:

(a) contravene the terms of any of such Credit Party's Organization Documents;

(b) result in any breach, violation or contravention of, or result in or require the creation of any Lien (other than the Collateralized L/C Liens) under, any document evidencing any Material Indebtedness to which such Credit Party or any of its Restricted Subsidiaries is a party; or

(c) violate any Requirement of Law or any order, injunction, writ or decree of any Governmental Authority to which such Credit Party or any of its Restricted Subsidiaries or its property is subject, except to the extent that such violations, in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 5.03 *Governmental Authorization; Other Consents.* No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the Transactions (including the execution, delivery or performance by, or enforcement against, such Credit Party of each Loan Document to which it is a party), except (a) such as have been obtained and are in full force and effect (including, without limitation, the approval of the applicable Department of each Insurance Subsidiary, if required) and (b) filings necessary to perfect the Collateralized L/C Liens or, if required under applicable law in connection with the enforcement of any Collateralized L/C Liens, to enforce the Collateralized L/C Liens.

Section 5.04 *Binding Effect.* This Agreement has been duly executed and delivered by such Credit Party and constitutes, and each other Loan Document to which such Credit Party is to be a party, when executed and delivered by such Credit Party, will constitute, a legal, valid and binding obligation of such Credit Party, in each case enforceable against such Credit Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

Section 5.05 *Litigation.* Except as set forth on Schedule 5.05, there are no actions, suits or proceedings pending, or to the Knowledge of such Credit Party, threatened, at law, in equity, in arbitration or before any Governmental Authority, by or against such Credit Party or any of its Restricted Subsidiaries or any of their respective properties that: (a) purport to affect or pertain to this Agreement, any other Loan Document, or any of the transactions (including the Transactions) contemplated hereby or thereby or (b) individually or in the aggregate would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority against such Credit Party or any of its Restricted Subsidiaries purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document by such Credit Party or directing that the Transactions not be consummated as herein or therein provided.

Section 5.06 *No Default.* No Default or Event of Default has occurred and is continuing. Neither such Credit Party nor any of its Restricted Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any of its Contractual Obligations, and no condition exists which, with the giving of notice or the lapse of time or both, could constitute such a default, except where the consequences, direct or indirect, of such default or defaults, if any, would not reasonably be expected to have a Material Adverse Effect.

Section 5.07 *ERISA Compliance.*

(a) Each Plan is in compliance with the applicable provisions of ERISA, the Code and other federal or state law except to the extent that such non-compliance would not reasonably be

expected to have a Material Adverse Effect. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS and to the Knowledge of such Credit Party, nothing has occurred which would reasonably be expected to cause the loss of such qualification, except where such non-qualification would not reasonably be expected to have a Material Adverse Effect. Such Credit Party, its Restricted Subsidiaries and each ERISA Affiliate have made all required contributions to any Pension Plan, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Pension Plan, except where such lack of contribution or application for funding waiver would not reasonably be expected to have a Material Adverse Effect.

(b) There are no pending or, to the Knowledge of such Credit Party, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan or Pension Plan that would reasonably be expected to have a Material Adverse Effect. To the Knowledge of such Credit Party, there has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan or Pension Plan that would reasonably be expected to have a Material Adverse Effect.

(c) Except for occurrences or circumstances that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect: (i) no ERISA Event has occurred or is reasonably expected to occur and (ii) no Single Employer Pension Plan has any Unfunded Pension Liability.

(d) To the extent the assets of the Borrower are deemed to be “plan assets” within the meaning of Section 3(42) of ERISA, or otherwise, (i) on each day that an extension of credit pursuant to a Credit Extension is in effect, such extension of credit will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code as a result of the applicability of Prohibited Transaction Class Exemption 95-60, and (ii) the fiduciary making the decision on behalf of the Borrower (the “**Plan Fiduciary**”) with respect to the Credit Extension will be deemed to represent and warrant to the Lenders or the Agents (the “**Transaction Parties**”) that (i) none of the Transaction Parties, nor any of their affiliates, has provided any investment advice on which it has relied in connection with the Credit Extensions, and the Transaction Parties are not otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Borrower or the Plan Fiduciary in connection with the Credit Extensions; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction. For the avoidance of doubt the assets of the Borrower refers to its unconsolidated assets.

Section 5.08 *Margin Regulations.* Neither such Credit Party nor any of its Restricted Subsidiaries is engaged principally, or as one of its important activities, in the business of purchasing or carrying Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock. Margin Stock does not constitute more than 25% of the value of the consolidated assets of such Credit Party and its Restricted Subsidiaries. None of the proceeds of the Revolving Loans will be used to acquire Margin Stock. None of the transactions contemplated by this Agreement (including the direct or indirect use of the proceeds of the Revolving Loans) will violate or result in a violation of Regulation U or X of the FRB.

Section 5.09 *Title to Properties.* Each of such Credit Party and its Restricted Subsidiaries has (i) good, sufficient and legal title to (in the case of fee interests in real property), (ii) valid leasehold interests in (in the case of leasehold interests in real or personal property), (iii) valid license rights in (in the case of licensed interests in intellectual property) and (iv) good title to (in the case of all other personal property), all of their respective properties and assets necessary in the ordinary conduct of their respective businesses, except for any failure of any of the foregoing as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as permitted by this Agreement, all such properties and assets are free and clear of Liens.

Section 5.10 *Taxes.* Such Credit Party and each of its Restricted Subsidiaries have timely filed all U.S. federal income Tax, other income Tax and other Tax returns and reports required to be filed, and have paid all federal income Tax, other income Tax and other Taxes levied or imposed upon it or its properties, income or assets that have become due and payable (including in its capacity as a withholding agent) when due and payable, except those that are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with SAP or GAAP, as applicable (provided that such contest effectively suspends collection of the same and enforcement of any Lien securing the same) or those the failure to so file or pay would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. There is no current or proposed Tax audit, assessment, deficiency or other claim or proceeding against such Credit Party or any of its Restricted Subsidiaries that would reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 5.11 *Financial Condition.*

(a) Each of the Historical Financial Statements:

(i) was prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject, in the case of such unaudited financial statements, to ordinary, good faith year-end and audit adjustments and the absence of footnote disclosure;

(ii) fairly presents in all material respects the financial condition, results of operations, cash flows and changes in shareholders' equity of Holdings and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(iii) in the case of the Historical Financial Statements, shows all material Indebtedness and other material Contingent Obligations, of Holdings and its consolidated Subsidiaries as of the date thereof.

(b) Each of (i) the December 31, 2020 Annual Statement of each Insurance Subsidiary, and (ii) the March 31, 2021 Quarterly Statement of each Insurance Subsidiary (the "**Historical Statutory Statements**"):

(i) was prepared in accordance with SAP, except as may be reflected in the notes thereto and subject, with respect to the Quarterly Statements, to the absence of notes required by SAP and to normal year-end adjustments; and

(ii) was in all material respects in compliance with applicable Requirements of Law when filed and present fairly in all material respects the financial condition of the respective Insurance Subsidiaries covered thereby as of the respective dates thereof and changes in Capital and Surplus of the respective Insurance Subsidiaries covered thereby for the respective periods then ended.

Except for liabilities and obligations disclosed or provided for in the Historical Statutory Statements (including, without limitation, reserves, policy and contract claims and statutory liabilities), no Insurance Subsidiary had, as of the date of its respective Historical Statutory Statements, any material liabilities or obligations of any nature whatsoever (whether absolute, contingent or otherwise and whether or not due) that, in accordance with SAP, would have been required to have been disclosed or provided for in such Historical Statutory Statement.

(c) Since December 31, 2020, no event, circumstance or change has occurred that has caused or evidences, or would reasonably be expected to result in, either in any case or in the aggregate, a Material Adverse Effect.

Section 5.12 *Environmental Matters.*

(a) All real properties owned or leased by such Credit Party or any of its Restricted Subsidiaries have been, and continue to be, owned or operated by such Credit Party and its Restricted Subsidiaries in compliance with all Environmental Laws, except where failure to so comply would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

(b) There have been no past, and there are no pending or, to the Knowledge of such Credit Party, threatened, Environmental Claims against such Credit Party or any of its Restricted Subsidiaries, except for such Environmental Claims that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) There has been no Release of Hazardous Materials at, on, under or from any real property now or, to the Knowledge of such Credit Party, previously owned or leased by such Credit Party or any of its Restricted Subsidiaries that, individually or in the aggregate, have had, or would reasonably be expected to have, a Material Adverse Effect.

(d) Such Credit Party and each of its Restricted Subsidiaries have been issued and are in compliance with all permits, certificates, approvals, licenses and other authorizations required under any Environmental Law to own and operate their real property or to conduct their businesses except where failure to obtain or comply with the foregoing would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

(e) There are no underground or above-ground storage tanks, active or abandoned, including petroleum storage tanks, on or under any real property now owned or leased by such Credit Party or any of its Restricted Subsidiaries that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(f) To the Knowledge of such Credit Party, neither such Credit Party nor any of its Restricted Subsidiaries has directly transported or directly arranged for the transportation of any

Hazardous Material to any location that would reasonably be expected to result in liability of such Credit Party or any of its Restricted Subsidiaries under any Environmental Law, except any such liability which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

(g) To the Knowledge of such Credit Party, there are no polychlorinated biphenyls or friable asbestos present at any real property now owned or leased by such Credit Party or any of its Restricted Subsidiaries that, individually or in the aggregate, could be reasonably expected to have a Material Adverse Effect.

Section 5.13 *Investment Company Act of 1940.* Neither such Credit Party, nor any of its Restricted Subsidiaries, is required to register as an investment company under the Investment Company Act of 1940.

Section 5.14 *Subsidiaries.*

(a) The Capital Stock of each of such Credit Party and its Restricted Subsidiaries has been duly authorized and validly issued and is fully paid and non-assessable. Except as set forth on Schedule 5.14(a), as of the date hereof, there is no existing option, warrant, call, right, commitment or other agreement to which such Credit Party or any of its Restricted Subsidiaries is a party requiring, and there is no membership interest or other Capital Stock of such Credit Party or any of its Restricted Subsidiaries outstanding which upon conversion or exchange would require, the issuance by such Credit Party or any of its Restricted Subsidiaries of any additional membership interests or other Capital Stock of such Credit Party or any of its Restricted Subsidiaries or other securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase, a membership interest or other Capital Stock of such Credit Party or any of its Restricted Subsidiaries.

(b) Schedule 5.14(b) sets forth the name of, and the ownership interest of Holdings (or the applicable Subsidiary) in, each of its Subsidiaries and identifies each Subsidiary that is a Foreign Subsidiary and/or an Insurance Subsidiary, in each case as of the Effective Date. All Holdings' Subsidiaries are, and will at all times be, fully consolidated in its consolidated financial statements.

Section 5.15 *Insurance and Other Licenses.*

(a) To such Credit Party's Knowledge, no License that is required to be obtained in order to be an insurer or a reinsurer of any Insurance Subsidiary, the loss of which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect, is the subject of a proceeding for suspension or revocation. To such Credit Party's Knowledge, there is no sustainable basis for such suspension or revocation, and no such suspension or revocation has been threatened by any Governmental Authority.

(b) Such Credit Party and each of its Restricted Subsidiaries has all governmental licenses, authorizations, consent, and approvals (i) to own, lease or operate its assets and to conduct its business and (ii) in the case of a Credit Party, to perform its obligations, if any, under the Loan Documents to which it is a party; except, in each case referred to in this clause (b), to the extent

that the failure to do so, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 5.16 *Full Disclosure.*

(a) As of the Effective Date, all written or formally presented information (other than financial projections) provided by such Credit Party to the Lenders in connection with the Transactions on or prior to the Effective Date is, when taken as a whole with all other information so provided, complete and correct in all material respects and when taken as a whole, did not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not materially misleading. As of the Effective Date, there are no facts known to such Credit Party (other than matters of a general economic nature) that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect and that have not been disclosed herein or in such other documents, certificates and written statements furnished to Lenders on or prior to the Effective Date for use in connection with the Transactions.

(b) As of the Effective Date, the information included in the Beneficial Ownership Certification delivered pursuant to Section 4.01(j) is true and correct in all respects.

Section 5.17 *Solvency.* As of the Effective Date and immediately after the Transactions to occur on the Effective Date are consummated:

(a) the fair value of the assets of Holdings and its Restricted Subsidiaries, on a consolidated basis, exceeds the fair value of their debts and liabilities, subordinated, contingent or otherwise, on a consolidated basis;

(b) the present fair saleable value of the property of Holdings and its Restricted Subsidiaries, on a consolidated basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, on a consolidated basis, as such debts and other liabilities become absolute and matured;

(c) Holdings and its Restricted Subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, on a consolidated basis, as such liabilities become absolute and matured;

(d) Holdings and its Restricted Subsidiaries, on a consolidated basis, do not intend to incur, nor believe that they will incur on or immediately following the Effective Date, debts, including current obligations, beyond their ability to pay such debts as they become absolute and matured; and

(e) Holdings and its Restricted Subsidiaries, on a consolidated basis, are not engaged in, and are not about to engage in, business for which they have unreasonably small capital.

Section 5.18 *Insurance.* Other than as would not reasonably be expected to have a Material Adverse Effect, the insurance maintained by or reserved on the books of such Credit Party and its Restricted Subsidiaries is sufficient to protect such Credit Party and its Restricted

Subsidiaries and their respective directors and officers against such risks as are usually insured against in accordance with industry practice by companies in the same or similar business.

Section 5.19 *Anti-Corruption Laws; OFAC; Anti-Terrorism Laws; PATRIOT Act.*

(a) Such Credit Party and each of its Subsidiaries and, to the Knowledge of such Credit Party, each of such Credit Party's and its Subsidiaries' officers, directors and employees has conducted its business activities in material compliance with Anti-Corruption Laws. Each Insurance Subsidiary has instituted and maintains and will continue to maintain policies and procedures designed to promote and achieve compliance with applicable Anti-Corruption Laws.

(b) Neither such Credit Party nor any of its Subsidiaries or, to the Knowledge of such Credit Party, none of such Credit Party's or any of its Subsidiaries' officers, directors or employees has violated or is in violation of any applicable Anti-Money Laundering Law in any material respect.

