

Part 2A of Form ADV: Firm Brochure



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This brochure provides information about the qualifications and business practices of Kohlberg Kravis Roberts & Co. L.P. (“**KKR**”). If you have any questions about the contents of this brochure, please contact us at (212) 750-8300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority. KKR is registered as an investment adviser with the SEC. This registration does not, however, imply a certain level of skill or training of any KKR personnel.

Additional information about KKR also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 **Material Changes**

KKR's most recent update to Part 2A was made in March 2017. KKR is now updating Part 2A to reflect the following material changes:

- Item 4 – Updated information and disclosure regarding KKR's advisory business.
- Item 10 – Updated information and disclosure on KKR's investment advisory affiliations following the business combination of Prisma Capital Partners LP (“**Prisma**”) and Pacific Alternative Asset Management Company, LLC (“**PAAMCO**”) into a new firm that will operate independently of KKR.
- Item 11 – Updated information and disclosure relating to KKR's Stakes and Seed Managers.

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Item 4 Advisory Business

Overview

Kohlberg Kravis Roberts & Co. L.P. (“**KKR**”) is a Delaware limited partnership founded in 1976 with approximately \$76.9 billion¹ in assets under management as of December 31, 2016. Today, through its offices across North America, South America, Europe, the Middle East, Asia and Australia, KKR advises private equity funds and other investment vehicles that invest capital for long-term appreciation, primarily either through controlling ownership of companies or minority positions. Such funds also make investments in publicly traded equity and debt securities and other marketable securities and instruments (collectively with any investments in derivative instruments, “**Marketable Securities**”). In addition, KKR manages investments in real assets, such as infrastructure, energy and real estate, and growth capital investments. KKR also manages vehicles that make real estate debt investments, including real estate investment trusts (“**REITs**”). KKR also sponsors and manages funds and other investment vehicles that make co-investments alongside KKR proprietary investments or in specific or multiple portfolio companies and other assets invested in by investment funds managed by KKR and its affiliates, a customized platform that may invest in funds managed by KKR and its affiliates and funds sponsored and managed by unaffiliated investment managers (collectively, “**third party funds**”) and related co-investments, and strategic partnership vehicles or other multi-strategy or multi-asset arrangements that invest across multiple funds and investment strategies managed by KKR and its affiliates. KKR’s Global Institute (“**KGI**”) periodically publishes papers, highlighting views from KKR’s portfolio companies and portfolio managers and political, economic and social trends. KKR’s Global Macro and Asset Allocation Group also periodically publishes commentary on macro-economic trends and related topics through KGI and oversees a proprietary portfolio of investments in a variety of instruments and securities.

KKR is affiliated with KKR Credit Advisors (US) LLC (formerly KKR Asset Management LLC), KKR Credit Advisors (Ireland) Unlimited Company (formerly Avoca Capital) and its affiliates such as KKR Credit Advisors (UK) LLP (formerly Avoca Capital Management LLP). KKR Credit Advisors (US) LLC’s investment management and advisory activities focus on U.S. and European leveraged credit strategies, such as leveraged loan and high yield bond strategies, alternative credit strategies (including, mezzanine and mezzanine-like instruments, structured and illiquid credit, and direct senior loan origination and related investments), special situations investments, and other assets held by funds or other accounts managed by KKR Credit Advisors (US) LLC. KKR Credit Advisors (Ireland) Unlimited Company and KKR Credit Advisors (UK) LLP provide discretionary investment management services to a number of private funds, managed accounts and CLOs generally pursuing strategies including European leveraged loans and high-yield bonds, credit opportunities, convertible bonds and structured and illiquid credit. Use of the term “KKR Credit” throughout this brochure includes KKR Credit Advisors (US) LLC, KKR Credit Advisors (Ireland) Unlimited Company, KKR Credit Advisors (UK) LLP, KKR Credit Advisors (EMEA) LLP and KKR Credit Advisors (Hong Kong) Limited collectively.

KKR is affiliated with KKR & Co. L.P. (“**KKR & Co.**” or the “**Public Company**”), which, through its subsidiaries, acquires stakes in, seeds, or otherwise holds interests in third-party hedge fund or fund of funds managers (“**Stakes and Seed Managers**”).

On June 1, 2017, Prisma Capital Partners LP (“**Prisma**”) became a subsidiary of PAAMCO Prisma Holdings LLC (“**PAAMCO Prisma**”), a new liquid alternatives firm owned by KKR Topaz LLC, and PHoldings, LLC, which is owned by certain employees of Pacific Alternative Asset Management Company, LLC

¹ Represents KKR’s most recently published AUM as disclosed in Part 1. AUM calculations may differ from those used in other regulatory filings by KKR in accordance with applicable requirements and guidelines.

(“**PAAMCO**”) and Prisma. Prisma was previously a subsidiary of KKR & Co. KKR Topaz LLC is a subsidiary of KKR & Co. Please refer to Item 10 for further information.

KKR is affiliated with KKR Alternative Investment Management (“**KKR AIM**”), which is regulated by the Central Bank of Ireland, is an authorized European Union (“**EU**”) alternative investment manager and separately files reports as an exempt reporting adviser with the U.S. Securities and Exchange Commission (the “**SEC**”). KKR AIM may enter into delegation and/or sub-advisory agreements with KKR under which KKR will provide certain portfolio management services to KKR AIM in connection with investment funds with respect to which KKR AIM serves as alternative investment manager for the purposes of the EU Alternative Investment Fund Managers Directive (the “**AIFMD**”).

KKR also has an affiliated capital markets business operated through affiliated broker-dealers (please see Item 10 for additional information regarding KKR’s affiliated broker-dealers) and has a proprietary trading business (please see Item 11 for additional information regarding KKR’s proprietary investment activities).

With limited exceptions in connection with its customized platform investing in KKR funds, third party funds and related co-investments, KKR does not manage client assets on a non-discretionary basis as of December 31, 2016, although certain clients have consent or opt-out rights with respect to certain investments.

Ownership/Structure

Kohlberg Kravis Roberts & Co. L.P. is a subsidiary of KKR Management Holdings L.P. (“**KKR Management Holdings**”) and an indirect subsidiary of the Public Company, which was listed on the New York Stock Exchange on July 15, 2010. KKR Management LLC serves as the general partner of the Public Company and may be deemed to control indirectly the operating businesses of the Public Company’s subsidiaries for regulatory purposes. KKR Management LLC does not hold any economic interests in the Public Company, and KKR Holdings L.P. (“**KKR Holdings**”) holds special voting units in the Public Company (as well as the economic interests described below). Holders of the common and preferred units of the Public Company (which may include KKR affiliates, employees, non-employee operating consultants and their related persons) hold 100% of the limited partnership interests in the Public Company. As of December 31, 2016, the Public Company indirectly held approximately 56.1% of the general and limited partnership interests in KKR Management Holdings, KKR Fund Holdings L.P. and KKR International Holdings L.P. (collectively, the “**Group Partnerships**”), which hold the operating businesses of the Public Company’s subsidiaries. As of December 31, 2016, the remaining limited partnership interests in the Group Partnerships were held indirectly by KKR Holdings and KKR Associates Holdings L.P. KKR Holdings and KKR Associates Holdings L.P. are owned by certain KKR senior employees and non-employee operating consultants and their related persons.

Nature of KKR’s Clients

KKR generally provides investment management, advisory and administrative services to affiliated general partners of investment funds and other investment vehicles sponsored and managed by KKR (“**KKR GPs**”) and/or KKR AIM. These funds and vehicles are typically U.S. and non-U.S. limited partnerships and other investment vehicles that are not registered or required to be registered under the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”) or the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and are privately placed to qualified investors in the United States and elsewhere or are established as dedicated investment vehicles and/or strategic partnership arrangements for certain institutional investors. KKR also provides investment advice directly to institutional clients through managed account arrangements. Investment funds, co-investment vehicles or specific vehicles established for a single investor and other vehicles to which KKR provides investment management, advisory and administrative

services are referred to throughout this brochure as “**KKR Funds.**” Institutional investors or investment vehicles (such as a REIT), to which KKR may provide services directly through a contractual relationship, such as an investment management agreement, are referred to throughout this brochure as “**Other Clients.**”

KKR does not participate as a manager in any wrap fee programs.

KKR’s Investment Mandates

The terms upon which KKR or its affiliates serve as investment manager or advisor of a KKR Fund or Other Client are determined at the time each KKR Fund or Other Client relationship is established and are generally set out in separate management agreements with the relevant KKR Fund or Other Client and the governing documents of the relevant KKR Fund or Other Client. These terms, which vary as among each KKR Fund and Other Client, may include restrictions on the types of securities and other assets in which a KKR Fund or Other Client may invest, the amount of assets that may be invested in any portfolio company or industry or fund, the geographies in which a KKR Fund or Other Client may invest and leverage, among others.

Item 5 Fees and Compensation

General

KKR (including the KKR GPs) generally receives management fees and carried interest allocations in connection with the investment management and administrative services KKR provides to KKR Funds and Other Clients. Certain co-investment vehicles and KKR Associates Vehicles (as defined under Item 6), as discussed below in Item 6, are not subject to such fees and/or carried interest allocations. The allocation of a portion of the profits of a KKR Fund, whether allocated to the capital account of a KKR GP or distributed to a KKR GP is referred to herein as “carried interest.”

Management fees, carried interest allocations and other compensation payable to KKR (including the KKR GPs) by KKR Funds or Other Clients together with other terms governing the management of KKR Funds or Other Clients by KKR, are established by KKR at the time of the establishment of the relevant KKR Funds (and negotiated with participating investors prior to their investment) or at the beginning of the management relationship with the relevant Other Clients, as applicable. Specific details of such compensation and its method of calculation are set out in the offering materials, disclosure documents, management agreements and/or governing documents of the relevant KKR Funds or Other Clients and vary between KKR Funds or Other Clients. Fee terms of KKR Funds or Other Clients have been and may be changed during the term of the relevant relationship. The share of compensation earned by KKR or its affiliates in respect of a KKR Fund varies among investors in such KKR Fund pursuant to the terms of the governing documents, side letter agreements or other arrangements with specific investors in such KKR Fund whereby such investors receive direct or indirect reductions of management fees or other compensation otherwise payable with respect to their investments managed by KKR. For example, each of KKR and KKR Credit has entered into, or may in the future enter into, strategic partnerships or other multi-strategy or multi-asset class arrangements with investors that commit capital to a range of KKR’s and KKR Credit’s platform of products, investment ideas and asset classes. Such arrangements include KKR or KKR Credit granting certain preferential terms to such investors, including blended fee and carried interest rates that are lower than those applicable to other investors in a KKR Fund or KKR Credit Fund (as defined in Item 10 below), as applicable, when applied to the entire strategic partnership. Where a strategic investor participates in a KKR Fund or KKR Credit Fund through a dedicated investment vehicle or account as part of such arrangement, such vehicle and account may be granted terms, including management fees or carried interest, that are more favorable than those applicable to other investors. In cases where a strategic investor’s management fees and carried interest are due at the level of such vehicle and account, such terms may include a waiver of management fees and carried interest on such strategic investor’s investment in KKR Funds or KKR Credit Funds. In addition, where a

strategic investor enters into such an arrangement with KKR or KKR Credit, other investors in KKR Funds will not be notified or receive documentation of such an arrangement. Please see Item 11 – “Other Conflicts of Interest” for further information regarding strategic partnerships.

In addition, KKR may enter into arrangements with one or more third-party sponsors to establish a dedicated feeder vehicle to facilitate the indirect participation in a KKR Fund by certain high net worth investors and other qualified clients of such sponsor (a “**Dedicated Feeder**”). Such third-party sponsor may also solicit a direct investment in a KKR Fund by certain of its clients in consideration for the payment of a placement fee from KKR or such KKR Fund. In connection with the admission of any Dedicated Feeder to a KKR Fund, the applicable KKR GP will determine, in its discretion, whether to aggregate the indirect capital commitments of the investors in such Dedicated Feeder, including, without limitation, for purposes of calculating any management fee discount to which such Dedicated Feeder may be entitled. In connection with the foregoing, there may be circumstances in which discounts, if any, are provided on an aggregated basis with respect to some, but not all, Dedicated Feeders, which would have the effect of establishing more favorable economic terms with respect to such Dedicated Feeders as compared to those applicable to other comparably sized Dedicated Feeders.

Management Fees

Management fees compensate KKR for the various services KKR’s business professionals provide in managing KKR Funds or Other Clients (such as building a diversified portfolio of investments). KKR receives periodic management fees from KKR Funds or Other Clients of up to 2% of capital committed to, the net asset value of, or the remaining invested capital of, the relevant KKR Fund or Other Client, depending, in particular, on the strategy of the relevant KKR Fund or Other Client, the amount of assets being placed under management with KKR and the point in time in the life cycle of the relevant KKR Fund or Other Client account. For example, for certain KKR Funds, investors in the same fund pay different management fees based on whether they invested in an early or later round of fundraising and the amount of their investment, with earlier or larger investors frequently paying lower management fees than other investors. Management fees are typically paid quarterly, and fees will typically step down to a lower rate as a percentage of invested capital after a KKR Fund’s or Other Client’s investment period has concluded. KKR will from time to time accrue management fees for a given payment period but defer collecting such fees until a later payment period primarily for administrative convenience reasons. KKR generally does not charge interest on such deferred management fees. The KKR GPs generally make capital calls on investors in KKR Funds for the amount of management fees payable by the KKR Funds to KKR and then cause the KKR Funds to pay the amounts received from the investors to KKR, consistent with the governing documents of the KKR Funds. KKR generally invoices Other Clients for management fees. In some cases, management fees due to KKR may be deducted from proceeds otherwise distributable to investors in a KKR Fund or Other Client but only if consistent with the governing documents of such KKR Fund or Other Client. If a KKR Fund obtains a subscription facility, management fees due from such KKR Fund may also be paid by drawdowns by KKR (or relevant KKR GP) under such KKR Fund’s subscription credit facility (which drawdowns are subsequently repaid through capital calls or investment proceeds).

Where management fees are paid in advance with respect to a KKR Fund or Other Client, the terms applicable to the relevant KKR Fund (which are generally closed-end) or Other Client may not (and in the case of KKR Funds, typically do not) contemplate repayments of fees to the extent that KKR’s services terminate prior to the end of the relevant payment period. Where management fees are based on committed capital or the remaining invested capital of a KKR Fund, the management fee payable by such KKR Fund will be due to KKR even if the fair value of the relevant remaining investments is below cost.

Management fees payable to KKR by certain KKR Funds may also be reduced by certain other compensation received by KKR or its affiliates that relate to the relevant KKR Fund and its activities or by certain organizational, offering and other expenses borne by the KKR Fund.

Carried Interest Allocations

KKR GPs also generally receive carried interest allocations from KKR Funds (other than certain co-investment vehicles and KKR Associates Vehicles) of up to 20% of profits third-party investors earn on their investments in KKR Funds. Carried interest allocations may be subject to preferred return hurdles, catch-up allocations, and/or KKR GP clawbacks, depending, among other things, on the strategy and structure of the relevant KKR Fund. KKR GPs typically receives carried interest allocations on a deal-by-deal basis for profitable portfolio company investments. Profitable investments realized early in the life of a KKR Fund may be followed by the poor performance of investments realized later in the life of a KKR Fund, which would reduce the KKR Fund's overall profitability or cause it to be unprofitable. If this were to result over the life of a KKR Fund in KKR having received through a KKR GP, more than the agreed-upon percentage of the relevant KKR Fund's total profit, or the hurdle performance rate required by the KKR Fund's terms not being met, the KKR GP will typically be required to reimburse (i.e. have clawed back) all or an appropriate portion of the carried interest allocations received by it, net of taxes, to ensure that KKR through such KKR GP does not receive a greater share of profits than agreed upon with the relevant KKR Fund's investors.

Portfolio Company-Related Fees

In addition to management fees for operating KKR Funds and Other Clients, KKR receives fees for work on the development and execution of core strategies for portfolio companies and for projects to increase portfolio company value. These fees may be borne by (i) a specific portfolio company, (ii) holding companies or other vehicles through which certain, but not all, of the direct and indirect equity owners of the portfolio company invest or (iii) a specific KKR Fund or Other Client and can be broken down generally into two categories: shared fees and non-shared fees (see discussion below). When such fees are borne by such holding companies or other vehicles or by a specific KKR Fund or Other Client, such KKR Fund or Other Client will bear a greater portion of such fees than would be the case if the relevant portfolio company paid such fees as the investors in the holding company (or KKR Funds or Other Client) will bear the cost of such fees. In addition, if a portfolio company is unable to pay or declines to pay for certain services (including services rendered by Other Consultants (as defined below) or Affiliated Brokers), then the relevant KKR Fund or Other Client, as applicable, will be charged for such services, which may also result in a greater portion of such fees being borne by such KKR Fund or Other Client than would otherwise have been the case.

A portion of the shared fees are generally offset against management fees payable by KKR Funds or Other Clients, while non-shared fees do not reduce management fees. The overall amount of shared fees is reduced by certain sourcing and diligence expenses incurred by KKR pursuing unconsummated transactions for KKR Funds or Other Clients. Portfolio company-related fees are paid regardless of a KKR Fund's or Other Client's profitability and are not negotiated with investors in KKR Funds or Other Clients and may be capitalized as part of the acquisition price of the relevant investment for consummated investments.

Shared Fees

Shared fees are fees for KKR services which offset management fees paid by KKR Funds or Other Clients, and include transaction, monitoring, breakup, and directors' fees. KKR and its affiliates charge monitoring fees and transaction fees to portfolio companies, in each case, which are not generally negotiated on an arm's length basis. KKR Funds and Other Clients indirectly bear the cost of these fees. KKR or its affiliates receive monitoring fees in exchange for providing KKR Fund portfolio companies with management, consulting, financial and other services.

Monitoring fee agreements are typically renewed automatically on an annual basis and typically include annual fee increases. A portfolio company's EBITDA (earnings before income, taxes, depreciation, and amortization) is generally taken into account in determining the amount of applicable monitoring fees. Monitoring fees may also be based on a percentage of EBITDA or a specific dollar amount.

On the occurrence of initial public offerings, sales or other change of control events related to the relevant company, KKR (or an affiliate) is typically entitled to all unpaid monitoring fees plus any unreimbursed expenses plus the net present value of future monitoring fees that would otherwise be payable by the relevant portfolio company (the "**NPV Payment**"). The NPV Payment is based on the net present value of the monitoring fees payable over a future fixed period calculated using discount rates equal to the yield on U.S. Treasury securities of like maturity based on the dates fee payments would have been due. The fixed period of time used in the net present value calculation will typically be tied to the term of the relevant KKR Fund or portfolio investment or in more recent agreements, a period within that term; however, in certain instances the calculation period has exceeded the relevant KKR Fund's (or investment's) term. Under more recent monitoring fee agreements for portfolio companies of KKR Funds and Other Clients, the fixed period of time used in the NPV Payment calculation described above will be the lesser of (i) the remaining term of the relevant monitoring agreement (the term for each monitoring agreement generally will be fixed as the end of the last year of a KKR Fund's term) and (ii) three and a half years from the date of termination of the monitoring agreement (the three and a half year period reflects the average length of time that it took for KKR's recent mature funds to fully exit portfolio companies following an initial public offering or strategic sale where the fund continued to own securities, reflecting what KKR believes is a reasonable approximation for the average number of years during which KKR has historically remained actively involved with such companies). An NPV Payment will generally only be taken where KKR (or one or more of its affiliates) expects to continue to provide ongoing services and advice to the portfolio company after there has been an initial public offering, sale or other change of control event. As such, an NPV payment will generally only be taken if (i) the relevant KKR Fund, Other Clients, KKR co-investors and KKR proprietary entities retain (directly or indirectly) 10% or more of the stock or other equity interests in the portfolio company (or the surviving entity) immediately following the relevant event and (ii) a KKR or co-investor employee or designee serves or is expected to serve as a member of, or observer at, the board of directors or similar governing body of the portfolio company (or the surviving entity) (or in the absence of such service or expected service, KKR or its affiliates retain the right to appoint or nominate such a director or observer) immediately following the relevant event. The contractual provisions described above and the KKR policy governing calculation of NPV Payments may be amended from time to time.

KKR also receives transaction fees for the work performed by KKR in structuring investments in portfolio companies and with respect to significant transactions or exits for those portfolio companies or portfolio investments. Transaction fees are received in connection with the same portfolio company in which payments under a monitoring fee agreement are received. KKR affiliates, such as an Affiliated Broker or KKR Credit, may also receive fees in respect of loan servicing and other administrative services provided to loan syndicates lending to the KKR Fund (or Other Client, if applicable). Transaction fees are calculated as a percentage of the total enterprise value, or as a percentage of the aggregate price paid for the securities that are acquired by a KKR Fund or Other Client. KKR or its affiliates may also receive "breakup" or similar fees in connection with unconsummated, canceled, or terminated portfolio transactions. The agreements relating to the relevant transaction generally specify the amount and timing of such fees and such agreements may condition or limit such payments to KKR or its affiliates.

KKR periodically discloses to investors in certain KKR Funds (and may disclose to investors in Other Clients, if applicable) the amount of monitoring fees, transaction fees, and breakup fees allocated to KKR Funds and Other Clients in which they have invested. Monitoring fees (including NPV Payments) and transaction fees are generally allocated among KKR Funds, Other Clients, KKR Associates Vehicles (and

other participating KKR proprietary entities, if applicable) based on ownership of the relevant portfolio company or investment to which they are charged. The amount of breakup fees is generally allocated among KKR Funds, Other Clients, KKR Associates Vehicles (and other participating KKR proprietary entities, if applicable) based on the anticipated ownership of the relevant company or investment had the transaction been consummated.

A portion of the monitoring fees, transaction fees, and breakup fees allocated to KKR Funds and Other Clients will generally reduce or offset management fees otherwise payable by investors in such KKR Funds and Other Clients as described in the offering materials, disclosure documents and/or governing documents of the relevant KKR Funds and Other Clients. The portion of allocable compensation that reduces or offsets management fees varies between KKR Funds and Other Clients. KKR will retain the portion of such compensation that is allocated to KKR Funds and Other Clients that does not reduce or offset management fees, as well as the allocated portion that is attributable to the relevant KKR GP. KKR retains such compensation to the extent it is allocable to KKR Associates Vehicles (except in the case of certain older KKR Funds), co-investment vehicles or KKR proprietary entities. Fees allocated to co-investment vehicles, KKR Associates Vehicles and KKR proprietary entities will not offset the management fees payable by KKR Funds or Other Clients.

In addition to the fees described above, certain officers and employees of KKR (“**Employees**”) currently do and may in the future receive directors’ fees for serving on the boards of portfolio companies, holding vehicles and other entities in or through which KKR Funds (and Other Clients, if applicable) invest. For older KKR Funds, these directors’ fees are generally not offset against KKR Fund management fees and may be retained in whole or in part by the Employees. For newer KKR Funds and Other Clients (generally those established in 2010 and later), directors’ fees paid to Employees generally offset management fees. In addition, from time to time, Employees will serve as interim executives of portfolio companies and other entities in or through which KKR Funds (and Other Clients) invest, and an Employee serving as an interim executive either would not receive additional compensation for his or her service or KKR would share any compensation received by such Employee with the relevant KKR Funds or Other Clients (i.e. via a management fee offset) in the same manner and extent as monitoring fees offset management fees for such KKR Funds and Other Clients.

Non-Shared Fees

In addition to the shared fees described above, KKR, its affiliates and KKR Capstone, RPM and Other Consultants will also receive fees for services provided to portfolio companies. KKR Funds and Other Clients indirectly bear the cost of these fees. Such fees do not offset management fees due from KKR Funds or Other Clients. Examples of non-shared fees for services include fees for third-party replacement services (i.e. fees received by KKR’s Other Consultants and Affiliated Brokers that otherwise would have been provided by other consultants or broker dealers for a comparable fee).

Warehoused Investments

KKR Funds or Other Clients may acquire one or more portfolio investments acquired by KKR or its affiliates prior to the first closing date of such KKR Fund or Other Client. KKR or its affiliates may receive certain fees, including fees paid to Affiliated Brokers, in connection with any such investments. KKR Capstone fees and RPM fees may also be paid with respect to such investments. Any fees received by KKR or its affiliates with respect to such investments prior to date of transfer of such warehoused investment to the relevant KKR Fund or Other Client will generally be retained by KKR or its affiliates and will not be shared with the KKR Fund or Other Client or otherwise reduce management fees payable by the KKR Fund or Other Client to KKR. The decision of the relevant KKR GP or KKR regarding the timing of the first closing date of the KKR Fund or Other Client may therefore affect the portion of fees received by KKR and its affiliates with respect

to the warehoused investments that are shared with the KKR Fund or Other Client and that otherwise reduce management fees payable by the KKR Fund or Other Client to KKR. In addition, the KKR Fund or Other Client may pay an additional amount on the acquisition cost of any warehoused investment equal to a certain percentage per annum from the date of closing of such warehoused investment until the date of transfer of such warehoused investment to the KKR Fund or Other Client. The decision of the KKR GP or KKR regarding the timing of the transfer of the warehoused investment to the KKR Fund or Other Client will therefore affect the quantum of the foregoing additional amount that is paid by the KKR Fund or Other Client to KKR or its affiliates.

KKR Capstone and RPM/Other Consultants

Each of KKR Capstone Americas LLC (collectively with its related parties, “**KKR Capstone**”), which provides consulting services to KKR, KKR Credit, KKR Funds, KKR Credit Funds, Other Clients and certain portfolio companies, holding companies and other entities in or through which the KKR Funds, KKR Credit Funds and Other Clients invest, and RPM Energy Management LLC (collectively with its related parties, “**RPM**”), which provides operating and consulting services to KKR, KKR Credit, KKR Funds, KKR Credit Funds, Other Clients and certain portfolio companies and/or assets in the oil and gas industry, is owned by its senior management and neither is a subsidiary nor an affiliate of KKR. KKR Capstone uses the name “KKR” under license from KKR. Each of KKR Capstone and RPM currently has an exclusive relationship with KKR. KKR Capstone and RPM (and Other Consultants) provide replacement services to portfolio companies that KKR’s and KKR Credit’s investment professionals could not otherwise provide. Other companies provide similar services as KKR Capstone, RPM and Other Consultants, but they are less customized to the business of KKR and its affiliates and are not exclusive to their respective portfolio companies. In addition, KKR Capstone, RPM and Other Consultants are often involved in due diligence in connection with KKR’s investment sourcing. Generally, KKR Capstone and RPM have master consulting agreements in place with KKR for due diligence work and other projects (including non-implementation advisory or scoping work to identify and evaluate the potential for consulting or similar arrangements with existing portfolio companies and related operational changes and improvements) contracted by KKR on behalf of KKR Funds and Other Clients and they may enter into engagement letters with KKR Fund portfolio companies, holding companies and other entities for consulting services provided to such entities. Under those agreements and engagement letters, KKR Capstone and RPM are generally entitled to fees, other compensation and expense reimbursement (outside of the U.S., expenses may be determined as a fixed percentage of KKR Capstone’s fee for a specific engagement). Compensation for KKR Capstone (and Other Consultants) may include a success fee (in the form of cash or equity) based on pre-agreed targets or milestones. While such fees and reimbursable expenses and other compensation paid to KKR Capstone and RPM are believed by KKR to be reasonable and generally at market rates for the relevant activities, such compensation is not negotiated at arm’s length and from time to time may be in excess of fees, reimbursable expenses or other compensation that may be charged by comparable third parties. KKR engages consultants (“**Other Consultants**”) in addition to KKR Capstone and RPM, including, but not limited to, for sourcing, operational consulting, energy or infrastructure industry consulting and operating services, debt servicing, engineering services, construction management, leasing management, development management, environmental compliance and remediation, purchasing and other property management services in the real estate sector, and general and administrative services, on terms substantially similar to those described with respect to KKR Capstone and RPM.

Fees and compensation received by KKR Capstone and RPM (and Other Consultants) are not shared with KKR Funds or Other Clients or offset against management fees payable by KKR Funds or Other Clients. Moreover, under the terms of more recent KKR Funds and of Other Clients, fees received by KKR Capstone, RPM or any Other Consultant would not be shared with KKR Funds or Other Clients or offset against management fees payable by KKR Funds or Other Clients in the event that KKR Capstone or RPM became a subsidiary or an affiliate of KKR.

KKR Capstone and RPM (and certain Other Consultants) may receive services and support from KKR and at the direction of KKR, its affiliates, portfolio companies and other issuers. For example, KKR has in the past, presently does, and is expected to in the future provide loans to KKR Capstone, which loans have (or may have) below market interest rates and no stated payment schedule, provide administrative services to KKR Capstone or RPM at below market rates, enter into arrangements with KKR Capstone or RPM (or Other Consultants) that provide for below market rent, and allow KKR Capstone (and Other Consultants) to participate in KKR's insurance policies and employee benefit plans without passing through the full cost of the coverage to KKR Capstone (and Other Consultants). Executives and employees of KKR Capstone, RPM and Other Consultants have received, and executives of KKR Capstone, RPM and/or Other Consultants are expected to receive in the future, compensation in the form of (x) grants of equity in one or more of the parent entities of KKR, (y) a portion of the carried interest received by a general partner(s) of a KKR Fund or Other Client that are part of KKR's "carry pool" and/or (z) a profits interest in individual portfolio companies or assets. Executives and employees of KKR Capstone serve on the boards of directors of KKR Fund portfolio companies and receive directors' fees and other compensation (including in the form of fixed and incentive compensation) in connection therewith. KKR Capstone executives also serve from time to time as interim executives of KKR Fund portfolio companies and may receive compensation in connection therewith from such portfolio companies. Fees and compensation received by KKR Capstone and its executives and employees and RPM (or Other Consultants) are not shared with KKR Funds or Other Clients and do not offset management fees or carried interest distributions payable by KKR Funds or Other Clients.

KKR Funds, Other Clients or KKR or its affiliates may recruit a management team to pursue a new opportunity expected to lead to the formation of a portfolio company through acquisitions and/or organic growth. These opportunities are referred to as "build ups" or "platforms." Members of the management team for a platform investment may include former KKR personnel, or present or former Industry Advisors, Senior Advisors, Other Consultants, KKR Capstone executives and RPM executives and receive compensation that may include management fees, performance based fees and/or equity. Services provided by the management team may be similar to those provided by KKR to KKR Funds or Other Clients. KKR Funds, Other Clients or KKR or its affiliates may realize a platform investment (in whole or in part) through sale of the platform or a disposition of specific assets held through the platform. KKR Funds and Other Clients will bear the expenses of the management team or portfolio company, as the case may be, including any overhead expenses, diligence expenses or other related expenses in connection with backing the management team or the build out of the portfolio company. Such expenses may be borne directly by the applicable KKR Funds and Other Clients (or as sourcing and diligence expenses, if applicable) or indirectly as KKR Funds and Other Clients fund the start-up and ongoing expenses of the newly formed portfolio company. Although a platform or build up portfolio entity may be controlled by a KKR Fund or Other Client, the compensation or expenses described above will not be offset against any management fees or carried interest distributions payable to KKR or its affiliates in respect of such KKR Fund or Other Client.

Please see "Expenses" and "Other" sections below for further information regarding the payment of fees, other compensation, and expense reimbursement to KKR Capstone, RPM, and Other Consultants.

Affiliated Brokers

Affiliated U.S. and non-U.S. broker-dealers of KKR (including their respective related lending vehicles) (or "**Affiliated Brokers**" as defined in Item 10) may manage or otherwise participate in underwriting syndicates and/or selling groups with respect to the securities and debt instruments of portfolio companies and other non-controlled entities in or through which certain KKR Funds or Other Clients invest, including in respect of securities or other instruments of such portfolio companies in which KKR Funds or Other Clients have not invested. Further, Affiliated Brokers may otherwise be involved in the public or private placement of such securities and other instruments, and/or may provide capital markets advisory services to portfolio

companies and other controlled or non-controlled entities in or through which KKR Funds or Other Clients invest, including in connection with mergers and acquisitions, the syndication of portfolio company co-investment opportunities alongside certain KKR Funds, and may provide acquisition financing and other corporate lending services to such entities in addition to financing provided through a KKR Fund or Other Client's investment. In addition, Affiliated Brokers may alone or with other lenders (including other KKR entities), arrange lines of credit to portfolio companies and other non-controlled entities in or through which KKR Funds, Other Clients and other third party borrowers invest. Affiliated Brokers (through its respective related lending vehicles) may also provide loans and lines of credit or bridge financing to KKR Fund and Other Client portfolio companies. Such financing and underwriting services may also be provided to a third party in which a KKR Fund or Other Client (or portfolio company) may invest. Affiliated Brokers may also provide syndication services to such entities including in respect of co-investments in transactions participated in by KKR Funds or Other Clients. Affiliated Brokers may receive fees (including underwriting and financing fees), commissions, interest payments and other compensation, which may be payable in cash or securities, in respect of the activities described above and/or may waive such fees. Affiliated Brokers and other KKR entities may, as a consequence of such activities, from time to time hold positions in instruments or securities issued by portfolio companies. While such fees, commissions, interest payments and other compensation are believed by KKR to be reasonable and charged at market rates for the relevant activities, such compensation is generally determined through negotiations with related parties. No compensation received by Affiliated Brokers for the foregoing activities is offset against management fees or otherwise shared with KKR Funds or Other Clients. Affiliated Brokers do not share in any transaction (or monitoring) fees, which are generally allocated among KKR Funds, Other Clients and KKR Associates Vehicles as discussed above.

Please see Item 10 for further information regarding Affiliated Brokers.

Senior Advisors and Industry Advisors

Senior advisors (“**Senior Advisors**”) and industry advisors (“**Industry Advisors**”) are typically senior business leaders who provide advisory and consulting services to KKR, KKR Funds, Other Clients, and portfolio companies of KKR Funds or Other Clients. They are consultants rather than employees of KKR and are compensated for services provided to KKR, KKR Funds, Other Clients and KKR Fund portfolio companies. A significant portion of the compensation and reimbursement of expenses paid to Senior Advisors and Industry Advisors are allocated to KKR Funds and Other Clients as expenses, and as a result, these items are described in detail below under “Expenses – Senior Advisors and Industry Advisors.” Senior Advisors and Industry Advisors also receive compensation and expense reimbursement for providing services to portfolio companies, which includes compensation for services on boards of directors, compensation for service as interim executives and consulting related compensation, which involves both fixed and incentive compensation. Accordingly, KKR Funds and Other Clients indirectly bear the cost of such compensation and expense reimbursement.

Compensation and expense reimbursement received by Senior Advisors and Industry Advisors do not offset management fees payable by KKR Funds or Other Clients.

Please see “Expenses” section below for further information regarding allocation to KKR Funds and Other Clients of compensation and other payments received by Senior Advisors and Industry Advisors.

KKR Advisors

KKR advisors (“**KKR Advisors**”) are individuals who were formerly employees of KKR and are subsequently engaged as consultants for KKR. Compensation of KKR Advisors will not typically be borne by KKR Funds. However, KKR Advisors may serve on the boards of portfolio companies and any fees paid

to KKR Advisors by portfolio companies will not be credited against any management fees payable by KKR Funds.

Expenses

Three general categories of expenses are allocated to and among KKR Funds, Other Clients, KKR Associates Vehicles, co-investment vehicles and certain KKR proprietary entities. As discussed further below, these categories are: (1) fund organizational and administrative expenses, (2) sourcing and diligence expenses and (3) oversight expenses. The offering and governing documents of each KKR Fund and Other Client contain more detailed information on the type of expenses that will be charged to such KKR Fund or Other Client.

In addition to calling capital to pay expenses, KKR (or an affiliate) may advance funds on behalf of KKR Funds or Other Clients for the payment of expenses and then be reimbursed through a reduction of subsequent distributions by the relevant KKR Fund or Other Client (or subsidiary of a KKR Fund or Other Client) or by reducing the amount of monitoring fees, transaction fees and breakup fees allocable to such KKR Fund or Other Client that would otherwise reduce management fees.