(c) Neither such Credit Party nor any of its Subsidiaries or, to the Knowledge of such Credit Party, none of such Credit Party's or any of its Subsidiaries' officers, directors or employees is acting or benefiting in any capacity in connection with the Revolving Loans or the Letters of Credit (i) is an Embargoed Person or (ii) except as otherwise authorized by OFAC or any other relevant sanctions authority, otherwise permitted for U.S. persons by a U.S. Governmental Authority or by any rule, regulation or order of a U.S. Governmental Authority, will use any proceeds of the Revolving Loans, or lend, contribute or otherwise make available such proceeds to any Person (A) for the purpose of financing the activities of or with any Person or in any country or territory that, at the time of funding or facilitation, is an Embargoed Person or (B) in any other manner that would result in a violation of Economic Sanctions Laws or Anti-Corruption Laws.

(d) Except as otherwise authorized by OFAC or any other relevant sanctions authority, neither such Credit Party nor any of its Subsidiaries or, to the Knowledge of such Credit Party, none of such Credit Party's or any of its Subsidiaries' officers, directors or employees acting or benefiting in any capacity in connection with the Revolving Loans or the Letters of Credit (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Embargoed Person, (ii) deals in, or otherwise engages in any transaction related to, any property or interests in property blocked pursuant to any applicable Economic Sanctions Laws or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the applicable prohibitions set forth in any applicable Economic Sanctions Laws.

Section 5.20 *Surplus Debenture Interest and Dividends.* Neither such Credit Party nor any of its Restricted Subsidiaries has received any notice from the NAIC, any other Governmental Authority or any other insurance regulatory authority that its Insurance Subsidiaries will not be permitted to pay dividends or interest, as applicable, on any Surplus Debentures or Notes.

Section 5.21 *Use of Proceeds.* Such Credit Party will use the proceeds of the Revolving Loans (i) only in compliance (and not in contravention of) applicable laws and each Loan Document, and (ii) for working capital and general corporate purposes of Holdings and its Subsidiaries.

ARTICLE 6
AFFIRMATIVE COVENANTS

Until all principal of and interest on each Revolving Loan and all fees and other amounts payable hereunder have been paid in full (other than unmatured, surviving contingent indemnification obligations not yet due and payable), all Revolving Commitments have been terminated and all Letters of Credit have been cancelled or have expired (or Cash Collateralized at the Minimum Cash Collateral Amount), each Credit Party, as applicable, covenants and agrees with the Lenders that:

Section 6.01 *Financial Statements.* Holdings and/or the Borrower shall deliver to the Administrative Agent and each Lender:

(a) as soon as available, and in any event within one hundred thirty-five (135) days after the end of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2021, (i) the consolidated balance sheets of Holdings and its Restricted Subsidiaries as at the end of such Fiscal Year (including, any adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) (which may be in footnote form only) from the consolidated financial statements) and the related consolidated statements of income, stockholders' equity and cash flows of Holdings and its Restricted Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the previous Fiscal Year (to the extent corresponding figures for the previous Fiscal Year were prepared), all in reasonable detail and (ii) with respect to such consolidated financial statements a report thereon of PricewaterhouseCoopers LLP or other independent certified public accountants of recognized national standing selected by Holdings and reasonably satisfactory to the Administrative Agent (which report and/or the accompanying financial statements shall be unqualified as to going concern and scope of audit, and shall state that such consolidated financial statements fairly present, in all material respects, the consolidated financial position of Holdings and its Restricted Subsidiaries, in each case, as at the dates indicated and the results of their operations and their cash flows for the periods indicated in conformity with GAAP applied on a basis consistent with prior years (except as otherwise disclosed in such financial statements) and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards);

(b) as soon as available, and in any event within sixty (60) days after the end of each of the first three Fiscal Quarters of each Fiscal Year, commencing with the Fiscal Quarter ended June 30, 2021, the consolidated balance sheets of Holdings and its Restricted Subsidiaries, as at the end of such Fiscal Quarter and the related consolidated statements of income and stockholders' equity of Holdings and its Restricted Subsidiaries for such Fiscal Quarter and for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, setting forth in each case in comparative form the corresponding figures for the corresponding periods of the previous Fiscal Year (to the extent corresponding figures for the corresponding periods of the previous Fiscal Year were prepared), all in reasonable detail and certified by a Responsible Officer of Holdings as fairly presenting in all material respects, in accordance with GAAP (subject to the

absence of footnotes and year-end audit adjustments), the financial position, the results of operations of Holdings and its Restricted Subsidiaries;

(c) within two (2) Business Days after delivery to the applicable Department, and in any event not later than one hundred twenty-five (125) days after the close of each Fiscal Year of each Insurance Subsidiary, copies of the unaudited Annual Statement of such Insurance Subsidiary on a stand-alone basis in each case, to the extent such Annual Statement is required to be delivered to the applicable Department, the stand-alone Annual Statement to be certified by a Responsible Officer of such Insurance Subsidiary, all such statements to be prepared in accordance with SAP consistently applied throughout the periods reflected therein and, if required by the applicable Governmental Authority, audited and certified by independent certified public accountants of recognized national standing (such audited Annual Statement to be delivered as soon as available but not later than June 15 of each Fiscal Year of such Insurance Subsidiary); *provided* that, no certification by any independent certified public accountants will be required with respect to SAP prescribed or permitted by the insurance commissioner (or other similar authority) in Bermuda;

(d) within two (2) Business Days after delivery to the applicable Department, and in any event not later than fifty (50) days after the close of each of the first three Fiscal Quarters of each Fiscal Year of each Insurance Subsidiary, copies of the Quarterly Statement of such Insurance Subsidiary, in each case, to the extent such Quarterly Statement is required to be delivered to the applicable Department, on a stand-alone basis, the stand-alone Quarterly Statement to be certified by a Responsible Officer of such Insurance Subsidiary, all such statements to be prepared in accordance with SAP consistently applied through the period reflected therein;

(e) promptly following the delivery to or receipt by Holdings or any of its Restricted Subsidiaries of any regular or periodic final Triennial Examination Reports, final risk adjusted capital reports or final results of any market conduct examination or examination by any Department or the NAIC of the financial condition and operations of, or any final notice of any assertion as to violation of any Requirement of Law by, any Insurance Subsidiary, or any final report with respect to any Insurance Subsidiary (including any summary report from the NAIC with respect to the performance of such Insurance Subsidiary as measured against the ratios and other financial measurements developed by the NAIC under its Insurance Regulatory Information System as in effect from time to time) that would reasonably be expected to result in a Material Adverse Effect; and

(f) within ninety-five (95) days after the close of each Fiscal Year of each Insurance Subsidiary, a copy of the "Statement of Actuarial Opinion" and "Management Discussion and Analysis" for each such Insurance Subsidiary that is provided to the applicable Department (or equivalent information should such Department no longer require such a statement), to the extent required by the applicable Department, as to the adequacy of reserves of such Insurance Subsidiary, such opinion to be in the format prescribed by the insurance code of the state of domicile of such Insurance Subsidiary.

Section 6.02 *Certificates; Other Information.* The Borrower shall furnish to the Administrative Agent, for further distribution to each Lender:

(a) concurrently with the delivery of the financial statements referred to in Section 6.01(a) and Section 6.01(b), a Compliance Certificate;

(b) (i) on the Business Day immediately preceding the proposed date of issuance of any Collateralized Letter of Credit, (ii) if Collateralized Letters of Credit are outstanding during any calendar month, within ten (10) Business Days after the end of each such calendar month, (iii) as of the Commitment Termination Date, (iv) at and as of such other times as the Administrative Agent may reasonably request and (v) at such other times as the Borrower may desire, a Collateralized L/C Collateral Certificate;

(c) promptly upon receipt thereof, copies of all final reports submitted to Holdings or any of its Restricted Subsidiaries by independent public accountants in connection with each annual, interim or special audit of the financial statements of Holdings or any of its Restricted Subsidiaries made by such accountants;

(d) promptly, copies of all Forms 10-K and 10-Q that Holdings or the Borrower may file with the SEC, copies of all registration statements and prospectuses that Holdings or the Borrower may file with the SEC and copies of all other financial statements, proxy statements and regular, periodic or special reports (including Form 8-K) that Holdings or the Borrower may make to, or file with, the SEC, unless such copies have been publicly filed with the SEC and are available on the SEC's website or have been posted to Holdings' or the Borrower's website (and notification of any such posting has been provided to the Administrative Agent);

(e) (i) promptly and in any event within three (3) Business Days after learning thereof, notification of any changes after the date hereof in any rating given by S&P, Moody's, Fitch or A.M. Best in respect of Holdings, any of its Restricted Subsidiaries or any of their Indebtedness or securities and (ii) promptly upon receipt thereof by Holdings or any Restricted Subsidiary, as applicable, a copy of any written communication from S&P, Moody's or Fitch addressed to any Credit Party that would reasonably be expected to have an adverse effect on the then current Debt Rating; and

(f) promptly, (i) such additional information regarding the business, financial or corporate affairs of Holdings or any Restricted Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent, for itself or at the request of any Lender, may from time to time reasonably request and (ii) information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know-your-customer" and Anti-Money Laundering Laws, including the PATRIOT Act.

Documents required to be delivered pursuant to Section 6.01, this Section 6.02 or Section 6.03 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which Holdings posts such documents or provides a link thereto on Holdings' website on the Internet; (ii) on which such documents are posted on Holdings' behalf on IntraLinks/IntraAgency or another relevant website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); or (iii) on which such documents are made publicly available at www.sec.gov; *provided* that, with respect to clauses (ii) and (iii) of this paragraph, Holdings shall notify the Administrative Agent of the posting of any such documents and, solely

with respect to clause (ii), provide to the Administrative Agent by electronic mail electronic versions (*i.e.*, soft copies) of such documents. Except for Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower, Holdings or its Restricted Subsidiaries with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Each of the Credit Parties hereby acknowledges that (a) the Administrative Agent will make available information and projections (collectively, “**Borrower Materials**”) to the Lenders by posting the Borrower Materials on IntraLinks or another similar secure electronic system (the “**Platform**”) and (b) certain of the Lenders may be “public side” Lenders that do not wish to receive MNPI (each, a “**Public Lender**”). Each of Holdings and the Borrower shall clearly designate as such all Borrower Materials provided to the Administrative Agent by or on behalf of Holdings or the Borrower which is suitable to make available to Public Lenders. If Holdings or the Borrower has not indicated whether Borrower Materials cannot be distributed to Public Lenders, the Administrative Agent reserves the right to post such Borrower Materials solely on that portion of the Platform designated for non-Public Lenders.

Section 6.03 *Notices.* The Borrower shall promptly notify the Administrative Agent:

(a) of the occurrence of any Default;

(b) of any matter that has resulted in, or would reasonably be expected to result in, a Material Adverse Effect, including any of the following that would reasonably be expected to have a Material Adverse Effect: (i) any material breach or non-performance of, or any default under, a material Contractual Obligation of Holdings or any Restricted Subsidiary; (ii) the commencement of, or any material development in, any litigation (including any governmental proceeding or arbitration proceeding), tax audit or investigative proceeding, claim, lawsuit, and/or investigation against or involving Holdings or any of its Restricted Subsidiaries or any of its or their businesses or operations; (iii) the expiration without renewal, revocation, suspension or restriction of, or the institution of any proceedings to revoke, suspend or restrict, any License now or hereafter held by any Insurance Subsidiary that is required to conduct insurance business in compliance with all applicable laws and regulations; (iv) the institution of any disciplinary proceedings against or in respect of any Insurance Subsidiary, or the issuance of any order, the taking of any action or any request for an extraordinary audit for cause by any Governmental Authority, to the extent not prohibited from disclosing such information in accordance with any Requirement of Law; or (v) the issuance or adoption of any judicial or administrative order limiting or controlling the insurance business of any Insurance Subsidiary (and not the insurance industry generally);

(c) of the filing or commencement of, or the occurrence of any development in, any litigation or proceeding against any Credit Party that seeks to enjoin, prohibit, discontinue or otherwise impacts (i) the validity or enforceability of this Agreement or any of the other Loan Documents or (ii) the transactions contemplated hereby or thereby and, in the case of this subclause (ii), that would reasonably be expected to have a Material Adverse Effect;

(d) of the occurrence of any of the following events affecting Holdings, any of its Restricted Subsidiaries or any ERISA Affiliate (but in no event more than ten (10) days after such event) and deliver to the Administrative Agent and each Lender a copy of any notice with respect to such event that is filed with a Governmental Authority and any notice delivered by a Governmental Authority to Holdings, any of its Restricted Subsidiaries or any ERISA Affiliate with respect to such event:

- (i) an ERISA Event;
- (ii) the incurrence of any Unfunded Pension Liabilities of any Pension Plan;
- (iii) the adoption of or the commencement of contributions to any Pension Plan by Holdings, any of its Restricted Subsidiaries or any ERISA Affiliate; or
- (iv) the adoption of any amendment to a Single Employer Pension Plan, if such amendment results in a material increase in contributions or results in Unfunded Pension Liability;

provided that no such notice will be required under this Section 6.03(d) with respect to the occurrence of any such event if such occurrence does not result in, and is not reasonably expected to result in, any liability to Holdings, any of its Restricted Subsidiaries or any ERISA Affiliate that would reasonably be expected to result in a Material Adverse Effect.

- (e) of any material change in accounting policies or financial reporting practices by any Credit Party; and
- (f) (i) of the consummation of the IPO and (ii) of the identity of the IPO Entity, in each case, promptly after the occurrence of the IPO.

Each notice under this Section 6.03 shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action Holdings or any affected Restricted Subsidiary proposes to take with respect thereto and at what time. Each notice under Section 6.03(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that have been breached or violated.

Section 6.04 *Preservation of Corporate Existence, Etc.* Such Credit Party shall, and shall cause each of its Restricted Subsidiaries to (except as permitted by Section 7.02 or Section 7.06):

(a) preserve and maintain in full force and effect its existence and good standing (but, with respect to such Credit Party or Restricted Subsidiary that is not incorporated, organized or formed under the laws of the United States of America, any State thereof or the District of Columbia, only to the extent such concept is applicable to such Credit Party or Restricted Subsidiary) under the laws of the jurisdiction of its incorporation, organization or formation, as applicable; *provided* no Restricted Subsidiary (other than the Credit Parties) shall be required to preserve any such existence or good standing if such Person's board of directors (or similar governing body) shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Person, and that the loss thereof would not reasonable be expected to result in a Material Adverse Effect; and

(b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary in the normal conduct of its business, except, in the case of this clause (b), where such failure to preserve and maintain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 6.05 *Insurance.* Such Credit Party shall, and shall cause each of its Restricted Subsidiaries to, maintain with financially sound and reputable independent insurers insurance against losses or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as Holdings and its Restricted Subsidiaries) as are customarily carried under similar circumstances by such other Persons and at commercially reasonable rates, except where such failure to maintain such insurance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 6.06 *Payment of Taxes and Claims.* Such Credit Party will, and will cause each of its Restricted Subsidiaries to, pay all Taxes imposed upon it or any of its properties or assets or in respect of any of its income, businesses or franchises before any penalty or fine accrues thereon, and all claims (including claims for labor, services, materials and supplies) for sums that have become due and payable and that by law have or may become a Lien upon any of its properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto, except (i) to the extent a failure to do so would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or (ii) as is being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as (a) adequate reserve or other appropriate provision, as shall be required in conformity with SAP and GAAP shall have been made therefor, and (b) in the case of a Tax or claim which has or may become a Lien against any of the Collateralized L/C Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateralized L/C Collateral to satisfy such Tax or claim. Such Credit Party will not, nor will it permit any of its Restricted Subsidiaries to, file or consent to the filing of any consolidated income tax return with any Person (other than Holdings or any of its Subsidiaries).

Section 6.07 *Compliance with Laws.* Such Credit Party shall, and shall cause each of its Restricted Subsidiaries to, comply with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act, the PATRIOT Act and all applicable Environmental Laws and, with respect to any Credit Party incorporated in Bermuda and to the extent applicable, the Economic Substance Act 2018 and regulations promulgated thereunder), except (i) for such non-compliance that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or (ii) as may be contested in good faith and by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP.

Section 6.08 *Compliance with ERISA.* Such Credit Party shall, and shall cause each of its Restricted Subsidiaries and ERISA Affiliates to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law; (b) cause each Pension Plan to maintain such qualification; and (c) make all required contributions to any Pension Plan, except where such failure to maintain as set forth in clause (a) or (b) or to

make contributions as set forth in clause (c), would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

Section 6.09 *Inspection of Property and Books and Records.* Such Credit Party shall, and shall cause each of its Restricted Subsidiaries to, (i) maintain proper books of record and account, in which full, true and correct entries in all material respects in conformity with GAAP or SAP, as applicable, consistently applied (except as stated therein) shall be made of all financial transactions and matters involving the assets and business of such Credit Party and such Restricted Subsidiary and (ii) maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over such Credit Party or such Restricted Subsidiary, as the case may be. Such Credit Party shall permit, and shall cause each of its Restricted Subsidiaries to permit, representatives and independent contractors (subject to, in the case of representatives or independent contractors, such representatives or independent contractors executing confidentiality agreements in form reasonably satisfactory to Holdings) of the Administrative Agent or its designees, at the Borrower's expense, to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at such reasonable times during normal business hours, upon reasonable advance notice to the Borrower; *provided* that members of senior management will be notified and permitted to be present during any such meetings; and *provided, further*, that when an Event of Default exists the Administrative Agent or any Lender (through coordination with the Administrative Agent) may do any of the foregoing at any time during normal business hours and without advance notice; *provided, further*, that the Borrower shall not be required to reimburse the costs of the Administrative Agent and the Lenders collectively for more than one visit per Fiscal Year unless an Event of Default has occurred and is continuing.

Section 6.10 *Information Regarding Collateralized L/C Collateral.* The Credit Parties will furnish to the Administrative Agent prompt written notice of any change in (i) any Credit Party's legal name or any Credit Party's location (determined as provided in Section 9-307 of the Uniform Commercial Code), (ii) any Credit Party's identity or corporate structure or (iii) any Credit Party's Federal Taxpayer Identification Number of organizational identification number. The Credit Parties agree not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Administrative Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateralized L/C Collateral as contemplated in the Collateralized L/C Security Documents.

Section 6.11 *Use of Proceeds.* The proceeds of the Revolving Loans shall be used for working capital and general corporate purposes of Holdings and its Subsidiaries.

Section 6.12 *Additional Guarantors.* If any Person becomes a Designated Subsidiary after the Effective Date, the Borrower will promptly, and in any event not later than ten (10) Business Days after such Person becomes a Designated Subsidiary, notify the Administrative Agent thereof and cause the Guarantee Requirement to be satisfied with respect to such Person, whereupon such Person will become a "Credit Party" and a "Guarantor" for purposes of the Loan Documents.

Section 6.13 *Further Assurances.* Each Credit Party will, and will cause each other Credit Party to, at the request of the Administrative Agent, execute and deliver any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements and other documents, if applicable), that may be required under any applicable law to cause the Guarantee Requirement and the Collateralized L/C Collateral Requirement to be and remain satisfied, all at the Borrower's expense. The Borrower will provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Collateralized L/C Security Documents.

Section 6.14 *Designation of Subsidiaries.* The board of directors (or similar governing body) of Holdings may at any time designate any Restricted Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; *provided* that (i) immediately before and after such designation, no Default or Event of Default shall have occurred and be continuing, (ii) immediately after giving effect to such designation, Holdings and its Subsidiaries shall be in compliance with Sections 7.09 and 7.10, (iii) no Restricted Subsidiary may be designated as an Unrestricted Subsidiary if it was previously designated an Unrestricted Subsidiary, (iv) the Borrower shall deliver to the Administrative Agent at least five (5) Business Days prior to such designation a certificate of a Responsible Officer of Holdings, together with all relevant financial information reasonably requested by the Administrative Agent, demonstrating compliance with the foregoing clauses (i) through (iv) of this Section 6.14 and, if applicable, certifying that such subsidiary meets the requirements of an Unrestricted Subsidiary and (v) at least ten (10) days prior to the designation of any Unrestricted Subsidiary as a Restricted Subsidiary, the Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and Anti-Money Laundering Laws, including the PATRIOT Act, with respect to such subsidiary. The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute the incurrence at the time of designation of any Indebtedness or Liens of such Subsidiary existing at such time.

Section 6.15 *Maintenance of Properties.* Such Credit Party will, and will cause each of its Restricted Subsidiaries to, maintain or cause to be maintained in good repair, working order and condition, ordinary wear and tear excepted, all material properties used or useful in the business of Holdings and its Restricted Subsidiaries and from time to time will make or cause to be made all appropriate repairs, renewals and replacements thereof, except to the extent a failure to do so would not, individually or in the aggregate, have a Material Adverse Effect.

Section 6.16 *Lender Meetings.* Holdings and the Borrower will, upon the request of the Administrative Agent or the Required Lenders, participate in a meeting of the Administrative Agent and Lenders once during each Fiscal Year to be held at the Borrower's corporate offices (or at such other location as may be agreed to by the Borrower and the Administrative Agent) at such time during normal business hours as may be agreed to by Holdings and the Administrative Agent.

Section 6.17 *Environmental.*

(a) Environmental Disclosure. Holdings will deliver to the Administrative Agent and Lenders:

(i) promptly upon the occurrence thereof, written notice describing in reasonable detail (1) any Release of Hazardous Materials, which has a reasonable possibility of resulting in one or more Environmental Claims or otherwise having, individually or in the aggregate, a Material Adverse Effect, and (2) any remedial action taken by Holdings or any other Person in response to (A) any past, current, or threatened event or occurrence involving any Hazardous Materials, and any corrective action or response action with respect to any such event or occurrence, the existence of which would reasonably be expected to result in one or more Environmental Claims or otherwise have, individually or in the aggregate, a Material Adverse Effect, or (B) any Environmental Claims that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect;

(ii) as soon as practicable following the sending or receipt thereof by Holdings or any of its Subsidiaries, a copy of any and all written communications with respect to (1) any Environmental Claims that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect, (2) any Release of Hazardous Materials, which would reasonably be expected to result in one or more Environmental Claims or otherwise have, individually or in the aggregate, a Material Adverse Effect and (3) any occurrence or condition on any real property adjoining, or in the vicinity of, any real property which would reasonably be expected to result in one or more Environmental Claims or otherwise have, individually or in the aggregate, a Material Adverse Effect;

(iii) prompt written notice describing in reasonable detail (1) any proposed acquisition of stock, assets, or property by Holdings or any of its Subsidiaries that would reasonably be expected to (A) result in Environmental Claims the existence of which would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or (B) affect the ability of Holdings or any of its Subsidiaries to maintain in full force and effect all material governmental authorizations required under any Environmental Laws for their respective operations, except as could otherwise not reasonably be expected to have a Material Adverse Effect and (2) any proposed action to be taken by Holdings or any of its Subsidiaries to modify current operations in a manner that would reasonably be expected to subject Holdings or any of its Subsidiaries to any additional material obligations or requirements under any Environmental Laws, the existence of which would reasonably be expected to result in one or more Environmental Claims or otherwise have, individually or in the aggregate, a Material Adverse Effect; and

(iv) with reasonable promptness, such other documents and information as from time to time may be reasonably requested by Administrative Agent in relation to any matters disclosed pursuant to this [Section 6.17\(a\)](#).

(b) Hazardous Materials Activities, Etc. Such Credit Party shall promptly take, and shall cause each of its Restricted Subsidiaries promptly to take, any and all actions necessary to (i) cure any violation of applicable Environmental Laws by such Credit Party or its Restricted Subsidiaries that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and (ii) make an appropriate response to any Environmental Claim against such Credit Party or any of its Restricted Subsidiaries and discharge any obligations it may have to any

Person thereunder where failure to do so would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

ARTICLE 7
NEGATIVE COVENANTS

Until all principal of and interest on each Revolving Loan and all fees and other amounts payable hereunder have been paid in full (other than unmatured, surviving contingent indemnification obligations not yet due and payable), all Revolving Commitments have been terminated and all Letters of Credit have been cancelled or have expired (or Cash Collateralized at the Minimum Cash Collateral Amount), each Credit Party, as applicable, covenants and agrees with the Lenders that:

Section 7.01 *Liens.* Such Credit Party shall not, nor shall it permit any of its Restricted Subsidiaries to, directly or indirectly, create, assume, incur or suffer to exist any Lien on any property now owned or hereafter acquired by it, except for the following:

- (a) Liens granted or to be granted by the Borrower under the Loan Documents;
- (b) Liens on assets of Insurance Subsidiaries and Subsidiaries thereof securing (x) Operating Indebtedness, (y) obligations under transactions entered into in connection with Insurance Investments and (z) statutory Liens on assets of Insurance Subsidiaries and Subsidiaries thereof;
- (c) collateral (x) securing Permitted Swap Obligations or (y) securing captive financing arrangements entered into by an Insurance Subsidiary;
- (d) Liens for Taxes not yet due or for Taxes being contested in good faith and by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with SAP or GAAP;
- (e) Liens existing on the date hereof and listed on Schedule 7.01; *provided* that (i) such Lien shall not apply to any additional property (other than after acquired title in or on such property and proceeds of the existing collateral in accordance with the document creating such Lien) and (ii) the Indebtedness secured thereby is not increased;
- (f) Liens incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits or to secure performance of tenders, statutory obligations, leases and contracts (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety or appeal bonds;
- (g) Liens of mechanics, carriers, and materialmen and other like Liens imposed by law and arising in the ordinary course of business in respect of obligations that in the case of this clause (g) are not overdue for more than sixty (60) days or that are being contested in good faith and by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

- (h) Liens incurred in connection with the collection or disposition of delinquent accounts receivable in the ordinary course of business;
- (i) Liens securing Capitalized Lease Liabilities or Purchase Money Debt in an aggregate principal amount not to exceed \$75,000,000 at any time outstanding; *provided* that such Liens are limited to the assets financed thereby;
- (j) easements, rights-of-way, zoning restrictions, restrictions and other similar encumbrances incurred in the ordinary course of business that do not secure any monetary obligation and which do not materially interfere with the ordinary course of business of the Credit Parties and their Restricted Subsidiaries;
- (k) Liens on property of the Credit Parties and their Restricted Subsidiaries in favor of licensees and landlords securing licenses, subleases or leases of property not otherwise prohibited hereunder;
 - (l) licenses, leases or subleases not otherwise prohibited hereunder granted to others not materially interfering in any material respect in the business of the Credit Parties and their Restricted Subsidiaries;
- (m) attachment or judgment Liens not constituting an Event of Default under Section 8.01(i);
- (n) Liens arising from precautionary Uniform Commercial Code financing statement filings with respect to operating leases or consignment arrangements entered into by Holdings and its Restricted Subsidiaries in the ordinary course of business;
- (o) Liens incurred to secure Cash Management Obligations incurred in the ordinary course of business and in an aggregate amount not to exceed \$30,000,000 at any time outstanding and customary set-off rights in favor of depository banks;
- (p) Liens attaching solely to cash earnest money deposits required to be made under the terms of any letter of intent or purchase agreement for the acquisition of stock, assets or property;
- (q) Liens arising out of deposits by Holdings or any Restricted Subsidiary of cash, securities or other property (other than any Capital Stock of any Restricted Subsidiary) securing obligations of such Person in respect of (i) trust arrangements formed in the ordinary course of business for the benefit of cedents to secure insurance and reinsurance recoverables owed to them by any Insurance Subsidiary, or (ii) other security arrangements in connection with reinsurance agreements in the ordinary course of business; and
- (r) other Liens on property (other than the Collateralized L/C Collateral) securing obligations with respect to Indebtedness not otherwise covered by any of clauses (a) through (q) of this Section 7.01; *provided* that the aggregate amount of all Indebtedness secured by Liens in reliance on this clause (r) shall not exceed the greater of (x) \$450,000,000 and (y) 10% of the Net Worth of Holdings and its consolidated Restricted Subsidiaries at any time outstanding.

Notwithstanding the foregoing, none of the Credit Parties or Restricted Subsidiaries may directly or indirectly, create, assume, incur or suffer to exist any Lien on any Capital Stock of an Insurance Subsidiary now owned or hereafter acquired by it.