When a portfolio company bears an expense directly, each direct and indirect equity owner of such company will indirectly bear a portion of such expenses. Expenses are also reimbursed to KKR by portfolio companies, with the same effect. However, expenses may also be borne by (i) holding companies or other vehicles through which certain, but not all, of the direct and indirect equity owners of the portfolio company invest or (ii) a specific KKR Fund or Other Client. When such expenses are borne by such holding companies or other vehicles or by a specific KKR Fund or Other Client, such KKR Fund or Other Client will bear a greater portion of such expenses than would be the case if the relevant portfolio company paid such expenses as only the investors in the holding company (or KKR Fund or Other Client) will bear the cost of such expenses.

Fund Organizational and Administrative Expenses

These expenses are related to the organization, operation and administration of KKR Funds or Other Clients and are not directly related to sourcing investments or to any particular portfolio company. These include expenses related to activities, operations, meetings and eventual termination and liquidation of the KKR Fund or Other Client. Examples of organizational expenses are legal, accounting, and filing expenses incurred in connection with the organization and establishment of any KKR Fund and the related KKR GP, and the marketing and offering of interests in such KKR Fund or Other Client, including commissions, costs, fees, and expenses of any placement agent or finder and legal, accounting, filing, capital raising, travel (including first or business class airfare and black car services) and accommodation (including first class lodging), printing, and other similar costs, fees, and expenses. Certain KKR Funds or Other Clients will pay the cost of the fund administration services KKR employees provide (including compensation otherwise payable by KKR), and/or internal costs (including compensation and overhead costs) attributable to certain Other Consultants. Such services typically consist of services that would otherwise be provided by a third-party whose fees, costs, and expenses would be paid by the KKR Fund or Other Client.

Investors in KKR Funds (other than certain co-investment vehicles and KKR Associates Vehicles, which do not bear management fees) or Other Clients will typically receive a reduction in management fees in respect of offering and organizational expenses in excess of specific amounts as described in the offering materials, disclosure documents and/or governing documents of the relevant KKR Fund or Other Client. KKR or one or more of its affiliates may bear the allocable share of organizational costs and other expenses attributable to KKR Associates Vehicles without seeking reimbursement from such vehicles. In addition, organizational expenses of a feeder fund investing in any KKR Fund may be borne by such KKR Fund or such feeder funds,

as specified in the offering materials, disclosure documents and/or governing documents of the relevant KKR Fund.

Examples of direct and indirect operational expenses that fall within this category are professional fees directly attributable to a specific KKR Fund or Other Client, such as legal fees and audit fees; insurance premiums and fees (including costs of ERISA fidelity bonds); fund borrowings; indemnification obligations; expenses relating to legal and regulatory compliance; fees, costs and expenses relating to the administration of any fund and its assets; including, without limitation those incurred in connection with the preparation of financial statements, tax returns, K-1s, administration of assets, financial planning and treasury activities; fees, costs and expenses incurred in the preparation of and providing access to fund reports and information (including through websites or other portals) and related operational, secretarial or postage expenses (including technology and other administrative support); general and administrative costs (including salary, bonus, benefits and an allocated portion of overhead of certain Employees); compensation and expenses of Senior Advisors and Industry Advisors; fees, other compensation and expenses of KKR Capstone, RPM and Other Consultants; principal, interest on and fees and expenses arising out of all fund borrowings; the costs of advisory committee meetings and the annual investors conference (or other investor meetings) and portfolio management committee meetings for the relevant KKR Fund or Other Client (including costs and expenses of meals, events, entertainment and travel and accommodation costs of KKR personnel, Senior Advisors, Industry Advisors, KKR Advisors and employees of Other Consultants attending such meetings); fees, costs and expenses incurred in connection with any amendments, restatements or other modifications to, or the monitoring of compliance with, fund agreements, side letters (including “most favored nations” provisions) and other constituent or related documents of the relevant KKR Fund and the general partner (including costs and expenses relating to investor and advisory committee consent, waiver or similar acknowledgment solicitations, and the preparation of compliance checklists and other comparable compliance and compliance monitoring-related materials); fees, costs and expenses relating to procuring, developing, implementing or maintaining information technology, data subscription and license-based services, including computer software and hardware, electronic equipment or information technology services purchased from third party vendors related thereto, risk analysis tools, research publications, materials, equipment and services, computer software or hardware and other electronic equipment used in connection with a fund and its operation, administration and investment activities and otherwise used in connection with providing services to a fund; expenses of any actual or potential litigation or other dispute or investigation or inquiry related to any KKR Fund or Other Client or any actual or potential portfolio investment (including expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of litigation and the appointment of any agents for service of process on behalf of such KKR Fund, Other Client, KKR or investors) and other extraordinary expenses related to any KKR Fund or such portfolio investments (including fees, costs and expenses classified as extraordinary expenses under generally accepted accounting principles in the United States). This list is not intended to be exhaustive; other situations and expenses may arise in the course of operation of the KKR Funds or Other Clients. KKR Funds or Other Clients will also pay comparable costs, fees and expenses relating to any feeder funds (other than a KKR Credit Associates Vehicles), alternative vehicles, portfolio companies or entities through which a KKR Fund or Other Client invests that are not otherwise borne by such entities. KKR Fund or Other Client expenses and the repayment of any borrowings incurred by a KKR Fund or Other Client may be allocated against and satisfied from investment proceeds received by such KKR Fund or Other Client in a manner reasonably determined by the applicable KKR GP. Generally, out-of-pocket expenses associated with completed portfolio investments are expected to be reimbursed to KKR by the seller or the portfolio company or capitalized as part of the acquisition price of the transaction.

As noted above, certain KKR Funds or Other Clients will also pay or otherwise bear the costs and expenses associated with administration of such funds, other clients and their assets, including allocable compensation and overhead of applicable KKR employees (the “**Applicable Employees**”). Applicable Employees estimate their time engaged in a variety of matters that can be generally categorized as relating to (i)

administration of funds and other clients, (ii) administration of fund or other client assets, (iii) non-fund or other client-related activities. The time estimates are aggregated for all Applicable Employees across the categories for purposes of calculating the portion of the aggregate compensation and overhead of all Applicable Employees that is allocable to the applicable fund or other client, which, for the avoidance of doubt, is limited to clauses (i) and (ii). KKR bears the portion of compensation and overhead of Applicable Employees that is allocable to non-fund related activities (if any). Compensation of each Applicable Employee is determined based on his/her base salary, cash bonus (accrued periodically in a manner consistent with KKR & Co.'s public financial statement reporting standards), and medical and other benefits (calculated based upon estimated amounts, in a manner consistent with KKR & Co.'s public financial statement reporting standards). Overhead includes rent, utilities, and other occupancy charges (including taxes) (all calculated based upon the estimated square footage occupied by each Applicable Employee) and fixed asset depreciation expenses (determined based on annual depreciation expense for the region in which the employee is based in accordance with KKR & Co.'s budgeting process and then allocated to each Applicable Employee). The allocation of compensation and overhead is determined on a quarterly basis with a one quarter lag, meaning the amounts allocated to the applicable fund or other client in the current quarter represent the compensation and overhead from the prior quarter allocated according to estimated time spent in the prior quarter. It should be noted that while such amounts generally are calculated in a manner consistent with KKR & Co.'s public financial statement reporting standards (where applicable), KKR does not obtain pricing information from unaffiliated third-party service providers and accordingly such in-house expenses charged to a KKR Fund or Other Client may be in excess of the cost of comparable services provided in an arm's length transaction. While the KKR employee group included in the scope of Applicable Employees is generally limited at present to finance and tax personnel, KKR expects from time to time, to expand the scope of Applicable Employees to apply to additional KKR personnel (or categories of personnel) devoting time to fund administration matters, as well as in-house attorneys, accountants and tax advisers engaged in legal and regulatory compliance.

Sourcing and Diligence Expenses

These expenses relate more generally to investment sourcing and diligence for a particular investment strategy and include fees, costs and expenses of identifying, investigating (including conducting diligence with respect to), evaluating, structuring and negotiating potential investments for such strategy. The largest category of sourcing and diligence expenses are those expenses incurred with respect to the pursuit of particular investments that are never actually consummated. Examples of such "broken deal" expenses include fees and expenses of any legal, financial, accounting, consulting or other advisors or lenders, investment banks and other financing sources in connection with arranging financing for transactions that are not consummated; any travel and accommodation expenses and any deposits or down payments that are forfeited in connection with, or amounts paid as a penalty for, unconsummated transactions.

Other sourcing and diligence expenses include certain organizational expenses (for example, those related to the establishment of a multi-investment platform for a strategy); legal, accounting and other professional fees and expenses; travel costs (including first or business class airfare, lodging (including first class lodging), ground transportation (including black car services), and premium meals; costs and expenses of attending trade association meetings, conferences or similar meetings to source and evaluate investment opportunities; fees and expenses of consultants (including Senior Advisors and Industry Advisors, KKR Capstone and RPM and Other Consultants); and costs and expenses of research and technology (including costs of specialty data subscription and license-based services and risk analysis software). These expenses are allocated to the KKR Funds, Other Clients, and KKR Associates Vehicles (and if applicable, certain KKR proprietary entities) that participate in the relevant investment strategy. The proportion of such expenses allocated to any relevant KKR Fund, Other Client, KKR Associates Vehicles, or KKR proprietary entity may vary from period to period, but as a general matter, the significant majority of such expenses will typically be borne by the primary investment vehicle for such strategy, which is generally the KKR Fund that has a minimum

investment right in relation to the relevant strategy. Transaction expenses for consummated investments not reimbursed by a third party are generally allocated based on the percentages of the investment held by the relevant KKR Funds or Other Clients and KKR Associates Vehicles.

Oversight Expenses

These expenses are incurred in connection with the oversight of portfolio companies. Examples of expenses that fall within this category are travel expenses (including first or business class airfare, first class lodging and ground transportation, such as a black car service) for an Employee to attend a board of directors meeting of a portfolio company, directors' fees, KKR Capstone and RPM (and Other Consultant) fees, other compensation and expenses for services provided to or on behalf of a portfolio company, expenses relating to the disposition or management of the portfolio investment, consulting fees, expenses, equity grants and other compensation of Senior Advisors or Industry Advisors (including Phantom Equity, defined below), Capstone and/or RPM for services provided to a portfolio company and fees and expenses of any other consultants, counsel, accountants or other experts for services provided to (or on behalf of) a KKR Fund portfolio company. Other examples include: (i) brokerage commissions, clearing and settlement charges, investment banking fees and expenses, bank charges, placement, syndication and solicitation fees, arranger fees, sales commissions, bridge financing expenses (which may be payable to another KKR Fund or Other Client co-investing in the bridged transaction or to KKR or an affiliate, in each case that provides bridge financing to the relevant KKR Fund or Other Client) and other investment, execution, closing and administrative fees, costs and expenses of portfolio companies, (ii) costs (including administrative and filing fees) of maintaining the holding structure for portfolio investments, (iii) portfolio and risk management expenses (including hedging transactions and related costs), (iv) expenses of any actual or potential litigation or other dispute or investigation or inquiry related to any portfolio company or any actual or potential portfolio investment (including expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of litigation and the appointment of any agents for service of process on behalf of such portfolio company or KKR) and other extraordinary expenses related to any portfolio investments (including fees, costs and expenses classified as extraordinary expenses under generally accepted accounting principles in the United States) and (v) expenses related to industry conferences directly related to a particular portfolio company. Oversight expenses may be paid to KKR affiliates, including Affiliated Brokers. Oversight expenses may also include amounts for service costs paid to KKR (or any affiliate) by a portfolio company or any entity through which a KKR Fund or Other Client (and, if applicable, certain KKR affiliated entities and proprietary entities) invests in a portfolio company for local administration or management services related to such portfolio company or entity.

Senior Advisors, Industry Advisors and Other Consultants

The terms of engagement, including the financial package, for Senior Advisors, Industry Advisors and Other Consultants are generally agreed ("**Terms of Engagement**") between the Senior Advisor, Industry Advisor or Other Consultant and KKR (or one of its affiliates) at the time of engagement. Terms of Engagement are negotiated individually with each counterparty, depending upon anticipated advisory services, and may differ based on the parties to the Terms of Engagement. Terms of Engagement may be updated from time to time, taking into account considerations such as, but not limited to, performance or current market practices for similar consulting services. Senior Advisors and Industry Advisors typically receive a financial package comprised of one or more of the following: (i) an annual fee, (ii) a discretionary performance-related bonus, (iii) a portion of the carried interest received by a general partner(s) of a KKR Fund, KKR Credit Fund or Other Client that are part of KKR's "carry pool," (iv) grants of equity in one or more of the parent entities of KKR (including equity awards from the Public Company) and (v) an opportunity to invest in KKR Funds and KKR Credit Funds or specific transactions on a no-fee/no-carry basis. Senior Advisors and Industry Advisors are also entitled to reimbursement for expenses incurred while providing services to KKR, KKR Credit, KKR Funds, KKR Credit Funds, Other Clients and their portfolio companies. Senior Advisors and

Industry Advisors also receive consulting related compensation in the form of fixed and incentive compensation. KKR Funds and Other Clients bear, directly or indirectly, a portion of the costs of consulting services provided by Senior Advisors, Industry Advisors and Other Consultants.

KKR allocates Senior Advisor and Industry Advisor compensation (i.e. the annual fee and cash bonus) and expense reimbursement according to how the relevant Senior Advisor or Industry Advisor spends his or her time. The time of each Senior Advisor and Industry Advisor is allocated on a quarterly basis among three general categories: (i) investment sourcing activities (which are allocated as sourcing and diligence expenses (see description above of such expenses)); (ii) activities related to monitoring or working with KKR Fund portfolio companies (which are allocated as portfolio company-related expenses (see description above of such expenses)); and (iii) KKR related activities, such as meeting with investors and strategic planning, expenses of which are borne by KKR and its affiliates and not KKR Funds and Other Clients. The expenses related to equity grants in one or more of the parent entities of KKR have historically been borne by KKR (or one of its affiliates) and not allocated to KKR Funds and Other Clients. The expense created by the payment of a legacy Phantom Equity (described below) grant is borne indirectly by the KKR Funds and Other Clients that participated in the relevant portfolio company.

In addition, some Senior Advisors historically were granted “phantom equity” in certain KKR Fund portfolio companies, which is a form of incentive compensation based on the performance of the relevant KKR Fund portfolio company (“**Phantom Equity**”). Phantom Equity grants were discontinued in 2009; however, certain Senior Advisors continue to receive payments under legacy grants. Certain Senior Advisors, Industry Advisors and Other Consultants also may receive a portion of performance related compensation from certain KKR GPs that in turn receive carried interest allocations from KKR Funds. Senior Advisors, Industry Advisors and Other Consultants also serve on the boards of directors of KKR Fund portfolio companies and may otherwise serve directly as consultants or interim executives to KKR Fund portfolio companies and may receive directors’ fees, consulting fees, equity grants and other compensation in connection therewith from KKR Fund portfolio companies. Such directors’ fees or other compensation earned by Senior Advisors, Industry Advisors and Other Consultants do not offset management fees payable by KKR Funds or Other Clients. Certain Terms of Engagement provide KKR the discretion to determine whether this additional compensation paid to Senior Advisors or Industry Advisors by KKR Fund portfolio companies will offset the cash compensation paid to such Senior Advisors or Industry Advisors under the Terms of Engagement, although KKR typically would not offset such cash compensation.

Expense Allocation

KKR allocates expenses among KKR Funds, Other Clients and KKR based on the nature of the expenses and may make corrective allocations if it determines that they are necessary or prudent. Expenses related to due diligence for a potential investment are generally either capitalized as part of the acquisition price of the relevant investment for consummated investments or treated as sourcing and diligence expenses for investments that are not consummated.

“Fund Organizational and Administrative Expenses” generally are charged to the KKR Fund or Other Client to which they relate.

“Oversight Expenses” are charged to the portfolio company to which they relate, or, if not, are generally allocated based on ownership percentages of the relevant portfolio company or investment held by the relevant KKR Funds, Other Clients, KKR Associates Vehicles and KKR proprietary entities. The specific entity in the organizational holding structure which bears these expenses impacts the proportional sharing of these expenses. Transaction expenses for consummated investments will typically be borne by the relevant portfolio company or a related investment vehicle through which the investment is made and capitalized as part of the acquisition price of the relevant transaction to the extent not reimbursed by a third party. In

addition, ongoing expenses that are specific to a portfolio company may be borne by the relevant portfolio company. When the portfolio company bears an expense directly, each direct and indirect equity owner of such company will indirectly bear a portion of such expenses. However, expenses may also be borne by (i) holding companies or other vehicles through which certain, but not all, of the direct and indirect equity owners of the portfolio company invest or (ii) a specific KKR Fund or Other Client. When such expenses are borne by such holding companies or other vehicles or by a specific KKR Fund or Other Client, such KKR Fund or Other Client will bear a greater portion of such expenses than would be the case if the relevant portfolio company paid such expenses as only the investors in the holding company (or KKR Fund or Other Client) will bear the cost of such expenses.

“Sourcing and diligence expenses” are generally attributable to multiple KKR Funds and Other Clients that invest in a given strategy. KKR has therefore developed a waterfall methodology that seeks to allocate sourcing and diligence expenses among relevant KKR Funds, Other Clients, KKR proprietary entities and KKR Associates Vehicles. The waterfall methodology assists KKR in the allocation of such expenses, where appropriate, based upon a number of relevant factors and not on any single factor. These factors include, for example, committed or available capital, the amount of capital historically invested or remaining invested in similar investments, and the percentage of similar investments in which a particular KKR Fund or other KKR Funds have historically participated. The expense allocation waterfall generally follows four distinct steps. First, a portion of the expenses is allocated to certain KKR Associates Vehicles (generally those co-investment vehicles without committed capital that were formed for KKR employees and others to facilitate deal by deal co-investments in portfolio companies alongside KKR Funds), based on the total equity invested by such vehicles within the relevant strategy over the prior eight quarters divided by the total equity invested by all KKR Funds within such strategy over the prior eight quarters. Second, a portion of the remaining expenses is allocated to the KKR Fund that is the primary private equity fund for that strategy based on the number of deals completed below its minimum investment amount over the prior eight quarters, divided by the total number of deals completed over the prior eight quarters. Third, a portion of the remaining expenses is allocated to KKR Funds that are co-investment vehicles that do not have a defined amount of committed capital for that strategy (including applicable KKR proprietary entities), based on the total equity invested by these investors within such strategy over the prior eight quarters divided by total equity invested by all KKR Funds within such strategy over the prior eight quarters. Finally, the remaining expenses are allocated to all KKR Funds with committed capital for that strategy, based on committed capital and in the proportion that each such fund’s capital commitment bears to the total capital commitments of all KKR Funds with committed capital for such strategy. For purposes of determining the foregoing pro rata allocation, the committed capital from certain KKR Funds may be adjusted in KKR’s discretion to reflect the respective KKR Funds’ investment mandate. For example, adjustments may take into account factors including, but not limited to, geographic limitations of a specific mandate as compared to the general strategy, the investor’s ability to opt-out of investments within the general strategy, and industry focus of a specific mandate as compared to the general strategy. The significant majority of these expenses is typically borne by the KKR Fund that is the primary (or flagship) private equity fund for that strategy because such fund generally has the largest amount of capital committed for investment in such strategy and also typically has a priority right to invest. Because KKR does not source investment opportunities generally within a strategy on behalf of third-party investors who invest on a deal by deal or “syndicated” basis, KKR does not allocate sourcing and diligence expenses to syndicated capital co-investors.

Other

Portfolio companies of KKR Funds or Other Clients are counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other KKR Funds or Other Clients (for example, a portfolio company of a KKR Fund may retain a portfolio company of another KKR Fund to provide services or may acquire an asset from such portfolio company). Certain of these agreements, transactions, and arrangements involve fees, servicing payments, rebates, discounts and/or other benefits to

KKR, its affiliates, KKR Capstone or RPM. For example, KKR encourages portfolio companies to enter into agreements regarding group procurement and/or vendor discounts. KKR (and its affiliates), KKR Capstone and/or RPM may also participate in these agreements, and may realize better pricing or discounts as a result of the participation of portfolio companies. Certain of these agreements provide for commissions, fees for services or similar payments and/or discounts or rebates to be paid (directly or indirectly) to a portfolio company, KKR (or one of its affiliates), KKR Capstone, RPM or Other Consultants. Fees, payments, rebates, discounts and other benefits paid or otherwise provided by portfolio companies pursuant to these arrangements are not subject to management fee offsets or otherwise shared with KKR Funds or Other Clients. Under these arrangements, one particular portfolio company may benefit to a greater degree than the other participants, and the KKR Fund(s) and/or Other Client(s) that own an interest in the portfolio company will receive a greater relative benefit from the arrangement than other KKR Funds and Other Clients that do not own an interest in such portfolio company.

KKR or its affiliates may also hold equity or other investments in companies or businesses that provide services or goods to or otherwise contract with portfolio companies of KKR Funds or Other Clients. Payments made by portfolio companies for such services, goods or contracts will not offset management fees payable by KKR Funds or Other Clients.

In addition, portfolio companies of KKR Funds or Other Clients make discounts and other benefits available to employees of KKR and its affiliates and Other Consultants, Senior Advisors, Industry Advisors, KKR Advisors and other persons associated with KKR with respect to products or services offered by such companies. For example, airline travel or hotel stays incurred as KKR Fund or Other Client expenses typically may result in “miles” or “points” or credit in loyalty/status programs, and such benefits or discounts will, whether or not de minimis or difficult to value, inure exclusively to KKR and/or its personnel (and not KKR Funds, Other Clients or portfolio companies) even though the cost of the underlying service is often borne by the KKR Funds, Other Clients or portfolio companies. The amount of such discounts and other benefits will not offset management fees payable by KKR Funds or Other Clients.

KKR Capstone and RPM executives meet with investors and prospective investors to describe the role of their respective firm and provide information regarding their activities and arrangements. Typically, neither KKR Capstone nor RPM charge fees to KKR, KKR Funds or Other Clients in connection with their respective executives attending meetings with investors (including annual meetings of KKR Funds) or internal KKR meetings. However, KKR Capstone and RPM are reimbursed for travel related expenses for attending such meetings. Other Consultants may also be reimbursed for attending such meetings. While KKR bears the expense reimbursement for internal KKR meetings, KKR Funds (and if applicable, Other Clients) bear the relevant expense reimbursement for meetings related to their activities.

In connection with the management and oversight of KKR Funds and Other Clients, neither KKR nor any of its supervised persons accept compensation from third parties for the sale of securities or other investment products except as described above.

Item 6 Carried Interest Allocations and Side-By-Side Management

As noted in Item 5 above, KKR (including the KKR GPs) generally receives carried interest allocations and fees from KKR Funds or Other Clients. KKR may have an incentive to favor, or take increased investment risk with respect to KKR Funds or Other Clients from which it receives such allocation or fees over KKR Funds or Other Clients from which it does not (for example, certain co-investment vehicles). Similarly, KKR may have an incentive to favor, or take increased investment risk with respect to KKR Funds or Other Clients from which it receives higher carried interest allocations (or which are subject to lower preferred return hurdles) over KKR Funds or Other Clients from which lower or no carried interest allocation is received (and notwithstanding that such accounts may not give rise to carried interest allocations, KKR in any event may

have an incentive to favor a certain KKR proprietary entity over any other KKR Fund or Other Client). KKR has in place policies and procedures to address these conflicts, including policies and procedures designed to ensure allocation of investment opportunities among all client and KKR proprietary entities on a fair and equitable basis, taking into account the client's investment objectives. These policies and procedures are described in more detail below in Item 11.

KKR manages certain KKR Funds that are either feeder funds investing in other KKR Funds or side-by-side vehicles investing alongside other KKR Funds established primarily for the benefit of Employees, Senior Advisors and Industry Advisors, KKR Advisors, KKR Capstone and RPM executives and certain other persons associated with KKR (which may include executives of KKR portfolio companies, external consultants and their affiliated entities) ("**KKR Associates Vehicles**"). KKR Associates Vehicles are not subject to management fees or carried interest allocations but are generally allocated monitoring fees and transaction fees, breakup fees and other similar fees based on their respective ownership (including indirect ownership through KKR Funds) of the relevant company or investment as discussed above in Item 5 (except in the case of certain older KKR Funds). KKR retains such compensation to the extent it is allocable to KKR Associates Vehicles (except in the case of investments made alongside certain older KKR Funds). KKR may also bear any allocable share of KKR Fund organizational costs and other expenses on behalf of the KKR Associates Vehicles. As the investment activities of these vehicles are implemented indirectly through the other KKR Funds in which they invest or alongside other KKR Funds, as applicable, KKR does not view these arrangements as giving rise to the types of conflicts of interest described above.

Item 7 Types of Clients

KKR provides investment management, advisory and administrative services, as described above in response to Item 4, to the KKR Funds and Other Clients. With limited exceptions (including, currently, with respect to a KKR Fund established as an employee securities company and KKR Associates Vehicles), investment in KKR Funds is generally only available to institutional investors and certain high net worth investors that are "accredited investors" and "qualified purchasers" or "non-U.S. persons" or in the case of Employees, "knowledgeable employees," within the meaning of the Securities Act and the Investment Company Act, as applicable. KKR Funds or Other Clients generally have a specified minimum investment amount as set forth in their offering materials, disclosure documents and/or governing documents. These minimum amounts are subject to discretion, on the part of KKR or the relevant KKR GP, to permit investments of a smaller amount generally or with respect to any investor.

A broad range of U.S. and non-U.S. institutional investors, including, among others, governmental and corporate pension and profit sharing plans (including investors regulated under the U.S. Employee Retirement Income Security Act of 1976, as amended ("**ERISA**"), endowments and foundations, insurance companies, financial institutions, sovereign wealth funds, funds of funds, private wealth and other third party distribution platforms and certain high net worth individuals and family offices, invest in KKR Funds and Other Clients. Additionally, Employees and other persons associated with KKR and/or its affiliates and portfolio companies, including, for example, current or former portfolio company executives, and certain KKR proprietary entities, may make capital contributions to KKR Funds including, in particular, KKR Associates Vehicles.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies and Methods of Analysis

As noted above in response to Item 4, KKR advises private equity funds and other investment vehicles that invest capital primarily for long-term appreciation, primarily either through controlling ownership of companies or minority positions. KKR also manages investments in infrastructure assets across a broad range

of sectors, which may include: electric and gas utilities; long-term contracted or “hedgeable” generation; midstream energy infrastructure; alternative energy infrastructure; airports; ports; surface transportation (roads, bridges, tunnels, railway lines, parking, and mass transit structures); water and wastewater; social infrastructure (for example, schools, public healthcare facilities, and government housing); and communications infrastructure. In addition, KKR manages investments in energy assets, such as oil and gas properties, royalties and drilling activities that offer exposure to underlying commodities and current cash flows from the production of the acquired resources. KKR also manages investments in real estate assets, which may include direct investments in commercial or residential real property, debt (including commercial mortgage backed securities and mezzanine debt), special situations transactions and businesses with significant real estate holdings. KKR sponsors a customized platform that may invest in KKR Funds and third party funds pursuing private equity and related co-investments, and strategic partnership vehicles that invest across multiple KKR Funds and investment strategies. KKR also manages growth capital investments, including through recently launched KKR Funds focused on growth equity investments in the technology, media and telecommunications and health care sectors.

Certain KKR Funds or Other Clients may make convertible arbitrage or other investments in Marketable Securities. KKR also may employ hedging techniques and invest in derivative instruments, including, without limitation, swaps, options and forward contracts, to hedge exchange rate and interest rate risks and other risks associated with the investment strategies described above, in each case as permitted pursuant to the offering materials, disclosure documents and/or governing documents of the relevant KKR Fund or Other Client.

KKR employs various methods of analysis, including fundamental and technical methods, when analyzing potential investments. KKR utilizes multiple sources of information in analyzing investments, including financial newspapers and magazines, inspections of company activities, research material prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC and company press releases. KKR also uses industry magazines, third party consultants, expert networks, lawyers, accountants, asset operators, regulatory filings filed with non-U.S. regulators, in-person meetings with company management, due diligence visits to operational facilities and other physical assets, discussions, as appropriate, with suppliers, customers, competitors, former employees, financial reports and projections and information provided by strategic investors in KKR Funds and by investment banks. In addition, KKR Capstone, RPM, Other Consultants, Senior Advisors, Industry Advisors and KKR Advisors often provide supplemental insights to KKR from a management consulting perspective and from the perspective of a C-level executive (i.e. “chief” executive officers or other senior officers) or board of directors. KKR has a roster of active Senior Advisors and Industry Advisors globally, many of whom have extensive corporate management expertise, having served as Chief Executive Officer, Chief Financial Officer, Chairman of the Board or other comparable positions at large, industry-leading companies or governmental regulatory agencies. In conducting due diligence on investments in third party funds, KKR will use many of the above due diligence methods, as appropriate, in addition to a detailed review of fund governing documents in conjunction with external counsel and consultants.

Material Risk Relating to Methods of Investment Analysis

KKR seeks to conduct reasonable and appropriate analysis and due diligence of its investments based on the facts and circumstances applicable to each investment. The objective of such analysis and due diligence is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment, to identify possible risks associated with that investment and, in the case of most private equity and real asset investments, to prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. When conducting due diligence and making an assessment regarding an investment, KKR relies primarily on publicly available information and resources. KKR may also rely on information provided by the target of the investment and, in some circumstances, third-party investigations.

As a result, the due diligence process may at times be subjective. Accordingly, KKR cannot be certain that its due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts (including fraud) that may be necessary or helpful in evaluating such investment opportunity. Additionally, in connection with the evaluation of potential investment opportunities, KKR may engage with individuals retained by expert networks who are under an obligation not to disclose confidential information. KKR seeks to avoid inadvertently obtaining confidential information from such sources and has therefore implemented procedures to mitigate the risk that the use of expert networks could result in receipt by investment professionals of confidential information. However, no assurance can be made that such individuals do not share confidential information. In such cases, KKR may become restricted from pursuing an investment opportunity, which could adversely impact a KKR Fund or Other Client.

KKR will generally establish the capital structure of an investment and the terms and targeted returns of such investment on the basis of financial and other applicable projections. Projected operating results will normally be based primarily on investment professional judgments or third-party advice and reports. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be achieved, and actual results may vary significantly from the projections. General market, economic, environmental, and other conditions, which are not predictable, can have an adverse impact on the reliability of such projections. Assumptions or projections about asset lives; the stability, growth or predictability of costs; demand; or revenues generated by an investment or other factors associated therewith may, due to various risks and uncertainties including those described herein, differ materially from actual results.

Material Risks of Significant Investment Strategies

The risk factors briefly summarized below may not be applicable to all KKR Funds or Other Clients. Such summary does not purport to be a complete list or explanation of the risks involved in an investment in a KKR Fund or Other Client. The offering materials, disclosure documents and/or governing documents of each KKR Fund or Other Client (other than certain co-investment vehicles) will typically include a more detailed summary of material risks applicable to the KKR Fund or Other Client and its investment strategy and structure and should be read in conjunction with the risks below.

Private Equity Investments and General Risks relating to KKR Funds and Other Clients

Investments made by KKR Funds and Other Clients, including private equity investments, involve a number of material risks including (but not limited to) the risks discussed below.

Illiquid and Long-Term Investments Investment in KKR Funds and Other Clients are speculative in nature and require a long-term commitment, with no certainty of return of capital or gains. The investments are expected to be predominantly illiquid and there can be no assurance that a KKR Fund or Other Client will be able to generate returns for investors. The realizable value of a highly illiquid investment at any given time may be less than its intrinsic value.

Although certain investments by KKR Funds and Other Clients may generate current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition of such investment, as to which there can be no certainty. While an investment by KKR Funds and Other Clients may be sold at any time, typically this will occur a number of years after the investment is made. KKR Funds and Other Clients will generally not be able to sell their investments publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases a KKR Fund or Other Client may be prohibited by contract from selling certain securities for a period of time, which may mean that the KKR Fund or Other Client is unable to take advantage of favorable market prices. In view of such limitations on

liquidity, which are illustrative and not exhaustive, KKR Funds or Other Clients will generally not be able to realize on an investment until the sale of such investment. Furthermore, such illiquidity may continue even if the underlying entities obtain listings on securities exchanges. There can be no assurance that a KKR Fund or Other Client will be able to dispose of its investments at the price and at the time it wishes to do so and investors should expect that they may not receive a return of their capital for a long period of time even if a KKR Fund's or Other Client's investments prove successful. Certain investments by KKR Funds or Other Clients may be in securities that are or become publicly traded. Such investments may be subject to economic, political, interest rate and other risks, any of which could result in an adverse change in the market price.

Valuation Risks KKR Funds and Other Clients will rely on the relevant KKR GP or KKR and its affiliates, as applicable, for valuation of their assets and liabilities. KKR Funds and Other Clients will primarily hold securities and other assets that will not have readily assessable market values. In such instances, the relevant KKR GP or KKR will determine the fair value of such securities and assets in its reasonable judgment based on various factors and may rely on internal pricing models, all in accordance with KKR's valuation policies and procedures. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities or assets. The valuation of illiquid securities and other assets is inherently subjective and subject to increased risk that the information utilized to value such assets or to create the price models may be inaccurate or subject to other error. The value of a KKR Fund or Other Client's portfolio may also be affected by changes in accounting standards, policies or practices as well as general economic, political, regulatory and market conditions and the actual operations of portfolio investments which are not predictable and can have a material impact on the reliability and accuracy of such valuations. Due to a wide variety of market factors and the nature of certain securities and assets to be held by KKR Funds and Other Clients, there is no guarantee that the value determined by a KKR GP or KKR will represent the value that will be realized by a KKR Fund or Other Client on the eventual disposition of an investment or that would, in fact, be realized upon an immediate disposition of the investment. The amount and timing of carried interest received by KKR or a KKR GP with respect to a KKR Fund or Other Client may depend in part on the value of a KKR Fund's or Other Client's assets and liabilities. If the valuations made by the KKR GP or KKR are incorrect, the amount of carried interest received by the KKR GP or KKR or the timing of receipt of carried interest would also be expected to be incorrect. In addition, KKR regularly reports to investors and prospective investors certain metrics of KKR Funds' and Other Clients' performance, such as rates of return and multiples of money, which calculations depend on the value of such KKR Funds' or Other Clients' investments, including unrealized investments, and involves uncertainties and subjective determinations. If the valuations made by the KKR GP or KKR are incorrect, these metrics would also be expected to be incorrect.

Due Diligence Before making investments, KKR will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third party advisors or consultants may present a number of risks primarily relating to KKR's reduced control of the functions that are outsourced. In addition, if KKR is unable to timely engage third-party providers, their ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, KKR will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that KKR carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful. Conduct occurring at portfolio companies, even activities that occurred prior

to a KKR Fund's or Other Client's investment therein, could have an adverse impact on a KKR Fund or Other Client.

As a part of due diligence on a potential investment, KKR may invest in the securities or interests of a portfolio company on the basis of the company's financial projections. Management judgments are generally the basis for projected operating results. Projections are merely estimates of future results based on assumptions made when the projections were developed. There is no certainty that a company will achieve its projected results, and actual results can vary significantly from projections. Unpredictable general economic conditions can have a material adverse impact on the reliability of such projections and the performance of an investment.

Instances of bribery, fraud, accounting irregularities and other improper, illegal or corrupt practices can be difficult to detect, and fraud and other deceptive practices can be widespread in certain jurisdictions. Several KKR Funds or Other Clients invest in emerging market countries that may not have established laws and regulations that are as stringent as in more developed nations, or where existing laws and regulations may not be consistently enforced. For example, KKR Funds invest throughout jurisdictions that have material perceptions of corruption according to international rating standards (such as "Transparency International" and "Corruption Perceptions Index") such as China, India, Indonesia, and countries in Latin America, the Middle East and Africa. Due diligence on investment opportunities in these jurisdictions is frequently more complicated because consistent and uniform commercial practices in such locations may not have developed. Bribery, fraud, accounting irregularities and corrupt practices can be especially difficult to detect in such locations. Accordingly, KKR cannot be certain that the due diligence investigation that it will carry out with respect to any investment opportunity will reveal or highlight all relevant facts (including fraud, bribery and other illegal activities and contingent liabilities) that may be necessary or helpful in evaluating such investment opportunity, including the existence of contingent liabilities. KKR also cannot be certain that its due diligence investigations will result in investments being successful or that the actual financial performance of an investment will not fall short of the financial projections KKR used when evaluating that investment.