Section 7.02 *Disposition of Assets.* Such Credit Party shall not, nor shall it permit any of its Restricted Subsidiaries to, Dispose of (whether in one or a series of transactions) any property (including accounts and notes receivable with or without recourse and Capital Stock of any of its Restricted Subsidiaries whether newly issued or otherwise), except:

(a) (i) Dispositions of inventory and equipment in the ordinary course of business and (ii) Dispositions of cash and Cash Equivalents in the ordinary course of business;

(b) the sale of equipment to the extent that such equipment is exchanged for credit against the purchase price of similar replacement equipment or the proceeds of such sale are reasonably promptly applied to the purchase price of such replacement equipment;

(c) Dispositions of Insurance Investments by any Insurance Subsidiary (or any Subsidiary of an Insurance Subsidiary) (i) in the ordinary course of business in compliance with the policies and procedures approved by the board of directors or the investment committee (or other applicable committee) of such Insurance Subsidiary (or such Subsidiary of an Insurance Subsidiary), or which were otherwise approved by such board of directors or committee, or (ii) to a special purpose entity in exchange for investments therein (*provided* that such special purpose entity shall not create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender to such special purpose entity has recourse to any of the assets of Holdings or any Restricted Subsidiary (other than the assets of such special purpose entity));

(d) Dispositions by a Credit Party to a Credit Party or any of its Restricted Subsidiaries or by any Restricted Subsidiary to a Credit Party or any of its Restricted Subsidiaries;

(e) (i) any Dispositions pursuant to a Reinsurance Agreement entered into in the ordinary course of business and (ii) any other Dispositions pursuant to a Reinsurance Agreement so long as the aggregate statutory profit and/or gains on insurance policy sales or other portfolio transfers resulting from all Dispositions described in this subclause (ii), consummated after the Effective Date do not exceed \$800,000,000 in the aggregate during the term of this Agreement;

(f) obsolete, surplus or worn out property disposed of by a Credit Party or any of its Restricted Subsidiaries in the ordinary course of business of such Person;

(g) transfers resulting from any casualty or condemnation of property or assets;

(h) licenses or sublicenses of intellectual property and general intangibles and licenses, leases or subleases of other property in the ordinary course of business of the Credit Parties and their Restricted Subsidiaries and which do not materially interfere with the business of the Credit Parties and their Restricted Subsidiaries;

(i) Dispositions of shares of Capital Stock in order to qualify members of the board of directors or equivalent governing body of a Credit Party or Restricted Subsidiary or such other

nominal shares required to be held other than by such Credit Party or Restricted Subsidiary, as required by applicable law;

(j) the sale, discount, forgiveness or other compromise of notes or other accounts in the ordinary course of business or in connection with collection thereof;

(k) issuances of Capital Stock (i) by a directly or indirectly Wholly-Owned Subsidiary of Holdings to Holdings or to one or more Wholly-Owned Subsidiaries of Holdings (*provided* that except in compliance with Section 6.12 or Section 7.02(i), any direct Wholly-Owned Subsidiary of a Credit Party shall only issue Capital Stock to such Credit Party), (ii) by a non-Wholly-Owned Subsidiary of Holdings to the respective equity holders of such non-Wholly-Owned Subsidiary, on a pro rata basis or (iii) by the IPO Entity pursuant to the IPO and any Post-IPO Offerings (so long as no Event of Default shall have occurred and be continuing or would result therefrom); and

(l) Dispositions not otherwise permitted hereunder (other than pursuant to Reinsurance Agreements, which shall be subject to the limitations in clause (e) above); *provided* that (i) the aggregate fair value of all property Disposed of in any Disposition made in reliance on this clause (l), together with the aggregate fair value of all other property Disposed of in reliance on this clause (l), shall not exceed 25% of the Consolidated Total Assets of Holdings and its Restricted Subsidiaries at the time of such Disposition, (ii) each Disposition made in reliance on this clause (l) shall be for fair market value and at least 75% of the consideration therefor shall be in the form of cash or Cash Equivalents and (iii) after giving effect to each Disposition made in reliance on this clause (l), Holdings and its Restricted Subsidiaries shall be in compliance with Sections 7.09 and 7.10.

Except as otherwise permitted in Section 7.06, notwithstanding the foregoing no Credit Party or Restricted Subsidiary shall Dispose of (whether in one or a series of transactions) or otherwise cease to hold any Capital Stock of (a)(i) any Subsidiary of Holdings that directly or indirectly owns any Capital Stock of any Insurance Subsidiary or (ii) any Insurance Subsidiary, in each case, whether newly issued or otherwise, other than in accordance with clause (i), (k) or (l) above or (b) GA Bermuda or CwA.

Upon consummation of a sale, transfer or other Disposition permitted under this Section 7.02, (i) Liens created under the Collateralized L/C Security Documents in respect of the assets Disposed of shall be automatically released and the Administrative Agent shall (to the extent applicable) deliver to the Borrower, upon the Borrower's request and at the Borrower's expense, such documentation as necessary to evidence the release of the Administrative Agent's security interests, if any, in the assets being Disposed of, including amendments or terminations of Uniform Commercial Code financing statements and (ii) in the case of a sale, transfer or other Disposition permitted under this Section 7.02 of all of the Capital Stock of any Subsidiary that is a Guarantor to any Person other than Holdings or a Subsidiary of Holdings, the Guarantee of such Subsidiary shall be automatically released and the Administrative Agent shall (to the extent applicable) deliver to the Borrower, upon the Borrower's request and at the Borrower's expense, such documentation as necessary to evidence the release of the Guarantee of such Subsidiary; *provided* that the Borrower shall have provided to the Administrative Agent such certificates evidencing compliance with the Loan Documents as the Administrative Agent shall reasonably request. Notwithstanding anything to the contrary contained in this Section 7.02, (x) none of the Liens created under the

Collateralized L/C Security Documents shall be released upon the IPO and (y) none of the Guarantees shall be released upon the IPO (other than the Guarantee of GAFL, if and only if, (1) the IPO Entity is not GAFL, and (2) prior to or substantially simultaneously with such release, the Guarantee Requirement has been satisfied with respect to the IPO Entity.

Section 7.03 *Sales and Lease Backs.* Such Credit Party shall not, nor shall it permit any of its Restricted Subsidiaries to, directly or indirectly, become or remain liable as lessee or as a guarantor or other surety with respect to any lease of any property (whether real, personal or mixed), whether now owned or hereafter acquired, which such Credit Party or Restricted Subsidiary (a) has sold or transferred or is to sell or to transfer to any other Person (other than Holdings or any of its Restricted Subsidiaries), or (b) intends to use for substantially the same purpose as any other property which has been or is to be sold or transferred by such Credit Party or Restricted Subsidiary to any Person (other than Holdings or any of its Restricted Subsidiaries) in connection with such lease.

Section 7.04 *Transactions with Affiliates.* Such Credit Party shall not, and shall not suffer or permit any of its Restricted Subsidiaries to, enter into any transaction with any Affiliate of Holdings, other than (a) transactions no less favorable to such Credit Party or Restricted Subsidiary than would be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate of Holdings, (b) insurance transactions, intercompany pooling and other reinsurance transactions entered into in the ordinary course of business and consistent with past practice, (c) transactions between or among Holdings and its Restricted Subsidiaries and between or among Restricted Subsidiaries, (d) any Restricted Payment permitted by Section 7.07, (e) arrangements for indemnification payments for directors and officers of Holdings and its Restricted Subsidiaries, (f) intercompany transactions between or among GAFGL, KKR or any of its Subsidiaries, Holdings and Restricted Subsidiaries and between or among Restricted Subsidiaries, relating to any or all of the (i) provision of management services and other corporate overhead services, (ii) provision of personnel to other locations within Holdings' consolidated group on a temporary basis, and (iii) provision, purchase or lease of services, operational support, assets, equipment, data, information and technology, that, in the case of any such intercompany transaction referred to in this clause (f), are subject to reasonable reimbursement or cost-sharing arrangements (as determined in good faith by Holdings), which reimbursement or cost-sharing arrangements may be effected through transfers of cash or other assets or through book-entry credits or debits made on the ledgers of each involved Subsidiary; provided that any such intercompany transaction is either (1) entered into in the ordinary course of business or (2) otherwise entered into pursuant to the reasonable requirements of the business of Holdings and the Restricted Subsidiaries, (g) transactions entered into in connection with the IPO or any Post-IPO Offerings (including various shareholder agreements), (h) ordinary-course business transactions (other than transactions of the type described in clause (e) or (f) above) that (A) do not involve the sale, transfer or other Disposition of operations or assets and (B) do not materially adversely affect the Lenders and (i) loans, Investments and guarantees among Holdings and the Restricted Subsidiaries to the extent not prohibited under this Article 7.

Section 7.05 *Change in Business.* Such Credit Party shall not, and shall not suffer or permit any of its Restricted Subsidiaries to, engage in any business other than the businesses conducted by the Credit Parties and their Restricted Subsidiaries on the date of this Agreement or

any business reasonably related, incidental or complementary thereto as reasonably determined by the board of directors of Holdings or such Person.

Section 7.06 *Fundamental Changes.* Such Credit Party shall not, and shall not suffer or permit any of its Restricted Subsidiaries to, merge, consolidate, amalgamate or sell all or substantially all of the assets of any Credit Party or any of its Restricted Subsidiaries, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), except if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing, (a) any Restricted Subsidiary that is not a Credit Party may merge, consolidate, amalgamate or sell all or substantially all of its assets to another Restricted Subsidiary that is not a Credit Party; *provided* that, if either such Restricted Subsidiary is a direct Subsidiary of a Credit Party, the surviving entity or the transferee entity, as applicable, shall be a direct Subsidiary of a Credit Party; (b) any Restricted Subsidiary that is a Credit Party (other than the Borrower) may merge, consolidate, amalgamate or sell all or substantially all of its assets to another Restricted Subsidiary that is a Credit Party (including the Borrower); *provided* that the surviving entity or the transferee entity, as applicable, shall be a Credit Party; *provided, further,* that, in the event that any of the foregoing involves the Borrower, the surviving entity or the transferee entity, as applicable, shall be the Borrower; (c) the Borrower may merge, consolidate, amalgamate or sell all or substantially all of its assets to a Restricted Subsidiary owned directly by Holdings or the Borrower immediately prior to such transactions; *provided* that (i) the surviving entity of a merger with the Borrower or the transferee entity that receives all or substantially all of the Borrower's assets, as applicable (the "**Successor Entity**"), shall be a corporation or limited liability company organized and existing under the laws of the United States, any State thereof or the District of Columbia and shall expressly assume all of the obligations of the Borrower under the Loan Documents pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent, (ii) immediately after giving effect to such merger, consolidation, amalgamation or sale, as applicable, no Default or Event of Default shall have occurred and be continuing or would result therefrom, (iii) except as the Administrative Agent may otherwise agree, each Guarantor, unless it is the other party to such merger, consolidation, amalgamation or sale, as applicable, shall execute and deliver a reaffirmation agreement with respect to its obligations under the other Loan Documents in form and substance reasonably satisfactory to the Administrative Agent, (iv) the Successor Entity shall provide the documentation and other information to the Administrative Agent as the Administrative Agent and the Lenders reasonably determine are required by bank regulatory authorities under applicable "know-your-customer" and Anti-Money Laundering Laws, including the PATRIOT Act; *provided* that, the Borrower shall have notified the Administrative Agent in writing at least seven (7) Business Days prior to such merger, consolidation, amalgamation or sale, as applicable, and each Lender shall have been provided with documentation and other information it reasonably determines are required by bank regulatory authorities under applicable "know-your-customer" and Anti-Money Laundering Laws, including the PATRIOT Act, at least five (5) Business Days prior to the consummation of such merger, consolidation, amalgamation or sale, as applicable, as has been reasonably requested in writing at least six (6) Business Days prior to such merger, consolidation, amalgamation or sale, as applicable, and (v) the Successor Entity shall deliver an officer's certificate to the Administrative Agent to the effect that after giving effect to such merger, consolidation, amalgamation or sale, as applicable, no Default or Event of Default shall have occurred and be continuing or would result therefrom (it being understood and agreed that, if the foregoing conditions under clauses (i) through (v) are satisfied, the Successor Entity will succeed to, and be substituted for, the Borrower under this

Agreement and the other Loan Documents); and (d) any of its Restricted Subsidiaries that is not a Credit Party may liquidate, wind up or dissolve so long as the assets of such Restricted Subsidiary are distributed to a Guarantor; *provided* that, no such action pursuant to clause (a), (b), (c) or (d) above is permitted if such action would reasonably be expected, in the judgment of Holdings, to (i) have a material adverse effect on the Lenders, (ii) be disproportionately beneficial to the holders of any Material Indebtedness of Holdings or its Restricted Subsidiaries as compared to the Lenders or (iii) be disproportionately adverse to the Lenders as compared to such other holders.

Section 7.07 *Restricted Payments.* Such Credit Party shall not, and shall not suffer or permit any of its Restricted Subsidiaries to, declare or pay any dividend on (or make any payment to a related trust for the purpose of paying a dividend), or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of a Credit Party or such Restricted Subsidiary (or any related trust), whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of a Credit Party or such Restricted Subsidiary (collectively, "Restricted Payments"), except that:

(a) any of its Restricted Subsidiaries may declare or pay dividends with respect to its Capital Stock to Holdings and to any Wholly-Owned Subsidiary (and in the case of a non-Wholly-Owned Subsidiary, to Holdings and any of its Restricted Subsidiaries and to each other owner of Capital Stock or other equity interests of such Restricted Subsidiary on a pro rata basis based on their relative ownership interests);

(b) Holdings may pay dividends solely in the form of shares of its Capital Stock;

(c) Holdings may make Restricted Payments so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom;

(d) Holdings may make cash payments in lieu of fractional shares in connection with the exercise of warrants, options or other securities, convertible or exchangeable for Capital Stock; and

(e) Holdings may pay any dividend within ninety (90) days after the date of declaration thereof; *provided* that on the date of declaration such payment shall comply with one of the exceptions to this Section 7.07 listed in clauses (b) through (d) hereof.