Risk Arising from Provision of Oversight Rights KKR Funds or Other Clients will typically seek to obtain oversight rights with respect to the KKR Funds' or Other Clients' portfolio companies, and KKR executives and/or Senior Advisors, KKR Capstone and RPM executives may serve on the boards of directors of portfolio companies. The designation of directors and other types of participation could expose the assets of a KKR Fund or Other Client to claims by a portfolio company, its security holders and creditors, governmental authorities and other third parties.

Complex Investments KKR often pursues complex investment opportunities. This can often take the form of substantial business, regulatory or legal complexity that might deter other investment managers. KKR's tolerance for complexity presents risks, as such transactions can be more difficult, expensive and time consuming to finance and execute; it can be more difficult to manage or realize value from the assets acquired in such transactions; and such transactions sometimes entail a higher level of regulatory scrutiny, the application of complex tax laws or a greater risk of contingent liabilities. KKR Fund (and potentially Other Client) transactions involve complex tax structures that are costly to establish, monitor and maintain, and as KKR pursues a larger number of transactions across multiple assets classes and in multiple jurisdictions, such costs will increase and the risk that a tax matter is overlooked or inadequately or inconsistently addressed will increase. Consequently, KKR may fail to achieve the desired tax benefit or otherwise decrease the returns of KKR Fund and Other Client investments. Changes in law and regulation and in the enforcement of existing law and regulation, such as antitrust laws, data privacy and data protection laws and tax laws, also add complexity and risk to KKR's investment strategies. Further, KKR Funds or Other Clients may acquire an investment that is subject to contingent liabilities, which could be unknown to KKR at the time of acquisition or, if they are known to KKR, KKR may not accurately assess or protect against the risks that they

present. Acquired contingent liabilities could thus result in unforeseen losses for KKR Funds or Other Clients. In addition, in connection with the disposition of an investment in a portfolio company, a KKR Fund or Other Client may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. A KKR Fund or Other Client may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities by a KKR Fund or Other Client, even after the disposition of an investment. Any of these risks could harm the performance of KKR Funds or Other Clients.

Investment Ranking In many cases, the portfolio companies in which KKR Funds and Other Clients invest have, or are permitted to have, outstanding indebtedness or equity securities that rank senior to a KKR Fund's or Other Client's investment. By their terms, such instruments may provide that their holders are entitled to receive payments of distributions, interest or principal on or before the dates on which payments are to be made in respect of such investments of KKR Funds and Other Clients. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which an investment is made, holders of securities ranking senior to the KKR Fund's or Other Client's investment would typically be entitled to receive payment in full before distributions could be made in respect of such investment. Dividends and distributions paid to KKR Funds and Other Clients, as well as fees such as transaction fees and monitoring fees which are creditable in part against management fees payable by KKR Funds or Other Clients, may be subject to clawback under various legal theories in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy. In addition, debt investments made by KKR Funds or Other Clients in portfolio companies may be equitably subordinated to the debt investments made by third parties in such portfolio companies. After repaying senior security holders, the company may not have any remaining assets to use for repaying amounts owed in respect of such investments. To the extent that any assets remain, holders of claims that rank equally with the KKR Fund's or Other Client's investment would be entitled to share on an equal and ratable basis in distributions that are made out of those assets. Also, during periods of financial distress or following insolvency, the ability of KKR Funds or Other Clients to influence a company's affairs and to take actions to protect an investment may be substantially less than that of the senior creditors.

Investments Longer Than Term KKR Funds and Other Clients may make investments which may not be advantageously disposed of prior to the date that a KKR Fund will be dissolved or an Other Client relationship will terminate, as applicable, either by expiration of the term or otherwise. In such an event investments may be distributed in kind or sold or otherwise disposed of at a disadvantageous time as a result of dissolution or termination.

Limited Number of Investments KKR Funds or Other Clients may participate in a relatively limited number of investments and, as a consequence, the aggregate return of KKR Funds or Other Clients may be substantially adversely affected by the unfavorable performance of even a single investment. KKR Funds' or Other Clients' investments may be concentrated in a limited number of sectors and geographies. If a KKR Fund or Other Client is unable to sell, assign or otherwise syndicate out positions in investments that it holds that are greater than the KKR Fund's or Other Clients' target positions, the KKR Fund or Other Client will be forced to hold its excess interest in such investments for an indeterminate period of time. This could result in KKR Funds' or Other Clients' investments being over-concentrated in certain companies, sectors or geographies. To the extent a KKR Fund's or Other Client's investments are concentrated in a particular company, sector or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto.

Availability of Financing KKR Funds or Other Clients' ability to invest in portfolio companies will in most cases depend on the availability and terms of any borrowings that are required or desirable with respect to such investments. For example, from time to time the market for private equity transactions has been

adversely affected by a decrease in the availability of senior or subordinated financings for transactions. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, would impair the KKR Funds' or Other Clients' ability to consummate these transactions and would adversely affect KKR Funds' or Other Clients' returns.

Availability of Suitable Investment Opportunities The success of a KKR Fund's or Other Client's investment strategy depends on the ability of KKR to identify and select appropriate investment opportunities and to acquire these investments. The industries and sectors in which a KKR Fund or Other Client invests are highly competitive. KKR Funds and Other Clients compete for investments with operating companies, financial institutions, and other institutional investors as well as private equity, hedge, and other investment funds, and this competition may adversely impact the availability of investments and the terms upon which KKR effects and exits them.

International Investments KKR Funds and Other Clients invest globally and in particular invest in emerging or developing market countries (including in Asia, Latin America and Africa). Investments in emerging and developing markets, as well as in certain more developed non-U.S. markets, involve certain factors not typically associated with investing in the U.S. or other developed countries, including risks relating to: (i) differences arising from less developed securities markets, including the relatively small size and low trading volumes of such markets, resulting in lack of liquidity and price volatility; (ii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements which may result in unreliable financial information; (iii) less government supervision and regulation in some countries, which may result in lower-quality information being available and less developed corporate laws regarding fiduciary duties and the protection of investors, the absence of developed legal structures governing private or foreign investment and private property, and less developed bankruptcy laws and difficulty in enforcing contractual obligations; (iv) certain economic and political risks, including potential economic, political or social instability, lower levels of democratic accountability, exchange control regulations, restrictions on foreign investment and repatriation of capital (possibly requiring government approval), expropriation or confiscatory taxation and higher rates of inflation or hyper-inflation and reliance on a more limited number of commodity inputs, service providers and/or distribution mechanisms; (v) unpredictable governmental influence on the national and local economies and the risk of nationalization of key industries; (vi) fewer or less attractive financing and structuring alternatives and exit strategies and (vii) the possible imposition of local taxes on income and gains recognized with respect to investments. In addition, various countries and regulatory bodies may also implement controls on foreign exchange and outbound remittances of currency, which could also impact not only the timing and amount of capital contributions that are required to be made to KKR Funds and Other Clients but they may also impact the value, in U.S. dollars, of the investments and investment proceeds of KKR Funds and Other Clients. For example, China has recently implemented stricter controls on foreign exchange and outbound remittances. The risks of investing in emerging and developing markets, including the risks described above, are usually greater than the risks involved in investing in more developed markets and also increase counterparty risks for investments in those markets. In addition, investor risk aversion to developing or emerging markets can have a significant adverse effect on the value and/or liquidity of investments made in or exposed to such markets and can accentuate any downward movement in the actual or anticipated value of such investments which is caused by the factors described above.

The lingering effects of the 2008 to 2009 global financial crisis and the rise of populist political parties and economic nationalist sentiments have led to increasing political uncertainty and unpredictability in many countries. The attendant risks include greater regulatory uncertainty, for example regarding the posture of governments with respect to taxation and international trade, and greater risk that trade and foreign investment may be restricted. The companies in which KKR Funds and Other Clients invest, in particular

those that rely on cross-border activities, could be materially affected by any material changes to the existing trade, tariff, and foreign investment practices.

KKR Funds or Other Clients may invest from time to time in European companies and companies that have operations that may be affected by the Eurozone economy. For example, concerns regarding the sovereign debt of various Eurozone countries and proposals for investors to incur substantial write-downs and reductions in the face value of certain countries' sovereign debt have given rise to new concerns about sovereign defaults following the vote by the United Kingdom to leave the EU, the possibility that additional countries might leave the EU or the Eurozone and various proposals (still under consideration and unclear in material respects) for support of affected countries and the Euro as a currency. Sovereign debt defaults and EU and/or Eurozone exits, could have material adverse effects on investments by a KKR Fund or Other Client in European companies, including, but not limited to, the availability of credit to support such companies' financing needs, uncertainty and disruption in relation to financing, customer and supply contracts denominated in the Euro and wider economic disruption in markets served by those companies, while austerity and other measures introduced in order to limit or contain these issues may themselves lead to economic contraction and resulting adverse effects for a KKR Fund or Other Client and its investments. It is likely that a number of the KKR Fund's or Other Client's investments will be denominated in the Euro. Greece, Ireland and Portugal received one or more "bailouts" from other members of the EU. Although several countries in the Eurozone have agreed to multi-year bailout loans from the European Central Bank and the International Monetary Fund, it is unclear how much additional funding these countries, or other Eurozone countries, will require. To the extent any of the KKR Fund's or Other Client's investment are denominated in the Euro, legal uncertainty about the funding of Euro denominated obligations following any break up of or exits from the Eurozone (particularly in the case of investments in companies in affected countries) could also have material adverse effects on a KKR Fund or Other Client.

In May 2016, the EU adopted the General Data Protection Regulation, which will impose stringent data protection requirements and will provide for significant penalties for noncompliance beginning in May 2018. Any inability, or perceived inability, to adequately address privacy and data protection concerns, or comply with applicable laws, regulations, policies, industry standards, contractual obligations, or other legal obligations, even if unfounded, could result in additional cost and liability and could damage KKR's reputation and adversely affect KKR Funds and Other Clients.

The pace of China's growth has been slow as compared to rates before the financial crisis of 2008 to 2009, which may pose a risk to the economic stability of China and its major trading partners. Any future slowdown in China's growth could adversely impact the value of the investments of KKR Funds and Other Clients in China. China's slowing also has the potential to hinder the demand for and prices of many important global commodities and consequently reduce capital spending in industries dependent on commodity prices. Although lower commodity prices, including the falling price of oil, are expected to benefit the economies of commodity importing countries, certain KKR Fund and Other Client investments focused on the development, exploration and production of oil and natural gas properties, as well as the sale of products or services used in the natural resources sector, have and would continue to suffer from such a decline.

In addition, economic sanction laws in the United States and other jurisdictions may prohibit KKR, KKR Funds and Other Clients from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These types of sanctions may significantly restrict or completely prohibit certain investment activities, and if a KKR Fund or Other Client or its portfolio companies were to violate any such laws or regulations, it may face significant legal and monetary penalties. The U.S. Foreign Corrupt

Practices Act (“FCPA”) and other anti-corruption laws and regulations, as well as anti-boycott regulations may also cause KKR to be unwilling to enter into certain potential investments that KKR has spent substantial time and effort identifying and developing.

Changes Resulting from the United Kingdom’s Exit from the EU On June 23, 2016, the United Kingdom voted, via referendum, to exit from the EU, triggering political, economic and legal uncertainty. While such uncertainty most directly affects the United Kingdom and the EU, global markets suffered immediate and significant disruption. On March 29, 2017, the United Kingdom made a formal notification to the European Council under Article 50 of the Treaty on European Union which triggers a two year period during which the terms of an exit will be negotiated. The United Kingdom and the European Union are therefore entering a period of legal, regulatory and political uncertainty. The United Kingdom’s exit from the EU will impact KKR Funds or Other Clients and its portfolio companies in a variety of ways, not all of which are currently readily apparent immediately following the exit vote. KKR Funds or Other Clients may have portfolio companies with significant operations and/or assets in the United Kingdom, any of which could be adversely impacted by the new legal, tax and regulatory environment, whether by increased costs or impediments to the implementation of its business plan. Furthermore, the vote by the United Kingdom to exit the EU may increase the likelihood of similar referenda in other member countries of the EU, which could result in additional departures. The uncertainty resulting from any further exits from the EU, or the possibility of such exits, would also be likely to cause market disruption in the EU and more broadly across the global economy, as well as introduce further legal, tax and regulatory uncertainty in the EU.

Regulatory Approvals There can be no assurance that a portfolio company targeted by a KKR Fund or Other Client will be able to (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent operation of a facility owned by a portfolio company, the completion of a previously announced acquisition or sales to third parties, could limit the portfolio company’s ability to engage in certain regulated activities or could otherwise result in additional costs to a portfolio company.

Leverage KKR Fund and Other Client investments typically include investments in companies whose capital structures may have significant leverage (in addition to such leverage as may be generated by a particular investment by a KKR Fund or Other Client). Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. A highly leveraged entity may be subject to restrictive covenants imposed by lenders (or lenders other than a KKR Fund or Other Client, as appropriate) restricting its activity, or may be limited in making strategic acquisitions, or obtaining additional financing, and will have increased exposure to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. The focus of KKR Funds and Other Clients on achieving higher internal rates of return through investments in highly levered companies or certain realization strategies, such as leveraged dividend recapitalizations or reorganizations, can magnify the impact of unfavorable market or economic conditions, operating problems and the ability of portfolio companies to devote working capital to future growth opportunities, resulting in a more pronounced effect on the profitability or prospects of such companies, and a negative impact on the returns ultimately realized by KKR Funds and Other Clients. Securities acquired by KKR Funds or Other Clients may be the most junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss in the case of the issuer’s financial difficulty, or if an event of default occurs under the terms of the relevant financing and a lender decides to enforce its creditor rights. Events not related directly to the borrower itself, such as the insolvency of a guarantor, may in some cases trigger events of default. A KKR Fund’s or Other Client’s ability to achieve attractive rates of return will depend on its ability to access sufficient sources of indebtedness at attractive rates. U.S. federal bank regulatory agencies have issued leveraged lending

guidance covering transactions characterized by certain levels of financial leverage. Such guidance limits the amount or availability of debt financing and may increase the cost of financing KKR Funds and Other Clients are able to obtain for proposed transactions and may cause the returns on portfolio investments to suffer. An increase in either interest rates or risk spreads demanded by leverage providers could also make it more expensive to finance investments by KKR Funds or Other Clients and could make it more difficult to compete for new investments with other potential buyers that have a lower cost of capital. In addition, a portion of the indebtedness used to finance investments may include high-yield debt securities issued in the capital markets. Availability of capital from the high-yield debt markets is subject to significant volatility, and there may be times when a KKR Fund or Other Client may not be able to access those markets at attractive rates, or at all, when completing an investment. Leverage may also be applied with respect to a KKR Fund's or Other Client's portfolio as a whole or with respect to one or more investments, and the presence of such borrowings will magnify the volatility of such KKR Fund's or Other Client's investment portfolio and may substantially increase the risk profile of a KKR Fund or Other Client and its investments.

Subscription Facilities Certain KKR Funds may obtain one or more revolving credit facilities ("subscription facilities") in order to enable such KKR Funds to make investments or pay management fees or other KKR Fund expenses and liabilities. A KKR Fund may also pledge assets of the KKR Fund and guarantee indebtedness (including that of portfolio companies and entities through which investments by the KKR Fund are held). If a KKR Fund obtains a subscription facility, it is generally expected that the KKR Fund's interim capital needs would be satisfied through borrowings by the KKR Fund under the subscription facility, and drawdowns of capital contributions by the KKR Fund, including those used to pay interest on subscription facilities, would generally be expected to be "batched" together into larger, less frequent capital calls (although actual timing and amounts may vary). Although there are typically limitations regarding the time borrowings by KKR Funds under subscription facilities may remain outstanding, there are generally no limitations on the amount of time guarantees by KKR Funds that may remain outstanding, and the interest expense and other costs of any such borrowings and guarantees will be KKR Fund expenses and, accordingly, may decrease net returns of KKR Funds. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the KKR Funds' preferred returns (with the preferred returns beginning to accrue when capital contributions to repay borrowings are actually made to the KKR Funds). In light of the foregoing, a KKR GP may fund the acquisition of portfolio investments and ongoing capital needs of a KKR Fund with the proceeds of borrowings under subscription facilities or other borrowings guaranteed by the KKR Fund in lieu of drawing down unused capital commitments. To the extent that a KKR Fund is unable to obtain a subscription facility, access to such facility becomes unavailable or a KKR GP otherwise determines not to use such facility, the KKR GP may draw down capital commitments in advance and hold them in reserve in order to make portfolio investments, satisfy fees and expenses and other capital needs as such needs arise in the future. The use of subscription facilities may contribute to higher internal rates of return as a result of greater leverage and by providing KKR Funds with greater flexibility to move quickly in funding certain investments. However, greater leverage as well as the borrowing costs of such activity may ultimately decrease net returns realized by KKR Funds.

Recycling; Reinvestment Net proceeds from the disposal of investments realized during their respective investment periods may, depending on the terms of the relevant KKR Fund or Other Client, be retained in whole or in part by a KKR Fund or Other Client, or restored to investors' unused capital commitments and subsequently recalled, for future investments. In addition, the amount of capital contributions from investors used to pay KKR Fund or Other Client expenses subsequently distributed to investors may, with respect to certain KKR Funds or Other Clients, be subject to recall and reinvestment. Accordingly, an investor in a KKR Fund or Other Client may be required to make capital contributions in excess of its capital commitment and, to the extent such recalled or retained amounts are reinvested in investments, such investor will remain subject to investment and other risks associated with such investments.

In-Kind Distributions In certain circumstances, a KKR Fund or Other Client may distribute securities and other assets to investors that are not marketable or are otherwise illiquid. The risk of loss and delay in liquidating such assets will be borne by the investors, with the result that investors may receive less cash than was reflected in the fair value of such assets as determined by KKR. In addition, when investments are distributed to investors in kind, such investors may then become minority lenders to, or possibly shareholders in, the underlying portfolio companies and may be unable to protect their interests effectively. In addition, in certain circumstances a KKR GP may elect to receive an in-kind distribution in lieu of a cash distribution with respect to carried interest or other amounts distributable to the KKR GP, which will result in a conflict of interest.

Dilution from Subsequent Closings Investors admitted or increasing their capital commitment to a KKR Fund following the first closing date of such KKR Fund will generally participate in investments made prior to such admission or increase, diluting the interest of existing investors; provided that the relevant KKR GP may exclude any investor admitted or increasing its capital commitments to a KKR Fund in a subsequent closing from participating in prior investments made by the KKR Fund. Further, a KKR GP may require any investor admitted or increasing its capital commitments to a KKR Fund in a subsequent closing to contribute its *pro rata* share of the fair value of the KKR Fund's prior investments at the time such investor is admitted or increases its commitments. Although investors will typically contribute their *pro rata* share of previously contributed capital for such investments at original cost plus a cost of carry, in such situations, there can be no assurance that this payment will reflect the fair value of the KKR Fund's existing investments at the time such additional investors subscribe for interests in the KKR Fund or existing investors increase their respective capital commitments to such KKR Fund.

Non-Controlling Investment Positions; Investments with Third Parties KKR Funds or Other Clients are generally expected to seek to acquire majority ownership of assets and businesses in order to allow significant strategic and operating influence over investments, but may also invest or co-invest with third parties, including through partnerships, joint ventures or other entities, which third parties may have larger or controlling ownership interests in, or governance rights in respect of, such investment vehicles. In some cases, certain decisions require the consent of other investors, thereby lessening KKR's control and, therefore, its ability to protect the position of KKR Funds and Other Clients. In addition, there are instances in which a KKR Fund or Other Client makes an investment in publicly or privately traded securities without the intent to control or influence the assets or companies in which it invests, and in such cases, the KKR Fund or Other Client will be significantly reliant on the existing management, board of directors and other shareholders of such companies, with whom the KKR Fund or Other Client is not affiliated and whose interests may conflict with the interests of the KKR Fund or Other Client.

In addition, from time to time, a KKR Fund or Other Client or an affiliate of a KKR Fund or Other Client, including KKR, may enter into exclusivity, non-competition or other arrangements with one or more joint venture partners, operating partners or other third parties (each, an “**Exclusive JV Partner**”) with respect to potential investments in a particular geographic region or with respect to a specific industry or asset type pursuant to which the KKR Fund or Other Client or such affiliate (including KKR), may agree, among other things, not to make investments in such region or with respect to such industry or asset type outside of its arrangement with such Exclusive JV Partner. Accordingly, there may be circumstances in which KKR sources a potential investment opportunity or is presented with an opportunity by a third party, and as a result of such arrangements with an Exclusive JV Partner, a KKR Fund or Other Client could be precluded from pursuing such investment opportunity or obligated to bear an incremental layer of fees and expenses with respect to such investment.

Such investments may involve risks in connection with such third-party involvement; including the possibility that a third party may have financial difficulties resulting in a negative impact on such investments. Furthermore, a third-party co-investor or manager or operator may have economic or business

interests or goals that are inconsistent with those of the KKR Fund or Other Client or may be in a position to take (or block) action in a manner contrary to the KKR Fund's or Other Client's investment objectives. The KKR Fund or Other Client may also in certain circumstances be liable for the actions of such third parties. Investments made with such third parties in joint ventures or other entities may also involve compensation arrangements, including carried interest distributions and/or other fees and profit sharing arrangements payable to such third parties. In some transactions, the amount of equity capital that is required to complete a large capitalization private equity transaction may be significant, and are therefore required to be structured as a consortium transaction. A consortium transaction involves an equity investment in which two or more other private equity firms serve together or collectively as equity sponsors. While KKR has sought to limit the amount of consortium transactions in which KKR Funds have been involved where possible, KKR Funds and Other Clients have participated in a significant number of those transactions. Consortium transactions generally entail a reduced level of control by KKR over the investment because KKR must share its governance rights with the other consortium investors. Accordingly, KKR may not be able to control decisions relating to a consortium investment, including decisions relating to the management and operation of the company and the timing and nature of any exit. Any of these factors could increase the risk that larger investments could be less successful. The consequences to KKR Funds or any Other Client of an unsuccessful larger investment could be more severe given the size of the investment.

Consequences of Default If an investor fails to pay when due installments of its capital commitment to a KKR Fund or Other Client and the contributions made by non-defaulting investors are inadequate to cover the defaulted contribution, the KKR Fund or Other Client may be unable to pay its obligations when due, may be subjected to significant penalties, including remedies similar to those that the KKR Fund or Other Client can exercise against defaulting investors, that could materially adversely affect the returns to all investors (including non-defaulting investors) of the KKR Fund or Other Client. In addition, each defaulting investor may incur significant economic losses, including, without limitation, forfeiture of capital accounts and distributions, forced transfer of its interests in such KKR Fund or Other Client at a discounted price and loss of the right to make future capital contributions to the KKR Fund or Other Client. The relevant KKR GP may require an additional funding of contributions from the non-defaulting investors, to the extent of their unused capital commitments, to fund the shortfall caused by the defaulting investor of the KKR Fund or Other Client.

In seeking to manage the impact of investor default on the activities of a KKR Fund or Other Client, KKR may, from time to time as it deems appropriate, determine to call an aggregate amount of capital from investors in respect of an investment that is in excess of the amount required and may use such additional capital to make the relevant investment, notwithstanding that one or more investors that ultimately participate in the investment may fund their capital call after the scheduled funding date (assuming that the relevant KKR GP has determined in its sole discretion not to declare such investor a defaulting investor as defined in the KKR Fund's or Other Client's governing documents).

Toehold Investments KKR Funds or Other Clients may accumulate minority positions in the outstanding voting stock or securities convertible into the voting stock, of potential portfolio companies or may otherwise accumulate positions in debt securities of potential portfolio companies, with the intention of accumulating a sufficient position to enable such KKR Fund or Other Client to influence the activities of the portfolio companies. While a KKR Fund or Other Client would typically seek to achieve such accumulation through open market purchases, registered tender offers, negotiated transactions or private placements, it may be unable to accumulate a sufficiently large position in a target company to execute the investment strategy formulated in respect of that company. In such circumstances, the KKR Fund or Other Client may dispose of its position in the target company within a short time of acquiring it. There can be no assurance that the price at which the KKR Fund or Other Client can sell such securities will not have declined since the time of acquisition; this may be exacerbated by the fact that securities of the target companies may be thinly traded

and that the KKR Fund's or Other Client's position may nevertheless have been substantial and its disposal may depress the market price for such securities.

Material, Non-Public Information KKR investment professionals may acquire confidential or material, non-public information concerning an entity in which KKR Funds or Other Clients have invested or propose to invest, and the possession of such information may limit KKR's ability to buy or sell particular securities of such entity on behalf of KKR Funds or Other Clients, thereby limiting the investment opportunities or exit strategies available to KKR Fund or Other Clients. In addition, holdings in the securities of an issuer by KKR or its affiliates may affect the ability of KKR Funds or Other Clients to make certain acquisitions of, or enter into certain transactions with, such issuer. Affiliated Brokers and investment advisers affiliated with KKR may also acquire confidential or material non-public information concerning entities in which KKR Funds or Other Clients have invested or propose to invest, which could restrict KKR's ability to buy or sell (or otherwise transact in) securities of such entities, thus limiting investment opportunities or exit strategies available to KKR Funds or Other Clients.

Investments in Less Established Companies KKR Funds or Other Clients may make investments in companies that are in an early stage of development. These companies are often characterized by short operating histories, new technologies and products, quickly evolving markets and management teams that may have limited experience working together, all of which enhance the difficulty of evaluating these investment opportunities. The management of such companies may be unable to implement and maintain successful marketing, finance personnel and other operational strategies in order to become and remain successful. Other substantial operational risks to which such companies are subject include uncertain market acceptance of the company's products or services, a high degree of regulatory risk for new or untried and/or untested business models, products and services, high levels of competition among similarly situated companies, lower capitalizations and fewer financial resources and the potential for rapid organizational or strategic change. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. In addition, emerging growth companies may be more susceptible to macroeconomic effects and industry downturns.

Investments in Companies in Regulated Industries and Companies Subject to Collective Bargaining Agreements Certain industries are heavily regulated. KKR Funds or Other Clients make investments in companies in these industries, and these investments pose additional risks relative to investments in other companies. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures. If a portfolio company fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. Portfolio companies also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such issuers. Governments have considerable discretion in implementing regulations that could impact a portfolio company's business, and governments may be influenced by political considerations and may make decisions that adversely affect a portfolio company's business. Additionally, certain portfolio companies may have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject any such issuer's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any such portfolio company's collective bargaining agreements, it may be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such portfolio company's facilities could have a material adverse effect on its business, results of operations and financial condition. Any such problems additionally may bring scrutiny and attention to KKR Funds or Other Clients, which could adversely affect the KKR Funds' or Other Clients' ability to implement its investment objectives.

Investments in the Media Industry KKR Funds or Other Clients may make investments in portfolio companies involved in the media business, including new media. The media business is subject to risks of government regulation. Internet and satellite carriers are subject to varying degrees of regulation in the United States by the U.S. Federal Communications Commission (the “FCC”) and other entities and in foreign countries by similar entities. Such regulation and legislation are subject to the political process and have been in flux over the past decade. Further material changes in the law and regulatory requirements must be anticipated, and there can be no assurance that the businesses of the KKR Funds’ or Other Clients’ portfolio companies will not be adversely affected by future legislation, new regulation or deregulation including the FCC’s Protecting and Promoting the Open Internet rules, more commonly known as the “Net Neutrality” regulations. In addition, competitive pressures within the media-related industries are intense, and the securities of such portfolio companies may be subject to significant price volatility. Because the media-related industries are also subject to rapid and significant changes in technology, portfolio companies in these industries may face competition from technologies being developed or to be developed in the future by other entities, which may make such companies’ products and services obsolete.

Investments in Restructurings KKR Funds or Other Clients may make investments that involve portfolio companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject a KKR Fund or Other Client to certain additional potential liabilities that may exceed the value of the KKR Fund’s or Other Client’s original investment therein. In addition, under certain circumstances, payments to KKR Funds or Other Clients and distributions by KKR Funds or Other Clients to investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment, or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in companies undergoing restructuring may be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court’s discretionary power to disallow, subordinate or disenfranchise particular claims.

Reliance on Portfolio Company Management The day-to-day operations of each portfolio company in which KKR Funds or Other Clients invest will be the responsibility of such portfolio company’s management team, which, in each case, could likely include representatives of other financial investors with whom KKR Funds or Other Clients are not affiliated and whose interests may at times conflict with the interests of KKR Funds or Other Clients. Although the KKR GPs will be responsible for monitoring the performance of each investment, KKR Funds or Other Clients will rely significantly on the management teams and boards of directors of portfolio companies in which the KKR Funds or Other Clients invest, including to effectively implement agreed-upon reorganization plans. There can be no assurance that the existing management team of any portfolio company or any successor thereto will be able to operate such portfolio company in accordance with a KKR Fund’s or Other Client’s expectations.

Risks in Effecting Operating Improvements In some cases, the success of a KKR Fund’s or Other Client’s investment strategy will depend, in part, on the ability of KKR (or its affiliates) and/or KKR Capstone to restructure and effect improvements in the operations of a portfolio company or its assets. The activity of identifying and implementing restructuring programs and operating improvements within portfolio companies entails a high degree of uncertainty. There can be no assurance that KKR Funds or Other Clients will be able to successfully identify and implement such restructuring programs and improvements.

Need for Follow-on Investments Following its initial investment in a given portfolio company, a KKR Fund or Other Client may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company. There is no assurance that a KKR Fund or Other Client will make follow-on investments or that a KKR Fund or Other Client will have sufficient funds

to make (or will be permitted to make under the KKR Fund's or Other Client's investment restrictions) all or any of such investments. Any decision by a KKR Fund or Other Client not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment, may result in a lost opportunity for the KKR Fund or Other Client to increase its participation in a successful investment, may result in a KKR Fund's or Other Client's investments in the relevant portfolio company becoming diluted and, particularly in circumstances where the follow-on investment is offered at a discount to market value, may result in a loss of value for the KKR Fund or Other Client.

Contingent Liabilities on Dispositions In connection with the disposition of an investment, KKR Funds or Other Clients may be required to make representations typical of those made in connection with the sale of any such asset, which may include representations in relation to the business and financial affairs of a portfolio company. KKR Funds or Other Clients may also be required to indemnify the purchasers of such an investment to the extent that any such representation turns out to be inaccurate or with respect to other matters. These arrangements may result in contingent liabilities, which, if not satisfied out of a KKR Fund's or Other Client's assets, may ultimately be required to be funded by investors making contributions to the KKR Fund or Other Client or returning previous distributions received from the KKR Fund or Other Client.

Interest Rate Risk KKR Fund or Other Client investments may expose a KKR Fund or Other Client to interest rate risk, meaning that changes in prevailing market interest rates could negatively affect the value of such investments. Factors that may affect market interest rates include, without limitation, inflation, deflation, slow or stagnant economic growth or recession, unemployment, money supply, governmental monetary policies, international disorder and instability in domestic and foreign financial markets. A KKR Fund or Other Client may periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other, which could adversely affect their performance.

As indicated above, KKR Fund or Other Client investments can be highly leveraged. As such, movements in the level of interest rates may affect the returns from these assets more significantly than other assets in some instances. The structure and nature of the debt encumbering these assets may therefore be an important element to consider in assessing the interest risk of the asset. In particular, the type of facilities, maturity profile, rates being paid, fixed versus variable components and covenants in place (including the manner in which they affect returns to equity holders) are crucial factors in assessing any interest rate risk.

In addition, favorable market conditions in certain countries may have been and are dependent to some extent on continued monetary policy accommodations from central banks, including the Federal Reserve. Although interest rates have been at historically low levels for the last several years, the U.S. Federal Reserve has indicated an intention to raise interest rates in 2017, thus raising the cost of financing and possibly slowing economic growth in the United States. Furthermore, higher interest rates in the United States could also reduce the relative attractiveness of other global markets, thereby applying pressure to foreign asset values and currencies.

Inflation Risk If a portfolio company is unable to increase its revenue in times of higher inflation, its profitability may be adversely affected. Portfolio companies may have long-term rights to income linked to some extent to inflation. Typically, as inflation rises, a portfolio company will earn more revenue but also will incur higher expenses; as inflation declines, a portfolio company may not be able to reduce expenses in line with any resulting reduction in revenue. A rise in real interest rates would likely result in higher financing costs for portfolio companies and could therefore result in a reduction in the amount of cash available for distribution to investors or the value of the portfolio company.

Commodity Price Risk Investments made by KKR Funds and Other Clients may be subject to commodity price risk. The operation and cash flows of any investment may depend, in some cases to a significant extent, upon prevailing market prices of commodities, including, for example, commodities such as oil, gas, coal, electricity, steel or concrete. Commodity prices may fluctuate depending on a variety of factors beyond the control of KKR, KKR Funds or Other Clients, including, without limitation, weather conditions, foreign and domestic supply and demand, force majeure events, changes in laws, governmental regulations, price and availability of alternative commodities, international political conditions and overall economic conditions. Some KKR investments or portfolio companies, such as commodity producers may benefit from an increase in commodity prices (or be harmed by a decline in commodity prices), while other KKR investments or portfolio companies, such as companies dependent on the use of commodities, may be effected inversely. If certain portfolio companies are unable to raise prices to offset increases in the cost of raw materials or other inputs, or if consumers defer purchases of or seek substitutes for the products of KKR Funds, Other Clients or such portfolio companies, KKR Funds, Other Clients or such portfolio companies could experience lower operating income which may in turn reduce the valuation of investments of such KKR Funds, Other Clients or those portfolio companies. In addition, portfolio companies may be dependent to varying degrees on the energy sector through, for example, the provision of equipment and services used in energy exploration and production. These companies may benefit from an increase or suffer from a decline in commodity prices.

Currency Risk Certain investments by KKR Funds or Other Clients and the income received by KKR Funds or Other Clients with respect to such investments, may be denominated in various non-U.S. currencies. The books of KKR Funds or Other Clients, will however, be maintained, and capital contributions to and distributions from the KKR Funds or Other Clients may be made, in U.S. dollars or Euros or another base currency. Fluctuations in currency values may adversely affect the relevant base currency value of portfolio investments, interest, dividends and other revenue streams received by KKR Funds or Other Clients, gains and losses realized on the sale of investments and the amount of distributions, if any, made by the KKR Funds or Other Clients. In addition, KKR Funds or Other Clients will incur costs in converting investment proceeds from one currency to another. Where practicable, KKR or the KKR GPs may enter into hedging transactions designed to reduce such currency risks. Furthermore, the portfolio companies in which KKR Funds or Other Clients invest may be subject to risks relating to changes in currency values, as described above. If a portfolio company suffers adverse consequences as a result of such changes, KKR Funds or Other Clients may also be adversely affected as a result.

Hedging KKR, on behalf of a KKR Fund or Other Client may enter into swaps, forward contracts and other arrangements for hedging purposes to preserve a return on a particular investment or to seek to protect against risks relating to KKR Fund or Other Client investments, including currency exchange rate fluctuations. Such transactions have special risks associated with them, including the possible bankruptcy, or insolvency of, or default by the counterparty to the transaction and the illiquidity of the instrument acquired by the KKR Fund or Other Client relating thereto. Although these transactions may reduce a KKR Fund's or Other Client's exposure to currency fluctuations or decreases in the value of investments, unanticipated changes in interest rates, securities prices or currency exchange rates and the costs associated with these arrangements may result in a poorer overall performance for the KKR Fund or Other Client than if it had not entered into such hedging transactions. KKR does not always apply a hedging strategy on behalf of KKR Funds and Other Clients (and is under no obligation to do so), and hedging strategies applied across KKR Funds, Other Clients and KKR proprietary entities may differ in material respects. The absence or divergence of hedging strategies for a particular KKR Fund or Other Client may result in poorer overall performance compared to what the performance would have been if such KKR Fund or Other Client had entered into hedging transactions at all or had entered into the same hedging transactions of other KKR Funds, Other Clients or KKR proprietary entities. It is not possible to hedge fully or perfectly against currency fluctuations affecting the value of investments denominated in non-U.S. currencies because the value of those investments is likely to fluctuate as a result of independent factors not related to currency fluctuations. Portfolio companies may also enter into hedging transactions in order to hedge risks applicable

to them. Such transactions are subject to similar risks to those described above. A KKR Fund or Other Client may be exposed to such risks by reason of its investment in the relevant portfolio company, and there can be no assurance that any hedging strategies will be effective in protecting against currency exchange rate fluctuations. In addition, there can be no assurance that adequate hedging arrangements will be available on an economically viable basis.

Credit Risk; Collateral The terms of derivative hedging arrangements entered into by a KKR Fund or Other Client may provide that related collateral given to, or received by, the KKR Fund or Other Client may be reinvested or otherwise reused by the KKR Fund or Other Client for its own purposes which exposes the KKR Fund or Other Client to the risk of loss on that investment and reduced protection if the counterparty defaults. Similarly, if the counterparty reinvests or otherwise reuses collateral received from the KKR Fund or Other Client and suffers a loss as a result, it may not be in a position to return that collateral to the KKR Fund or Other Client should the relevant transaction be completed, unwound or otherwise terminated, exposing the KKR Fund or Other Client to the risk of loss of the amount of collateral provided to the counterparty.

Debt Investments Certain KKR Funds and Other Clients have invested and may invest in debt instruments, including through vehicles holding debt issued by a KKR Fund or Other Client portfolio company which vehicles are managed by KKR Credit (please see Items 10 and 11 below for additional information). In the absence of appropriate hedging measures, changes in interest rates generally will cause the value of debt investments to vary inversely to such changes. The obligor of a debt security or instrument may not be able or willing to pay interest or to repay principal when due in accordance with the terms of the associated agreement and collateral may not be available or sufficient to cover such liabilities. Commercial bank lenders and other creditors may be able to contest payments to the holders of other debt obligations of the same obligor in the event of default under their commercial bank loan agreements. Investments may be made in loans and other forms of debt that are not marketable securities and therefore are not liquid. Sub-participation interests in syndicated debt may be subject to certain risks because they have no direct contractual relationship with underlying borrowers. Debt securities and instruments may be rated below investment grade by recognized rating agencies or unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. Issuers of debt investments may be or become involved in bankruptcy or other reorganization and liquidation proceedings. Such investments involve a substantial degree of risk.

Options KKR Funds and Other Clients may invest in options. Purchasing put and call options, as well as writing options, are highly specialized activities and entail greater than normal investment risks. Although an option buyer's risk is limited to the amount of the original purchase of the option, from time to time, an investment in an option is subject to greater fluctuation than an investment in the underlying securities entails. An uncovered call writer's loss is potentially unlimited, but the risk of loss is generally limited by the expiration date of the call option. The risk for put option writers is that the price of the underlying securities falls below the exercise price. The ability to trade on or exercise options would likely be restricted if trading in the underlying securities interest becomes restricted. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size and strike price, the terms of the over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows KKR Funds and Other Clients greater flexibility to tailor options to their needs, these arrangements also involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they were traded.

Synthetic Instruments KKR Funds or Other Clients may invest in synthetic instruments such as swaps (including total return swaps), synthetic swaps, over-the-counter transactions and other derivative instruments. Investing through the purchase of synthetic instruments presents risks in addition to those

resulting from direct purchases of underlying securities or assets. KKR Funds or Other Clients usually have a contractual relationship with the counterparty of such synthetic instrument, rather than the underlying obligor. The collapse of certain financial institutions during the 2007-2009 financial market turmoil is indicative of increased counterparty risk with respect to transactions involving synthetic instruments. Under the terms of these synthetic instruments, KKR Funds or Other Clients will generally have neither the right to enforce compliance by the underlying obligor directly, nor any voting or other consensual rights of ownership with respect to the underlying obligation. KKR Funds or Other Clients will not benefit directly from any collateral supporting the underlying obligation and will not have the benefit of remedies normally available to a holder of such underlying obligation. In addition, if the counterparty becomes insolvent, KKR Funds or Other Clients will be treated as general creditors of such counterparty and will not have any claim of title with respect to the underlying obligation. Consequently, KKR Funds or Other Clients will be subject to the credit risk of the counterparty as well as that of the underlying obligor.

Corruption and Fraud Government agencies or other counterparties may have the right to terminate an agreement relating to a portfolio company where management, any related third party management company, operator or any of their affiliates has committed bribery, corruption or other fraudulent act in connection with the investment by a KKR Fund or Other Client in such portfolio company. Most capital put toward such an investment will not be compensated in these circumstances. In addition, certain investment activities could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by (or involvement with corrupt payments by) any company in which a KKR Fund or Other Client invests, the KKR Fund or Other Client may suffer a partial or total loss of capital invested in that company.

Insurance A KKR Fund or Other Client or its affiliates may maintain insurance, where available on terms it believes to be commercially reasonable, for a KKR Fund or Other Client portfolio companies and investments to protect against certain risks, such as business interruption insurance that is intended to offset loss of revenues during an operational interruption. Such insurance is likely to be subject to customary deductibles and coverage limits and may not be sufficient to recoup all losses with respect to the relevant investment. There can be no assurance that an investment's insurance would cover liabilities resulting from claims relating to the design, construction, maintenance, or operation of the real assets and businesses in which a KKR Fund or Other Client may invest, lost revenues, or increased expenses resulting from such damage.

With respect to companies and assets acquired by a KKR Fund or Other Client, certain losses of a catastrophic nature, such as wars, natural disasters, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums which can greatly increase the total costs of casualty insurance for a property. In addition, in certain businesses or jurisdictions, insurance may broadly be at such high rates or may involve such exclusions from coverage, that KKR may be unable to (or decline to) purchase insurance. As a result, investments may not be insured against terrorism or other risks. If a major uninsured loss occurs, a KKR Fund or Other Client could lose both invested capital in and anticipated profits from the affected investments.

With respect to such insurance policies that KKR does maintain, certain policies are expected to cover certain KKR Funds, Other Clients, as well as KKR and its affiliates, and as noted in Item 5 above, KKR Funds, Other Clients and KKR will bear an allocable portion of the premiums and fees for such policies. KKR believes that employing insurance policies covering multiple parties enables KKR to achieve lower overall premiums and fees for KKR Funds, Other Clients and KKR and its affiliates. Such policies typically carry a per occurrence deductible, which would be expected to be borne by the relevant insured person(s) making a claim under the policy and not by other insured persons. Such insurance policies also typically have

a maximum amount that will be paid to insured person(s) making any claim, and as such, it is possible that a KKR Fund or Other Client will have insufficient coverage to the extent that a claim by another KKR Fund, Other Client, KKR and/or one or more of its affiliates is paid for their insurance claims up to such maximum amount.

Absence of Recourse; Indemnification KKR Fund or Other Client governing documents will include exculpation and indemnification provisions that will limit the circumstances under which the relevant KKR GP, KKR and others can be held liable to the KKR Fund or Other Client. Additionally, certain service providers and other consultants to KKR, KKR Funds or Other Clients, the KKR GPs, their affiliates, agents and other persons, including, without limitation, the members of the advisory committees of the KKR Funds, KKR investment professionals and placement agents and finders, may be entitled to exculpation and indemnification (in certain cases, on terms more favorable to them than those available to indemnitees, generally). The assets of a KKR Fund or Other Client, including the unused capital commitments of their investors, will be available to satisfy these indemnification obligations and investors may be required to return distributions to satisfy such obligations, subject to certain limitations set forth in the KKR Fund or Other Client governing documents. Such obligations will generally survive the dissolution of the relevant KKR Fund or Other Client.

Terrorism KKR Fund or Other Client investments may involve significant strategic assets having a national or regional profile. The nature of these assets could expose them to a greater risk of being the subject of a terrorist attack than other assets or businesses. Any terrorist attacks that occur at or near strategic assets would likely cause significant harm to employees, property, and, potentially, the surrounding community, and may result in liability with respect to a portfolio company far in excess of available insurance coverage. A terrorist attack on an asset may also have adverse consequences for assets of that type or in the same vicinity, including those owned by a portfolio company, and may result in a portfolio company being forced to increase preventative security measures or expand its insurance coverage (if available), adversely affecting the profitability of the investment. Terrorist attacks may reduce the availability of insurance coverage going forward for losses arising from similar events. A terrorist attack could cause reduced patronage, usage, and demand for an entire class of assets or for assets in the region of the terrorist attack, either of which could adversely affect an investment's profitability.

Force Majeure Portfolio companies may be affected by force majeure events (i.e. events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to a KKR Fund, Other Client or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a portfolio company or a KKR Fund or Other Client of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which KKR Funds or Other Clients may invest specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to KKR Funds or Other Clients, including if investment in such portfolio companies are canceled, unwound or acquired (which could be without adequate compensation). Any of the foregoing may therefore adversely affect the performance of KKR Funds or Other Clients and their investments.

Cybersecurity Breaches and Identity Theft Information and technology systems of KKR and a KKR Fund's or Other Client's portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such

as fires, tornadoes, floods, hurricanes and earthquakes. Notwithstanding measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, KKR, a KKR Fund or Other Client and a KKR Fund's or Other Client's portfolio companies may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of KKR, a KKR Fund or Other Client and a KKR Fund's or Other Client's portfolio companies and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the reputation of KKR, a KKR Fund or Other Client and a KKR Fund's or Other Client's portfolio companies, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Recourse to a KKR Fund's or Other Client's Assets A KKR Fund's or Other Client's assets, including any investments made by a KKR Fund or Other Client and any funds held by a KKR Fund or Other Client, may be available to satisfy all liabilities and other obligations of a KKR Fund or Other Client. If a KKR Fund or Other Client becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to a KKR Fund's or Other Client's assets generally and may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability.

Risks of Multi-Step Acquisitions In the event KKR chooses to effect a transaction by means of a multi-step acquisition (such as a first-step cash tender offer or stock purchase followed by a merger), there can be no assurance that the remainder can be successfully acquired. This could result in a KKR Fund or Other Client having only partial control over the investment or partial access to its cash flow to service debt incurred in connection with the acquisition.

Board Participation KKR employees may serve as directors of some portfolio companies and, as such, may have duties to persons other than a KKR Fund or Other Client, including other stockholders of such portfolio companies. Although holding board positions may be important to the KKR Fund's or Other Client's investment strategy and may improve KKR's management ability, board positions could impair KKR's ability to sell the relevant securities when and upon the terms it wants, and may subject KKR and KKR Funds and Other Clients to claims they would otherwise not be subject to as an investor, including claims of breach of duty of loyalty, corporate waste, securities claims and other director-related claims.

Failure to Make Capital Contributions A KKR Fund or Other Client may be incapable of paying its obligations if a limited partner or other investor does not fund its commitments to a KKR Fund or Other Client and other investors' capital contributions and borrowings by such KKR Fund or Other Client are insufficient to cover the defaulted capital contribution. As a result, such investment vehicle may be subject to significant penalties that could materially and adversely affect investor returns (including non-defaulting investors).

FOIA/Public Disclosure As a result of the U.S. Freedom of Information Act ("**FOIA**"), any governmental public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement, KKR, investors in KKR Funds or Other Clients or any of their respective affiliates may be required to disclose information relating to a KKR Fund or Other Client, or their affiliates, and/or any entity in which an investment is made, which disclosure could, for example, affect such KKR Fund's or Other Client's competitive advantage in finding attractive investment opportunities. In addition, certain investors in KKR Funds and Other Clients may be subject to public disclosure requirements. The disclosure of confidential information relating to a KKR Fund or Other Client, made necessary by such requirements, may adversely affect such KKR Fund or Other Client.

ERISA Considerations Operating a KKR-sponsored investment vehicle as a “venture capital operating company” (“**VCOC**”) within the meaning of ERISA requires that such investment vehicle obtain rights to substantially participate in or influence the conduct of the management of many of its portfolio investments. The designation of directors and other measures intended to influence management or operation could expose the assets of such investment vehicle to claims by a portfolio company, its security holders, and its creditor, as stated below under “*Control Person Liability*.” If a KKR Fund vehicle qualifies as a VCOC or a “real estate operating company” (“**REOC**”) within the meaning of ERISA, such investment vehicle could also be restricted or precluded from making certain investments. Furthermore, it could be necessary to liquidate investments at an otherwise disadvantageous time in order to avoid holding ERISA “plan assets,” which would result in lower proceeds to such investment vehicle than it might have received without the need to qualify as either a VCOC or REOC. Under ERISA, any entity designated as a trade or business within a controlled group can be liable for certain ERISA Title IV pension obligations of any member of the controlled group. In addition, in the case of a plan termination, the Pension Benefit Guaranty Corporation (“**PBGC**”) can assert a lien against any member of the controlled group of up to 30% of the collective net worth of all members of the controlled group. A “controlled group” generally requires 80% or greater common ownership, applying specified constructive ownership and exclusion rules.

While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, in 2007 the PBGC Appeals Board ruled that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one United States Circuit Court has similarly concluded that a private equity fund could be a trade or business for these purposes based on a number of factors, including the fund’s level of involvement in the management of its portfolio companies and the nature of any management fee arrangements. If a KKR Fund or Other Client were determined to be a trade or business for the purposes of ERISA, it is possible, depending on the structure of the investment by such KKR Fund or Other Client and/or its affiliates and other co-investors in a portfolio company and their respective ownership interests in the portfolio company, that any tax-qualified single employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the portfolio company could result in liability being incurred by such KKR Fund or Other Client, with a resulting need for additional capital contributions, the appropriation of KKR Fund or Other Client assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain KKR Fund or Other Client assets. Moreover, a court might hold that one of the KKR Fund or Other Client’s portfolio companies could become jointly and severally liable for another portfolio company’s unfunded pension liabilities pursuant to the ERISA controlled group rules, depending on the investment structures and ownership interests as noted above. Similar laws exist in certain non-U.S. jurisdictions.

Control Person Liability Each KKR Fund or Other Client may have controlling interests in a number of its portfolio companies. Exercising control over a company can impose additional risks of liabilities arising from activities of one or more portfolio companies, including liability for environmental damage, product defects, failure to supervise management, escheat or abandoned property laws, legal violations, pension and other fringe benefits, labor, tax, governmental regulation (including securities laws, anti-bribery and anti-corruption laws and anti-trust laws) and other types of liabilities for which the limited liability characteristic of business ownership may be ignored. As a result, KKR Funds and Other Clients could become jointly and severally liable for all or part of fines imposed on portfolio companies or be fined directly for violations committed by portfolio companies, and such fines imposed directly on KKR Funds or Other Clients could be greater than those imposed on the portfolio company. For example, on April 2, 2014, the European Commission announced that it had fined 11 producers of underground and submarine high voltage power cables a total of 302 million Euros for participation in a ten-year market and customer sharing cartel. Fines were also imposed on parent companies of the producers involved, including Goldman Sachs, the former parent company of one of the cartel members. In addition to claims by governmental agencies, exercising control over a portfolio company could expose the assets of such KKR Fund or Other Client to claims by a portfolio company, its security holders and its creditors.

Risk Arising from Potential Control Group Liability Under ERISA, upon the termination of a tax-qualified single employer defined benefit pension plan, the sponsoring employer and all members of its “controlled group” will be jointly and severally liable for 100% of the plan’s unfunded benefit liabilities whether or not the controlled group members have ever maintained or participated in the plan. In addition, the Pension Benefit Guaranty Corporation (the “**PBGC**”) may assert a lien with respect to such liability against any member of the controlled group on up to 30% of the collective net worth of all members of the controlled group. Similarly, in the event a participating employer partially or completely withdraws from a multiemployer (union) defined benefit pension plan, any withdrawal liability incurred under ERISA will represent a joint and several liability of the withdrawing employer and each member of its controlled group.

A “controlled group” includes all “trades or businesses” under 80% or greater common ownership. This common ownership test is broadly applied to include both “parent-subsidiary groups” and “brother-sister groups” applying complex exclusion and constructive ownership rules. However, regardless of the percentage ownership that a KKR Fund holds in one or more of its portfolio entities, a KKR Fund itself cannot be considered part of an ERISA controlled group unless the KKR Fund is considered to be a “trade or business.”

While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, in 2007, the PBGC Appeals Board ruled that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one United States Circuit Court of Appeals has similarly concluded that a private equity fund could be a trade or business for these purposes based upon a number of factors including the fund’s level of involvement in the management of its portfolio entities and the nature of any management fee arrangements.

If a KKR Fund were determined to be a trade or business for purposes of ERISA, it is possible, depending upon the structure of the investment by the KKR Fund and/or its affiliates and other co-investors in a portfolio entity and their respective ownership interests in the portfolio entity, that any tax-qualified single employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the portfolio entity could result in liability being incurred by a KKR Fund, with a resulting need for additional capital contributions, the appropriation of KKR Fund assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain KKR Fund assets. Moreover, regardless of whether or not a KKR Fund were determined to be a trade or business for purposes of ERISA, a court might hold that one of the KKR Fund’s portfolio entities could become jointly and severally liable for another portfolio entity’s unfunded pension liabilities pursuant to the ERISA “controlled group” rules, depending upon the relevant investment structures and ownership interests as noted above.

Market, Economic and Political Risks KKR Funds, Other Clients and their portfolio companies may be materially affected by market, economic and political conditions globally and in the jurisdictions and sectors in which they invest or operate, including factors affecting interest rates, the availability of credit, currency exchange rates and trade barriers. These factors are outside KKR’s control and could adversely affect the liquidity and value of KKR Funds’ and Other Clients’ investments and may reduce the ability of KKR Funds and Other Clients to make attractive new investments. For example, the global economic downturn beginning in 2008 led to a significantly diminished availability of credit and an increase in the cost of financing for businesses, which materially hindered the initiation of new leveraged transactions and, together with declines in valuations of equity and debt securities, materially adversely affected the private equity sector. Difficult market and economic conditions may adversely affect KKR Funds and Other Clients by reducing the value or performance of their investments or by reducing their ability to raise or deploy capital, each of which could negatively impact the returns to investors. Investments made by KKR Funds and Other Clients may involve a high degree of business and financial risk that can result in substantial losses. Investors should not invest unless they can readily bear the consequences of partial or total loss of capital. Moreover,

recent populist and anti-globalization movements, particularly in Western Europe and the United States, may result in material changes in economic, trade and immigration policies, all of which could lead to significant disruption of global markets and could have materially adverse consequences on the investments of KKR Funds and Other Clients, including in particular companies whose operations are directly or indirectly dependent on international trade. More generally, legislative acts, rulemaking, adjudicatory or other activities, including in particular by the U.S. Congress, the U.S. Securities and Exchange Commission, the U.S. Federal Reserve Board, the Financial Industry Regulatory Authority, Inc. or other governmental, quasi-governmental or self-regulatory bodies, agencies and regulatory organizations, could make it more difficult (or less attractive) for KKR Funds and Other Clients to achieve their investment objectives or for some or all of their portfolio companies to engage in their respective businesses.

Increased Regulatory Oversight The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense regulatory oversight. Such scrutiny may increase the exposure of KKR Funds or Other Clients, the KKR GPs, KKR and its affiliates to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may impose administrative burdens on the KKR GPs and KKR, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the KKR GPs' and KKR's time, attention and resources from portfolio management activities. The passage of the Dodd Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") in 2010 has resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. Pursuant to the Dodd-Frank Act, the SEC has adopted rules that require additional reporting by registered investment advisers to private funds, which has added costs to the legal, operations and compliance obligations of KKR and increased the amount of time that the management company spends on noninvestment-related activities.

The Dodd-Frank Act affects a broad range of financial market intermediaries and other market participants with whom KKR Funds or Other Clients interact or may interact. Regulatory changes that will affect other market participants are likely to change the way in which KKR Funds or Other Clients conduct business with counterparties. Parts of the Dodd-Frank Act, such as the "Volcker Rule" and the "Push-Out Provision," may affect the number and type of participants in the markets traded by KKR Funds or Other Clients.

Proposed Legislation Affecting KKR and Its Employees Recent legislation proposed in the U.S. Congress would, if enacted, adversely affect KKR and its employees. In particular, legislation has been proposed to treat "carried interest" as ordinary income for U.S. federal income tax purposes and to treat certain publicly traded partnerships, such as KKR, as corporations for U.S. federal income tax purposes. If such proposed legislation is enacted, employees or other individuals performing services for a KKR GP and a KKR Fund or Other Client could be adversely affected, which could make it more difficult to attract, incentivize, and retain individuals to perform services for KKR GPs, KKR Funds or Other Clients.

Ongoing Regulatory Actions Other ongoing regulatory reforms and actions (i.e. Basel III and the U.S. Interagency Guidance on Leveraged Lending) also continue to have a material impact on KKR's private equity investment business, and other European bank regulatory initiatives, including the European Banking Authority's guidelines on limits to exposures to shadow banking entities which carry out banking activities outside a regulated framework under EU law (including funds employing leverage on a substantial basis, within the meaning of AIFMD and its implementing rules), which entered into force on January 1, 2017, and (if adopted) guidelines on leveraged lending, proposed in November 2016 and modeled on U.S. leveraged lending guidelines, may also create a more challenging borrowing environment for KKR Funds. Reforms and actions with respect to the banking industry may result in KKR Funds or Other Clients being unable to obtain committed debt financing for potential acquisitions or only obtaining debt at an increased interest rate or on unfavorable terms. KKR Funds or Other Clients may therefore have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case. In addition,

any failure by lenders to provide previously committed financing can also expose KKR Funds or Other Clients to potential claims by sellers of businesses which KKR Funds or Other Clients may have contracted to purchase. The absence of available sources of sufficient debt financing for extended periods could therefore materially and adversely affect KKR Funds or Other Clients and portfolio companies. When existing portfolio companies reach the point when debt incurred to finance those investments matures in significant amounts and must be either repaid or refinanced, those investments may materially suffer if they have generated insufficient cash flow to repay maturing debt and there is insufficient capacity and availability in the financing markets to permit them to refinance maturing debt on satisfactory terms, or at all. If the financing for such purposes were to be unavailable or uneconomic when significant amounts of the debt incurred to finance existing portfolio investments start to come due, these investments could be materially and adversely affected. In the event of default or potential default under applicable financing arrangements, one or more portfolio companies may go bankrupt, which could give rise to substantial investment losses, adverse claims or litigation against KKR or KKR Funds or Other Clients.

Compliance with AIFM Directive The EU Alternative Investment Fund Managers Directive (the “AIFMD”) came into force in July 2011 and establishes a comprehensive regulatory and supervisory framework for alternative investment fund managers (“AIFMs”) managing and/or marketing alternative investment funds (“AIFs”) in the EU. The AIFMD allows authorized AIFMs to market AIFs to professional investors throughout the EU under an “EU passport.” Although KKR is affiliated with an Irish AIFM authorized under the AIFMD, KKR may not be able to benefit from the EU passport for all KKR Funds and Other Clients under the AIFMD and the EU passport may not apply to marketing to investors in the United Kingdom if and when its withdrawal from the EU becomes effective. The operating requirements imposed by the AIFMD include, among other things, rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on use of leverage and restrictions on early distributions (“asset stripping” rules) limiting KKR’s use of investment and realization strategies such as dividend recapitalizations and reorganizations, disclosure and reporting requirements to both investors and home state regulators, and independent valuation of an AIF’s assets which may lead to delays in the fundraising process and thus decrease the speed with which KKR can deploy capital. As a result, the AIFMD could have an adverse effect on a KKR GP, KKR Funds and/or KKR by, among other things, increasing the regulatory burden and costs of doing business in EU member states, imposing extensive disclosure obligations on the KKR Fund’s or Other Client’s portfolio entities located in EU member states, significantly restricting marketing activities within the EU, potentially requiring KKR to change its compensation structures for key personnel, thereby affecting KKR’s ability to recruit and retain these personnel, and disadvantaging KKR Funds or Other Clients as bidders for and potential owners of private companies located in EU member states when compared to non-AIF/AIFM competitors which may not be subject to the requirements of the AIFMD, thereby potentially restricting a KKR Fund’s or Other Client’s ability to make investments in such companies. The AIFMD could also limit a KKR GP’s operating flexibility and a KKR Fund’s or Other Client’s investment opportunities, as well as expose a KKR Fund, Other Client, KKR GP and/or KKR to conflicting regulatory requirements in the United States and the EU. It should be noted that some of the requirements of the AIFMD remain uncertain, and are subject to change as a result of enactment both of EU secondary legislation and national implementing legislation in EU member states.

Laws of Other Jurisdictions Where KKR Funds are Marketed Interests in KKR Funds may be marketed in various jurisdictions. In order to market interests in a KKR Fund in certain jurisdictions (or to investors who are citizens of or resident in such jurisdictions), a KKR Fund, the relevant KKR GP, KKR and its affiliates will be required to comply with applicable laws and regulations relating to such activities. Compliance may involve, among other things, making notifications to or filings with local regulatory authorities, registering a KKR Fund, a KKR GP, KKR and its affiliates or the interests with local regulatory authorities or complying with operating or investment restrictions and requirements, including with respect to prudential regulation. Compliance with such laws and regulations may limit the ability of KKR Funds to participate in investment opportunities and may impose onerous or conflicting operating requirements on a

KKR Fund, a KKR GP, KKR and its affiliates. The costs, fees and expenses incurred in order to comply with such laws and regulations, including, without limitation, related legal fees and filing or registration fees and expenses, will be borne by the KKR Fund and may be substantial. In addition, if a KKR Fund, a KKR GP, KKR and its affiliates were to fail to comply with such laws and regulations, any or all of them could be subject to fines or other penalties, the cost of which typically would be borne by the relevant KKR Fund.

Pay-to-Play A number of U.S. states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies, which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state and municipal officials by individuals and entities seeking to do business with state and municipal entities, including those seeking investments by public retirement funds. The SEC has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives, employees or agents makes a contribution to certain elected officials or candidates.

Tax Risks An investment in KKR Funds or Other Clients will generally involve complex U.S. federal income tax and non-U.S. tax considerations that will differ for each investor depending on the investor’s particular circumstances. There can be no assurance that the structure of a KKR Fund or Other Client or of any investment will be tax-efficient for any particular investor.

Both President Trump and the Republican members of the U.S. House of Representatives have publicly stated that one of their top legislative priorities is significant reform of the federal tax code including significant changes to taxation of business entities. Proposals by members of Congress have included, among other things, changes to federal tax rates (including reducing the corporate rate and rates for active business income earned through partnerships), limiting interest deductibility, allowing for the expensing of capital expenditures, use of certain border adjustments, the migration from a worldwide system of taxation to a territorial system, and eliminating the deductibility of state and local taxes. While President Trump has expressed support for a number of these proposals, he has also set forth ideas for tax reform that differ in key ways. There is a substantial lack of clarity around both the timing and the details of any such tax reform. The impact of any potential tax reform on KKR, KKR Funds and KKR Clients is uncertain and could be adverse. In particular, limits on interest deductibility could impair the ability of KKR Funds and Other Clients to complete transactions by reducing the amount of debt that KKR Funds and Other Clients are able to incur or service and reducing the profitability of KKR Fund and Other Client investments if not offset by other changes, such as a reduction in federal tax rates. In addition, in certain scenarios, tax reform could result in a significant strengthening of the U.S. dollar, which could adversely impact the value of the investments of KKR Funds and Other Clients in foreign investments in U.S. dollar terms.

Taxation in Other Jurisdictions In addition to U.S. federal income tax consequences, prospective investors should consider the potential U.S. state and local tax consequences of an investment in KKR Funds or Other Clients in the U.S. state or locality in which they are a resident for tax purposes. An investor may also be subject to tax return filing obligations and income, franchise or other taxes, including withholding taxes, in jurisdictions in which KKR Funds or Other Clients operate. If a KKR Fund or Other Client makes investments in jurisdictions outside the U.S., a KKR Fund or Other Client or the investors may be subject to income or other tax in such jurisdictions. Additionally, withholding tax or branch tax may be imposed on earnings of a KKR Fund or Other Client from investments in such jurisdictions. Local tax incurred in non-U.S. jurisdictions by KKR Funds, Other Clients or vehicles through which they invest also may not be creditable to or deductible by an investor under the tax laws of the jurisdiction where such investor resides. Investors that wish to claim the benefit of an applicable tax treaty may be required to submit information to tax authorities in such jurisdictions. Further, changes to (or changes in the interpretation of) such tax treaties or tax treaties between the countries in which a KKR Fund or Other Client is organized, operates, or makes investments may result in additional taxation to a KKR Fund or Other Client or investors.

FATCA Pursuant to the Foreign Account Tax Compliance Act (“**FATCA**”) provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010, payments of most types of income from sources within the United States (as determined under applicable U.S. federal income tax principles), such as interest and dividends, and payments made after December 31, 2018 attributable to gross proceeds from the sale or other disposition of any property of a type which can produce interest or dividends from sources within the United States (collectively, “**Withholdable Payments**”), in each case, to a foreign financial institution or certain other foreign entities generally will be subject to a 30% U.S. federal withholding tax, unless certain reporting and other applicable requirements are satisfied. It is expected that non-U.S. KKR funds and certain non-U.S. entities in which KKR Funds and Other Clients may invest (each, including the relevant KKR Funds and Other Clients, an “**Offshore Entity**”) will be treated as a “foreign financial institution” for this purpose. As a foreign financial institution, in order to be permitted to receive Withholdable Payments without deduction of this 30% withholding tax, it is expected that each Offshore Entity generally may need to be a party to an agreement (a “**Withholding Agreement**”) with the U.S. Internal Revenue Service (the “**IRS**”) requiring such Offshore Entity to provide certain information on its account holders to the IRS and to meet other requirements. Alternatively, each Offshore Entity may be permitted to receive Withholdable Payments without a 30% withholding tax deduction if it complies with the terms of an intergovernmental agreement, if any, between the U.S. government and the government of the country in which the Offshore Entity is a resident.

It is not yet certain how the United States will address withholding on “foreign passthru payments” or if such withholding will be required at all. To avoid being subject to this U.S. federal withholding tax, non-U.S. KKR Funds and relevant Other Clients will require their investors to provide information regarding themselves and their investors. Such KKR Funds or Other Clients may be unable to satisfy their reporting obligations (including, if they cannot collect the requisite information from some or all of their investors) and, as a result, payments received by such KKR Funds or Other Clients may be subject to this withholding tax.

Each Offshore Entity may be required to disclose to foreign fiscal authorities certain information in relation to its investors and certain information relating to the investor's investment. Such foreign fiscal authorities may be required to automatically exchange information as outlined above with the IRS and other foreign fiscal authorities.

Some countries have implemented regimes similar to that of FATCA and other countries are participating in a multi-jurisdictional tax information regime known as CRS, or the Common Reporting Standard. Compliance with such regimes could result in increased administrative and compliance costs for KKR Funds and Other Clients and, in some cases, could subject KKR Funds and Other Clients to increased withholding taxes.

Real Assets Investments Real asset investments made by KKR Funds or Other Clients generally involve the types of material risks discussed above in respect of private equity investments and general risks. In addition, certain other material risks may be particularly relevant to these investments as summarized below:

Environmental Liabilities KKR Funds or Other Clients may be exposed to substantial risk of loss arising from real asset investments involving undisclosed or unknown environmental, health or occupational safety matters, or inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. Under various U.S. federal, state and local and non-U.S. laws, ordinances and regulations, an owner of real assets may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws may impose joint and several liabilities, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any assets

are generally not limited under such laws and could exceed the value of the assets and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real assets or to borrow funds using such assets as collateral, which could have an adverse effect on a KKR Fund's or Other Client's return from such investment. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of a KKR Fund or Other Client to such liabilities. In addition, some environmental laws create a lien on contaminated property in favor of governments or government agencies for costs they may incur in connection with the contamination.

The ongoing presence of environmental contamination, pollutants or other hazardous materials in respect of real assets (whether known at the time of acquisition or not) could also result in personal injury (and associated liability) to persons in contact with such assets and persons removing such materials, future or continuing asset damage (which may adversely affect property value) or claims by third parties, including as a result of exposure to such materials through the spread of contaminants.

In addition, a KKR Fund's or Other Client's operating costs and performance may be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to investments of a KKR Fund or Other Client, including additional compliance obligations arising from any change to such statutes, rules and regulations. Statutes, rules and regulations may also restrict development of, and use of, real assets. Certain clean-up actions brought by federal, state, county and local agencies and private parties may also impose obligations in relation to investments and result in additional costs to a KKR Fund or Other Client.

Further, even in cases where a KKR Fund or Other Client is indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of a KKR Fund or Other Client to achieve enforcement of such indemnities.

Construction KKR Funds or Other Clients may make real asset investments in both existing assets and businesses and "Greenfield" assets. These real asset investments may face construction risks typical for businesses in infrastructure, energy or real estate, including, without limitation: (i) labor disputes, shortages of material and skilled labor or work stoppages; (ii) slower than projected construction progress and the unavailability or late delivery of necessary equipment; (iii) less than optimal coordination with public utilities in the relocation of their facilities; (iv) adverse weather conditions and unexpected construction conditions; (v) accidents or the breakdown or failure of construction equipment or processes; (vi) catastrophic events such as explosions, fires, terrorist activities and other similar events and (vii) risks associated with holding direct or indirect interests in undeveloped land or underdeveloped real property. These risks could result in substantial unanticipated delays or expenses (which may exceed expected or forecasted budgets) and, under certain circumstances, could prevent completion of construction activities once undertaken.

Certain real asset investments may remain in construction phases for a prolonged period and, accordingly, may not be cash generative for a prolonged period. While the intention of a KKR Fund or Other Client in respect of any investment may be for construction works to be contracted to a construction contractor on a fixed price basis with liquidated damages payable to a KKR Fund or Other Client where delay is caused that is attributable to the contractor, the related contractual arrangements made by a KKR Fund or Other Client may not be as effective as intended and/or contractual liabilities on the part of a KKR Fund or Other Client may result in unexpected costs or a reduction in expected revenues for a KKR Fund or Other Client. In addition, recourse against the

contractor may be subject to liability caps or may be subject to default or insolvency on the part of the contractor.

Asset-Level Management The management of the business or operations of a real asset may be contracted to a third-party management company unaffiliated with KKR, a KKR Fund or Other Client. Although it would be possible to replace any such operator, the failure of such an operator to adequately perform its duties or to act in ways that are in the portfolio company's best interest, or the breach by an operator of applicable agreements or laws, rules, and regulations, could have an adverse effect on the portfolio company's financial condition or results of operations. A third-party management company may suffer a business failure, become bankrupt, or engage in activities that compete with a portfolio company. These and other risks, including the deterioration of the business relationship between KKR, a KKR Fund or Other Client and the third-party management company, could have an adverse effect on a portfolio company. Should a third-party management company fail to perform its functions satisfactorily, it may be necessary to find a replacement operator, which may require the approval of a government or agency that has granted a concession with respect to the relevant portfolio company. It may not be possible to replace an operator in such circumstances, or do so on a timely basis or on terms that are acceptable to a KKR Fund or Other Client.