Section 7.08 *Prepayment of Certain Indebtedness; Modifications of Certain Agreements; Synthetic Purchase Agreements.*

(a) Such Credit Party shall not, nor shall it suffer or permit any of its Restricted Subsidiaries to, pay or make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property, and including optional prepayments and open market purchases) of or in respect of principal or interest on any Subordinated Indebtedness, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, defeasance or termination of any Subordinated Indebtedness, other than (i) payment of regularly scheduled principal and interest payments as and when due in respect thereof, other than any payment prohibited by the subordination provisions thereof, (ii) to the extent the consideration thereof consists of Capital

Stock of Holdings or (iii) so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom.

(b) Such Credit Party shall not, nor shall it permit any of its Restricted Subsidiaries to, amend, modify, waive or otherwise change, or consent to any amendment, modification, waiver or other change to, the subordination provisions within documents or instruments governing or evidencing any Subordinated Indebtedness in any manner adverse in any material respect to the Lenders.

(c) Such Credit Party shall not, nor shall it permit any of its Restricted Subsidiaries to, amend or modify its respective Organization Documents, other than any amendments or modifications which are not adverse in any material respect to the interests of the Lenders.

(d) Such Credit Party shall not, nor shall it permit any of its Restricted Subsidiaries to, enter into or be party to, or make any payment under, any Synthetic Purchase Agreement.

Section 7.09 *Debt to Total Capitalization Ratio.* Holdings shall not permit the Debt to Total Capitalization Ratio of Holdings as at the end of any Fiscal Quarter to be more than 35% for Holdings and its consolidated Restricted Subsidiaries.

Section 7.10 *Holdings Net Worth.* Holdings shall not permit the GAAP Net Worth of Holdings and its consolidated Restricted Subsidiaries, at all times when such calculations are available and, in any event, at the end of any calendar month, to be less than the sum of 70% of the Net Worth of GAFL and its consolidated Restricted Subsidiaries as of the last day of the Fiscal Quarter most recently ended prior to the Effective Date, plus 50% of the aggregate Net Income since the last day of the Fiscal Quarter most recently ended prior to the Effective Date for Holdings and its consolidated Restricted Subsidiaries (to the extent positive).

Section 7.11 *Non-Contravention of OFAC.*

(a) Such Credit Party shall not, and shall not permit any of its Restricted Subsidiaries or, to the Knowledge of such Credit Party, any of such Credit Party's or any of its Subsidiaries' officers, directors or employees to (i) become an Embargoed Person or (ii) except as otherwise authorized by OFAC or any other relevant sanctions authority, otherwise permitted for U.S. persons by a U.S. Governmental Authority or by any rule, regulation or order of a U.S. Governmental Authority, use any proceeds of the Revolving Loans, or lend, contribute or otherwise make available such proceeds to any Person for the purpose of financing the activities of or with any Person or in any country or territory that is an Embargoed Person.

(b) Except as otherwise authorized by OFAC or any other relevant sanctions authority, such Credit Party shall not and shall not permit any of its Restricted Subsidiaries or, to the Knowledge of Holdings or the Borrower, any of such Credit Party's or any of its Subsidiaries' officers, directors or employees to (i) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Embargoed Person, (ii) deal in, or otherwise engage in any transaction related to, any property or interests in property blocked pursuant to any applicable Economic Sanctions Laws or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the applicable prohibitions set forth in any Economic Sanctions Laws.

Section 7.12 *Restrictive Agreements.* Such Credit Party shall not, nor shall it permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition on (a) the ability of Holdings or any of its Restricted Subsidiaries to create or permit to exist any Lien on any of its property to secure the Obligations or (b) the ability of any of its Restricted Subsidiaries to pay dividends or other distributions with respect to any shares of its Capital Stock (other than dividends or distributions on the Capital Stock of Holdings or the Borrower) or to make, repay or prepay intercompany loans or advances to Holdings or any other Restricted Subsidiary or to Dispose of assets to Holdings or any other Restricted Subsidiary; *provided* that (i) the foregoing shall not apply to restrictions and conditions imposed by applicable law (including pursuant to regulatory restrictions), (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof and under any document identified on Schedule 7.12 (but shall apply to any amendment or modification, or any extension or renewal, of any such restriction or condition that has the effect of making such restriction or condition materially more restrictive), (iii) the foregoing shall not apply to restrictions that are not more restrictive than those contained in this Agreement contained in any documents governing any Indebtedness not prohibited by this Agreement, (iv) clause (a) of this Section 7.12 shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness or other obligations permitted to be secured hereunder (including Capitalized Lease Liabilities and Purchase Money Debt) not prohibited by this Agreement if such restrictions or conditions apply only to the collateral securing such Indebtedness or such other obligations permitted to be secured hereunder, (v) clause (a) of this Section 7.12 shall not apply to customary provisions in leases or licenses or other contracts and agreements restricting the assignment, subletting or sublicensing thereof and (vi) this Section 7.12 shall not apply to (A) any of its Restricted Subsidiaries that is not a Wholly-Owned Subsidiary with respect to restrictions and conditions imposed by such Restricted Subsidiary's Organization Documents or any related joint venture or similar agreement so long as any such restriction or condition applies only to such Subsidiary and to any Capital Stock in such Restricted Subsidiary, (B) restrictions and conditions imposed on any of its Restricted Subsidiaries in existence at the time such Restricted Subsidiary became a Subsidiary (but shall apply to any amendment or modification expanding the scope of any such restriction or condition which makes such restrictions and conditions, taken as a whole, materially more restrictive); *provided* that such restrictions and conditions (x) apply only to such Restricted Subsidiary and (y) were not imposed in anticipation of the Facility, (C) customary provisions contained in leases, sub-leases, licenses, sub-licenses or similar agreements, including with respect to intellectual property and other agreements, in each case entered into in the ordinary course of business; *provided* that such provisions apply only to the assets that are the subject of such lease, sub-lease, license, sub-license or other agreement and shall not apply to any other assets of Holdings or any of its Restricted Subsidiaries and (D) restrictions on pledging joint venture interests included in customary provisions in joint venture agreements or arrangements and other similar agreements applicable to joint ventures.

Section 7.13 *Holding Company Activities.* Notwithstanding anything herein to the contrary, each of Holdings and the Borrower shall not (a) incur, directly or indirectly, any Indebtedness other than the Indebtedness not prohibited to be incurred by them under this Agreement; (b) create or suffer to exist any Lien upon any property or assets now owned or hereafter acquired, leased or licensed by it other than the Liens (x) created under the Collateralized L/C Security Documents to which it is a party and (y) permitted pursuant to Section 7.01; (c) engage in any business other than as permitted by this Agreement; (d) merge, consolidate or

amalgamate with, or sell all or substantially all of its assets to, any other Person except as permitted by Section 7.06; (e) sell or otherwise dispose of any Capital Stock of any of its Subsidiaries other than as permitted to be disposed of them under this Agreement; or (f) fail to hold itself out to the public as a legal entity separate and distinct from all other Persons.

Section 7.14 *Changes in Accounting Policies; Fiscal Year.* Such Credit Party shall not, nor shall it permit any of its Restricted Subsidiaries to, (a) make any change to its accounting policies or reporting practices, except as required or permitted by GAAP or SAP or applicable securities laws or (b) change the last day of its fiscal year from December 31 of each year.

ARTICLE 8
EVENTS OF DEFAULT

Section 8.01 *Events of Default.* Each of the following shall constitute an “**Event of Default**”:

(a) Non-Payment. The Borrower fails to pay (i) when and as required to be paid herein, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise, any amount of principal of any Revolving Loans, or (ii) within five (5) Business Days after the same becomes due, any interest, fee or any other amount payable hereunder (including pursuant to Sections 2.02(h) or 2.02(l)(vi)) or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by any Credit Party made or deemed made herein or in any other Loan Document (other than any Collateralized L/C Security Document) or any amendment or modification hereof or thereof or waiver hereunder or thereunder, or contained in any certificate, document or financial or other written statement by a Credit Party, any Restricted Subsidiary or any Responsible Officer, furnished at any time in connection with this Agreement or in any other Loan Document (other than any Collateralized L/C Security Document) or any written amendment or modification hereof or thereof or waiver hereunder or thereunder, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. Any Credit Party fails to perform or observe any term, covenant or agreement contained in any of Section 6.03(a), Section 6.04(a) (with respect to corporate existence), or Article 7 on its part to be performed; or

(d) Other Defaults. Any Credit Party or any of their Restricted Subsidiaries fails to perform or observe any other term or covenant contained in this Agreement (other than Section 2.02(l)(vi)) or any other Loan Document (other than any Collateralized L/C Security Document) on its part to be performed, and such default shall continue unremedied for a period of thirty (30) days after the date upon which written notice thereof is given to the Borrower by the Administrative Agent or the Required Lenders; or

(e) Cross-Default. (i) Any Credit Party or any of their Restricted Subsidiaries (A) fails to make any payment in respect of any Material Indebtedness (other than in respect of Swap Contracts), when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) beyond the applicable grace or cure period thereunder or (B) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under

any agreement or instrument relating to any such Indebtedness beyond the applicable grace or cure period thereunder if the effect of such failure, event or condition is to cause, or to permit (or, with the giving of notice or lapse of time or both, would permit) the holder or holders of any Material Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, any Material Indebtedness to be declared to be due and payable prior to its stated maturity; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (x) any event of default under such Swap Contract as to which a Credit Party or any Restricted Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (y) any Termination Event (as so defined) as to which any Credit Party or any of their Restricted Subsidiaries is an Affected Party (as so defined), and, in either event, the Swap Termination Value owed by a Credit Party or such Restricted Subsidiary as a result thereof is greater than \$75,000,000 (in the aggregate for all such Swap Contracts) beyond the applicable grace or cure period thereunder (and, in the case of clause (y), a Credit Party or such Restricted Subsidiary fails to pay such Swap Termination Value when due beyond the applicable grace or cure period thereunder); *provided, however*, that no Default or Event of Default shall be deemed to occur under clause (i)(B) of this Section 8.01(e) in respect of the failure to perform or observe any such condition or covenant, or the occurrence of any such event or existence of any such condition, under any agreement or instrument relating to any Material Indebtedness owing to the Federal Home Loan Bank of Boston that is cured, remedied or otherwise resolved within five (5) Business Days of the occurrence thereof and prior to such Material Indebtedness being declared to be due and payable prior to its stated maturity; or

(f) Insolvency; Voluntary Proceedings. Any Credit Party or any Restricted Subsidiary of Holdings (i) generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; (iv) applies for or consents to the appointment of a receiver, trustee, custodian, conservator, liquidator, provisional liquidator, mortgagee in possession (or agent therefor) or other similar Person for itself or for a substantial part of its assets; or (v) takes any corporate action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against any Credit Party or any Restricted Subsidiary of Holdings, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of any Credit Party's or any Restricted Subsidiary's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within sixty (60) days after commencement, filing or levy; (ii) any Credit Party or any Restricted Subsidiary of Holdings admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief, the appointment of a liquidator or provisional liquidator or for winding-up (or other similar order under non-U.S. law) is ordered in any Insolvency Proceeding; (iii) any Credit Party or any Restricted Subsidiary of Holdings acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, provisional liquidator, mortgagee in possession (or agent therefor) or other similar Person for itself or a substantial portion of its property or business; or (iv) any Credit Party or any Restricted Subsidiary of Holdings shall become subject to any conservation, rehabilitation or liquidation order, directive or mandate issued by any Governmental Authority; or

(h) Pension Plans and Welfare Plans. With respect to any Single Employer Pension Plan or Multiemployer Plan, any ERISA Event has occurred that would reasonably be expected to result in the incurrence of liability by Holdings, or any of its Restricted Subsidiaries, or steps are taken to terminate any Multiemployer Plan and such termination would reasonably be expected to result in any liability of Holdings, or any of its Restricted Subsidiaries, where in any event, individually or in the aggregate, the liability incurred by Holdings and its Restricted Subsidiaries could have a Material Adverse Effect; or

(i) Material Judgments. One or more monetary judgments or decrees shall be entered against any Credit Party or any of its Restricted Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance as to which the relevant insurance company has not denied coverage) of \$75,000,000 or more, and all such judgments or decrees shall not have been paid, vacated, discharged, stayed or bonded pending appeal within sixty (60) days from the entry thereof, or any action shall be taken by a judgment creditor to attach or levy upon any asset of any Credit Party or any of their Restricted Subsidiaries to enforce any such judgment or decree; or

(j) Material Regulatory Matters. (i) Any Insurance Subsidiary shall not make a scheduled payment of interest or principal on any surplus note or similar form of indebtedness (due to actions (as opposed to any inaction) of any Governmental Authority), (ii) any Insurance Subsidiary's ability to pay fees to its Affiliates under existing agreements (or extensions of existing agreements) shall be restricted (due to actions (as opposed to any inaction) of any Governmental Authority) or (iii) in any Fiscal Year, an Insurance Subsidiary's ability to pay dividends to its stockholders is restricted in any manner (due to actions (as opposed to any inaction) of any Governmental Authority), other than by restrictions relating to dividends that apply generally to other insurance companies domiciled in the Insurance Subsidiary's state of domicile under the insurance law of the state, and (1) in the cases of subclauses (i) through (iii) above, such event or condition, together with all other such events or conditions, would reasonably be expected to have a Material Adverse Effect and (2) in each case, such event or condition was not in effect as of the date hereof; or

(k) Change of Control. There occurs any Change of Control; or

(l) Invalidity of Loan Documents. Any provision of any Loan Document (other than any Collateralized L/C Security Document), at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or any Credit Party contests in writing the validity or enforceability of any provision of any Loan Document (other than any Collateralized L/C Security Document); or any Credit Party denies in writing that it has any further liability or obligation under any provision of any Loan Document (other than any Collateralized L/C Security Document), or purports to revoke, terminate or rescind any provision of any Loan Document (other than any Collateralized L/C Security Document).