Subcontractors Real asset investments may involve the subcontracting of design and construction activities in respect of projects. The subcontractors responsible for the construction of a project asset will normally retain liability in respect of design and construction defects following the construction of the asset, subject to liability caps and statutory limitations. The contractual arrangements made by a KKR Fund or Other Client or a third-party management company may not be as effective in passing on risks to its subcontractors as intended and this may result in unexpected costs or a reduction in expected revenues for a KKR Fund or Other Client. Certain provisions in subcontracts intended to pass risk could be ineffective. In addition to this financial liability, the construction subcontractors may also have an obligation to return to site in order to carry out any remedial works required for a pre-agreed period. A KKR Fund or Other Client may not normally have recourse to any third party for any defects which arise after the expiry of limitation periods. If a subcontractor to a third-party management company fails to perform the services which it has agreed to provide, a KKR Fund or Other Client may fail to meet the service standards it has agreed with certain counterparties and there may be a reduction in the actual income received that was anticipated by a KKR Fund or Other Client and/or claims by the counterparties against a KKR Fund or Other Client for damages. These reductions and/or claims are typically passed on to the relevant subcontractor, subject to any contractual liability caps. If there is a subcontractor service failure and the relevant subcontractor or its guarantors or insurers fail to meet their obligations in respect of the liabilities that have been passed on to them, then, to the extent the liability cannot be set off, a KKR Fund or Other Client will not be compensated for any reductions in payments and/or claims made by counterparties which they may suffer as a result of the subcontractor's service failure. Ultimately such service failure could lead to termination of a project agreement.

In some instances a single subcontractor may be responsible for providing services to various real asset investments. In such instances, the default or insolvency of such single subcontractor could adversely affect a number of the real asset investments. If there is a subcontractor service failure which is sufficiently serious to cause a KKR Fund or Other Client or third-party management company to terminate a subcontract, or an insolvency in respect of a subcontractor, or a counterparty requires a KKR Fund or Other Client to terminate a sub-contract in such event, there may be a loss of revenue during the time taken to find a replacement subcontractor and the replacement subcontractor may levy a surcharge to assume the subcontract or charge more to provide the services. There will also be costs associated with the re-tender process. These may not be recoverable from the defaulting subcontractor.

Infrastructure Investments Infrastructure investments made by KKR Funds or Other Clients generally involve many of the material risks discussed above in respect of private equity and real asset investments. In addition, the material risks discussed below that are particularly relevant to these investments should be noted.

Government and Agency Risk In many instances, the provision or acquisition of infrastructure investments involves an ongoing commitment to a municipal, state or federal government and/or regulatory agencies (“**Government Agencies**”). The nature of these obligations exposes the owners of infrastructure investments to a higher level of regulatory control than typically imposed on other businesses. Government Agencies may impose conditions on the construction, operations, and activities of an investment as a condition to granting their approval or to satisfy regulatory requirements. This may include requirements that such investments remain managed by a KKR GP, a KKR Fund, Other Client, or their affiliates, which may limit the ability of a KKR Fund or Other Client to dispose of investments at opportune times. Government Agencies may have considerable discretion to change or increase regulation of the operations of an infrastructure investment or to otherwise implement laws, regulations or policies affecting its operations, separate from any contractual rights that the Government Agency counterparties may have. Accordingly, additional or unanticipated regulatory approvals may be required to acquire infrastructure investments, and additional approvals may become applicable in the future due to, among other reasons, a change in applicable laws and regulations or a change in the investment’s customer base. Infrastructure investments may require operators to manage such investments and to incur additional expenses in order to comply with applicable laws. Operators’ failure to comply with laws could subject them to fines or other penalties which may adversely affect the value of such investments.

In addition, since many portfolio companies in the infrastructure sector will provide basic, everyday services and face limited competition, Government Agencies may be influenced by political considerations and may make decisions that adversely affect a portfolio company’s business. Certain types of infrastructure investments are very much in the “public eye” and politically sensitive and as a result any related investments by a KKR Fund or Other Client may attract an undesirable level of publicity. Additionally, pressure groups and lobbyists may induce Government Agency action to the detriment of the relevant KKR Funds or Other Clients as the owners of the relevant asset or business. There can be no assurance that the relevant government will not legislate, impose regulations or change applicable laws or act contrary to the law in a way that would materially and adversely affect the business of a portfolio company. The profitability of certain types of investments may be materially dependent on the maintenance of government subsidies (for example, government programs encouraging the development of certain technologies such as solar and wind power generation). Reductions or eliminations of such subsidies may have a material adverse impact on a KKR Fund or Other Client.

Concessions, Leases, and Public Ways An infrastructure investment’s operations may rely on government licenses, concessions, leases, or contracts that are generally very complex and may result in a dispute over interpretation or enforceability. Even though most permits and licenses applicable to a KKR Fund’s or Other Client’s investments are generally obtained prior to the commencement of full project operations, many of these licenses and permits have to be maintained over the project’s life and a failure to do so may involve monetary penalties or the loss of rights to operate the affected asset, or both. Where concessions or leases are held from a Government Agency, such arrangements are subject to special risks as a result of the nature of the counterparty. The concession or lease may restrict the operation of the relevant asset or business in a way that maximizes cash flows and profitability. The lease or concession may also contain clauses more favorable to the government counterparty than a typical commercial contract. In addition, there is the

risk that the relevant Government Agency will exercise sovereign rights and take actions contrary to the interests of KKR, the relevant KKR Funds or Other Clients, or KKR Fund or Other Client portfolio companies. Poor performance and other events during construction or operating phases may lead to termination of the relevant concession or lease agreement, which may or may not provide for compensation to the relevant portfolio company. If it does, as the portfolio company would generally be deemed to have been “at fault,” then often the amount of any related senior debt may not be paid out in full and compensation for lost equity returns may not be provided.

Certain infrastructure investments may require the use of public ways or may operate under easements. Government Agencies may retain the right to restrict the use of such public ways or easements or require a portfolio company to remove, modify, replace, or relocate facilities relating to infrastructure assets at its own expense. If a Government Agency exercises these rights, a portfolio company could incur significant costs and its ability to provide service to its customers could be disrupted, which could adversely impact the performance of such investment.

Rate Risk Services provided by portfolio companies comprising infrastructure investments may be subject to rate regulation by a Government Agency that determines or limits the prices that may be charged, particularly if the relevant portfolio company is the sole or predominant service provider in its service area or provides services that are essential to the community. The portfolio company may be subject to unfavorable regulatory determinations that may be final with no right of appeal or that, despite a right of appeal, could result in its profits being negatively affected and investments not meeting initial return expectations, as discussed in “Government and Agency Risk” above.

Public Demand and Usage KKR Funds or Other Clients may invest in portfolio companies that derive substantially all of their revenues from tolls, tariffs, or other usage or throughput-related fees. Users of the applicable service provided by a portfolio company may react negatively to any adjustments to the applicable rates, or public pressure may cause a Government Agency to challenge such rates. In addition, adverse public opinion, or lobbying efforts by specific interest groups, could result in Government Agency pressure on a portfolio company to reduce its rates or to forego planned rate increases. KKR cannot guarantee that Government Agencies with which a portfolio company has concession agreements will not try to exempt certain users from tolls, tariffs, or other fees or negotiate lower rates.

Government or Counterparty Default Infrastructure investments may involve contractual agreements between a KKR Fund or Other Client and certain counterparties, under which a KKR Fund or Other Client will seek to receive revenue. There are possibilities of default in such agreements by such counterparties in relation to their creditworthiness and power to enter into such agreements. It is not certain that a counterparty will itself not default on its obligations or that a central government will in all cases assume liability for the obligations of its local and state governments in the event of their default.

Documentation Risk Due to the complex series of legal documents and contracts that are typically involved in infrastructure investments, such investments have a potentially greater risk of dispute over interpretation or enforceability of particular terms compared to other equity investments.

Investments in Energy Energy investments made by KKR Funds or Other Clients involve many of the material risks discussed above in respect of private equity and real asset investments. In addition, the material risks discussed below that are particularly relevant to these investments should be noted. References below to “**Operators**” are to operating companies (which may include RPM, as described in Item 5) engaged by KKR in the course of implementing its energy investment strategy to augment KKR’s investment expertise with the technical capabilities and operational abilities needed to diligence, manage, improve and exploit acquired natural resources.

Energy Industry The energy industry is subject to comprehensive federal, state and local laws and regulations. Present and future statutes and regulations could cause additional expenditures, restrictions and delays that could materially and adversely affect these investments. In addition, estimates of hydrocarbon reserves by qualified engineers are often a key factor in valuing certain energy companies or assets. These estimates are subject to wide variances based on changes in commodity prices and certain technical assumptions. Accordingly, it is possible for such reserve estimates to be significantly revised from time to time, creating significant changes in the value of the company owning such reserves.

Oil and Gas Prices Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors. These factors include, but are not limited to weather conditions; the condition of the United States economy; political stability in the Middle East and elsewhere; terrorist acts; the foreign and domestic supplies of oil and gas; the price and level of foreign oil imports; the price, availability and acceptance of alternate fuel sources; the availability of pipeline capacity; transportation interruption; domestic and foreign governmental regulations, price controls and taxes; domestic and foreign environmental laws and regulations; the level of consumer demand and the overall economic environment, including interest rates, levels of economic activity, the price of securities and the participation by other investors in the financial markets. Any substantial and extended decline in the price of oil or gas would have an adverse effect on the value of investments by KKR Funds or Other Clients in this sector. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and divestiture and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Operating Risks The operation of oil and gas and other natural resource properties is subject to numerous risks inherent in the energy industry, such as blowouts, cratering, explosions, uncontrollable flows of oil, gas or well fluids, fires, pollution, earthquakes and environmental risks. These risks could result in substantial losses due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage and suspension of operations. Any offshore operations of a KKR Fund or Other Client investment will be subject to a variety of operating risks peculiar to the marine environment, such as hurricanes or other adverse weather conditions, to more extensive governmental regulation, including regulations that may, in certain circumstances, impose strict liability for pollution damage, and to interruption or termination of operations by Government Agencies based on environmental or other considerations. The operations of an investment could result in liability for personal injuries, property damage, oil spills, discharge of hazardous materials, remediation and clean-up costs and other environmental damages and for environmental damages caused by previous property owners. As a result, substantial liabilities to third parties or governmental entities may be incurred in respect of these investments.

Demand for Oil and Gas The success of KKR Fund or Other Client investments in this sector is materially dependent upon the demand for oil and gas. The availability of a ready market for the oil

and gas production generated from KKR Fund or Other Client investments in this sector will depend on a number of factors beyond a KKR Fund's or Other Client's control including the demand for and supply of oil and gas, the availability of alternative energy sources, and the proximity of reserves to and the capacity of oil and gas gathering systems, pipelines or trucking and terminal facilities. These investments may also have to shut-in some of their wells temporarily due to a lack of market or adverse weather conditions including hurricanes. In addition, federal and state regulation of oil and gas production and transportation, general economic conditions and changes in supply and demand could adversely affect an investment's ability to produce and market oil and gas on a profitable basis. Any significant change in the ability to produce and market the oil and gas production generated from KKR Fund or Other Client investments could have a material adverse effect on a KKR Fund's or Other Client's financial condition and results of operations.

Drilling and Engineering Risks The revenues and operating results of a KKR Fund's or Other Client's energy investments will be dependent upon the success of the relevant Operator's exploitation, development, construction and drilling activities. These oil and gas activities involve numerous risks, including the risk that no commercially productive oil or gas reservoirs will be encountered. The timing and cost of drilling, completing and operating wells is often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements, work stoppages and labor disputes, unforeseen engineering, environmental and geological problems, unanticipated cost increases, inflation and shortages or delays in the availability of drilling rigs and the delivery of equipment.

Acquisition Strategy A KKR Fund's or Other Client's strategy in this sector depends on the ability to acquire oil and gas properties at appropriate prices. While such opportunities may exist in the current market, there can be no assurance that KKR will be able to identify suitable acquisition opportunities or finance and complete any particular acquisition successfully. Furthermore, acquisitions involve a number of risks and challenges, including difficulty in assuming recoverable reserves, future production rates, operating costs, infrastructure requirements, environmental and other liabilities and factors beyond a KKR Fund's or Other Client's control. As a result, the KKR Fund or Other Client may not recover its investment in a property from the sale of production from the property, or may not recognize an acceptable return from investments it makes. Any of these factors could adversely affect a KKR Fund's or Other Client's ability to achieve anticipated levels of cash flows or realize other anticipated benefits of investments.

Royalty Interest Risks KKR Funds or Other Clients will generally receive revenues from investments in oil and gas royalty revenues only upon sales of oil, gas and other hydrocarbon production by the underlying property or upon sale of the royalty interests themselves. There can be no assurance that reserves sufficient to provide the expected royalty income will be discovered, developed or produced when anticipated, if at all.

Other Regulations Applicable to the Oil and Gas Industry Oil and gas drilling, handling and transportation are extensively regulated and statutory and regulatory requirements may include those imposed by energy, zoning, environmental, health, safety, labor and other regulatory or political authorities. Failure to obtain or a delay in the receipt of relevant governmental permits or approvals, including regulatory approvals, could hinder operation of an Investment and result in fines or additional costs. Obtaining permits and approvals or complying with ongoing regulatory requirements may be costly and/or time-consuming. Moreover, the adoption of new laws or regulations, changes in the interpretation of existing laws or regulations or changes in the persons charged with political oversight of such laws or regulations could have a material adverse effect

upon investments by a KKR Fund or Other Client and could necessitate the restructuring of KKR Fund or Other Client investments in order to meet regulatory requirements, which may be costly and/or time-consuming.

Legislation and Regulatory Initiatives Relating to Hydraulic Fracturing Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations. Certain KKR Fund or Other Client assets and operating partnerships may routinely utilize hydraulic fracturing techniques in many of their natural gas well drilling and completion programs. The process of hydraulic fracturing involves the injection of water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate oil and natural gas production. U.S. state authorities typically regulate the process in the U.S.; however, the U.S. Environmental Protection Agency (the “EPA”) has asserted federal regulatory authority over hydraulic fracturing involving diesel additives under the Safe Drinking Water Act’s Underground Injection Control Program. At the same time, the EPA has commenced a study of the potential environmental impacts of hydraulic fracturing activities, and legislation has been introduced before the U.S. Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. In addition, some states have adopted, and other states are considering adopting, regulations that could impose more stringent permitting, disclosure and well construction requirements on hydraulic fracturing operations. Moreover, certain municipalities have tried to ban hydraulic fracturing. Public opposition to hydraulic fracturing, partly due to concerns over groundwater contamination, may encourage additional regulation of the industry. If new laws or regulations that significantly restrict hydraulic fracturing are adopted, such laws could make it more difficult or costly for assets and operating partnerships in which KKR Funds or Other Clients invest to perform fracturing to stimulate production from tight formations. In addition, if hydraulic fracturing becomes regulated as a general matter at the federal level as a result of federal legislation or regulatory initiatives by the EPA, fracturing activities by assets and operating partnerships in which KKR Funds or Other Clients invest could become subject to additional permitting requirements, and also to attendant permitting delays and potential increases in costs. Restrictions on hydraulic fracturing could also reduce the amount of oil and gas that the assets in which KKR Funds or Other Clients invest are ultimately able to produce from their reserves. Similar risks and limitations are also present in non-U.S. jurisdictions.

Technology Innovation The oil and gas industry routinely develops new technologies to enhance the recovery of reserves, thereby increasing recoverable amounts and/or improving the cost of recovery. While oil and gas assets may benefit from such technologies, there can be no assurance that technology innovation will not favor properties of a type not held by a KKR Fund or Other Client, which would place the KKR Fund or Other Client in a competitive disadvantage and drive down the value of its assets.

Unavailability of Equipment or Personnel The energy industry is cyclical and, from the time to time, there is a shortage of equipment, supplies, drilling rigs or qualified personnel. During these periods, the costs and delivery times for equipment, supplies, and rigs are substantially greater. In addition, demand for and wage rates of qualified drilling rig crews rise alongside increases in the number of active rigs in service. If the unavailability or high cost of drilling rigs, equipment, supplies or qualified personnel were particularly severe, it could materially and adversely affect a KKR Fund’s or Other Client’s investments.

Projections and Third-Party Reports in the Energy Sector There are numerous uncertainties inherent in estimating quantities of proved oil and gas reserves and their values. Estimates of oil and gas reserves, by necessity, are projections based on engineering data, and there are uncertainties inherent in the interpretation of such data as well as the projection of future rates of production and

the timing of development expenditures. Reserve engineering is a subjective process of estimating underground accumulations of oil and gas that are difficult to measure. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment. Estimates of economically recoverable oil and gas reserves and of future net cash flows necessarily depend on a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions concerning future oil and gas prices, future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of oil and gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of the future net cash flows expected from such reserves may vary substantially. Any significant variance in the assumptions could materially affect the estimated quantity and value of the reserves.

Hedging Transactions in the Energy Sector KKR, on behalf of a KKR Fund or Other Client, may enter in a typical oil and gas hedge transaction, where an operating partnership in which a KKR Fund or Other Client has made an investment has the right to receive from the hedge counterparty the excess of the fixed price specified in the hedge agreement over a floating price based on a market index, multiplied by the portion of production hedged. If the floating price exceeds the fixed price, the operating partnership must pay the counterparty this difference multiplied by the portion of production hedged even if the operating partnership and its assets had insufficient production to cover the quantities specified in the hedge agreement. Accordingly, if the operating partnership has less production than it has hedged when the floating price exceeds the fixed price, the operating partnership must make payments against which there are no offsetting sales of production. These payments made by virtue of the oil and gas hedge transaction may have an adverse effect on a KKR Fund or Other Client and, as a result, on a KKR Fund's or Other Client's investment returns. In addition, KKR may not utilize such a hedging transaction, which may result in a poorer overall performance and investment returns for a KKR Fund or Other Client compared to what such KKR Fund's or Other Client's performance would have been if KKR had utilized such a hedging transaction.

Other Consultants A KKR Fund or Other Client investing in the energy sector will generally expect to engage, directly or indirectly through entities in which it invests, one or more Other Consultants to provide operating services relating to investments by such KKR Fund or Other Client, including: hydrocarbon production; hydrocarbon sales; royalty payment; asset management; property management; risk management; land, marketing and engineering services; business development; asset acquisition and aggregation services; plugging and abandonment services; environmental compliance and remediation; and general and administrative services. For rendering its services, an Other Consultant will be entitled to receive reimbursement of its internal and external expenses plus remuneration, which remuneration may include, among other things, the granting of a profit participation in certain investments by a KKR Fund or Other Client and/or a capital interest in such investments or the underlying assets. This remuneration is borne out of cash flows of such KKR Fund's or Other Client's investments and is not specially borne by KKR or the relevant KKR GP through a reduction of the management fee or carried interest. While this remuneration is intended to compensate and incentivize Other Consultants and align their interests with those of a KKR Fund or Other Client, there can be no assurance that it will do so. Moreover, there can be no assurance that KKR will continue to retain the operating services of the Other Consultants throughout the life of a KKR Fund or Other Client.

Investments in Real Estate Real estate investments made by KKR Funds or Other Clients generally involve many of the material risks discussed above in respect of private equity and real asset investments.

In addition, the material risks discussed below that are particularly relevant to these investments should be noted.

Real Estate Investments Generally A KKR Fund's or Other Client's real estate investments will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include, but are not limited to, the burdens of ownership of real property, general and local economic conditions; the supply and demand for properties; competition from other properties; energy and supply shortages; fluctuations in average occupancy and room rates the financial resources of tenants; increased mortgage defaults; changes in availability of debt financing which may render the sale or refinancing of properties difficult or impracticable; changes in building, environmental and other laws and/or regulations; zoning laws; changes in real property tax rates; changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable; negative developments in the economy that depress travel or leasing activity, environmental liabilities; contingent liabilities on disposition of assets; uninsured or uninsurable casualties; acts of God (including, without limitation, earthquakes, hurricanes and other natural disasters), terrorist attacks and war and other factors which are beyond the control of a KKR Fund or Other Client or their affiliates.

In addition, a KKR Fund's or Other Client's investments will be subject to various risks which may cause fluctuations in occupancy, rental rates, operating income and expenses or which may render the sale or financing of its properties difficult or unattractive. For example, following the termination or expiration of a tenant's lease there may be a period of time before a KKR Fund or Other Client will begin receiving rental payments under a replacement lease. During that period, the KKR Fund or Other Client will continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions may impair a KKR Fund's or Other Client's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require a KKR Fund or Other Client to make otherwise unplanned capital improvements to properties. Any unbudgeted capital improvements that a KKR Fund or Other Client undertakes may divert cash that would otherwise be available for distribution to investors or require additional capital commitments. Ultimately, to the extent that a KKR Fund or Other Client is unable to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which could adversely impact a KKR Fund's or Other Client's operating results.

A KKR Fund or Other Client may be required to expend funds to correct defects or to make improvements before a property can be sold. No assurance can be given that a KKR Fund or Other Client will have funds available to correct those defects or to make those improvements. In acquiring a property, KKR on behalf of a KKR Fund or Other Client may agree to lock-out provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. These factors and others that could impede a KKR Fund's or Other Client's ability to respond to adverse changes in the performance of its properties could significantly affect a KKR Fund's or Other Client's financial condition and operating results.

In some instances, the principal asset of the lessee of a KKR Fund or Other Client property may be only the tenant's improvements thereon, or the liability of the lessee may be limited to its interest in such improvements. In those cases, a KKR Fund or Other Client will be required to rely on the lessee's equity interest in the improvements for its security. In the event of a default by a lessee or other premature termination of a lease, a KKR Fund or Other Client may experience delays in enforcing its rights as lessor, may incur substantial costs in protecting its investment and may experience an impairment of value.

Further, because a KKR Fund or Other Client may invest in REITs, the relevant KKR Fund or Other Client may also be subject to certain risks associated with direct investments in REITs. REITs may also be affected by changes in the value of their underlying properties and by borrower or tenant defaults. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in financing a limited number of projects. REITs depend generally on their ability to generate cash flow to make distributions to shareholders, and certain REITs have self-liquidation provisions by which mortgages held may be paid in full and distributions of capital returns may be made at any time. In addition, the performance of a REIT may be affected by changes in the tax laws or by its failure to qualify for tax-free pass-through of income.

Real estate investments are relatively illiquid and, therefore, a KKR GP's ability to vary a KKR Fund's or Other Client's portfolio promptly in response to changes in economic or other conditions may be limited. While an investment may be sold at any time, it is not generally expected that a sale will occur for a number of years after the investment is made. Moreover, an investment that initially consists of an interest in property may be exchanged, contributed or otherwise converted into private or publicly-traded stock of a corporation, interests in a limited liability company or other interests or property (and vice-versa), and any such exchange, contribution or conversion will likely not constitute a disposition under a KKR Fund's or Other Client's governing documents of the type that results in investors receiving distributions, whether in-kind or otherwise.

Certain of a KKR Fund's or Other Client's real estate debt investments may be unsecured and may be structurally or contractually subordinated to substantial amounts of indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness or the provision of collateral to other indebtedness, and there may be no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including, without limitation, investor demand, changes in the financial condition of companies in which a KKR Fund or Other Client invests, government fiscal policy and domestic or worldwide economic conditions.

Risks of Acquiring Real Estate Loans and Participations Real estate loans or participation interests therein acquired by a KKR Fund or Other Client may be non-performing at the time of their acquisition or may become non-performing after their acquisition for a wide variety of reasons. Such non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such real estate loan, replacement "takeout" financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control. It is possible that a KKR Fund or Other Client may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by such KKR Fund or Other Client. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states or other jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

Investments in Land/New Development A KKR Fund or Other Client may acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non-income producing. To the extent that a KKR Fund or Other Client invests in such assets, it will be subject to the risks normally associated with such assets and development activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of such KKR Fund or Other Client, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on a KKR Fund or Other Client. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that makes such development less attractive than at the time it commenced.

Risks in Effecting Operating Improvements In some cases, the success of a KKR Fund's or Other Client's investment strategy will depend, in part, on the ability of such KKR Fund or Other Client to restructure and effect improvements in the operations of a portfolio entity or its properties. The activity of identifying and implementing restructuring programs and operating improvements at portfolio entities entails a high degree of uncertainty. There can be no assurance that a KKR Fund or Other Client will be able to successfully identify and implement such restructuring programs and improvements.

Real Estate Market Conditions A KKR Fund's or Other Client's strategy may in some investments be based, in part, upon the premise that real estate businesses and assets will become available for purchase by a KKR Fund or Other Client at prices that KKR considers more favorable. Further, KKR's strategy for a KKR Fund or Other Client investment may rely, in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics) or, in some circumstances, recovery or improvement in market conditions over the projected holding period for the investments. No assurance can be given that real estate businesses and assets can be acquired or disposed of at favorable prices or that the market for such assets will remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of KKR.

In addition to general economic conditions, the commercial real estate markets in which a KKR Fund or Other Client operates are also affected by a number of other factors which may significantly impact the value of commercial real estate investments, including interest rates and credit spreads, levels of prevailing inflation, the availability of financing, the returns from alternative investments as compared to real estate and changes in planning, environmental, commercial lease, and tax laws and practices. In particular, commercial property values are dependent on current rental values and occupancy rates, prospective rental growth, lease lengths, tenant creditworthiness and solvency, and investment yields (which are, in turn, a function of interest rates, the market appetite for property investments in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned. Rental revenues and commercial real estate values are also affected by factors specific to each local market in which the property is located, including the supply of available space, demand for commercial real estate and competition from other available space. For example, as a result of the global economic downturn beginning in 2008, demand for commercial real estate decreased significantly, in part due to a significant reduction in the availability of new financing (including securitization of real estate assets). Such a

decrease in tenant demand could increase vacant space and exert pressure on a KKR Fund or Other Client to provide rental incentives to tenants resulting in a decrease in the rental income, rental growth and property values of a KKR Fund's or Other Client's portfolio, which could have a material adverse effect on its business, financial condition, results of operations and future prospects.

As a result of the above or other factors, a KKR Fund's or Other Client's ability to maintain or increase the occupancy levels of its properties through the execution of leases with new tenants and the renewal of leases with existing tenants, as well as its ability to increase rents over the longer term, may be adversely affected. In particular, tenants going into administration, non-renewal of existing leases or early termination by significant existing tenants in a KKR Fund's or Other Client's office portfolio would result in a significant decrease in such KKR Fund's or Other Client's net rental income. If a KKR Fund's or Other Client's net rental income declines, it would have less cash available to service and repay its indebtedness and the value of its properties would decline further as well. In addition, significant expenditures associated with each property, such as real estate taxes, new regulations, compliance, work service charges and renovation and maintenance costs, generally are not reduced in proportion to any decline in rental revenue from that property. If rental revenue from a property declines while the related costs do not decline, a KKR Fund's or Other Client's income and cash receipts could be adversely affected. Any significant deterioration in economic conditions or conditions in the commercial real estate market which contributes to a decline in rental revenues or further decline in market values of a KKR Fund's or Other Client's assets may materially adversely affect the business, results of operations and financial condition of a KKR Fund or Other Client.

Financial Condition of Tenants Adverse changes in the operation of any property, or the financial condition of any tenant, could have an adverse effect on a KKR Fund's or Other Client's ability to collect rent payments and, accordingly, on its ability to make distributions to investors. A tenant may experience, from time to time, a downturn in its business which may weaken its financial condition and result in its failure to make rental payments when due. At any time, a tenant may seek the protection of applicable bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease or other adverse consequences and thereby cause a reduction in the distributable cash flow. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if they do, that their leases will continue in effect.

Commercial Mortgage Loans A KKR Fund or Other Client may invest in commercial mortgage loans, which are secured by multifamily or commercial property and are subject to risks of delinquency and foreclosure, and risks of loss that are greater than similar risks associated with loans made on the security of single-family residential property. In addition, certain of the mortgage loans in which a KKR Fund or Other Client invests may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by, among other things: tenant mix, success of tenant businesses, property management decisions, property location and condition, competition from comparable types of properties, changes in laws that increase operating expense or limit rents that may be charged, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions and/or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses,

changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest and civil disturbances.

A KKR Fund or Other Client may also invest in residential mortgage loans, which are secured by single-family residential property and are subject to risks of delinquency and foreclosure, and risks of loss. The ability of a borrower to repay a loan secured by a residential property is dependent upon the income or assets of the borrower. A number of factors may impair borrowers' abilities to repay their loans, including a general economic downturn, acts of God, terrorism, social unrest, and civil disturbances. Asset-backed securities are bonds or notes backed by loans and/or other financial assets. Subordinated tranches of asset-backed securities are entitled to receive repayment of principal only after all principal payments have been made on more senior tranches and have subordinated rights as to receipt of interest distributions and are therefore subject to a greater risk of nonpayment than senior tranches. In addition, the secondary market for subordinated securities is not as active and well-developed as the market for other mortgage or asset-based securities. Accordingly, such subordinated tranches would have limited marketability, and there can be no assurance that a more efficient secondary market will develop. Although senior tranches are not as risky subordinated tranches of the same issue, they are still subject to the risk of loss. The ability of a borrower to repay these loans or other financial assets is dependent upon the income or assets of these borrowers, and the ability of an issuer of asset-backed securities to enforce its interest in the underlying assets is often limited.

In the event of any default under a mortgage loan held directly by a KKR Fund or Other Client, it will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on the profitability of such KKR Fund or Other Client. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law.

Foreclosure of a mortgage loan can be an expensive and lengthy process which could have a substantial negative effect on the anticipated return on the foreclosed mortgage loan. Residential mortgage-backed securities evidence interests in or are secured by pools of residential mortgage loans and commercial mortgage-backed securities evidence interests in or are secured by a single commercial mortgage loan or a pool of commercial mortgage loans. Accordingly, the mortgage-backed securities in which a KKR Fund or Other Client may invest are subject to all of the risks of the underlying mortgage loans.

Investments in Troubled Assets / Bankruptcy Considerations A KKR Fund or Other Client may make investments in real estate-related assets and businesses which are distressed or experiencing or are expected to experience severe financial difficulties that may never be overcome. There may be little or no near-term cash flow available to the relevant KKR Fund's or Other Client's investors. Since a KKR Fund or Other Client may only make a limited number of investments and since many of the investments may involve a high degree of risk, poor performance by few of the investments could severely affect the total returns to the investors.

A KKR Fund or Other Client may make investments in non-performing, sub-performing, distressed, undercapitalized or other troubled real estate and real estate-related assets, which may involve a high degree of financial risk. As a result of the speculative nature of a KKR Fund's or Other Client's investments, the possibility of partial or total loss of capital will exist.

Investments made in assets operating in workout modes or under bankruptcy, insolvency or other debtor-protection codes could, if a KKR Fund or Other Client inappropriately exercises control over the management and policies of the debtors, be subordinated or disallowed, and a KKR Fund or Other Client could be liable to third parties in such circumstances. Furthermore, distributions made to a KKR Fund or Other Client in respect of such investments could be recovered if such distributions are found to be a fraudulent conveyance or preferential payment or the equivalent under the laws of certain jurisdictions. Bankruptcy laws may delay the ability of a KKR Fund or Other Client to realize on collateral for loan positions held by it or may adversely affect the priority of such loans through doctrines such as equitable subordination or may result in a restructure of the debt through principles such as the “cramdown” provisions of the bankruptcy laws. Non-U.S. jurisdictions may present analogous or different credit issues.

“Bad Boy” Guarantees Commercial real estate financings are generally structured as non-recourse to the borrower, which limits a lender’s recourse to the property pledged as collateral for the loan, and not the other assets of the borrower or to any parent of borrower, in the event of a loan default. However, lenders customarily will require that a creditworthy parent entity enter into so-called “recourse carveout” guarantees to protect the lender against certain bad-faith or other intentional acts of the borrower in violation of the loan documents. A “bad boy” guarantee typically provides that the lender can recover losses from the guarantors for certain bad acts, such as fraud or intentional misrepresentation, intentional waste, willful misconduct, criminal acts, misappropriation of funds, voluntary incurrence of prohibited debt and environmental losses sustained by lender. In addition, “bad boy” guarantees typically provide that the loan will be a full personal recourse obligation of the guarantor, for certain actions, such as prohibited transfers of the collateral or changes of control and voluntary bankruptcy of the borrower. It is expected that the financing arrangements with respect to a KKR Fund’s or Other Client’s investments generally will require “bad boy” guarantees from a KKR Fund or Other Client and in the event that such a guarantee is called, a KKR Fund’s or Other Client’s assets could be adversely affected. Moreover, a KKR Fund’s or Other Client’s “bad boy” guarantees could apply to actions of the joint venture partners associated with a KKR Fund’s or Other Client’s investments. While a KKR Fund or Other Client expects to negotiate indemnities from such joint venture partners to protect against such risks, there remains the possibility that the acts of such joint venture partner could result in liability to a KKR Fund or Other Client under such guarantees. KKR and its affiliates have entered into “bad boy” guarantees with respect to certain investments, and such guarantees have been assumed by the relevant KKR Fund or Other Client in connection with the transfer of the relevant investments to such KKR Fund or Other Client.

Litigation at the Property Level The acquisition, ownership and disposition of real properties carries certain specific litigation risks. Litigation may be commenced with respect to a property acquired by a KKR Fund or Other Client or its subsidiaries in relation to activities that took place prior to a KKR Fund’s or Other Client’s acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such potential buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosure made, if such buyer is passed over in favor of another as part of a KKR Fund’s or Other Client’s efforts to maximize sale proceeds. Similarly, successful buyers may later sue a KKR Fund or Other Client under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

Limitations of Remedies Although a KKR Fund or Other Client will have certain contractual remedies upon the default by a borrower under certain of its debt investments, such as foreclosing on the borrower’s interests in the underlying real estate or collecting rents generated therefrom,

certain legal requirements may limit the ability of a KKR Fund or Other Client to exercise such remedies effectively. The right of a mortgage lender to convert its loan position into an equity interest may be limited by certain legal or statutory prohibitions, which may operate to prevent a lender from exercising conversion rights from debt to equity interests.

With respect to debt investments that may be made by a KKR Fund or Other Client in jurisdictions outside of the U.S., the laws with respect to the rights of creditors and other investors in such non-U.S. jurisdictions may not be as comprehensive or as well developed as in the U.S., and the procedures for the judicial or other enforcement of such rights may not be as effective as in the U.S. In particular, in certain countries, a KKR Fund or Other Client could experience significant legal difficulties and impediments in taking possession of, or otherwise in enforcing its rights with respect to, certain kinds of collateral. These factors may adversely affect the value and collectability of a KKR Fund's or Other Client's debt investments in such countries.

Inability to Refinance Investment If a KKR Fund or Other Client makes an investment in a transaction with the intent of refinancing a portion of the equity investment, there is a risk that a KKR Fund or Other Client will be unable to complete successfully the refinancing. There is also a risk that certain investments with financing in place may be difficult or impossible to refinance when the loan matures. The inability to complete a refinancing or to complete one as quickly as originally planned would lead to increased risk as a result of the relevant KKR Fund or Other Client having a larger long-term investment than expected and reduced diversification. In addition, if a loan matured before refinancing could be procured, the lender could foreclose on the collateral and a KKR Fund or Other Client might suffer losses as a result of that foreclosure.

Investments in Technology Investments made by KKR Funds and Other Clients in technology companies, including growth equity investments, involve a number of material risks including (but not limited to) the risks discussed below.

Investments in Technology Companies A KKR Fund or Other Client may make investments in companies involved in the technology industry or heavily dependent on new technologies. Technology companies confront various specific challenges, including rapidly changing market conditions and/or participants, new competing products, changing consumer preferences, short product life cycles and/or improvements in existing products or services. Any portfolio companies a KKR Fund or Other Client acquires in the technology sector will compete in this volatile environment. There is no assurance that products or services sold by such portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges. Barriers to entry in the software and technology industries are low, and new products and services can be distributed broadly and quickly at relatively low cost. Moreover, competition in this sector can result in significant downward pressure on pricing.

Third-party Infringement Claims KKR Funds or Other Clients or a portfolio company may, from time to time, receive notices from others claiming a KKR Fund or Other Client or such portfolio company has infringed their intellectual property rights. The number of these claims may grow because of the rapid rate of change in the technology industry, increased user-generated content, the extensive patent coverage of existing technologies, and the rapid rate of issuance of new patents. Additionally, portfolio companies may use "open source" software in their products, or may use such software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses. Licensing authors or third parties may allege that a portfolio company has not complied with the conditions of one or more of these licenses. To resolve these and other intellectual property infringement claims, a KKR Fund or Other Client and/or portfolio

companies may enter into royalty and licensing agreements on terms that are less favorable than currently available, stop selling or redesign affected products, or pay damages to satisfy indemnification commitments with customers. These outcomes may cause operating margins to decline. In addition to money damages, in some jurisdictions plaintiffs can seek injunctive relief that may limit or prevent importing, marketing and selling products that have infringing technologies. In some countries, such as Germany, an injunction can be issued before the parties have fully litigated the validity of the underlying patents.