Section 8.02 Remedies. If any Event of Default shall have occurred and be continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders:

(a) declare the obligation of each Lender to make extensions of the Revolving Loans or issuances, extensions or renewals of Letters of Credit to be terminated;

(b) declare the unpaid principal amount of all outstanding Revolving Loans, all interest accrued and unpaid thereon and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, whereupon such outstanding principal amount of the Revolving Loans, all interest accrued and unpaid thereon and all other amounts owing or payable hereunder or under any other Loan Document shall become immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable law;

(d) exercise on behalf of itself and the Secured Parties all rights and remedies available to it and the Secured Parties under the Collateralized L/C Security Documents or applicable law;

provided that upon the occurrence of any event specified in Section 8.01(f) or Section 8.01(g) (upon the expiration of the 60-day period mentioned therein, if applicable), the obligation of each Lender to make Revolving Loans or issue, extend or renew Letters of Credit shall automatically terminate and the unpaid principal amount of all outstanding Revolving Loans and all interest and other amounts as aforesaid shall automatically become due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower.

Section 8.03 *Rights Not Exclusive.* The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE 9 THE AGENTS

Section 9.01 *Appointment and Authority.* Each of the Lenders hereby irrevocably appoints Wells Fargo to act on its behalf as the Administrative Agent hereunder and the other 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 9 are solely for the benefit of the Administrative Agent, the Arrangers, the Bookrunners, the Syndication Agents, the Documentation Agents and the Lenders, and neither the Borrower nor any other Credit Party shall have rights as a third-party beneficiary of any of such provisions (other than Sections 9.06 and 9.10).

Section 9.02 *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” or “Lenders” 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 the Borrower, any Credit Party or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 9.03 *Exculpatory Provisions.* No Agent-Related Person shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, no Agent-Related Person:

(a) shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that it is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); *provided* that no Agent-Related Person shall be required to take any action that, in its opinion or the opinion of its counsel, may expose such Agent-Related Person to liability or that is contrary to any Loan Document or applicable law; and

(c) shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, or shall be liable for the failure to disclose, any information relating to Holdings or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent, any Agent-Related Person or any of their respective Affiliates in any capacity.

No Agent-Related Person shall be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Person shall believe in good faith shall be necessary, under the circumstances as provided in Sections 8.02 and 10.01) or (ii) in the absence of such Agent-Related Person's own gross negligence or willful misconduct. No Agent-Related Person shall be deemed to have knowledge of any Default unless and until notice describing such Default is given to such Agent-Related Person by the Borrower or a Lender.

No Agent-Related Person shall 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 this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article 4 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent-Related Person.

Section 9.04 *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 Revolving Loan 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 Revolving Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the 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 9.05 *Delegation of Duties.* The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by it. The Administrative Agent and any such sub-agent 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 9 shall apply to any such sub-agent selected by the Administrative Agent with reasonable care and to the Related Parties of the Administrative Agent, and shall apply to their respective activities in connection with the syndication of the Facility as well as activities as Administrative Agent.

Section 9.06 *Resignation of Administrative Agent.* The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, with the consent of the Borrower (such consent not to be unreasonably withheld, conditioned or delayed), to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (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 the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) 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 (2) 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 Required Lenders appoint a successor Administrative Agent, with the consent of the Borrower (such consent not to be unreasonably withheld, conditioned or delayed), as provided for above in this Section 9.06. 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 hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section 9.06). The fees payable by the Borrower to a successor Administrative Agent shall be the

same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article 9 and Sections 10.04 and 10.05 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 9.07 *Non-Reliance on Administrative Agent and Other Lenders.* Each Lender acknowledges that it has, independently and without reliance upon any Agent-Related Person, any Arranger, any Bookrunner, any Syndication Agent, any Documentation 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 any Agent-Related Person, any Arranger, any Bookrunner, any Syndication Agent, any Documentation 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 this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 9.08 *No Other Duties; Other Agents; Etc.* Each of RBC and US Bank are hereby appointed Syndication Agents hereunder, and each Lender hereby authorizes RBC and US Bank to act as Syndication Agents in accordance with the terms hereof and the other Loan Documents. Each of BMO Harris Bank N.A., KeyBank National Association, The Bank of Nova Scotia and JPMorgan Chase Bank, N.A. are hereby appointed Documentation Agents hereunder, and each Lender hereby authorizes BMO Harris Bank N.A., KeyBank National Association, The Bank of Nova Scotia and JPMorgan Chase Bank, N.A. to act as Documentation Agents in accordance with the terms hereof and the other Loan Documents. The Syndication Agents, Documentation Agents and any other Agent may resign from such role at any time, with immediate effect, by giving prior written notice thereof to the Administrative Agent and the Borrower. Anything herein to the contrary notwithstanding, none of the Arrangers, Bookrunners, Syndication Agents or Documentation Agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

Section 9.09 *Administrative Agent May File Proofs of Claim.* In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Credit Party, the Administrative Agent (irrespective of whether the principal of the Revolving Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Revolving Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their

respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.02, 2.08, 10.04 and 10.05) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

(c) and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.02, 2.08, 10.04 and 10.05.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 9.10 *Collateral and Guarantee Matters.* No Secured Party shall have any right individually to realize upon any of the Collateralized L/C Collateral or to enforce any Guarantee, 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 Parties in accordance with the terms thereof. The Lenders irrevocably authorize the Administrative Agent to:

(a) release (x) any Guarantor from the Guarantee or (y) any Lien on any property granted to or held by the Administrative Agent under any Loan Document, (i) upon payment in full of all Obligations (other than unmatured, surviving contingent indemnification obligations) and the termination of all Revolving Commitments and the cancellation or expiration of all Letters of Credit (or Cash Collateralization of outstanding Letters of Credit at the Minimum Cash Collateral Amount), (ii) as expressly permitted under the Loan Documents, (iii) in connection with a merger, consolidation, amalgamation or sale of all or substantially all of the assets of a Restricted Subsidiary that is a Guarantor with or to the Borrower in accordance with Section 7.06(b) or (iv) in the case of clause (y), subject to Section 10.01, if approved, authorized or ratified in writing by Lenders having or holding Revolving Exposure and unused Revolving Commitments representing more than 66-2/3% of the aggregate Revolving Exposure and unused Revolving Commitments of all Revolving Lenders (*provided* that the aggregate amount of Revolving Exposure shall be determined with respect to any Defaulting Lender by disregarding the Revolving Exposure of such Defaulting Lender); and

(b) subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.01(j).

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the authority of the Administrative Agent to release or subordinate its interest in particular types or items of property, pursuant to this Section 9.10.

Section 9.11 *Indemnification of Agent-Related Persons*. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective portions of the total Revolving Loans and unused Revolving Commitments held on the date on which indemnification is sought, and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; *provided* that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities to the extent determined in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Agent-Related Person's own gross negligence or willful misconduct; and *provided, further*, that no action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section 9.11. Without limitation of the foregoing, each Lender shall reimburse each Agent-Related Person upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by such Agent-Related Person in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document or any document contemplated by or referred to herein, to the extent that such Agent-Related Person is not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section 9.11 shall survive the payment of all other Obligations and the resignation of the Administrative Agent or any Agent-Related Person.

Section 9.12 *Withholding Tax*. To the extent required by any applicable law, the Administrative Agent shall withhold from any payment to any Lender an amount equal to any applicable withholding Tax. If the IRS or any Governmental Authority asserts a claim that the Administrative Agent did not properly withhold Tax from any amount paid to or for the account of any Lender for any reason (including because the appropriate form was not delivered or was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding Tax ineffective), such Lender shall indemnify and hold harmless the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by the Borrower and without limiting or expanding the obligation of the Borrower to do so) for all amounts paid, directly or indirectly, by the Administrative Agent as Tax or otherwise, including any penalties, additions to Tax or interest thereon, together with all expenses incurred, including legal expenses and any out-of-pocket expenses, whether or not such Tax was correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this Article 9. The agreements in this Article 9 shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender, the termination of the Revolving Loans and the repayment, satisfaction or discharge of all obligations under this Agreement. Unless required by

applicable laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender any refund of Taxes withheld or deducted from funds paid for the account of such Lender.

Section 9.13 *Certain ERISA Matters.*

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, and the Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Revolving Loans, the Letters of Credit or the Revolving Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Revolving Loans, the Letters of Credit, the Revolving Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Revolving Loans, the Letters of Credit, the Revolving Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Revolving Loans, the Letters of Credit, the Revolving Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Revolving Loans, the Letters of Credit, the Revolving Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to,

and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, and the Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that none of the Administrative Agent, or the Arrangers or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Revolving Loans, the Letters of Credit, the Revolving Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto).

Section 9.14 *Erroneous Payments.*

(a) Each Lender and any other party hereto hereby severally agrees that if (i) the Administrative Agent notifies (which such notice shall be conclusive absent manifest error) such Lender or any other Person that has received funds from the Administrative Agent or any of its Affiliates, either for its own account or on behalf of a Lender (each such recipient, a "**Payment Recipient**") that the Administrative Agent has determined in its sole discretion that any funds received by such Payment Recipient were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clauses (i) or (ii) of this Section 9.14(a), whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise; individually and collectively, an "**Erroneous Payment**"), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; provided that nothing in this Section 9.14 shall require the Administrative Agent to provide any of the notices specified in clauses (i) or (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payments, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(ii) above, it shall promptly notify the Administrative Agent in writing of such occurrence.

(c) In the case of either clause (a)(i) or (a)(ii) above, such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and upon demand from the Administrative Agent such Payment Recipient shall (or, shall cause any Person who received any

portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than one Business Day thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in immediately available funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent at the Federal Funds Rate.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (c), from any Lender that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Lender, an “Erroneous Payment Return Deficiency”), then at the sole discretion of the Administrative Agent and upon the Administrative Agent’s written notice to such Lender (i) such Lender shall be deemed to have made a cashless assignment of the full face amount of the portion of its Loans (but not its Revolving Commitments) of the relevant Class with respect to which such Erroneous Payment was made (the “Erroneous Payment Impacted Class”) to the Administrative Agent or, at the option of the Administrative Agent, the Administrative Agent’s applicable lending affiliate in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Class, the “Erroneous Payment Deficiency Assignment”) plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by the Administrative Agent or its applicable lending affiliate as the assignee of such Erroneous Payment Deficiency Assignment. Without limitation of its rights hereunder, the Administrative Agent may cancel any Erroneous Payment Deficiency Assignment at any time by written notice to the applicable assigning Lender and upon such revocation all of the Loans assigned pursuant to such Erroneous Payment Deficiency Assignment shall be reassigned to such Lender without any requirement for payment or other consideration. The parties hereto acknowledge and agree that (1) any assignment contemplated in this clause (d) shall be made without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor, (2) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of Section 10.07 and (3) the Administrative Agent may reflect such assignments in the Register without further consent or action by any other Person.

(e) Each party hereto hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent (1) shall be subrogated to all the rights of such Payment Recipient with respect to such amount and (2) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Loan Document, or otherwise payable or distributable by the Administrative Agent to such Payment Recipient from any source, against any amount due to the Administrative Agent under this Section 9.14 or under the indemnification provisions of this Agreement, (y) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any Obligations owed by the Borrower or any other Credit Party, except, in each case of clause (x) and this clause (y), to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower or

any other Credit Party for the purpose of making a payment on the Obligations and (z) except to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower or any other Credit Party for the purpose of making a payment on the Obligations, to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Obligations, the Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been received.

(f) Each party's obligations under this Section 9.14 shall survive the resignation or replacement of the Administrative Agent or any transfer of right or obligations by, or the replacement of, a Lender, the termination of the Revolving Commitments or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

(g) Nothing in this Section 9.14 will constitute a waiver or release of any claim of any party hereunder arising from any Payment Recipient's receipt of an Erroneous Payment.

ARTICLE 10
MISCELLANEOUS

Section 10.01 *Amendments and Waivers.* No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Credit Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower or the applicable Credit Party, as the case may be, and acknowledged by the Administrative Agent, and each such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided* that the Administrative Agent may, with the consent of the Borrower only, amend, modify or supplement this Agreement or any other Loan Document to cure any ambiguity, omission, defect or inconsistency (as reasonably determined by the Administrative Agent), so long as such amendment, modification or supplement does not adversely affect the rights of any Lender or the Lenders shall have received at least five (5) Business Days' prior written notice thereof and the Administrative Agent shall not have received, within five (5) Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment, modification or supplement; *provided, further*, that no such amendment, waiver or consent shall:

(a) extend or increase the Revolving Commitment of any Lender (or reinstate any Revolving Commitment terminated pursuant to Section 8.02) without the written consent of such Lender; *provided* that no amendment, modification or waiver of any condition precedent, covenant, Default or Event of Default prior to the termination of the Revolving Commitments pursuant to Section 8.02 shall constitute an increase in any Revolving Commitment of any Lender;

(b) postpone or delay the maturity of the Revolving Loans or any reimbursement obligation in respect of any Letter of Credit or any date for the payment of any interest, premium or fees due to the Lenders (or any of them) hereunder or under any other Loan Document, or reduce the amount of, or rate, as applicable, waive or excuse any such payment, without the written consent of each Lender directly and adversely affected thereby (other than as a result of waiving

(i) an Event of Default in accordance with the terms hereof, (ii) default interest hereunder to the extent a waiver of the underlying default giving rise to such default interest does not require a vote of all Lenders or (iii) a mandatory prepayment to be made hereunder); *provided* that, for the avoidance of doubt, the provisions of Section 3.05(b) shall not be deemed to be a reduction of the amount of, or rate of, interest payable on any Revolving Loan;

(c) amend the definition of “Required Lenders” or “Pro Rata Share” without the consent of each Lender; *provided* that with the consent of Required Lenders, additional extensions of credit pursuant hereto may be included in the determination of “Required Lenders” or “Pro Rata Share” on substantially the same basis as the Revolving Commitments and the Revolving Loans are included on the Effective Date without the written consent of each Lender;

(d) amend the definition of “Interest Period” to permit Interest Periods with a duration of longer than six months without the written consent of each Lender;

(e) release all or substantially all of the Collateralized L/C Collateral from the Collateralized L/C Liens or any Guarantor from the Guarantee except as expressly permitted under the Loan Documents (including Section 9.10(a)) and except in connection with a “credit bid” undertaken by the Administrative Agent at the direction of the Required Lenders pursuant to Section 363(k), Section 1129(b)(2)(a)(ii) or otherwise of the Bankruptcy Code or other sale or disposition of assets in connection with an enforcement action with respect to the Collateralized L/C Collateral, as applicable, permitted pursuant to the applicable Loan Documents (in which case only the consent of the Required Lenders will be needed for such release), without the written consent of each Lender;

(f) extend the stated expiration date of any Letter of Credit beyond the Commitment Termination Date without the written consent of each Lender and the Administrative Agent, unless all such Letters of Credit are Cash Collateralized at the Minimum Cash Collateral Amount in accordance with Section 2.02(a)(vi);

(g) amend this Section 10.01, or any other provision of this Agreement that by its express terms requires the consent of all or all affected Lenders, without the written consent of each Lender or each affected Lender, as applicable;

(h) subject to Section 2.12, change Section 2.11 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(i) consent to the assignment or transfer by any Credit Party of any of its rights and obligations under any Loan Document without the written consent of each Lender;

(j) amend, modify or waive this Agreement or the Guarantee Agreement so as to alter the ratable treatment of Obligations arising under the Loan Documents and Guaranteed Obligations arising under the Guaranteed Swap Contracts or the definition of “Guaranteed Swap Contract”, “Obligations” or “Guaranteed Obligations” in each case in a manner adverse to any contractual counterparty to any such Guaranteed Swap Contract with Guaranteed Obligations then outstanding without the written consent of any such contractual counterparty;

(k) modify (i) the Collateralized L/C Aggregate Collateral Amount or any component thereof with the effect of increasing the Collateralized L/C Aggregate Collateral Amount or (ii) the Minimum Collateralized L/C Aggregate Collateral Amount or any component thereof with the effect of decreasing the Minimum Collateralized L/C Aggregate Collateral Amount, in each case, without the written consent of each Lender; or

(l) amend, modify, terminate or waive any provision of the Loan Documents as the same applies to the Administrative Agent, or any other provision hereof as the same applies to the rights or obligations of the Administrative Agent, in each case without the consent of the Administrative Agent;

provided, further, that (i) no such agreement shall, unless in writing and signed by the Administrative Agent, in addition to the Required Lenders or all the Lenders, as the case may be, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document (except with respect to the removal of the Administrative Agent) and (ii) any fee agreement referred to in Section 2.08 may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except for any amendment, waiver or consent pursuant to Section 10.01(a), (b)_or (c).

Section 10.02 Notices.

(a) Unless otherwise expressly provided herein, all notices and other communications *provided* for hereunder shall be in writing (including by facsimile or electronic transmission). All such written notices shall be mailed, emailed, faxed or delivered to the applicable address, facsimile number (*provided* that any matter transmitted by the Borrower by facsimile (1) shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 10.02, and (2) shall be followed promptly by delivery of a hard copy original thereof) or (subject to clause (c) below) electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, any other Credit Party or the Administrative Agent, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.02 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its administrative questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Borrower and the Administrative Agent.

All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail,

four (4) Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile or electronic mail, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail (which form of delivery is subject to the provisions of clause (e) below), when delivered; *provided* that notices and other communications to the Administrative Agent pursuant to Article 2 shall not be effective until actually received by such Person. In no event shall a voicemail message be effective as a notice, communication or confirmation hereunder.

(b) Electronic Communications:

(1) Notices and other communications to the Administrative Agent, and the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites, including the Platform) pursuant to procedures approved by the Administrative Agent, *provided* that the foregoing shall not apply to notices to the Administrative Agent or any Lender pursuant to Article 2 if such Person has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the 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 acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment); *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 subclause (i) of notification that such notice or communication is available and identifying the website address therefor.

(2) Holdings and each of its Subsidiaries understands that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution and agrees and assumes the risks associated with such electronic distribution, except to the extent that such losses, costs, expenses or liabilities are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of the Administrative Agent.

(3) The Platform and any Approved Electronic Communications are provided "as is" and "as available". None of the Agent-Related Persons warrant the accuracy, adequacy or completeness of the Approved Electronic Communications or the Platform and each expressly disclaims liability for errors or omissions in the Platform and the Approved Electronic Communications, except for such losses, costs, expenses or liabilities as are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or

willful misconduct of such Person. No warranty of any kind, express, implied or statutory, including 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-Related Persons in connection with the Platform or the Approved Electronic Communications.

(4) Holdings, each of its Subsidiaries and each Lender agrees that the Administrative Agent may, but shall not be obligated to, store any Approved Electronic Communications on the Platform in accordance with the Administrative Agent's customary document retention procedures and policies.

(c) The Agent-Related Persons and the Lenders shall be entitled to rely and act upon any notices purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify each Agent-Related Person and each Lender from all losses, costs, out-of-pocket expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower; *provided* that such indemnity shall not, as to any such Person, be available to the extent that such losses, costs, expenses or liabilities are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Person. All telephonic notices to and other communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section 10.03 *No Waiver; Cumulative Remedies.* No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 10.04 *Costs and Expenses.* The Borrower agrees to pay or reimburse (a) the Administrative Agent, each Arranger, each Bookrunner and each Syndication Agent, in each case together with their respective Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates, for all reasonable costs and out-of-pocket expenses incurred in connection with the development, preparation, negotiation and execution of this Agreement and the other Loan Documents, including all Attorney Costs, which Attorney Costs shall be limited to the reasonable fees and reasonable disbursements of Milbank LLP and, if reasonably necessary (in the sole discretion of the Administrative Agent), a single local counsel in each appropriate jurisdiction and a single insurance regulatory counsel, collectively, for each of the foregoing Persons, (b) each Agent-Related Person for all reasonable costs and out-of-pocket expenses incurred in connection with any amendment, waiver, consent or other modification of the provisions hereof and thereof and the consummation and administration of the transactions contemplated hereby and thereby, including all Attorney Costs, which Attorney Costs shall be limited to the reasonable fees and reasonable disbursements of a single primary counsel and, if reasonably necessary (in the sole discretion of the Administrative Agent), a single local counsel in each appropriate jurisdiction and a single insurance regulatory counsel, collectively, for each

Agent-Related Person, and (c) each Agent-Related Person and each Lender for all costs and expenses incurred in connection with the enforcement, attempted enforcement or preservation of any rights or remedies under this Agreement (including this Section 10.04) or the other Loan Documents (including all such costs and expenses incurred during any “workout” or restructuring in respect of the Obligations and during any legal proceeding, including in any Insolvency Proceeding or appellate proceeding), including all reasonable fees, expenses and disbursements of any law firm or other external legal counsel. The foregoing costs and expenses shall include all search, filing, recording, title insurance and appraisal charges and fees and taxes (other than income taxes) related thereto and other out-of-pocket expenses incurred by each Agent-Related Person and the cost of independent public accountants and other outside experts (subject to the limitations above) retained by such Agent-Related Person or any Lender, as applicable. All amounts due under this Section 10.04 shall be payable within ten (10) Business Days after written demand therefor. The agreements in this Section 10.04 shall survive the repayment of the Revolving Loans and the other Obligations.

Section 10.05 *Borrower Indemnification; Damage Waiver.*

(a) Whether or not the transactions contemplated hereby are consummated, the Borrower shall indemnify and hold harmless the Administrative Agent, each Arranger, each Bookrunner, each Syndication Agent, each Documentation Agent, each Lender and their respective Affiliates, and the directors, officers, employees, agents and partners (to the extent such Person is a partnership) of such Persons and Affiliates involved with the Transactions (collectively, the “**Indemnified Persons**”) from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, charges and costs, expenses and disbursements (including reasonable Attorney Costs) of any kind or nature whatsoever (including those arising from or relating to any environmental matters) that may at any time be imposed on, incurred by or asserted against any such Indemnified Person by any third party or by the Borrower or any other Credit Party (x) that directly or indirectly owns the equity interests of the Borrower or (y) whose equity interests are owned directly or indirectly by the Borrower, in any way relating to or arising out of or in connection with (i) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (ii) any Revolving Commitment, Revolving Loan or Letter of Credit or the use or proposed use of the proceeds therefrom, (iii) any Environmental Liability related to Holdings or any of its Subsidiaries or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnified Person is a party thereto (all the foregoing, collectively, the “**Indemnified Liabilities**”), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnified Person; *provided* that such indemnity shall not, as to any Indemnified Person, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements (including Attorney Costs) (A) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Person in connection with or as a result of the transactions hereunder or (B) arise out of or are in connection with any claim, litigation, loss or proceeding not involving an act or omission of Holdings or any of its Subsidiaries (other than

an Indemnified Person) and that is brought by an Indemnified Person against another Indemnified Person (other than against the Administrative Agent, any Arranger, any Bookrunner, any Syndication Agent or any Documentation Agent in their capacities as such or any other Indemnified Person in performing the services that are the subject of the Loan Documents). No Indemnified Person shall be liable for any damages arising from the use by others of any information or other materials obtained through IntraLinks or other similar information transmission systems in connection with this Agreement other than for any direct damages (and specifically excluding indirect, consequential, special or punitive damages) determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Person. Neither any Credit Party nor any Indemnified Person will have any liability for any indirect, consequential, special or punitive damages in connection with or as a result of such Credit Party's or such Indemnified Person's activities related to the transactions hereunder; *provided* that, that nothing contained in this sentence shall limit the Credit Parties' indemnification obligations hereunder to the extent such indirect, consequential, special or punitive damages are included in any third-party claim whereby any Indemnified Person is entitled to indemnification hereunder. All amounts due under this Section 10.05 shall be payable within thirty (30) days after written demand therefor together with, if requested by the Borrower, backup documentation supporting such indemnification request. The agreements in this Section 10.05 shall survive the resignation of the Administrative Agent, the replacement of any Lender and the repayment, satisfaction or discharge of all the other Obligations.

(b) No Indemnified Person shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it 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 any direct damages (and specifically excluding indirect, consequential, special or punitive damages) determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Person.

Section 10.06 *Marshaling; Payments Set Aside.* Neither of the Administrative Agent nor any Lender shall be under any obligation to marshal any assets in favor of any Credit Party or any other Person or against or in payment of any or all of the Obligations. To the extent that the Borrower makes a payment to the Administrative Agent or the Lenders (or to the Administrative Agent on behalf of the Lenders), or the Administrative Agent or any Lender enforces any security interests or exercises any right of set-off, and such payment or the proceeds of such enforcement or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its pro rata share of any amount so recovered from or repaid by the Administrative Agent.

Section 10.07 *Assignments, Successors, Participations, Etc.*

(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 Credit Party may assign or otherwise transfer any of its rights or obligations hereunder (except as expressly permitted in Section 7.06) 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 Section 10.07(b) or (ii) by way of participation in accordance with the provisions of Section 10.07(d) (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 (as defined below) to the extent provided in Section 10.07(e) 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 Revolving Commitment and Revolving Loans at the time owing to it (*provided, however,* that each assignment shall be of a uniform, and not varying, percentage of all rights and obligations under and in respect of any applicable Revolving Loan and any related Revolving Commitments)); *provided that*:

(i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Revolving Loans or Revolving Commitment 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 Revolving 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, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing under Section 8.01(a), (f) or (g), the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); *provided that* the Borrower shall be deemed to have consented unless it shall object thereto by written notice to the Administrative Agent within fifteen (15) Business Days after having received notice thereof;

(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 Revolving Loans or the Revolving Commitments assigned under this Agreement;

(iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption; such Assignment and Assumption to be (A) electronically executed and delivered to the Administrative Agent via an electronic settlement system then acceptable to the Administrative Agent (or, if previously agreed with the Administrative Agent, manually) and (B) delivered together with a processing and recordation fee of \$[**], unless waived or reduced by the Administrative

[**] = *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.*

Agent in its sole discretion; *provided* that, no processing and recordation fee shall be payable in connection with an assignments by or to any Arranger or its Affiliates; and

(iv) if the Eligible Assignee shall not be a Lender, (A) the relevant assignor, at the time that it notifies the Administrative Agent of such proposed assignment, shall deliver to the Administrative Agent a duly executed Form W-9 of the proposed Eligible Assignee and (B) such Eligible Assignee shall deliver to the Administrative Agent an administrative questionnaire, in the form prescribed by the Administrative Agent.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 10.07(c), from and after the effective date specified in each Assignment and Assumption, 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, (*provided* that, with respect to circumstances in effect on the effective date of such Assignment and Assumption, an Eligible Assignee shall not be entitled to receive any greater payment under Section 3.01 than the applicable Lender would have been entitled to receive had the assignment not taken place) 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 3.01, 3.03, 3.04, 10.04 and 10.05 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, the Borrower (at their expense) shall execute and deliver a Revolving Loan Note to the assignee Lender. 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 Section 10.07(d).

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office 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 Revolving Commitments of, and principal and interest amounts of the Revolving 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 Borrower, 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 Borrower and each Lender (with respect to its own interests in the Facility only) at any reasonable time and from time to time upon reasonable prior notice. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a Natural Person or the Borrower, Holdings or any Affiliate or Subsidiary of the Borrower or Holdings (other than Goldman Sachs & Co. LLC and any lending affiliates thereof, but excluding Holdings and its Subsidiaries) or any Disqualified Lender) (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 Revolving Commitment and/or the 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 Borrower, the Administrative Agent and the other 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, waiver or other modification described in the first proviso to Section 10.01 that directly affects such Participant. Except to the extent limited by Section 10.07(e), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.03 and 3.04 (subject to the limitations and requirements of such Sections (including Section 3.01(e) and Section 3.01(f)) and Section 3.07, as if such Participant were a Lender) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.07(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.09 as though it were a Lender; *provided* that such Participant agrees to be subject to Section 2.11 as though it were a Lender.