Dependence on Patents, Trademarks and Other Intellectual Property Many technology companies depend heavily on intellectual property rights, including patents, trademarks and servicemarks. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these companies. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a portfolio company to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties may lead to the termination of the research and development of a portfolio company's particular product. In addition, if a portfolio company infringes on third-party patents or other proprietary rights, it could be prevented from using certain third-party technologies or forced to acquire licenses in order to obtain access to such technologies. In such a case, the portfolio company might not be able to obtain all licenses required for the success of its business, which could have a material adverse effect on its value. Moreover, if the patents and other proprietary rights of a portfolio company are infringed by third parties, then it may not be able to take full advantage of existing demand for its products. The products of pharmaceutical companies are often protected for a certain period by various patents or regulatory forms of exclusivity, and the loss of market exclusivity following the expiration of such a period can open the products to competition from generic substitutes that are typically priced significantly lower than the original products, which can have an adverse effect on the value of the product and the company. In particular, generic substitutes have high market shares in the U.S., and accordingly the adverse effects of the launch of generic products are particularly significant in the U.S.

Software Code Protection Source code is often critical to portfolio companies in the technology sector. If an unauthorized disclosure of a significant portion of source code occurs, a portfolio company could potentially lose future trade secret protection for that source code. This could make it easier for third parties to compete with such portfolio company products by copying functionality, which could adversely affect revenue and operating margins. Unauthorized disclosure of source code could also increase security risks (i.e. viruses, worms, and other malicious software programs that may attack portfolio company products and services). Costs for remediating the unauthorized disclosure of source code and other cyber-security breaches, may include, among other things, increased protection costs, reputational damage and loss of market share, liability for stolen assets or information and repairing system damage that may have been caused. Remediation costs may also include incentives offered to portfolio company customers or other business partners in an effort to maintain the business relationships after a security breach.

Health Care Industry Investments Investments made by KKR Funds and Other Clients in health care companies, including growth equity investments, involve a number of material risks including (but not limited to) the risks discussed below.

Investments in the Health Care Sector Investing in early-stage health care companies involves substantial risks, including, but not limited to, the following: limited operating histories and limited experience instituting compliance policies; rapidly changing technologies and the obsolescence of products; change in government policies and governmental investigations; potential litigation alleging negligence, products liability, breaches of warranty, intellectual property infringement and

other legal theories; extensive and evolving government regulation; disappointing results from preclinical testing; indications of safety concerns; insufficient clinical trial data to support the safety or efficacy of the product candidate; difficulty in obtaining all necessary regulatory approvals in each proposed jurisdiction; inability to manufacture sufficient quantities of the product candidate for development or commercialization in a timely or cost-effective manner; and the fact that, even after regulatory approval has been obtained, the product and its manufacturer are subject to continual regulatory review, and any discovery of previously unknown problems with the product or the manufacturer may result in restrictions or recalls. Each of these risks could have a material adverse effect on the investments of a KKR Fund or Other Client.

Political and Regulatory Risk Health care policy and changes in health care policy and related laws and regulations could have a material and adverse impact on the health care companies in which a KKR Fund or Other Client intends to invest, and the U.S. or non-U.S. government's role in the health care industry could adversely impact a KKR Fund's or Other Client's performance.

Obtaining governmental approval for new products from governmental agencies can be lengthy, expensive and uncertain. In some cases, products of health care companies are approved by regulatory authorities on a conditional basis with full approval conditioned upon fulfilling the requirements of regulators. Regulatory authorities are placing greater focus on monitoring products originally approved on a conditional basis and on whether the sponsors of such products have met the conditions of the conditional approval. If a portfolio company is unable to fulfill the conditions of its products' conditional approval, it may not receive full approval for these products and may be required to change the products' labeled indications or withdraw the products from the market, which could have an adverse effect on the value of the company. Moreover, even after approval, products may still be the subject of regulatory action if new facts concerning their safety and efficacy come to light. Health care regulation is subject to change and can have a considerable impact on the marketing of products and services by companies in which a KKR Fund or Other Client intends to invest. Such regulatory changes could affect a portfolio company's ability to obtain or maintain approval of its products, even forcing such companies to withdraw their products from the market. In some cases, new regulations can substantially change the marketing conditions for certain health care products, such as pharmaceuticals. Accordingly, investments made in reliance on an existing market structure could prove to be not cost effective or worthless, and existing market positions could be endangered.

In addition, in both U.S. and non-U.S. markets, sales of health care products and their success will depend in part on the availability of reimbursement from third-party payors such as government health administration authorities, private health insurers and other organizations. The continuing efforts of governmental and third-party payors to contain or reduce the costs of health care affects the revenues and profitability of health care companies. Significant uncertainty exists as to the reimbursement status of newly approved health care products. There can be no assurance that a portfolio company's proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment in product development. Moreover, if reimbursement rates are reduced, or if health care providers anticipate reimbursement being reduced, providers may narrow the circumstances in which they prescribe or administer a portfolio company's products, which could reduce the use or sales of such products and thereby have a material adverse effect on the value of the company.

Many health care companies are subject to rigorous regulation in their operations. Compliance with these regulations can be costly. Even when health care companies develop and institute comprehensive compliance programs, they are not able to guarantee that they, their employees, their

consultants and their contractors will be in compliance with all potentially applicable regulations. If a health care company fails to comply with applicable regulations, the company could be subject to monetary and administrative penalties, increased compliance costs or a curtailment of its authority to conduct business, any of which could have a material adverse effect on the value of the company.

Competition in the Health Care Sector Competitors of a KKR Fund or Other Client and its portfolio companies range in size from diversified global companies with significant research and development resources to small, specialized firms whose narrower product lines may increase their ability to deploy technical, marketing and/or financial resources. Many of the areas in which a KKR Fund or Other Client and its portfolio companies are expected to participate evolve rapidly with changing and disruptive technologies and products and frequent introductions of new products and services.

Valuation of Health Care Investments Pending Regulatory Approval KKR Funds or Other Clients will rely on KKR and its affiliates for valuation of its portfolio companies. In addition, KKR's valuations of investment opportunities will play a key role in a KKR Fund's or Other Client's investment decisions. The valuation of early-stage health care companies, including those pursuing regulatory approvals required for commercialization, may be less predictable than later-stage companies or companies in other sectors. Valuations of early-stage companies invested in by a KKR Fund or Other Client may not be as reliable as valuations of later-stage companies with more observable valuation inputs or readily available market pricing. Moreover, certain financial and scientific challenges specific to early-stage health care companies, such as the inherent uncertainty in the evaluation of the cost, risk and time of research and development, the outcomes of clinical testing, receipt of regulatory approvals and achievement of key milestones, may further adversely affect the reliability of KKR's or a KKR GP's valuations of a KKR Fund's or Other Client's investments.

There is no guarantee that KKR or its affiliates will be able to value accurately potential portfolio companies or current portfolio companies. This may result, in the case of acquired portfolio companies, in a loss or substantial loss to a KKR Fund or Other Client and its investors or, in the case of potential portfolio companies, a KKR Fund's or Other Client's failing to pursue what would have been an ultimately successful investment.

Third Party Fund Investments Investment in third party private equity and related funds and co-investments made by KKR Funds or Other Clients generally involve the types of material risks discussed above in respect of direct investments in private equity and other assets. In addition, certain other material risks may be particularly relevant to these investments as summarized below.

Secondary Investments in Third Party Fund A KKR Fund or Other Client may acquire interests in third party funds through secondary market transactions. The due diligence costs involved in such investments may be higher than those involved in direct subscriptions to such funds. Secondary market transactions may also require the relevant KKR Fund or Other Client to assume related contingent liabilities associated with events occurring prior to the investment and, in particular, which may require a KKR Fund or Other Client to make "return" payments of distributions made by a third party fund to the seller of the third party fund interest. The overall performance of a third party fund interest acquired through a secondary transaction will depend in large part on the purchase price paid by the relevant KKR Fund or Other Client. A KKR Fund or Other Client will negotiate such price on the basis of information regarding the relevant third party fund provided by the seller and such third party fund, which may not be accurate or complete.

Business and Financial Risks of Third Party Fund Managers; Risk of Fraud A KKR Fund or Other Client will conduct due diligence reviews of third party fund managers and investments managed by them that it believes is sufficient to invest in funds sponsored by such managers. However, due diligence is not a perfect process and may not uncover problems associated with a particular third party manager or any fund sponsored by it. Third party managers may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business, may require additional capital to support their operations or maintain their competitive position or otherwise have a weak financial condition that may ultimately adversely impact any KKR Fund or Other Client investing with them. The potential that a third party manager may engage in improper conduct or fraud cannot be eliminated. A KKR Fund or Other Client may rely on representations with respect to a third party manager made by such manager, its accountants, attorneys and other associated investment professionals or service providers. If any such representations are misleading, incomplete or false, this may result in the selection of third party managers by a KKR Fund or Other Client that might otherwise have been eliminated from consideration.

Item 9 Disciplinary Information

Except as described below, neither KKR nor any of its executive officers, members of its investment committees or portfolio management committees or other “management persons” as defined in Form ADV has been subject to legal or disciplinary events related to this Item.

On June 29, 2015, without admitting or denying the SEC’s findings, KKR consented to the entry of an order to cease and desist from committing or causing any violations and future violations of sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. According to the SEC order, during the period from 2006 to 2011 KKR did not expressly disclose in its flagship private equity fund limited partnership agreements that it did not allocate broken deal expenses to KKR co-investors (including co-investment vehicles established for executives, certain consultants and others) and this lack of disclosure resulted in a misallocation of expenses to KKR’s flagship private equity funds for that period. The order also finds that KKR did not adopt and implement a written compliance policy or procedure governing its fund expense allocation practices until 2011. KKR agreed in the settlement to pay disgorgement of \$14,165,968, prejudgment interest of \$4,511,441 and a civil monetary penalty of \$10,000,000.

Item 10 Other Financial Industry Activities and Affiliations

Affiliated Broker-Dealers

KKR is an affiliate of KKR Capital Markets LLC and MCS Capital Markets LLC, each of which is registered as a broker-dealer in the U.S. with the SEC and FINRA. KKR is also affiliated with KKR Capital Markets Limited located in London, which is authorized and regulated by the U.K. Financial Conduct Authority to conduct broker-dealer activities in the United Kingdom, with KKR Capital Markets Japan Limited, which is a certified Type I and Type II Financial Instruments Business Operator (broker-dealer) licensed by the Japanese Financial Services Agency, with KKR Capital Markets Asia Limited, which is licensed by the Hong Kong Securities and Futures Commission to conduct certain broker-dealer activities, with KKR Capital Markets India Private Limited, which is licensed by the Securities and Exchange Board of India as a merchant bank that is authorized to execute capital market mandates, underwrite issues, offer investment advisory and other consultancy/advisory services. In addition, KKR is affiliated with KKR Australia Pty Limited, KKR Australia Investment Management Pty Limited, KKR MENA Limited, and KKR Saudi Limited, which hold financial services licenses from the Australian Securities and Investment Commission, the Dubai Financial Services Authority and the Capital Market Authority in Saudi Arabia, respectively, permitting them among other things to conduct capital raising and other broker-dealer activities (collectively,

the “**Affiliated Brokers**”).

Certain of the Affiliated Brokers (including their respective related lending vehicles) may, from time to time, manage or otherwise participate in underwriting syndicates and/or selling groups with respect to the securities and debt instruments of portfolio companies and other non-controlled entities in or through which KKR Funds or Other Clients invest, including in respect of securities or other instruments of such portfolio companies in which KKR Funds or Other Clients have not invested. Affiliated Brokers may otherwise be involved in the public or private placement of such securities and other instruments, and/or may provide capital markets advisory services to portfolio companies and other non-controlled entities in or through which KKR Funds or Other Clients invest, including in connection with mergers and acquisitions, the syndication of portfolio company co-investment opportunities alongside certain KKR Funds, and may provide acquisition financing and other corporate lending services to such entities in addition to financing provided through a KKR Fund’s or Other Client’s investment. In addition, Affiliated Brokers may alone or with other lenders (including other KKR entities) arrange lines of credit to portfolio companies and other non-controlled entities in or through which KKR Funds, Other Clients and other third party borrowers invest. Affiliated Brokers (through their respective related lending vehicles) may also provide loans and lines of credit to KKR Fund and Other Client portfolio companies and other third party borrowers. Affiliated Brokers may also provide syndication services to such entities including in respect of co-investments in transactions participated in by KKR Funds or Other Clients. Such Affiliated Brokers may receive fees, commissions, including upfront placement fees, and financing fees, commissions, interest payments and other compensation, which may be payable in cash or securities, in respect of the activities described above and/or may waive such fees. Affiliated Brokers and other KKR entities may, as a consequence of such activities, from time to time hold positions in instruments or securities issued by portfolio companies, including, for example, where a KKR proprietary entity commits to fund the shortfall amount, if any, resulting from the incomplete syndication by an Affiliated Broker of a portfolio co-investment opportunity. Under such circumstances, a KKR proprietary entity may commit to provide capital support for the syndication on a short-term basis (i.e. to provide certainty to KKR Funds and Other Clients that there will be sufficient capital to complete the proposed transaction) or fund a different instrument or security in the portfolio company than that held by KKR Funds and Other Clients to facilitate the syndication, which KKR proprietary entities may in either scenario sell down prior to KKR Funds or Other Clients disposing of their respective investments in the portfolio company.

An Affiliated Broker also may act as placement agent or underwriter of securities of a third party that a KKR Fund or Other Client may purchase (for example, a co-investment vehicle). An Affiliated Broker may act as the placement agent for a KKR Fund in certain jurisdictions and such Affiliated Broker does not generally receive compensation for such service; however if compensation is received, such compensation would be made on a fully disclosed basis. The Affiliated Brokers do not otherwise execute transactions on behalf of KKR Funds or Other Clients. While fees, commissions, including upfront placement fees, and financing fees, commissions, interest payments and other compensation paid to the Affiliated Brokers are generally believed by KKR to be reasonable and charged at rates that are market rates for the relevant activities, such compensation is generally determined through negotiations with related parties. KKR Funds or Other Clients generally do not have the right to share in the compensation received by an Affiliated Broker for its role in any transaction. Affiliated Brokers do not share in any transaction fees, which are generally allocated among KKR Funds, Other Clients and KKR Associates Vehicles as discussed in Item 5.

The relationship KKR has with its Affiliated Brokers may give rise to a potential conflict of interest between KKR and KKR Funds or Other Clients that have an interest in any portfolio companies or investment vehicles with respect to which the Affiliated Brokers provide services (please see the discussion below for further information as to how such conflicts are addressed). In particular, KKR may be seen as incentivized to seek to influence the decision by a portfolio company’s management to retain an Affiliated Broker, or to borrow from or otherwise transact with an Affiliated Broker, instead of other unaffiliated broker-dealers or

other service providers or counterparties that may be more appropriate or offer better terms. Where an Affiliated Broker (or another KKR entity) acts as a lender to a portfolio company in which a KKR Fund or Other Client holds investments in the same or different levels of the capital structure, the arrangement may lead to a conflict between the Affiliated Broker and the KKR Fund or Other Client in the event of a default by, or the liquidation of, the portfolio company or a restructuring or renegotiation of the terms of the loan (similar conflicts may also arise where KKR is a lender to a portfolio company out of its proprietary assets). In circumstances, including without limitation, where a portfolio company becomes distressed and the participants in the relevant offering have a valid claim against the underwriter, the participating KKR Fund or Other Client may have a conflict in determining whether to seek recourse or sue an Affiliated Broker. KKR could also be seen as incentivized to structure portfolio company transactions, including related co-investment opportunities, so that they require the use of a broker-dealer (and consequently provide an opportunity for an Affiliated Broker to be retained by a portfolio company or acquisition company established for the relevant transaction and generate commissions, syndication fees, arranging fees or other compensation for such an Affiliated Broker).

Affiliated Brokers also provide financing and capital markets services to third parties that are not portfolio companies including third parties that are competitors of portfolio companies of particular KKR Funds or Other Clients, or that are service providers, suppliers, customers, or other counterparties with respect to such companies (“**competitor companies**”) and may act as placement agent in respect of investment funds that are sponsored and managed by other third party investment managers, including funds that may compete with KKR Funds or Other Clients. Affiliated Brokers also act as placement agent in respect of investment funds that are sponsored and managed by third parties (for example, certain investee companies of KKR as described in Item 4) and receive consideration for such services. In providing such services to, or with respect to, such funds or companies, Affiliated Brokers will not take into consideration the interests of the relevant portfolio companies or KKR Funds or Other Clients. In addition, Affiliated Brokers may also be engaged to provide financing or other capital markets services to third parties in connection with transactions that may also be appropriate for a KKR Fund or for Other Clients. In some cases, these services offered to third parties in connection with a transaction may be provided concurrently with services being provided in a similar manner to a KKR Fund or Other Client even if the KKR Fund or Other Client has a competing interest with the third party. Affiliated Brokers providing services to third parties, including to competitor companies, may come into possession of information that they are prohibited from acting on (including on behalf of a KKR Fund or Other Client) or disclosing to KKR as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the best interests of a KKR Fund or of Other Client.

An Affiliated Broker’s ability to receive commissions or other transactional compensation in certain capital markets transactions on the basis of a KKR Fund’s or Other Client’s participation may be limited in certain circumstances. As a result, in the event that such services are provided to an issuer that is or becomes a potential investment opportunity for a KKR Fund or Other Client, KKR, through the Affiliated Brokers, may have a conflict of interest between a KKR Fund or Other Client investment opportunity or a related capital markets transaction. Where an Affiliated Broker serves as underwriter with respect to a security in which a KKR Fund or Other Client invests, such KKR Fund or Other Client may be subject to a “lock-up” period following the offering under applicable regulations during which time its ability to sell the security that it continues to hold is restricted. This may prejudice the KKR Fund’s or Other Clients’ ability to dispose of such security at an opportune time. Affiliated Brokers may have access to confidential and/or material non-public information regarding KKR Funds, Other Clients or their portfolio companies and, subject to applicable law and confidentiality agreements, may use such information in connection with financing and other services provided by the Affiliated Brokers.

Transactions involving a KKR Fund or Other Client and an Affiliated Broker are reported periodically to KKR’s Global Conflicts Committee. In addition, KKR generally reviews such transactions to ensure that the

requirements of Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) in respect of principal transactions between any KKR Fund or Other Client and KKR or its affiliates (including any Affiliated Broker) are complied with in the context of such transactions.

Other Investment Advisers

Relying Advisers

KKR, either directly or indirectly, owns and controls the following subsidiaries, which are located in the United Kingdom, Hong Kong, China, Japan, France, Australia, India, Singapore, Dubai, Saudi Arabia, South Korea, Mauritius, Brazil, Spain, Canada and the U.S. respectively:

- Kohlberg Kravis Roberts & Co. Partners LLP
- KKR Asia Limited
- KKR Investment Consultancy (“Beijing”) Company Limited
- KKR Investment Advisory (Shanghai) LLC
- KKR Japan Limited
- Kohlberg Kravis Roberts & Co. SAS
- KKR Australia Pty Limited
- KKR Australia Investment Management Pty Limited
- KKR India Advisors Private Limited
- KKR Singapore Pte. Ltd.
- KKR MENA Limited
- KKR Saudi Limited
- KKR Korea Limited Liability Corporation
- KKR Holdings Mauritius, Ltd.
- KKR Account Adviser (Mauritius), Ltd.
- KKR do Brasil Gestão de Investimentos e Participações Ltda.
- KKR Investment Management LLC
- Kohlberg Kravis Roberts (España) Asesores SL
- KKR Canada ULC

- KKR Investment Advisory (Zhuhai Hengqin) Company Limited
- KKR Real Estate Finance Manager LLC
- KKR Financial Management LLC
- KKR Luxembourg S.à.r.l.

Each of the above subsidiaries (“**Relying Advisers**”) is involved in identifying and monitoring investments recommended by KKR on behalf of KKR Funds or Other Clients in the relevant jurisdictions or regions. The Relying Advisers are subject to KKR’s regulatory oversight and its Code of Ethics (please see response to Item 11 below) together with its other compliance policies and procedures as adopted pursuant to the requirements of the Advisers Act (in addition to local regulatory requirements, as applicable, and any additional compliance policies and procedures adopted by the Relying Advisers pursuant to such local regulatory requirements). More particularly, KKR treats all Employees of the Relying Advisers as its “associated persons” and access persons for the purposes of the Advisers Act.

KKR Credit

KKR is also affiliated with KKR Credit Advisors (US) LLC, which is a separately registered as an investment adviser under the Advisers Act. KKR is also affiliated with KKR Credit Advisors (Ireland) Unlimited Company (formerly Avoca Capital), which is regulated by the Central Bank of Ireland, and KKR Credit Advisors (UK) LLP (formerly Avoca Capital Management LLP), which is regulated by the UK Financial Conduct Authority. Certain executives of KKR serve on investment committees established by KKR Credit (as defined in Item 4). In addition, certain executives of KKR Credit participate in investment decisions or serve on investment committees established by KKR for particular KKR Funds or Other Clients. KKR may also, from time to time, act as sub-adviser in respect of capital allocated within investment vehicles and accounts managed and advised by KKR Credit (“**KKR Credit Funds**”). KKR may also delegate sub-advisory authority to KKR Credit in respect of capital allocated within certain KKR Funds to strategies implemented by KKR Credit (in each case, at no incremental cost to the relevant KKR Fund or KKR Credit Fund). See Item 11 for a discussion of the relationship of KKR, KKR Funds, Other Clients, and KKR Credit Funds.

Prisma Capital Partners LP

On June 1, 2017, Prisma became a subsidiary of PAAMCO Prisma, a new liquid alternatives firm owned by KKR Topaz LLC, and PHoldings, LLC, which is owned by certain employees of PAAMCO and Prisma. Under the terms of the agreement, the entire businesses of both PAAMCO and Prisma were contributed to PAAMCO Prisma, which operates independently of KKR. KKR Topaz LLC, a subsidiary of KKR & Co., retains a 39.9% stake in PAAMCO Prisma as a long-term strategic partner.

Prisma and PAAMCO are separately registered as investment advisers under the Advisers Act. Although KKR operates independently of PAAMCO and Prisma, KKR’s ownership interests in them may in certain circumstances create conflicts of interest or the appearance of conflicts of interest. PAAMCO Prisma and KKR have implemented an information barrier policy that restricts the flow of information between PAAMCO Prisma, on the one hand, and KKR on the other, to ensure the independent operation of PAAMCO Prisma from KKR, and to mitigate the potential for conflicts of interest. Prisma may advise or sub-advise investment vehicles and other accounts established by KKR, KKR Credit or their advisory affiliates. Advisory affiliates of KKR and KKR Credit may also, from time to time, act as a sub-adviser with respect to capital allocated by investment vehicles and other accounts managed and advised by Prisma. See Item 11 which

discusses the relationship of KKR, KKR Funds, Other Clients, Stakes and Seed Managers, and Stakes and Seed Funds for further information.

KKR Alternative Investment Management

KKR is affiliated with KKR Alternative Investment Management (“**KKR AIM**”), which is regulated by the Central Bank of Ireland, is an authorized EU alternative investment manager and separately files reports as an exempt reporting adviser with the SEC. KKR AIM may enter into delegation and/or sub-advisory agreements with KKR under which KKR will provide certain portfolio management services to KKR AIM in connection with investment funds with respect to which KKR AIM serves as alternative investment manager for the purposes of the AIFMD.

Commodity Pool Operators and Commodity Trading Advisors

As a result of providing investment advisory services to certain KKR Funds that invest in commodity futures and other commodity interests, KKR, certain KKR GPs and other related entities may from time to time constitute commodity trading advisors and/or commodity pool operators for the purpose of the rules and regulations issued by the U.S. Commodity Futures Trading Commission (“**CFTC**”) under the U.S. Commodity Exchange Act and as such, will rely on certain exemptions from registration with the CFTC under that Act or, in the event that such exemptions cease to apply, register under the applicable regulatory regime. As such status is incidental to KKR’s investment management activities with respect to the relevant KKR Funds, KKR does not view such status as giving rise to a material conflict of interest in respect of such KKR Funds or any other KKR Funds. The CFTC has proposed but not adopted rules that may limit the total amount of hedging that investment funds controlled by a single corporate group may enter into. While these rules currently apply only to agricultural products, the CFTC may expand them to cover oil and gas which could materially adversely impact KKR private equity and energy funds.

Pooled Investment Vehicles and Regulated Subsidiaries and Sponsors of Limited Partnerships

KKR, KKR Credit, and certain of their respective affiliates serve as sponsors or syndicators of a number of limited partnerships, including KKR Funds and KKR Credit Funds. KKR also primarily serves as investment adviser to KKR Funds that are pooled investment vehicles. In addition, its affiliate, KKR Credit also serves as investment adviser of investment vehicles and accounts (i.e. KKR Credit Funds) that are, for the most part, pooled investment vehicles. While primarily unregulated, certain of such pooled vehicles may be registered with regulatory authorities in their home jurisdiction such as the Cayman Islands or Ireland or in jurisdictions in which interests in such pooled investment vehicles are marketed, such as Korea or Japan. As discussed more fully above and in response to Item 11, KKR Funds and KKR Credit Funds may engage in transactions with or alongside each other that may give rise to material conflicts of interest. KKR has adopted investment allocation policies and procedures and a conflicts of interest policy designed to facilitate the proper management of conflicts of interest arising between KKR Funds and KKR Credit Funds. Certain KKR Funds have established regulated subsidiaries as required under applicable law in order to permit such KKR Funds to make portfolio investments in certain jurisdictions, including, in particular, India.

Other Businesses

KKR Funds have acquired a controlling interest in Avendus Capital Private Limited (together with its wholly-owned subsidiaries, “**Avendus**”), which KKR and/or its affiliates may be deemed to control due to their control of such KKR Funds. Avendus engages in investment banking, private wealth management and alternative asset management primarily in India and Southeast Asia.

KKR has a significant equity interest in KKR India Financial Services Private Limited and KKR India Asset Finance Private Limited, each of which are registered by the Reserve Bank of India as non-deposit taking, non-banking financial companies (“NBFCs”) that are authorized to undertake lending and financing activities in India. As noted above, KKR is an affiliate of KKR Capital Markets India Private Limited, which is licensed by the Securities and Exchange Board of India as a merchant bank that is authorized to execute capital market mandates, underwrite issues, offer investment advisory and other consultancy/advisory services and which provides investment advisory services to domestic institutional and fund investors.

Please refer to Item 11 for a discussion of the potential conflicts that may be raised by KKR’s relationship with these and other affiliates and the policies and procedures KKR has adopted to address these conflicts.

Please also refer to Item 11 for a discussion of Stakes and Seed Managers and Stakes and Seed Funds.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

KKR has adopted a Code of Ethics (the “**Code**”) in accordance with Rule 204A-1 under the Advisers Act.

The policies and procedures set forth in the Code recognize that as an investment adviser, KKR is in a position of trust and confidence with respect to the KKR Funds and Other Clients and has a duty to place the interests of the KKR Funds and Other Clients before the interests of KKR and its Employees (which for these purposes includes other persons as set out in the Code, including certain consultants, advisors, temporary employees and other persons). This duty includes an obligation to address or mitigate both conflicts of interest and the appearance of any conflicts of interest. The Code also recognizes that as an investment adviser registered under the Advisers Act, KKR has a further obligation to comply with the provisions of the Advisers Act as well as the other U.S. federal securities laws.

The Code includes a code of conduct adopted by KKR which requires Employees to (i) act with integrity, honesty, competence, and in an ethical manner when dealing with the public, regulators, clients, investors, prospective investors and their fellow Employees, (ii) adhere to the highest standards with respect to any potential material conflicts of interest with KKR Funds and Other Clients, and (iii) preserve the confidentiality of information that they may obtain in the course of KKR’s business and use such information properly, consistent with applicable legal standards and not in any way adverse to the interests of any KKR Funds or Other Clients.

Under the Code and Firm policy, Employees are prohibited from trading in securities of any company while in possession of material, non-public information regarding the company. This prohibition applies to KKR-related securities and the securities of KKR affiliates, as well as other issuers. The Code also includes a personal securities investment and reporting policy. This policy, among other things, significantly restricts an Employee’s ability to engage in personal securities transactions and requires Employees to disclose all brokerage or securities accounts held in the Employee’s name or over which the Employee has any direct or indirect beneficial ownership, including accounts over which investment discretion is exercised either directly or indirectly.

Certain investment personnel of KKR maintain personal private investment holdings, which may include private companies and/or private funds. Certain of these investments are maintained with third-party investment managers who sponsor investment vehicles that may compete with KKR or that KKR or certain KKR affiliates may recommend to its clients. Furthermore, certain of these personal investments may have terms that are more favorable than those routinely offered by the unaffiliated investment manager (for example, reduced fees). These personal investments may give rise to potential or actual conflicts of interest

between KKR Funds and Other Clients on the one hand, and KKR and its affiliates, on the other hand. Accordingly, KKR's personal securities investment and reporting policies, which require the pre-approval from KKR's Compliance Group on any personal private fund or private company investments, seek to address any potential or actual conflicts of interest relating to personal private investments.

The Code restricts Employees' ability to conduct activities outside the Firm that may conflict with the interests of the KKR Funds or Other Clients, requires preapproval for gifts and entertainment in excess of certain values that may be received and/or provided by Employees, and restricts Employees' ability to make political donations. Employees, Senior Advisors, Industry Advisors, KKR Advisors, KKR Capstone, RPM and Other Consultants may also serve as directors or interim executives, or otherwise be associated with companies that are competitors of portfolio companies of certain KKR Funds or Other Clients (as discussed below).

KKR's Compliance Group receives and reviews trading and other reports and Employee certifications submitted pursuant to the Code to determine that personal trading (as well as other activities subject to compliance oversight) conducted by Employees and other covered persons is consistent with the requirements and restrictions set forth in the Code and does not otherwise indicate any improper trading activities. Employees also engage in outside business activities, including serving on boards of directors of third party entities, which may give rise to certain conflicts of interests. KKR's Compliance Group reviews Employee certifications to identify such conflicts of interest.

Additionally, KKR has adopted inside information barrier and other policies and procedures to provide for the proper handling of confidential information (i.e. non-public information received or created by KKR in connection with its activities) and to prevent violations of laws and regulations prohibiting the misuse of such information and to avoid situations that might create an appearance of such misuse. KKR's Compliance Group is responsible for establishing and administering the information barriers established by KKR.

The Code is available upon written request of KKR Funds or Other Clients and their current or prospective investors.

Participation or Interest in Client Transactions

Principal Transactions

In accordance with the anti-fraud provisions of the Advisers Act and with KKR's internal compliance policies and procedures, KKR and its affiliates will not, as principal, sell a security to, or buy a security from, any KKR Fund or Other Client, without providing appropriate disclosure and obtaining the informed consent of such KKR Fund or Other Client prior to the settlement of such transaction.

Principal transactions may occur, for example, where KKR warehouses an investment, in whole or in part, in one of its proprietary entities for the benefit of one or more KKR Funds or seeds the initial portfolio of a KKR Fund by making the initial commitment and capital contributions to the KKR Fund pending the admission of third party investors to such KKR Fund and the acquisition by the KKR Fund of the investment from the proprietary entity or the participation by such third party investors in such seeded initial portfolio of investments, as applicable. In these cases, a KKR Fund or Other Client may, for example, require that (i) the transaction price be determined to be fair by an independent valuation expert (the cost of which would be borne by the KKR Fund or Other Client) or be calculated in accordance with a formula provided for in the governing documents of the KKR Fund and/or (ii) the consent of the respective KKR Fund's limited partner advisory committee, independent client representative or investors or the consent of the Other Client be obtained prior to the completion of the relevant transaction or in connection with the investors' subscriptions

to the KKR Fund or the establishment of the Other Client relationship. As indicated in Item 10, Affiliated Brokers may act as principal in underwriting or placing the securities of KKR Funds or Other Clients.

Prior to the receipt by a KKR Fund of capital contributions from its investors for which a capital call notice has been given, a KKR GP may fund such amounts on a temporary basis in order to permit the KKR Fund to make an investment. In addition, a KKR GP may fund certain general and administrative expenses of a portfolio company on a temporary basis in order to avoid a de minimis capital call to investors or to ensure timely payment of a KKR Fund obligation, or may provide an interest free loan to a platform portfolio company to cover its start-up and operating costs prior to the receipt by a KKR Fund or Other Client of a capital call in respect of such expenses. Such amounts will be reimbursed to the KKR GP at cost as and when such capital contributions are made by the investors in the KKR Fund or through a reduction of subsequent distributions by the KKR Fund. KKR does not consider such temporary arrangements to be principal transactions.

Stakes and Seed Managers and Stakes and Seed Funds

Affiliates of KKR may acquire or hold from time to time a non-controlling interest in a third-party hedge fund manager or other type of manager (“**Stakes and Seed Managers**” and funds or other vehicles sponsored or advised by such managers are referred to herein collectively as “**Stakes and Seed Funds**”). For example, affiliates of KKR have acquired a 24.9% interest in each of Nephila Capital Ltd., BlackGold Capital Management L.P. and Marshall Wace LLP and seeded Acion Partners Limited. In addition, following the business combination of PAAMCO and Prisma, affiliates of KKR hold a 39.9% interest in PAAMCO Prisma, which constitutes an investment in a Stakes and Seed Manager. No Stakes and Seed Fund is an advisory client of KKR. From time to time, a Stakes and Seed Manager may be retained as a non-discretionary sub-adviser by KKR or KKR Credit in respect of certain KKR, KKR Credit Funds or Other Clients. KKR and KKR Credit may also, from time to time, act as a non-discretionary sub-adviser of a Stakes and Seed Manager and/or a Stakes and Seed Fund, including in particular with respect to co-investments made alongside KKR Funds, KKR Credit Funds or Other Clients. KKR may be deemed to have a financial interest in transactions between any Stakes and Seed Fund, on the one hand, and a KKR Fund or Other Client on the other. Such transactions (which do not involve securities or KKR advisory clients on both sides of the transaction) are neither principal transactions nor agency cross transactions. However, because of a KKR affiliate’s financial interest in Stakes and Seed Managers, an affiliate of KKR will receive additional compensation related to such transactions. Such additional compensation will not be shared with KKR Funds, Other Clients or KKR Associates Vehicles. Also, Employees may be charged no (or reduced) management or incentive fees by the Stakes and Seed Managers for their personal investments in Stakes and Seed Funds.

Principal Transactions Relating to Net Profits Interests

KKR has established an energy-focused KKR Fund that will enter into affiliated transactions with one or more KKR affiliates which involve the purchase, sale and/or sublease of investments from or to such KKR Fund. These transactions (“**NPI Arrangements**”) give rise to conflicts of interest between KKR on the one hand and such KKR Fund and its investors, and there can be no assurance that the terms of such transactions will be similar to those that would be obtained in an arms-length transaction between unaffiliated parties. In particular, the NPI Arrangements will result in such KKR affiliate retaining a 5% working interest, unburdened by any net profits interest held by such KKR Fund, in each asset in which such KKR Fund has invested, and there can be no assurance that the consideration exchanged between such KKR Fund and such KKR affiliate in connection with each NPI Arrangement will be of equal value. Such KKR affiliate may profit from the NPI Arrangements at the expense of such KKR Fund. In addition, such KKR affiliate will make preferred capital contributions to such KKR Fund and will be entitled to receive distributions from such KKR Fund in priority to distributions made to the investors in such KKR Fund. As a result, such KKR Fund may generate a profit that is not realized by its investors. The investors in such KKR Fund have

consented to the foregoing arrangements in connection with their subscription for interests in such KKR Fund. Accordingly, KKR does not make trade-by-trade disclosures or obtain client consent before the completion of such transactions.