Each Lender that sells a participation pursuant to this Section 10.07(d) shall, acting solely for U.S. federal income tax purposes as a non-fiduciary agent of the Borrower, maintain a register on which it records the name and address of each participant and the principal amounts of each participant's participation interest with respect to the Revolving Loans or other obligations under the Loan Documents (each, a "**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 Revolving Commitments, Revolving Loans or its other obligations under this Agreement) except to the extent that the relevant parties, acting reasonably and in good faith, determine that such disclosure is necessary to establish that such Revolving Commitment, Revolving Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations and Section 1.163-5(b)(1) of the proposed 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 Section 3.01 or 3.03 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant; *provided* that this Section 10.07(e) shall not apply if the sale of the participation to such Participant is made with the Borrower's prior written consent.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Revolving Loan Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank of similar function having jurisdiction over such Lender; *provided* that no such pledge or assignment shall release such Lender from any

of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Electronic Execution of Assignments. The words “execution,” “signed,” “signature,” and words of like import in 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 10.08 *Confidentiality.* The Administrative Agent, each Arranger, each Bookrunner, each Syndication Agent, each Documentation Agent and each Lender shall maintain the confidentiality of all information provided to it by or on behalf of Holdings or any Subsidiary, or by the Administrative Agent on Holdings’ or such Subsidiary’s behalf, under this Agreement or any other Loan Document, it being understood and agreed by the Credit Parties that, in any event, the Administrative Agent may disclose such information to the Lenders and the Administrative Agent, each Arranger, each Bookrunner, each Syndication Agent, each Documentation Agent and each Lender may make disclosures thereof to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by such Person on breach of the provisions of this Section 10.08, or (ii) was or becomes available on a non-confidential basis from a source other than Holdings or its Subsidiaries; *provided* that such source is not bound by a confidentiality agreement with Holdings or any of its Subsidiaries known to such Person; *provided, further*, that the Administrative Agent, any Arranger, any Bookrunner, any Syndication Agent, any Documentation Agent or any Lender may disclose such information (a) at the request or pursuant to any requirement of any Governmental Authority or representative thereof to which such Person is subject (including the NAIC) or in connection with an examination of such Person by any such authority; (b) pursuant to subpoena or other court process; (c) when required to do so in accordance with the provisions of any applicable Requirement of Law; (d) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (e) to such Person’s independent auditors and other professional advisors on a confidential basis; (f) to any Participant, Lender or Eligible Assignee, actual or potential; *provided* that such Person agrees to be bound by the terms of this Section 10.08 (or language substantially similar to this Section 10.08) which agreement may be pursuant to customary syndication practice; (g) as to any Lender or its Affiliate, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which Holdings or any Subsidiary is party with such Lender or such Affiliate; (h) to its Affiliates and to their respective officers, directors, partners, members, employees, legal counsel, independent auditors and other advisors, experts or agents who need to know such information and who have been informed of the confidential nature thereof (and to other Persons authorized by a Lender or the Administrative Agent to organize, present or disseminate such information in connection with disclosures otherwise made in accordance with this Section 10.08); (i) to any other party to this Agreement; (j) to any pledgee referred to in Section 10.07(f) or any direct or indirect contractual counterparty or prospective counterparty (or such counterparty’s or prospective counterparty’s professional advisor) to any swap or derivative transaction relating to the Revolving Loans who have been informed of the confidential nature of the information; (k) to Moody’s and S&P and

other rating agencies in connection with the ratings contemplated by the Loan Documents; (l) on a confidential basis to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Revolving Loans and (m) with the consent of the Borrower. In addition, the Administrative Agent and each Lender may disclose the existence of this Agreement and the information about this Agreement to market data collectors, and on a need to know and confidential basis, similar services providers to the lending industry, and service providers to the Administrative Agent and the Lenders in connection with the administration and management of this Agreement and the other Loan Documents. In the case of confidential information received from Holdings or any Subsidiary after the date hereof, such information shall be clearly identified at the time of delivery as confidential. In the case of clauses (b) and (c), the disclosing party shall give notice of such disclosure to the Borrower (other than any disclosure in connection with routine bank examinations), to the extent not otherwise prohibited by any Requirement of Law.

Section 10.09 *Set-off*. In addition to any rights and remedies of the Lenders provided by law, if an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is authorized at any time and from time to time, without prior notice to the Borrower, any such notice being waived by the Borrower, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender or Affiliate to or for the credit or the account of the Borrower against any and all Obligations owing to such Lender, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Lender shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured; *provided* that neither any Lender nor any of its Affiliates shall be entitled to exercise any such set off with respect to any trust, tax reserve, employee benefit or payroll account. Each Lender agrees to promptly notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender; *provided* that the failure to give such notice shall not affect the validity of such set-off and application.

Section 10.10 *Notification of Addresses, Lending Offices, Etc.* Each Lender shall notify the Administrative Agent in writing of any changes in the address to which notices to the Lender should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Administrative Agent shall reasonably request.

Section 10.11 *Effectiveness; Counterparts*. (a) This Agreement shall become effective upon (i) the execution of a counterpart hereof by each of the parties hereto, (ii) the receipt by the Borrower and the Administrative Agent of written notification of such execution and authorization of delivery thereof and (iii) the satisfaction or waiver of the conditions precedent set forth in Section 4.01. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

(a) Electronic Signatures. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and

words of like import in or relating to this Agreement and any other document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; *provided* that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent, *provided* that, the Administrative Agent hereby agrees to accept, and hereby consents to the use of, electronic signatures to this Agreement from all parties hereto. Without limiting the generality of the foregoing, the Borrower hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders and the Borrower, electronic images of this Agreement or any other Loan Documents (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (ii) waives any argument, defense or right to contest the validity or enforceability of the Loan Documents based solely on the lack of paper original copies of any Loan Documents, including with respect to any signature pages thereto. Upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be followed by a manually executed counterpart thereof, if and when reasonably practicable.

Section 10.12 *Survival of Representations and Warranties.* All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf, and shall continue in full force and effect as long as the Revolving Loans or any other Obligation hereunder shall remain unpaid or unsatisfied.

Section 10.13 *Severability.* If any provision of any Loan Document is invalid, illegal or unenforceable in any jurisdiction then, to the fullest extent permitted by law, (i) such provision shall, as to such jurisdiction, be ineffective to the extent (but only to the extent) of such invalidity, illegality or unenforceability, (ii) the other provisions of the Loan Documents shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Lenders in order to carry out the intentions of the parties thereto as nearly as may be possible and (iii) the invalidity, illegality or unenforceability of any such provision in any jurisdiction shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

Section 10.14 *Replacement of Defaulting Lenders and Non-Consenting Lenders.* If any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its 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 10.07](#)), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that:

(a) the Administrative Agent shall have received the assignment fee specified in Section 10.07(b) from the Borrower; and

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Revolving Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Sections 2.06(c), 3.01, 3.03 and 3.04) 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).

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 the Borrower to require such assignment and delegation cease to apply.

No action by or consent of a Defaulting Lender or a Non-Consenting Lender shall be necessary in connection with such assignment, which shall be immediately and automatically effective upon payment of such purchase price. In connection with any such assignment the Borrower, the Administrative Agent, such Defaulting Lender or such Non-Consenting Lender and the replacement Lender shall otherwise comply with this Section 10.14; *provided* that if such Defaulting Lender or such Non-Consenting Lender does not comply with this Section 10.14 within one (1) Business Day after the Borrower's request, compliance with this Section 10.14 shall not be required to effect such assignment.

Section 10.15 *Governing Law; Jurisdiction; Consent to Service of Process.*

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of the parties hereto irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court for the Southern District of New York, and any relevant appellate court, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each party hereto 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 law, in such Federal court. Each party hereto 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. Each Credit Party that is organized under the laws of a jurisdiction outside the United States hereby appoints the Borrower, and the Borrower hereby accepts such appointment, as agent for service of process of each such Credit Party in any matter related to this Agreement or the other Loan Documents. Nothing in any Loan Document shall affect any right that any Lender or the Administrative Agent may otherwise have to bring any action or proceeding relating to any Loan Document against any Credit Party or its properties in the courts of any jurisdiction.

(c) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to any Loan Document

in any court referred to in clause (b) of this Section 10.15. Each party hereto irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of any such suit, action or proceeding in any such court.

(d) To the extent permitted by applicable law, each party hereto irrevocably consents to service of process in the manner provided for notices in Section 10.02. Nothing in any Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 10.16 *Waiver of Jury Trial*. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 10.16 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO OR OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

Section 10.17 *PATRIOT Act Notice*. Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies each Credit Party that pursuant to the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (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 each Credit Party, which information includes the name and address of each Credit Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Credit Party in accordance with the PATRIOT Act.

Section 10.18 *Entire Agreement*. This Agreement, together with the other Loan Documents and any separate agreements with respect to fees payable to the Administrative Agent, the Arrangers and the Bookrunners, embodies the entire agreement and understanding among the Credit Parties, the Lenders and the Administrative Agent and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

Notwithstanding the foregoing, other than the provisions of the Fee Letters and those provisions of the Commitment Letter which by the terms of the Commitment Letter remain in full force and effect after execution and delivery of the Loan Documents, on the Effective Date, all of the obligations of the Arrangers, Bookrunners and engagement parties under the Commitment Letter shall terminate and be superseded by the Loan Documents and the Arrangers, Bookrunners and engagement parties under the Commitment Letter shall be released from all liability in

connection therewith, including any claim for injury or damages, whether consequential, special, direct, indirect, punitive or otherwise.

Section 10.19 *Independence of Covenants*. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

Section 10.20 *Obligations Several; Independent Nature of Lenders Right*. The obligations of Lenders hereunder are several and no Lender shall be responsible for the obligations or Revolving Commitment of any other Lender hereunder. Nothing contained herein or in any other Loan Document, and no action taken by Lenders pursuant hereto or thereto, shall be deemed to constitute Lenders as a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and each Lender shall be entitled to protect and enforce its rights arising out hereof and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

Section 10.21 *No Fiduciary Duty*. The Administrative Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the "Lenders"), may have economic interests that conflict with those of the Credit Parties, their stockholders and/or their affiliates. Each Credit Party agrees that nothing in the Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and such Credit Party, its stockholders or its affiliates, on the other. The Credit Parties acknowledge and agree that (a) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and the Credit Parties, on the other, and (b) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of any Credit Party, its stockholders or its affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise any Credit Party, its stockholders or its Affiliates on other matters) or any other obligation to any Credit Party except the obligations expressly set forth in the Loan Documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of any Credit Party, its management, stockholders, creditors or any other Person. Each Credit Party acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. Each Credit Party agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to such Credit Party, in connection with such transaction or the process leading thereto.

Section 10.22 *Judgment Currency*.

(a) This is an international loan transaction in which the specification of a particular currency (the "**Specified Currency**") and place of payment (the "**Specified Place**") is of the

essence, and the obligation of each Credit Party under this Agreement to make payment to or for account of a Guaranteed Party in the Specified Currency shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed or converted into any other currency or in another place except to the extent that such tender or recovery results in the effective receipt by such Guaranteed Party in the Specified Place of the full amount of the Specified Currency payable to such Guaranteed Party under this Agreement.

(b) 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 “**Judgment Currency**”), the rate of exchange that shall be applied shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase such Specified Currency at the principal office of the Administrative Agent in the Specified Place with the Judgment Currency on the Business Day next preceding the day on which such judgment is rendered. The obligation of each Credit Party in respect of any such sum due from it to the Administrative Agent or any Guaranteed Party (the “**Entitled Person**”) 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 such Entitled Person of any sum adjudged to be due hereunder in the Judgment Currency such Entitled Person may in accordance with normal banking procedures purchase and transfer of the Specified Currency to the Specified Place with the amount of the Judgment Currency so adjudged to be due; and each Credit Party hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify such Entitled Person against, and to pay such Entitled Person on demand, in the Specified Currency, the amount (if any) by which the sum originally due to such Entitled Person in the Specified Currency hereunder exceeds the amount of the Specified Currency so purchased and transferred.

Section 10.23 *Acknowledgment 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 10.24 *Acknowledgement Regarding Any Supported QFCs*. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Guaranteed Swap Contracts or any other agreement or instrument that is a QFC (such support, “**QFC Credit Support**” and each such QFC a “**Supported QFC**”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “**U.S. Special Resolution Regimes**”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “**Covered Party**”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 10.24, the following terms have the following meanings:

“**BHC Act Affiliate**” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“**Covered Entity**” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“**Default Right**” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“**QFC**” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

[SIGNATURE PAGES FOLLOW]

WELLS FARGO BANK, N.A.,
as Lender

By: /s/ William R. Goley
Name: William R. Goley
Title: Managing Director

ROYAL BANK OF CANADA, as
Lender

By: /s/ Tim Stephens
Name: Tim Stephens
Title: Authorized Signatory

BMO HARRIS BANK N.A.,
as Lender

By: /s/ Brij Grewal
Name: Brij Grewal
Title: Managing Director

JP MORGAN CHASE BANK, N.A.,
as Lender

By: /s/ Sarah Tarantino
Name: Sarah Tarantino
Title: Vice President

KEYBANK NATIONAL ASSOCIATION
as Lender

By: /s/ Jason A. Nichols
Name: Jason A. Nichols
Title: Vice President

THE BANK OF NOVA SCOTIA.,
as Lender

By: /s/ Sunny Yang
Name: Sunny Yang
Title: Director

[Signature Page to Credit Agreement]

BARCLAYS BANK PLC,
as Lender

By: /s/ Evan Moriarty

Name: Evan Moriarty

Title: Vice President

CITIBANK, N.A.
as Lender

By: /s/ Justine O'Connor

Name: Justine O'Connor

Title: Director and Vice President

COMMERZBANK AG New York Branch.,
as Lender

By: /s/ Michael McCarthy

Name: Michael McCarthy

Title: Managing Director

By: /s/ Thomas Devitt

Name: Thomas Devitt

Title: Director

[Signature Page to Credit Agreement]

CO-CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Henry R. Kravis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2021 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: August 6, 2021

/s/ Henry R. Kravis

Henry R. Kravis

Co-Chief Executive Officer

CO-CHIEF EXECUTIVE OFFICER CERTIFICATION

I, George R. Roberts, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2021 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: August 6, 2021

/s/ George R. Roberts

George R. Roberts

Co-Chief Executive Officer

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 June 30, 2021 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: August 6, 2021

/s/ Robert H. Lewin

Robert H. Lewin

Chief Financial Officer

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 June 30, 2021 as filed with the Securities and Exchange Commission (the "Report"), I, Henry R. Kravis, Co-Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: August 6, 2021

/s/ Henry R. Kravis

Henry R. Kravis

Co-Chief Executive Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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 June 30, 2021 as filed with the Securities and Exchange Commission (the "Report"), I, George R. Roberts, Co-Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: August 6, 2021

/s/ George R. Roberts

George R. Roberts

Co-Chief Executive Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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 June 30, 2021 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: August 6, 2021

/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.