Cross Transactions and Agency Cross Transactions

Agency cross transactions are transactions in which KKR arranges for a KKR Fund or Other Client to buy a security from, or sell a security to, another KKR Fund or Other Client. In addition, KKR may cause different KKR Funds (or Other Clients) to invest at different times in a single portfolio company, for example, where a KKR Fund that made an initial investment in a portfolio company does not have sufficient capital to make a follow-on investment in the company when such an opportunity arises. From time to time, KKR may determine that a cross transaction or follow-on investment between KKR Funds or Other Clients is in the best interest of the relevant KKR Funds or Other Clients. Agency cross transactions may create conflicts of interest because KKR may have an incentive to improve the performance of one KKR Fund or Other Client by selling underperforming assets to another KKR Fund or Other Client, for example, to earn fees. Accordingly, KKR has adopted a cross trades policy and procedures designed to properly manage related conflicts. In addition, the governing documents of each such KKR Fund or Other Client may impose certain restrictions on the ability of KKR or its affiliates to effect these transactions. These may include a requirement for the transaction price to be determined using independent valuation sources, approved by an independent valuation expert, determined to be fair to KKR Funds and Other Clients by an independent third party or otherwise calculated in accordance with such governing documents.

Core Private Equity Investments

KKR and certain KKR Funds or Other Clients may pursue a “core” private equity investment strategy that seeks to invest in cash-generative businesses and/or businesses that have the potential to generate attractive risk-adjusted returns and net asset value appreciation over a longer time horizon than that of a traditional private equity fund. Core private equity investments also typically have a lower risk and return profile, and may have less leverage and/or a greater focus on current income generation than traditional private equity investments. Subject to KKR’s investment allocation policies and procedures, KKR proprietary accounts may invest in core private equity for their own account or alongside KKR Funds and Other Clients. Please see “KKR Purchases/Sales of Securities Recommended to KKR Funds and Other Clients -- *Proprietary Investments*” below for further information regarding such investments.

Real Estate Transactions

KKR (for its own account or the account of an affiliate) may, or may cause a KKR Fund or Other Client to, enter into real estate related transactions with KKR Fund or Other Client portfolio companies. Such transactions may include, for example, buying or selling real estate assets, acquiring or entering into leasing arrangements or amending such arrangements, or transferring options or rights of first refusal to acquire real estate assets. None of the foregoing transactions, which generally do not involve securities, are governed by the principal transaction and cross transaction restrictions and policies described above but are subject to guidelines established by KKR to properly manage related conflicts.

Participation of Affiliated Broker-Dealers in KKR Fund or Other Client Transactions

As described in response to Item 10, KKR is affiliated with several broker-dealers. As further noted, these Affiliated Brokers (including their respective related lending vehicles) may manage or otherwise participate in underwriting syndicates and/or selling groups with respect to securities and debt instruments issued by portfolio companies, holding companies and other controlled or non-controlled entities in or through which KKR Funds or Other Clients may invest or may otherwise be involved in the public or private placement of

securities or debt instruments issued by a KKR Fund's or Other Client's portfolio companies and other controlled or non-controlling entities in or through which a KKR Fund or Other Client may invest, including in connection with mergers and acquisitions or the syndication of portfolio company co-investment opportunities alongside certain KKR Funds or Other Clients, and may provide acquisition financing and other corporate lending services to such entities in addition to financing provided through a KKR Fund or Other Client's investment. In addition, Affiliated Brokers may arrange lines of credit for (i) portfolio companies and other controlled or non-controlled entities in or through which KKR Funds or Other Clients may invest; (ii) KKR Funds; (iii) Other Clients; and (iv) other third parties. Affiliated Brokers (through their respective lending related vehicles) may also provide loans and lines of credit to such entities. Affiliated Brokers may, as a consequence of such activities hold positions in instruments and securities issued by a KKR Fund's or Other Client's portfolio companies (or controlled or non-controlled entities through which they invest) and may engage in transactions that may also be appropriate investments for a KKR Fund or Other Client. Subject to applicable law, Affiliated Brokers may receive underwriting fees, placement commissions, financing fees, interest payments or other compensation with respect to such activities, which are not required to be shared with KKR Funds or Other Clients. Where an Affiliated Broker serves as underwriter with respect to a portfolio company's securities, the relevant KKR Fund, Other Client or portfolio company may be subject to a "lock-up" period following the offering under applicable regulations or agreements during which time its ability to sell any securities that it continues to hold is restricted. This may prejudice such KKR Fund's or Other Client's ability to dispose of such securities at an opportune time.

KKR has a conflicts of interest policy and procedures in place where transactions involving a KKR Fund or Other Client and an Affiliated Broker or its respective lending vehicles are appropriately reviewed and in certain circumstances reported to KKR's Global Conflicts Committee. In addition, KKR reviews such transactions to ensure that the requirements of Section 206(3) of the Advisers Act and Rule 206(3)-2 under the Advisers Act, as applicable, in respect of principal transactions between any KKR Fund or Other Client and KKR or its affiliates (including any Affiliated Broker) are complied with in the context of such transactions. Affiliated Brokers may have access to confidential and/or material non-public information regarding KKR Funds, Other Clients or their portfolio companies and, subject to applicable law, may use such information in connection with financing and other services provided by the Affiliated Brokers.

Affiliated Brokers may provide investment banking, advisory and other services to affiliated or unaffiliated corporations, financial sponsors, management or other persons. Such services may relate to transactions that could give rise to investment opportunities that are suitable for KKR Funds or Other Clients. In such case, the Affiliated Broker's particular client would typically require the Affiliated Broker to act exclusively on its behalf, thereby precluding KKR Funds or Other Clients from participating in such investment opportunities. No Affiliated Broker would be obligated to decline any such engagements in order to make an investment opportunity available to KKR Funds or Other Clients. In addition, an Affiliated Broker may come into the possession of information through these new businesses that limits a KKR Fund's or Other Client's ability to engage in potential transactions.

Financial Interest in KKR Fund, Portfolio Company or Other Client Transactions

As described in Item 5, KKR and its affiliates may receive monitoring fees, financial advisory fees, transaction fees, and other compensation for services provided to portfolio companies, holding companies and other entities in or through which a KKR Fund or Other Client invests. Such parties may also receive breakup fees and other compensation with respect to KKR Fund or Other Client portfolio company investments (including unconsummated or terminated transactions). As noted above, such compensation may be shared with the relevant KKR Funds or Other Clients, as described in their offering materials, disclosure documents and/or governing documents.

Portfolio companies of KKR proprietary investments, KKR Funds or Other Clients may be counterparties to, or participants in, agreements, transactions or other arrangements with the portfolio companies of a separate KKR Fund or Other Client (for example a portfolio company of a KKR proprietary investment or KKR Fund may retain a company in which another KKR Fund has invested to provide services or products). Agreements, transactions, and other arrangements entered into by portfolio companies of KKR proprietary investments, KKR Funds or Other Clients may indirectly benefit KKR, the relevant KKR Fund, or Other Client as an investor in such companies or may adversely impact the KKR Fund or Other Client portfolio companies with which they do business. The interest of KKR, any KKR Fund or Other Client in maximizing its return on such investments may give rise to a conflict of interest in particular, but not limited to, where KKR, the KKR Fund or Other Client has the ability through its investments to influence the activities of such companies or encourages portfolio companies of a KKR proprietary investment, KKR Fund or Other Client to transact therewith.

Such portfolio companies may also compete with a KKR Fund's or Other Client's investments. For example, KKR (through its proprietary investment activities) or a KKR Fund may invest in a company which competes with, is a customer of, or is a service provider or supplier to another KKR Fund portfolio company. In providing advice and recommendations to, or with respect to such portfolio companies' business dealings, KKR, any KKR Fund, or Other Client are not obligated to and may not take into consideration the interests of the other relevant KKR Fund or Other Client or their portfolio companies and other investments. Accordingly, these circumstances give rise to certain potential conflicts of interest. A portfolio company of a KKR proprietary investment, KKR Fund or Other Client may do something for commercial reasons that has adverse consequences for another KKR Fund or Other Client or its portfolio company, such as seeking to expand its market share at the expense of the other KKR Fund portfolio company, withdrawing business from the other KKR Fund portfolio company in favor of another company offering the same product or service at a lower price, increasing its own prices along with other enterprises in the industry, or commencing litigation against another KKR Fund's portfolio company. A KKR Fund or Other Client may also obtain confidential information regarding its portfolio companies that it cannot act on or disclose to another KKR Fund or Other Client or its portfolio companies due to confidentiality requirements or applicable law, though such action or disclosure might be in the latter's interests. Accordingly, such business dealings may result in adverse consequences to such other KKR Funds or Other Clients or their investments.

In addition, portfolio companies of KKR proprietary entities, KKR Funds or Other Clients that provide financial services ("**Controlled Financial Service Companies**") may enter into agreements, transactions or other arrangements with KKR, certain KKR proprietary entities, and Affiliated Brokers. For example, from time to time, investments originated by KKR, certain KKR proprietary entities, or Affiliated Brokers may be sold to, purchased from, or distributed by a Controlled Financial Service Company. Agreements, transactions, and other arrangements entered into by a Controlled Financial Service Company may directly or indirectly benefit KKR, KKR proprietary entities and Affiliated Brokers, or may adversely impact the relevant KKR Fund or Other Client with which they do business. The interest of KKR, the KKR proprietary entities, or Affiliated Brokers in maximizing its return on such investments may give rise to a conflict of interest including, but not limited to, where KKR, the KKR proprietary entity or Affiliated Broker may have the ability to influence the activities of such Controlled Financial Service Companies. KKR has established policies and procedures to address these conflicts, including policies and procedures designed to ensure that any fees paid to or received from the Controlled Financial Service Company are negotiated at arms-length, and that any potential conflicts are disclosed.

Certain KKR proprietary entities and Affiliated Brokers, on behalf of their proprietary and client accounts, make investments in minority or majority interests in companies, businesses or other investments (i.e. RE Platforms, as defined further below) in which KKR Funds or Other Clients have no interest but which may be counterparties to or participants in agreements, transactions or other arrangements with portfolio companies of, a KKR Fund or Other Client (for example a portfolio company of a KKR Fund may retain a company in

which KKR has a proprietary interest to provide services or products or may acquire an asset from such company). KKR's ownership (indirect) of KKR Capital Markets LLC (see Item 10) is an example. Agreements, transactions and other arrangements entered into by KKR Fund or Other Client portfolio companies and any such companies may indirectly benefit KKR as an owner of such companies or may adversely impact any KKR Fund or Other Client portfolio companies with which they do business. KKR's interest in maximizing its return on such investments may give rise to a conflict of interest in particular, but not limited to, where KKR has the ability through its investments to influence the activities of such companies or encourages KKR Fund or Other Client portfolio companies to transact therewith. Transactions between companies in which KKR acquires such proprietary interests, on the one hand, and KKR Funds or Other Clients or their respective portfolio companies, on the other, are generally not expected to constitute the types of transactions that will entitle such companies to fees or other compensation that will reduce management fees payable by the KKR Fund or Other Client. For example, insurance brokerage fees or IT licensing fees payable by a KKR Fund portfolio company for related services of an affiliate of KKR are not expected to reduce management fees.

Certain KKR proprietary entities and Affiliated Brokers, on behalf of their proprietary and client accounts, may also make investments in companies, businesses or other investments that compete with a KKR Fund's or Other Client's investments. For example, KKR or its affiliates may invest in a company which competes with a KKR Fund portfolio company. In providing advice and recommendations to, or with respect to such investments and in dealing in such investments on behalf of the relevant proprietary or client accounts, KKR and its affiliates will not take into consideration the interests of the relevant KKR Fund or Other Client or their portfolio companies and other investments. Accordingly, such advice, recommendations and dealings may result in adverse consequences to such KKR Funds or Other Clients or their investments (see also Item 10 for a discussion of services provided by Affiliated Brokers to competitor companies).

As noted in response to Item 5, Employees, Senior Advisors, Industry Advisors, KKR Advisors, KKR Capstone, RPM and Other Consultants serve on the boards of KKR Fund or Other Client portfolio companies, and in such capacity currently and may in the future receive director's fees that are retained in whole or in part by the relevant Employee, Senior Advisor, Industry Advisor, KKR Advisors, KKR Capstone, RPM or Other Consultant. Serving in such capacity may give rise to conflicts to the extent that an Employee's fiduciary duties to a portfolio company as a director may conflict with the interests of KKR Funds or Other Clients. As the KKR Funds or Other Clients will generally be significant investors in such companies, it is expected that such interests will generally be aligned. Employees, Senior Advisors, Industry Advisors, KKR Advisors, KKR Capstone, RPM and Other Consultants may also serve as directors or interim executives, or otherwise be associated with, companies that are competitors of portfolio companies of certain KKR Funds or Other Clients. It would be expected that the interests of a competitor company would often not be aligned with those of a KKR Fund, Other Client or their portfolio company, and consistent with the fiduciary duty owed by Employees, KKR Capstone, RPM, Senior Advisors, Industry Advisors, KKR Advisors and Other Consultants to such competitor companies when serving on their boards, they will act in the best interests of the competitor companies, and not in the best interests of KKR Funds or Other Clients. Having KKR Employees serve as directors or interim executives of a portfolio company of a KKR Fund or Other client or another company (including a portfolio company of another KKR Fund, Other Client or KKR proprietary entity) may restrict the ability of a KKR Fund to invest directly in an investment opportunity that also constitutes an investment opportunity for such company.

As discussed below under "KKR Purchases/Sales of Securities Recommended to KKR Funds or Other Clients," Employees and other persons associated with KKR and executives of KKR Fund portfolio companies are permitted to invest in KKR Associates Vehicles established as co-investment vehicles to facilitate participation by such persons in portfolio investments made by KKR Funds or Other Clients (which vehicles typically will not be charged management fees or carried interest allocations or certain expenses). Employees and other persons associated with KKR as well as KKR proprietary entities also are permitted to

co-invest in “opportunistic” investments by the Balance Sheet (described below), which may also be made alongside KKR Funds or Other Clients. Please see “KKR Purchases/Sales of Securities Recommended to KKR Funds and Other Clients -- *Proprietary Investments*” and “Allocations of Investment Opportunities – *Balance Sheet Investments*” for further information regarding such investments.

Certain KKR proprietary entities also make capital contributions to KKR Funds and co-investments in portfolio companies. The Public Company indirectly holds limited partnership interests in a number of KKR Funds and co-investments in portfolio companies, each of which it has transferred or sold and may in the future transfer or sell (in whole or in part), to third parties (including other investors in KKR Funds) in negotiated transactions. Please see “KKR Purchases/Sales of Securities Recommended to KKR Funds and Other Clients -- *Proprietary Investments*” for further information regarding such investments.

KKR Funds and Other Clients may sell a portfolio company interest to a limited partner of a KKR Fund or Other Client, including a limited partner or Other Client already directly or indirectly holding an interest in the same portfolio company or a limited partner in another KKR Fund or Other Client that is not invested in the portfolio company. Because such proposed sales are from KKR Funds or Other Clients (and not KKR) and to limited partners of KKR Funds or Other Clients and not “clients” as defined under the Advisers Act, KKR does not consider such sale transactions to be principal transactions. KKR has policies and procedures to manage conflicts of interest that may arise in these circumstances.

Investments in which KKR, KKR Funds, Other Clients, KKR Credit, or KKR Credit Funds Invest in Different Securities of the Same Issuer or Invest in the Same Issuer on Same or Different Dates

Certain KKR Credit Funds established in the future may have, an investment focus that is, at least in part, similar to the focus of certain KKR Funds, Other Clients, KKR Associates Vehicles or certain KKR proprietary entities. In particular, certain KKR Credit Funds may co-invest in private equity and other investments made by KKR Funds or Other Clients alongside such KKR Funds or Other Clients. The overlap of investment focus may be viewed as giving rise to conflicts of interest between clients of KKR Credit on the one hand and KKR Funds or Other Clients on the other hand.

Certain KKR Funds, KKR Credit Funds, KKR Associates Vehicles and other KKR proprietary entities, Other Clients and KKR affiliates, including an Affiliated Broker, may also invest in different parts of the capital structure of the same portfolio company. For example, a KKR Credit Fund or a KKR affiliate, including an Affiliated Broker, may invest in debt securities issued by a portfolio company in which a KKR Fund has a controlling or other equity interest. The interests of the KKR Credit Fund and such KKR Fund or KKR affiliate, including any Affiliated Broker, may not always be aligned, which may give rise to actual or potential conflicts of interest, or the appearance of such conflicts of interest. Actions taken for a KKR Fund or Other Clients may be adverse to those taken for a KKR Credit Fund or a KKR affiliate, or vice versa. KKR has policies and procedures to mitigate potential conflicts of interest involved in investments by such entities in different parts of a portfolio company’s capital structure.

Additionally, the investment programs employed by KKR or KKR Credit (as applicable) for KKR Funds, Other Clients, KKR Credit Funds or KKR proprietary entities, as applicable, will conflict from time to time with the transactions and strategies employed by KKR in managing KKR Funds and Other Clients (or, as applicable, other KKR Funds or Other Clients). For example, where a KKR Fund, Other Client, KKR Credit Fund, or KKR proprietary entities hold portfolio investments in the same issuer, their interests will in many cases be in conflict irrespective of whether their investments are at different levels of the capital structure. In addition, KKR and KKR Credit, as applicable, may give advice or take action (including entering into short sales or other “opposite way trading” activities) with respect to the investments held by, and transactions of, certain KKR Funds, Other Clients, KKR Credit Funds, or KKR proprietary entities that are different from, or otherwise inconsistent with, the advice given or timing or nature of any action taken with respect to the

investments held by, and transactions of, KKR Funds or Other Clients (or, as applicable, other KKR Funds or Other Clients). Such advice and actions may adversely impact a KKR Fund or Other Client.

The timing of entry into or exit from a portfolio investment may vary as among KKR Funds, Other Clients, KKR Credit Funds, and KKR proprietary entities for reasons such as differences in strategy, existing portfolio or liquidity needs. Similarly, the form of consideration may also vary among these parties if, for example, KKR proprietary accounts were to receive an in kind distribution of securities where the securities held by a KKR Fund, Other Client or KKR Credit Fund were disposed of for cash, in whole or in part. These variations in timing or form of consideration may be detrimental to another KKR Fund or Other Client or any such other investing entities. There can be no assurance that the terms of, or the return on, such KKR Fund's or Other Client's investment will be equivalent to, or better than, the terms of, or the returns obtained by, a different KKR Fund or Other Client, or a KKR Credit Fund, or KKR proprietary entity, including in respect of any category of investments, nor can there be any assurance that a different KKR Fund or Other Client, or a KKR Credit Fund, or KKR proprietary entity with similar investment objectives, programs or strategies, including, without limitation, any Seed Investments, will hold the same positions, obtain the same financing or perform in a substantially similar manner as such KKR Fund or Other Client.

Different advice and/or inconsistent actions may be due to a variety of reasons, including, without limitation, the differences between the investment objective, program, strategy and tax treatment of certain KKR Funds or Other Clients, KKR Credit Funds, or KKR proprietary entities on the one hand and different KKR Funds or Other Clients on the other or the regulatory status of certain KKR Funds or Other Clients, KKR Credit Funds, and any related restrictions or obligations imposed on KKR (or any affiliate) as a fiduciary thereof (including, for example, certain KKR Funds or Other Clients, or KKR Credit Funds invested in by pension plans and employee benefit plans and constituting "plan assets" under ERISA or certain KKR Funds or Other Clients, or KKR Credit Funds that are registered as investment companies under the Investment Company Act, if any). For example, a KKR Fund may engage in *bona fide* hedging transactions in connection with its investments, while KKR proprietary entities may enter into such transactions for non-hedging purposes or, alternatively, may hedge a given risk related to a given investment more or less fully than such KKR Fund. KKR proprietary entities may enter into such hedging arrangements in connection with investments alongside a KKR Fund and, like other investors in such KKR Fund, may also enter into hedging arrangements in connection with their investments made through such KKR Fund (including with respect to the applicable KKR GP's right to receive carried interest distributions), which arrangements are not employed by such KKR Fund itself. These differences in hedging strategy could result in such KKR proprietary entities achieving more or less favorable returns with respect to an investment relative to the returns achieved by the KKR Fund or Other Client or other investors in the KKR Fund or Other Client depending upon the timing of the disposition of the relevant investment. In the future, certain KKR Funds or Other Clients, KKR Credit Funds or a KKR proprietary entity may concurrently, or in close proximity in time with such acquisition by a different KKR Fund or Other Client, establish a short position in a security acquired by such KKR Fund or Other Client (for example as collateral) or that otherwise relates to such an investment held by such KKR Fund or Other Client and such short sale may result in a decrease in the price of the security acquired by or otherwise held by such KKR Fund or Other Client or may otherwise benefit the execution quality of the transaction entered into by another KKR Fund or Other Client, or a KKR Credit Fund, and/or KKR proprietary entity.

With respect to private equity investments, certain KKR Funds or Other Clients will typically seek to acquire controlling or other significant influence positions in its investments. As a result, KKR Funds or Other Clients may have the ability to elect some or all of the members of the board of directors of their portfolio companies and thereby control their policies and operations, including the appointment of management, future issuances of common stock, or other securities, the payments of dividends, if any, on their common stock, the incurrence of debt, amendments to their certificates of incorporation and bylaws, and entering into extraordinary transactions. Certain actions of a portfolio company that KKR is in a position to control or

influence by reason of a KKR Fund's or Other Client's interest in such company may be in the interests of the KKR Fund or Other Client but adverse to the interests of a KKR Credit Fund, or vice versa. For example, a KKR Fund could have an interest in pursuing an acquisition that would increase indebtedness, a divestiture of revenue-generating assets, or another transaction that, in KKR's judgment, could enhance the value of the KKR Fund's investment, but would subject debt investments made by a KKR Credit Fund to additional or increased risk.

In addition, to the extent that a KKR Fund is the controlling shareholder of a portfolio company, KKR or a KKR affiliate is likely to have the ability to determine (or significantly influence) the outcome of all matters requiring stockholder approval and to cause or prevent a change of control of such company or a change in the composition of its board of directors and could preclude any unsolicited acquisition of that company. A KKR Fund's or Other Client's interests with respect to the management, investment decisions, or operations of a portfolio company may at times be in direct conflict with those of KKR Credit Funds that do not have the same level of control or influence over the company. As a result, KKR may face actual or apparent conflicts of interest, in particular in exercising powers of control over KKR Fund portfolio companies.

KKR's ability to implement any KKR Fund's or Other Client's strategy effectively may also be limited to some extent by contractual obligations entered into in respect of investments made by a different KKR Fund or Other Client, or a KKR Credit Fund, or KKR proprietary entity. Limitations on strategy implementation may also result from regulatory obligations or restrictions imposed on KKR as a result of the regulatory status of KKR proprietary entities and/or different KKR Funds or Other Clients, or a KKR Credit Fund (for example, under ERISA or the Investment Company Act), including restrictions on the ability of any KKR Fund or Other Client (or KKR on their behalf) to invest in securities or interests that such KKR Fund or Other Client may otherwise be interested in pursuing or to otherwise take actions in respect of such KKR Fund's or Other Client's investments that may be beneficial to such KKR Fund or Other Client.

For example, with respect to a KKR Fund's or Other Client's investments in certain companies, KKR Credit Funds may invest in debt issued by the same companies. The interests of the KKR Fund or Other Client will not be aligned in all circumstances with the interests of KKR (or any affiliate) or KKR Credit Funds to the extent they hold debt interests, which could create actual or potential conflicts of interest or the appearance of such conflicts. In that regard, actions may be taken by KKR (or any affiliate) or KKR Credit Funds that are adverse to the KKR Fund or Other Client. The interests of the KKR Fund, Other Client, KKR and/or KKR Credit Funds investing in different parts of the capital structure of a portfolio company are particularly likely to conflict in the case of financial stress or distress of the company and such conflicts will be increased where KKR and/or other KKR Funds or Other Clients hold material equity interests in a portfolio company or otherwise have a material influence on its management. For example, if additional financing is necessary as a result of financial or other difficulties of a portfolio company, it may not be in the best interests of a KKR Credit Fund, as a holder of debt issued by such company, to provide such additional financing and the ability of KKR to recommend such additional financing as being in the best interests of the KKR Fund or Other Client might be impaired. In addition, it is possible that, in a bankruptcy proceeding, the KKR Fund's or Other Client's interests may be subordinated or otherwise adversely affected by virtue of KKR's and/or such KKR Credit Fund's involvement and actions relating to their investment. There can be no assurance that the term of or the return on the KKR Fund's or Other Client's investment will be equivalent to or better than the term of or the returns obtained by the KKR Credit Fund participating in the transaction. This may result in a loss or substantial dilution of the KKR Fund's or Other Client's investment, while KKR (or an affiliate) or a KKR Credit Fund recovers all or part of amounts due to it. Similarly, KKR's ability to implement a KKR Fund's or Other Client's strategies effectively may be limited to the extent that contractual obligations entered into in respect of the activities of KKR (or an affiliate) or KKR Credit Fund impose restrictions on such KKR Fund or Other Client engaging in transactions that KKR may be interested in otherwise pursuing.

KKR has established a conflicts of interest policy and procedures intended to mitigate potential conflicts of interest inherent in investments by KKR Funds, Other Clients, and KKR Credit Funds in portfolio companies of other KKR Funds or Other Clients. These policies and procedures, which include limitations on both the maximum amounts and types of certain such investments and procedures relating to transacting in the securities of such companies when they become distressed, are intended to supplement such restrictions and other requirements relating to such investments as may be disclosed in the offering materials, disclosure documents and/or governing documents of any KKR Fund or Other Client. However, no assurance can be made that any such conflict of interest will be resolved in favor of the KKR Funds or Other Clients.

To the extent KKR Funds, Other Clients, or KKR Credit Funds (including dedicated single or multiple asset co-investment vehicles) co-invest in the same securities of the same issuer, KKR also will generally seek to ensure that all participants in such co-investments participate on comparable terms. This may not be practicable or appropriate in all circumstances, however, and, subject to applicable law, a KKR Fund or Other Client may participate in such investments on different and potentially less favorable terms than other participants if KKR deems such participation as being otherwise in the best interests of such KKR Fund or Other Client.

Investments of Stakes and Seed Funds and Other Pooled Funds

Stakes and Seed Funds and pooled funds or separate accounts managed by portfolio companies (or divisions or subsidiaries of portfolio companies) of KKR Funds or Other Clients may pursue a broad range of investment strategies and invest in a broad range of securities and instruments and other assets globally. Any of these funds or accounts may invest in securities or other financial instruments of companies (or issuers) in which KKR Funds or Other Clients may also have an interest. These funds and accounts may also invest in competitors of KKR Funds, Other Clients or their respective portfolio companies. Actions taken by any Stakes and Seed Manager in respect of any of the foregoing may adversely impact a KKR Fund or Other Client. Any such investments and actions will be controlled by the respective Stakes and Seed Manager and will generally be outside the control and oversight of KKR.

KKR Purchases/Sales of Securities Recommended to KKR Funds and Other Clients

Co-Investment Vehicles

As indicated above in response to Item 4, KKR (and its affiliates) sponsor and manage a number of KKR Funds and other vehicles that are dedicated co-investment vehicles that invest in single or multiple portfolio companies alongside other KKR Funds and Other Clients. Co-investment vehicles include, but are not limited to, investment vehicles that are only open to investment by Employees, Senior Advisors, Industry Advisors, KKR Capstone, RPM and other persons associated with KKR (which may include executives of KKR portfolio companies and external consultants) (i.e. KKR Associates Vehicles). These vehicles will typically invest in portfolio companies at the same time and price and on the same terms as the other participating KKR Funds and Other Clients to the extent practicable. KKR (and its affiliates) does not charge management fees or receive incentive allocations for its services to KKR Associates Vehicles and KKR (or its affiliates) retains any allocated monitoring fees, transaction fees and service costs based on their respective ownership of the relevant company or investment as discussed above in Item 5. KKR (or its affiliates) also bears any allocable share of expenses on behalf of these vehicles.

Proprietary Investments

KKR & Co. uses the balance sheet (the “**Balance Sheet**”) of its subsidiaries as a significant source of capital to further grow and expand its business, increase its participation in existing businesses, improve the liquidity profile of the Firm, and further align its interests with those of investors in KKR Funds and other

stakeholders. The Balance Sheet includes general partner and limited partnership interests in certain KKR Funds, KKR Credit Funds, and co-investments in certain portfolio companies of KKR Funds and KKR Credit Funds. The Balance Sheet also owns the assets of KKR Financial Holdings LLC (“KFN”) and interests in Stakes and Seed Managers. The Balance Sheet also holds other assets used in the development of KKR & Co.’s business, including seed capital for the purpose of developing, evaluating and testing potential investment strategies or products (“**Seed Investments**”). KKR & Co. also engages in certain structured financing transactions to improve the liquidity profile of the Firm and further expand its investor base. For example, KKR & Co. has established an alternative asset financing vehicle and certain separate structured managed accounts to obtain financing on pools of assets, including assets from the Balance Sheet, in consideration for KKR & Co. providing the lenders with a portion of the upside in such investments and retaining a “first loss” position with respect to any depreciation in the value of such investments over a designated term.

KKR has adopted policies and procedures (the “**Balance Sheet Guidelines**”) to mitigate any potential conflicts of interest between the investment activities of the Balance Sheet on the one hand and any KKR Fund (or Other Client) on the other. Under the Balance Sheet Guidelines, the Balance Sheet’s uses are categorized generally into three primary categories: (1) strategic, (2) opportunistic and (3) operational funding.

Strategic uses principally focus on acquiring or owning assets in the financial services industry to enhance KKR & Co.’s businesses or earnings. Examples of such uses include strategic acquisitions, such as KFN, general partner commitments to KKR Funds and KKR Credit, warehoused investments for KKR Funds and KKR Credit Funds and Stakes and Seed Managers. For the sake of clarity, Stakes and Seed Managers are separate and distinct from Seed Investments. Investments in Stakes and Seed Managers involve strategic, non-controlling investments in third-party managers (and their funds) while Seed Investments are strategic investments managed by KKR (or its affiliates). If a potential, non-warehoused investment is determined by KKR in its discretion to be strategic in nature, then such investment opportunity (including the acquisition of assets that are within the investment focus of any KKR Fund or Other Client) is deemed not within the investment focus of any KKR Fund or Other Client and will accordingly not be allocated to KKR Funds or Other Clients. In addition, KKR may determine that an investment in a company is strategic at one given time but an investment in a similar company is opportunistic at a later time due to geographic or other considerations (including, but not limited to, investments in different parts of the capital structure). In the event that KKR has made a Seed Investment intended to be warehoused or otherwise transferred to a KKR Fund or Other Client, but such KKR Fund or Other Client does not launch, KKR may determine to keep the Seed Investment as a Balance Sheet investment.

Opportunistic uses are investments principally made to generate a return on investment and KKR may make opportunistic investments pursuant to investment strategies that mirror or are similar to, in whole or in part, investment strategies implemented by KKR on behalf of KKR Funds or Other Clients due to geographic or other considerations. KKR seeks to mitigate potential conflicts of interest arising from opportunistic investments by offering, where KKR believes it is appropriate, such investments to relevant KKR Funds or Other Clients. For example, KKR and certain KKR Funds or Other Clients may invest in opportunistic “core” private equity investments, which are typically characterized by an expectation of lower returns and risks, longer hold periods, less leverage, and greater focus on income generation and regular dividends than typical private equity investments, although no single attribute is determinative and attributes of a particular core private equity investment may change over time. In order to manage potential conflicts related to such opportunistic investments, KKR has established allocation policies and procedures which provide for core private equity investments to be offered to relevant KKR Funds and Other Clients pursuing traditional private equity strategies and certain other investor transparency measures.

With respect to co-investments, KKR proprietary entities from time to time co-invest in other KKR Funds' or Other Clients' investments in portfolio companies. Co-investments by KKR proprietary entities result in less availability of discretionary investment opportunities for third parties. KKR does not generally charge management fees or service costs or performance related compensation for its services to such other KKR proprietary entities for such co-investment opportunities and KKR retains any allocated monitoring fees and transaction fees based on their respective ownership of the relevant investment in a portfolio company. KKR may also bear any allocable share of expenses related to such co-investments on behalf of such KKR proprietary entities. Application of KKR's allocation policies and procedures may result in allocations of investment opportunities between KKR Funds or Other Clients on the one hand and KKR proprietary entities on the other, that are non-pro rata (including a greater than pro rata allocation to a proprietary account) relative to a KKR Fund or Other Client in either the same or different parts of a target company's capital structure. See "Allocation of Investment Opportunities" below for further information. In addition, a KKR Fund or Other Client may, subject to applicable requirements in their governing documents which may include obtaining limited partner advisory committee consent, determine to sell a particular portfolio company interest into a separate vehicle, which may be managed by KKR, with different terms than the KKR Fund or Other Client (for example, longer duration). Under such circumstances, KKR may invest in the new vehicle alongside participating limited partners, or hold the entirety of the portfolio company interest sold by the KKR Fund or Other Client through the new vehicle.

Moreover, KKR may manage proprietary entities according to investment strategies that are inconsistent with, or deviate in material aspects from, the investment strategies pursued by KKR Funds or Other Clients. The foregoing proprietary entities, including certain Seed Investments and KFN may invest in similar or the same types of securities, properties or other assets in which KKR Funds or Other Clients may invest, or may have investment objectives, programs, strategies and positions that are similar to, or may conflict with, those of KKR Funds or Other Clients. These proprietary entities may compete with, and have interests adverse to a KKR Fund or Other Client. The existence of Seed Investments and KKR proprietary entities, including KFN, investing in the same or similar investments that may be made by KKR Funds or Other Clients could, among other adverse consequences, affect the prices of the investments, securities, properties or other assets in which a KKR Fund or Other Client invests and will affect the availability of such assets. In such circumstances, KKR's interest in maximizing the investment return of its proprietary entities and those of its affiliates may create a conflict of interest in that KKR may be motivated to allocate more attractive investments to the proprietary entities under its management, and allocate less attractive investments to the KKR Funds or Other Clients. Similarly, KKR may be motivated to allocate scarce investment opportunities to the proprietary entities under its management rather than to the KKR Funds or Other Clients. Investment professionals who participate in investment decisions made on behalf of KKR Funds or Other Clients as described above may be involved in the investment activities of the Balance Sheet. As noted above, the Balance Sheet Guidelines seek to mitigate such potential conflicts of interest.

Lastly, the Balance Sheet's operational funding uses typically consist of activities to facilitate normal course transactions in support of the KKR & Co.'s businesses, including credit support to KKR GP obligations to KKR Funds and Other Clients and support of certain transactions by KKR Funds and Other Clients. Examples of such activities include capital support for the activities of Affiliated Brokers and treasury and liquidity management investments. Operational activities may also include provision by the Balance Sheet of credit support to a KKR GP's obligation to a KKR Fund or Other Client to support certain transactions by KKR Funds or Other Clients. A KKR proprietary account, has in the past and may in the future, guarantee the obligations of a KKR GP to post collateral on behalf of a KKR Fund in connection with such KKR Fund's derivative transactions, and agrees to be liable for certain investment losses and/or for providing liquidity in the events specified in the governing documents of a KKR Fund. Operational funding activities are not offered to KKR Funds or Other Clients for investment allocation purposes.

Allocation of Investments

KKR has adopted policies and procedures designed to ensure allocations of opportunities among KKR Funds, Other Clients, KKR Associates Vehicles and KKR proprietary entities, to the extent practicable and in accordance with each KKR Fund's, Other Client's, KKR Associates Vehicle's and KKR proprietary entity's applicable investment strategies, are made on a fair and equitable basis over time. These policies and procedures seek to allocate investment opportunities and related co-investment opportunities among KKR Funds, Other Clients, KKR proprietary entities or KKR Credit Funds, in the event there is an overlap of investment strategies. Such policies and procedures are further supported by the Balance Sheet Guidelines, which as described above, address proprietary investment activity that occurs alongside KKR Funds and Other Clients. Please also see "Allocation of Investment Opportunities – Balance Sheet Investments and Co-Investments" sections below for further information regarding KKR's allocation procedures with respect to certain proprietary investments.

Allocations of investment opportunities are reported to KKR's Global Conflicts Committee. KKR's Global Conflicts Committee reviews new or potential conflicts of interest that may arise in KKR's business, including conflicts relating to specific transactions and circumstances, as well as those implicit in the overall activities of KKR and its various businesses. Notwithstanding the application of the foregoing policies and procedures, a KKR proprietary entity may over any particular time period, and over all time periods, have superior performance than KKR Funds or Other Clients.

In order to manage the allocation of investment opportunities, and to maintain the integrity of the investment strategy and track record of any Seed Investment or a KKR proprietary entity, investments will be allocated in a manner consistent with and pursuant to KKR Funds' and Other Clients' allocation procedures. Under these procedures, the conflicts inherent in making such allocation decisions may not always be resolved to the advantage of the KKR Funds and Other Clients. Moreover, except as provided in the governing documents of KKR Funds or Other Clients, no KKR Fund or Other Client will necessarily have any priority in respect of any category of investment opportunities in accordance with KKR's allocation methodology (as discussed below).

Allocations of Investment Opportunities

Private Equity and Real Asset Investments

Generally, the terms of each KKR Fund or Other Client relationship (other than certain co-investment vehicles and KKR Associates Vehicles) include provisions setting out the rights of:

- the KKR Fund or Other Client to receive allocations of suitable investment opportunities in priority to, or together with or subject to, as applicable, the participation of other KKR Funds or Other Clients within the relevant strategy ("**Defined Allocation Rights**"); and
- KKR to permit third parties (including through co-investment vehicles established by KKR or KKR Credit for third parties, Employees and associated persons (i.e. KKR Associates Vehicles) or KKR's principal investment (i.e. Balance Sheet) activities) to co-invest in such opportunities.

These provisions, if applicable, are set out in the offering materials, disclosure documents and/or governing documents for each such KKR Fund or Other Client.

Types of KKR Funds and Other Clients

In determining how an investment opportunity will be allocated and whether a specific investment opportunity will be offered to KKR Funds, Other Clients, KKR Associates Vehicles, KKR proprietary entities and other parties, including co-investors, KKR considers the following types of relationships:

<i>Flagship Vehicles</i>	A “Flagship Vehicle” is a KKR Fund or Other Client that typically is the largest pool of capital for a particular investment strategy and has a Defined Allocation Right that may include a contractual minimum investment amount in each opportunity within its strategy before other KKR Funds, Other Clients, KKR proprietary entities and co-investors can participate. A KKR Fund or Other Client that is a Flagship Vehicle often has a target hold amount for equity commitments for investments within its mandate, which may be higher than its contractual minimum investment amount. Flagship Vehicles include KKR Associates Vehicles that are structured as committed capital parallel funds that invest alongside the applicable KKR Fund or Other Client on a pari passu basis.
<i>KKR Associates Vehicles</i>	These vehicles are typically permitted to invest alongside Flagship Vehicles in specific portfolio companies prior to such Flagship Vehicle satisfying its contractual minimum investment amount (and are separate vehicles from the parallel fund KKR Associates Vehicles described above under “Flagship Vehicles”). The provisions relevant to such KKR Associates Vehicles, if applicable, are set out in the offering materials, disclosure documents and/or governing documents for each such Flagship Vehicle.

In addition to Flagship Vehicles and KKR Associates Vehicles, KKR maintains a number of different co-investment relationships, including both co-investors to which KKR owes an obligation to allocate investment opportunities and other relationships to which KKR does not owe an obligation to allocate investment opportunities. These different relationships enable the Firm to consummate transactions on behalf of the Flagship Vehicles where additional capital is required above the relevant Flagship Vehicle’s target hold amount. In order to facilitate these transactions and subject to applicable offering materials, disclosure documents and/or governing documents, the Firm considers a number of factors, including any fiduciary or contractual obligations, in prioritizing allocations among KKR Funds, Other Clients, KKR proprietary entities and co-investors (including parties that are not advisory clients of KKR). Please also see Item 11 – “Other Conflicts of Interest” for further information regarding strategic partnerships.

<i>Other Funds/SMAs</i>	“Other Funds/SMAs” are KKR Funds or Other Clients, including investment vehicles established for a single investor, that are entitled to be offered investment opportunities that fall within their mandate after the applicable Flagship Vehicle for the relevant strategy has satisfied at least its contractual minimum investment amount. For certain vehicles in this category, KKR has the final decision-making authority for investments, known as “discretionary accounts.” Vehicles in which the investor retains final decision-making authority for investments, including vehicles where the investor must consent or has opt-out rights, are known as “non-discretionary accounts.”
<i>Contractual Sourcing Relationships</i>	“Contractual Sourcing Relationships” are contractual arrangements that entitle an investor to be offered investment opportunities that fall within defined sourcing parameters after the applicable Flagship Vehicle for the relevant

	strategy has satisfied at least its contractual minimum investment amount and Other Funds/SMAs with applicable mandates have been offered the opportunity. The investor generally retains final decision-making authority for investments under the Contractual Sourcing Relationships. Written or oral acknowledgement of a fund investor's interest in co-investment opportunities does not constitute Contractual Sourcing Relationships.
<i>Syndication Side Cars</i>	“Syndication Side Cars” are KKR Funds that have been established to facilitate participation by investors in investment opportunities but are not entitled to be offered any opportunities in any strategies. Such vehicles may be offered the opportunity to participate in investment opportunities after Flagship Vehicles, KKR Associates Vehicles, Other Funds/SMAs and Contractual Sourcing Relationships have been permitted to participate. Syndication Side Cars are not advisory clients of KKR.
<i>Syndicatees</i>	Syndicatees are third-party co-investors and are not entitled to be offered any opportunities in any strategies. Syndicatees may be offered the opportunity to participate in investment opportunities after Flagship Vehicles, KKR Associates Vehicles, Other Funds/SMAs and Contractual Sourcing Relationships have been permitted to participate. Syndicatees may include investors in KKR Funds or other third-parties, such as institutional investors or high net worth individuals. Syndicatees are not advisory clients of KKR.
<i>Balance Sheet</i>	The Balance Sheet is comprised of KKR proprietary investment vehicles and is not entitled to be offered any opportunities in any strategies. The Balance Sheet may be offered the opportunity to participate in investment opportunities after Flagship Vehicles, KKR Associates Vehicles, Other Funds/SMAs and Contractual Sourcing Relationships have been permitted to participate. KKR may consider its own interests before the interests of Syndication Side Cars or Syndicatees, which are not advisory clients of KKR, in deciding whether to present investment opportunities to them. The Balance Sheet may under certain circumstances invest in similar or the same type of securities, properties or other assets in which KKR Funds or Other Clients invest. The Balance Sheet may also have investment objectives, programs, strategies and positions that are similar to, or that conflict with, those of KKR Funds or Other Clients. KKR seeks to mitigate any potential conflicts of interest between investment activities of the Balance Sheet on the one hand and any KKR Fund or Other Client on the other. Please see “KKR Purchases/Sales of Securities Recommended to KKR Funds and Other Clients -- <i>Proprietary Investments</i> ” above for a discussion of the Balance Sheet Guidelines.

KKR, from time to time, develops new client relationships and vehicles, including new types of arrangements that may alter the relative priority of allocations described above, pursuant to any limitations contained in the offering materials, disclosure documents and/or governing documents for existing KKR Funds.

Process

The initial step in the allocation of an investment opportunity is to determine the strategy and geographic location, to the extent relevant, which is most appropriate for the opportunity. In some cases distinctions are

subject to KKR's judgment as to which strategy or geographic location is most appropriate for the opportunity.

Subsequent steps in the allocation process generally apply the following guidelines and take into account the following considerations:

- A Flagship Vehicle will generally receive at least its contractual minimum investment amount before Other Funds/SMAs, KKR proprietary entities and co-investors can participate (except for KKR Associates Vehicles as described above). The applicable investment committee for such Flagship Vehicles often determines that amounts in excess of the minimum contractual amount are appropriate in light of investment objectives and existing portfolio exposures and weightings. However, where the participation of one or more third-parties facilitates the consummation of an investment by a Flagship Vehicle or is otherwise beneficial to such investment, such third-parties may participate in the relevant investment regardless of the amount invested by the relevant Flagship Vehicle. If appropriate based on portfolio construction considerations and Defined Allocation Rights, a Flagship Vehicle may receive the entire allocation of an investment opportunity.
- As discussed above, Other Funds/SMAs and Contractual Sourcing Relationships will be offered investment opportunities that fall within their mandate after the applicable Flagship Vehicles have received at least their contractual minimum investment amount (if any). Please see "Allocations of Investments – *Types of Funds and Other Clients*" above for a further discussion of the types of relationships KKR considers for investment allocation purposes.
- Where more than one KKR Fund and/or Other Client may participate in an investment opportunity at the same level of priority pursuant to their Defined Allocation Rights, the relevant opportunity will generally be allocated among such KKR Funds and Other Clients on the basis of (i) the suitability of the investment opportunity for each such KKR Fund and Other Client (as determined by the applicable governing documents and KKR's policies and procedures) and (ii) other relevant considerations, including, but not limited to: investment objectives, available capital, the timing of capital inflows and outflows and anticipated capital commitments and subscriptions; applicable concentration limits and other investment restrictions; mandatory minimum investment rights and other contractual obligations applicable to participating funds, vehicles and accounts and/or to their investors; portfolio diversification; tax efficiencies and potential adverse tax consequences; regulatory restrictions applicable to participating funds, vehicles and accounts and investors that could limit a vehicle's ability to participate in a proposed investment; policies and restrictions applicable to participating vehicles; the avoidance of odd-lots or a de minimis allocation to one or more participating vehicles; the potential dilutive effect of a new position; the overall risk profile of a portfolio; the potential return available from a debt investment as compared to an equity investment; and any other considerations deemed relevant by KKR and its affiliates. The relevance of each of these criteria will vary depending on the investment opportunity, with no single factor consistently outweighing the others. The outcome of any allocation determination by KKR may result in the allocation of all or none of an investment opportunity to a KKR Fund (or Other Client) or in allocations that are otherwise on a non-pro rata basis. Subject to the applicable governing documents, such determinations may also result in the dilution of a KKR Fund's or Other Client's interest in any existing investment by another KKR Fund or Other Client, KKR and/or third party co-investors to the extent that an investment opportunity constituting a follow-on investment in respect of an existing investment arises and the relevant KKR Fund or Other Client has insufficient available capital (including pursuant to reserves for follow-on investments following the end of the KKR Fund's or Other Client's investment period established by the relevant KKR GP or KKR) to take up all or any part of what would otherwise be its allocable share of such opportunity. Any such dilution

may be determined on the basis of a valuation in respect of the existing investment determined by the relevant KKR GP or KKR. The fact that carried interest is calculated at different rates among KKR Funds and Other Clients, or is subject to different hurdle rates or other similar terms, creates an incentive for KKR or its affiliates to disproportionately allocate investment opportunities to vehicles allocating carried interest at a higher rate (or subject to a lower hurdle rate). However, as discussed above, KKR has adopted policies and procedures that seek to ensure that investment opportunities are allocated in good faith and that such allocations are fair and reasonable under the circumstances and considering such factors as KKR deems relevant.

- As a result of taking into account relevant KKR Fund or Other Client portfolio construction criteria (such as industry/company/geographic exposure, liquidity, yield and risk/return profile) and other relevant considerations described above in an allocation decision, the result may be that a KKR Fund or Other Client may not participate in an investment opportunity that would otherwise be appropriate for it, or may receive an allocation that is smaller or larger than a strict application of available capital might otherwise indicate. In addition, certain KKR Funds or Other Clients may opt-out of an investment opportunity that is otherwise appropriate for them based on rights granted in the relevant governing documents. If a KKR Fund or Other Client cannot or does not participate in an investment opportunity, other KKR Funds or Other Clients may receive all or a portion of its allocation or its allocation may be offered to eligible investors (including co-investment vehicles established by KKR for third parties or its principal investment activities or KKR Associates Vehicles) in accordance with applicable fund agreements, investment management agreements and/or investment guidelines for participating KKR Funds.

Co-Investors

If additional capital remains available after the relevant Flagship Vehicles, KKR Associates Vehicles, Other Funds/SMAs and Contractual Sourcing Relationships have been permitted to participate, then KKR may consider offering the excess available equity to co-investors, including Syndicatees (including, but not limited to, existing investors in KKR Funds and other third parties), Syndication Side Cars and the Balance Sheet. “Co-investors” are not advisory clients of KKR or parties to which KKR owes a contractual obligation so the principles for offering excess availability to these potential investors are discretionary and differ from the principles that apply to advisory clients of KKR or parties to which KKR owes a contractual obligation.

Co-investment opportunities are offered to some parties but not to others based on KKR’s determination of their suitability for a particular co-investment opportunity using factors, including, but not limited to: (i) interest of fund investors (i.e. whether an existing limited partner in a KKR Fund has expressed interest in being presented with co-investment opportunities in connection with a commitment to an existing KKR Fund; these indications are typically not binding on either KKR or the limited partner); (ii) economic considerations (i.e. whether the particular economic arrangement with the co-investor in connection with the co-investment contains a management fee and/or carried interest, and the proposed amount of the fee/carry rates); (iii) certainty of funding/execution (i.e. KKR’s view of the capability of a potential co-investor to commit to the requisite amount of funding, which is often very large, on a timeframe, which is often very short, with an emphasis on certain and expeditious execution often based on prior experience with the investor or other KKR institutional experience); (iv) size of existing investment in KKR Funds (i.e. the amount of a potential co-investor’s current commitment to KKR Funds and Other Clients); (v) investment attributes (i.e. the attributes of the investment, including KKR’s view of the ability of a co-investor to contribute to the investment, such as through geographic proximity or expertise in the region or business/industry of the co-investment); (vi) strategic considerations/future fundraising (i.e. the strategic benefits that may result from working with particular co-investors, including a co-investor’s ability to contribute to the transaction and the potential for additional commitments to KKR Funds and Other Clients by the investor); (vii) ease of process (i.e. the ease by which the investment by the potential co-investor can be

coordinated and completed, including investor transparency and the efficiency, timing and elimination of other issues in completion of the investment); (viii) legal/regulatory constraints (i.e. any legal and/or regulatory constraints relating to the investment, including legal/regulatory constraints on the co-investor or additional legal/regulatory constraints on the investment due to a potential co-investor or a co-investor who triggers additional reporting requirements, such as potential bad actor disqualification, plan assets issues under ERISA, antitrust considerations or other legal and/or regulatory factors); and (ix) tax considerations (i.e. any tax efficiencies or adverse tax consequences related to the proposed co-investment, generally focusing on effects upon the investment, including situations that trigger US tax or filing obligations for certain US tax-exempt or non-US co-investors). KKR may also consider additional factors in assessing the suitability of potential investors for co-investments, including, without limitation, whether the potential co-investment is pre- or post-signing, public relations and reputational benefits or costs, confidentiality issues or other factors relevant to the potential transaction.

The above factors are not listed in order of importance or priority. Additionally, KKR is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances.

Co-Investment Structuring

In addition to economic interests, the voting, control and governance rights with respect to an investment in which KKR Funds, Other Clients, KKR proprietary entities, KKR and/or co-investors participate may be structured in a number of ways depending upon various considerations relating to the specific investment and the entities participating. For example, voting rights may be allocated *pro rata* to the participants in an investment in accordance with their respective equity interests or may be allocated on a disproportionate basis to one or more of the participants. In many cases, the “flagship” KKR Fund participating in an investment may control the general partner (or similar entity) of the aggregating vehicle through which the various entities participate in the relevant investment, and as such will indirectly control the aggregating vehicle even where it does not own a majority of the equity in the portfolio company or the entity through which a portfolio company is controlled. Similarly, KKR proprietary entities may be allocated at least half or more of the voting rights or governance rights (including the right to elect at least half of the board of directors) with respect to an aggregating entity (which may be a limited liability company) even where the KKR Funds (or Other Clients or co-investors) own a majority of the economics or equity in the entity. Where KKR proprietary entities or a KKR Fund (or Other Client) have interests or requirements that do not align with those of a different KKR Fund (or Other Client), including in particular differing liquidity needs or desired investment horizons, conflicts may arise with respect to the manner in which the voting or governance rights with respect to an aggregator entity (or similar entity) are exercised, potentially resulting in an adverse impact on a KKR Fund (or Other Client).

Investments in Marketable Securities

From time to time, KKR Funds and Other Clients may be given an opportunity to purchase securities in initial public offerings and such offerings are expected to be over-subscribed. Such “new issues” often trade at a premium in the secondary market, which may provide the potential of an immediate profit. As a result, all investments in new issues subject to FINRA Rules 5130 and 5131 will be allocated *pro rata* only to those KKR Funds, Other Clients or KKR proprietary entities qualified to invest in such new issues. The determination of the eligibility of a KKR Fund, Other Client, or KKR proprietary entity to invest in new issues will be made by KKR’s legal and compliance department through, among other things, questionnaires contained in subscription agreements or other documentation or confirmation obtained from investors therein designed to elicit specific information regarding investor eligibility.

Balance Sheet Investments

Investments by the Balance Sheet are described above under “KKR Purchases/Sales of Securities Recommended to KKR Funds and Other Clients – *Proprietary Investments*.” KKR believes that the Balance Sheet’s strategic investments and operational funding activities are appropriate solely for proprietary investment activities and therefore not within the investment focus of any KKR Fund or Other Client. As such, strategic investments and operational funding activities are not typically allocated to KKR Funds or Other Clients. The Balance Sheet’s opportunistic investments, however, may also be allocated to relevant KKR Funds and Other Clients (see discussion below regarding examples of such investments). Please also see “KKR Purchases/Sales of Securities Recommended to KKR Funds and Other Clients – *Proprietary Investments*” for a discussion of the Balance Sheet Guidelines and “Allocation of Investment Opportunities” above for further information regarding KKR’s allocation procedures with respect to certain co-investments by KKR alongside KKR Funds or Other Clients.

Examples of opportunistic investments made by the Balance Sheet involve certain investment opportunities that are not within an investment mandate of a KKR Fund or Other Client or that have been declined by the investment committee of a relevant KKR Fund. For example, in the past the Balance Sheet has made certain Seed Investments for the real estate, and technology, media and telecommunications and health care growth equity strategies, which were below the equity investment size threshold targeted by KKR private equity funds. Such investments by their nature would not typically be allocated to KKR Funds or Other Clients. However, such investments, if opportunistic in nature, would be offered for co-investment alongside the Balance Sheet to certain KKR Funds that are established as investment vehicles for a single investor whose investment mandate includes opportunistic investments made alongside the Balance Sheet. The amount allocated to any such KKR Fund would depend on various factors, including suitability of investment, available capital, concentration limits, and other investment restrictions, the investment’s risk profile and to the extent applicable, consent of investor(s) in such KKR Fund.

Proprietary Real Estate Platform Investments

Affiliates of KKR have made KKR proprietary investments in (and may make additional investments in) real estate asset management platforms (“**RE Platforms**”). No RE Platform (or fund sponsored by a RE Platform) has been an advisory client of KKR. Rather, each RE Platform is a partnership between an affiliate of KKR and a third-party management team focused on real estate investment activities and day-to-day management of such RE Platform. The KKR affiliate, with the management team and other investors, may seek to recapitalize an existing portfolio (if any) and/or deploy capital to scale the RE Platform by acquiring real estate assets. An RE Platform’s investment strategy may overlap with an investment strategy of a KKR Fund or Other Client. In addition, KKR real estate investment professionals who participate in the investment decisions made on behalf of a KKR Fund or Other Client may also participate in the investment decisions made by a RE Platform. To the extent permitted by the terms of the RE Platform, KKR will seek to allocate overlapping investment opportunities to a KKR Fund or Other Client in a manner that it deems appropriate (any such investment, a “Joint Investment”), but conflicts inherent in making such allocation decisions may not always be resolved to the advantage of such KKR Fund or Other Client. Certain RE Platforms may pursue a core/core-plus investment strategy that seeks more stable, relatively low volatility investments, with steady cash flows, and a low to moderate risk/return profile and leverage, as compared to typical real estate investment strategies of KKR Clients and Other Clients. Core/core-plus real estate investments have been excluded from the investment mandates of certain KKR Funds and Other Clients and will therefore not be allocated to such KKR Funds and Other Clients. For each Joint Investment, the applicable RE Platform’s third-party (i.e. non-KKR) management team will be paid a management fee and receive an incentive allocation in respect of the KKR Fund’s or Other Client’s portion of such Joint Investment. No portion of such fee or incentive allocation will offset the management fee payable by the applicable KKR Fund or Other Client. Other fees related to Joint Investments, including but not limited to, leasing, property development,

property management, capex supervisory fees, financing fees and other fees for real estate services, may be charged by the RE Platform to the KKR Fund or Other Client, or their respective investment vehicles, for services rendered to the Joint Investment. These services fall outside of the scope of the management fees and incentive allocations or performance fees paid to KKR by the KKR Fund or Other Client and, like other fees for replacement services that would be paid by the KKR Fund or Other Client to KKR (or an affiliate) or third parties, none of these fees or incentive allocations reduce management fees payable by the KKR Fund or Other Client. As such, KKR (or an affiliate) may benefit economically from such other fees paid by the KKR Fund, Other Client or Joint Investment through its ownership interest in the RE Platform.

Other Conflicts of Interest

Side Letters, Strategic Partnerships and Other Arrangements

A KKR Fund or KKR GP may enter into side letters or other similar agreements with particular investors in such KKR Fund without the approval or vote of any other investor, which would have the effect of establishing rights under, altering or supplementing the terms of such KKR Fund's governing documents with respect to such investors in a manner more favorable to such investors than those applicable to other investors. Any rights established or any terms of the governing documents altered or supplemented, in side letters or other similar agreements with investors will govern solely with respect to such investors, notwithstanding any other provisions of the governing documents. Such rights or terms in any such side letters or other similar agreements may include, without limitation: (i) excuse rights applicable to particular investments (which may increase the percentage interest of other investors in and contribution obligations of other investors with respect to, such investments); (ii) reporting obligations of the KKR GP; (iii) waiver of certain confidentiality obligations; (iv) consent of the KKR GP to certain transfers by such investors; (v) withdrawal rights due to legal, regulatory or policy matters, including matters related to political contributions, gifts or other such policies; (vi) other rights or terms necessary in light of particular legal, tax, regulatory or public policy characteristics of an investor; or (vii) additional obligations, and restrictions on KKR Funds or Other Clients with respect to the structuring of any investment (including with respect to alternative vehicles).

KKR and its affiliates may from time to time enter into agreements with investors who are investors in a KKR Fund, which agreements are entered into with such investors other than in their respective capacities as investors of such fund. Such agreements do not constitute side letters since they do not establish rights under or alter or supplement the terms of the KKR Fund's governing documents and therefore will not be disclosed or offered to other investors. Such agreements may include, without limitation, strategic partnerships with investors, arrangements regarding investments with KKR in one or more investment strategies, which may include co-investments alongside the relevant KKR Fund and other KKR Funds, and similar arrangements established by KKR and its affiliates with investors other than in their respective capacities as investors of the relevant KKR Fund.

KKR has entered into, and may in the future enter into, strategic partnerships or other multi-strategy or multi-asset class arrangements with investors that commit capital to a range of KKR's platform of products, investment ideas and asset classes (including the investment strategy of an existing KKR Fund). Such arrangements may include KKR granting certain preferential terms to such investors, including blended fee and carried interest rates that are lower than those applicable to a KKR Fund when applied to the entire strategic partnership, rights to participate in the investment review and evaluation process, and training by KKR of personnel from the investor. Where such investors participate in a KKR Fund through dedicated investment vehicles or accounts as part of such arrangements, such vehicles and accounts may be granted terms, including management fees or carried interest, that are more favorable than those applicable to other investors notwithstanding that the capital commitment of the relevant investors to such vehicles or accounts and/or the capital commitments to the KKR Fund by such vehicles or accounts may be smaller than other

investors' capital commitments to such KKR Fund. Where management fees and carried interest are applicable at the level of such vehicles and accounts, such terms may include a waiver of management fees and carried interest on their investment in a KKR Fund.

KKR may also establish other KKR Funds that pursue similar investments and strategies to the relevant KKR Fund and may permit such other KKR Funds and any other investor to co-invest in investments made by such relevant KKR Fund. The terms applicable to such other KKR Funds and co-investors, including management fees or carried interest, may be more favorable than those applicable to the relevant KKR Fund (and may include no fees and/or carried interest). The foregoing preferential terms are not subject to the "most favored nation" provisions of any relevant KKR Fund and are therefore unavailable to investors in such KKR Fund that have not entered into strategic partnerships or other comparable arrangements with KKR.

General Partner's Interest; Fees

A KKR GP's entitlement to receive carried interest (particularly where a KKR Fund contains a preferred return for the benefit of investors) or comparable arrangements with any Other Client may create an incentive for the KKR GP and KKR to make riskier or more speculative investments on behalf of KKR Funds than would be the case in the absence of this arrangement. The payment by some, but not all, KKR Funds of carried interest or the payment of carried interest at varying rates (including varying effective rates based on the past performance of a KKR Fund) may create an incentive for KKR to disproportionately allocate time, services or functions to KKR Funds paying carried interest or paying carried interest at a higher rate, or allocate investment opportunities to such KKR Funds.

Each KKR GP will be responsible for the valuation of a KKR Fund's investment and KKR GPs typically do not receive carried interest until the limited partners receive distributions equal to their share of writedowns not taken into account in prior distributions. Each KKR GP, therefore, has a conflict of interest with respect to such valuations because the amount of carried interest to which such KKR GP is entitled with respect to the KKR Fund, and the timing of its receipt of carried interest, will depend in part on the value of the investments that continue to be held by the KKR Fund. Further, in the "catch-up" period (if any) that occurs after investors have received the applicable preferred return, the KKR GP is incentivized to bring realizations forward and lock in returns (and stop the accrual of the preferred return), even though the KKR Fund may achieve a higher overall return if it had realized the investment at a later date. Finally, a KKR GP could be motivated to overstate valuations in order to improve a KKR Fund's track record or to minimize losses from writedowns that may need to be returned in accordance with the terms of the relevant KKR Fund prior to the KKR GP's receiving carried interest. KKR has valuation policies and procedures in place to protect against such conflicts of interest.

In addition, in the event that any KKR Fund makes any distribution in kind to investors as a whole or to any investor in particular, the fair market value of such property will be determined by the relevant KKR GP. If the valuations made by the KKR GP are incorrect (including both with respect to an in kind distribution or with respect to the fair value of investments that continue to be held by the KKR Fund), the carried interest received by such KKR GP, or the timing of receipt of carried interest, could also be incorrect. An independent valuation or appraisal generally will not be required and is not expected to be obtained in connection with in kind distributions.

A KKR GP may elect to receive an in-kind distribution in lieu of a cash distribution with respect to carried interest or other amounts distributable to such KKR GP with respect to a portfolio investment of a KKR Fund. In such circumstances, notwithstanding the KKR GP's election to receive its share of the investment in-kind, it is expected that the KKR Fund would dispose of the portion of the investment allocable to the investors and distribute cash. The decision of the KKR GP to receive such an in kind distribution will result in such KKR GP disposing of its investment at a different time than the disposition by the KKR Fund of the portion of the

investment allocable to the investors and otherwise taking actions with respect to such investment (including the exercise of voting or other rights in connection therewith) that are different than the actions taken by the KKR Fund with respect to the portion of the investment allocable to the investors. A KKR GP may ultimately receive a return on its share of an investment distributed to it in kind that is higher than the return achieved by the investors with respect to their share of such investment and is higher than the amount it would have received (including with respect to both its carried interest and its capital interest) had it taken its distribution in cash at the same time as the disposition by the KKR Fund.

Under certain circumstances, a KKR proprietary entity may seek to hold a co-investment interest when a KKR Fund or Other Client sells, due to differences in strategy, asset allocation objectives or liquidity needs. KKR would obtain any consents required under the governing documents of KKR Funds and Other Clients prior to doing so and would endeavor to determine whether there would be a negative impact on the valuations of KKR Funds or Other Clients prior to implementing a hold strategy for a KKR proprietary account. However, there can be no assurances that such variations in timing of investment dispositions will not be detrimental to KKR Funds and Other Clients.

The payment of the management fees may also give rise to certain conflicts of interest. Management fees are typically paid quarterly, and fees will typically step down to a lower rate as a percentage of invested capital after a KKR Fund's or Other Client's investment period has concluded. Typically, the management fee amounts payable upon the occurrence of the relevant step down date are based on the cost basis of invested capital as of the last day of the most recently ended calendar quarter. Management fees post step down date will be greater to the extent the relevant KKR Fund has invested more capital. As a result, the method of calculating the management fees may create an incentive for a KKR GP (or KKR) to seek to draw down and deploy more capital (or more capital more quickly) than it would otherwise. Furthermore, the method of calculating management fees may create an incentive for a KKR GP (or KKR) to cause the relevant KKR Fund (or Other Client) to hold on to investments that have poor prospects for improvement in order to receive ongoing management fees and a potentially larger carried interest distribution.

Service Providers

Certain advisors and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms), to a KKR Fund or Other Client and its portfolio companies may also provide goods or services to or have business, personal, political, financial or other relationships with the general partner of such fund, KKR or its affiliates. Such advisors and service providers may be investors in other KKR Funds and KKR & Co., sources of investment opportunities for KKR, a KKR Fund or may otherwise be co-investors with or counterparties to transactions involving the foregoing, and payments by such KKR Funds and/or portfolio companies may indirectly benefit KKR or such other KKR Funds. These relationships may influence a KKR GP and KKR in deciding whether to select or recommend any such advisor or service provider to perform services for a KKR Fund or Other Client or a portfolio company (the cost of which will generally be borne directly or indirectly by such KKR Fund or Other Client or its portfolio company, as applicable).

Notwithstanding the foregoing, KKR GPs and KKR will generally seek to engage advisors and service providers in connection with investment transactions for KKR Funds or Other Clients that require their use on the basis of the overall quality of advice and other services provided as well as cost, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that a KKR GP believes to be of benefit to the KKR Fund or Other Client, as applicable. Advisors and service providers, or their affiliates, often charge different rates or have different arrangements for specific types of services. With respect to service providers, for example, the fee for a given type of work may vary depending on the complexity of the matter as well as the expertise required and demands placed on the service provider. Therefore, to the extent the types of services used by KKR

Funds, Other Clients and portfolio companies are different from those used by KKR and its affiliates, KKR and its affiliates may pay different amounts or rates than those paid by the KKR Funds, Other Clients and portfolio companies. However, it is KKR's practice to not enter into arrangements with advisors or service providers that could provide for lower rates or discounts than those available to KKR Funds, Other Clients or portfolio companies for the same services.

Third Party Placement Agents

KKR may enter into arrangements with third parties to raise capital for a KKR Fund or Other Client. Such placement agents may receive a flat fee or a percentage of the investments they bring to the respective KKR Fund or Other Client. KKR generally bears such fees instead of KKR Funds and Other Clients. Basing the placement agent's compensation on an investor's decision to invest creates a conflict of interest by incentivizing the placement agent to attract investors to a KKR Fund or Other Client when it may not be in the investors' best interests to subscribe.

Interpretation of Governing Documents and Legal Requirements

The governing and related documents of each KKR Fund or Other Client are detailed agreements that establish complex arrangements among KKR, the investors, the KKR Fund or Other Client, and other entities and individuals. Questions will arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, some of which the parties may not have considered while drafting and executing these agreements. In these instances, the applicable provisions of the agreements, if any, may be broad, general, ambiguous, or conflicting, and may permit more than one reasonable interpretation. At times, there may not be provisions directly applicable to the situation at hand. While the relevant agreements will be construed in good faith and in a manner consistent with KKR's legal obligations, the interpretations adopted by KKR may not necessarily be, and need not be, the most favorable interpretations for KKR Funds or Other Clients or their investors.

Multiple Clients

Certain inherent conflicts of interest arise from the fact that KKR provides investment management services to multiple clients, as these clients may have overlapping investment objectives. The KKR professionals who provide investment management services to one KKR Fund or Other Client are affiliated with other KKR professionals who provide similar services to other KKR Funds or Other Clients with the same or similar investment objectives. In addition, portfolio strategies or KKR proprietary investment strategies that KKR employs for a certain KKR Fund or Other Client could conflict with strategies for other KKR Funds or Other Clients, and may affect the prices and availability of securities and other assets in which such other KKR Funds or Other Clients invest. KKR may also advise KKR Funds or Other Clients with conflicting investment objectives or strategies, which can adversely affect the prices and availability of other securities or instruments held by or considered for one or more KKR Funds or Other Clients.

KKR may receive various kinds of portfolio company data and information (including from portfolio entities of KKR Funds and Other Clients), including information relating to business operations, trends, budgets, customers and other metrics. KKR believes that access to this information may further the interests of limited partners by providing opportunities for operational improvements across portfolio companies and for KKR to utilize such information in connection with the investment management activities of KKR Funds and Other Clients. Subject to applicable confidentiality requirements and applicable law and KKR's policies and procedures on the proper handling of private and confidential information, KKR may also utilize such information outside of the activities of KKR Funds and Other Clients in a manner that provides a material benefit to KKR or KKR affiliates in which KKR Funds or Other Clients would not participate. In addition, the acquisition of confidential or non-public information may also limit the ability of KKR Funds and Other

Clients to buy or sell particular securities. The benefits received by KKR or KKR affiliates from any such arrangements will not offset management fees or otherwise be shared with investors.

Advisory Committees

Certain KKR Funds or Other Clients have advisory committees that consist of the representatives of certain investors in such KKR Funds or Other Clients. Any approval or consent given by such advisory committees is generally binding on such KKR Funds or Other Clients and all of their investors. Advisory committees are also generally authorized to give approval or consent required under the Advisers Act, including under Section 206(3) of the Advisers Act. Although KKR has adopted investment allocation policies and procedures and a conflict of interest policy to mitigate potential conflicts of interest among KKR Funds and Other Clients, advisory committee members may have conflicts of interest that do not disqualify them from voting on or consenting to matters submitted for consideration or review. In addition, advisory committee members generally do not owe a fiduciary obligation to the relevant KKR Fund or Other Client.

Common Advisors

KKR Funds, Other Clients, certain co-investment vehicles, KKR Associates Vehicles, and KKR Credit Funds will generally engage common legal counsel and other advisors to represent all of the parties in a particular transaction, including a transaction in which such funds have conflicting interests because they are investing in different securities of a single portfolio company. In the event of a significant dispute or divergence of interest between one or more KKR Funds, Other Clients, certain co-investment vehicles, KKR Associates Vehicles, and KKR Credit Funds, such as in a work-out or other distressed situation, separate representation may become desirable, in which case KKR may hire separate counsel in its sole discretion, and in litigation and other circumstances, separate representation may be required. Legal counsel and other advisors who advise KKR Funds and Other Clients also routinely represent KKR and KKR affiliates in various matters. Partners of the law firms and other advisor and service providers engaged to represent KKR Funds, Other Clients, certain co-investment vehicles, KKR Associates Vehicles, and KKR Credit Funds may be, directly or indirectly, investors in such funds, and may also represent one or more portfolio companies or investors of such funds.

Item 12 Brokerage Practices

Selecting or Recommending Broker-Dealers

To the extent required by applicable law, it is KKR's policy to seek to obtain best execution of trades (if any) in public equity and debt securities and other Marketable Securities traded on behalf of the KKR Funds and Other Clients, if applicable, by a selected broker-dealer. In seeking best execution, the determinative factor is not always the lowest possible per security price or commission but whether, in KKR's view, the transaction represents the best overall qualitative and quantitative execution for the KKR Fund or Other Client. KKR's process of determining best execution involves not only an assessment of brokerage commissions or bid/offer spreads, but also an evaluation of broker-dealer ancillary services. KKR may consider the full range of a broker-dealer's services in assessing best execution, including:

- competitiveness of commission rates and spreads;
- promptness of execution;
- past history in executing orders;
- clearance and settlement capabilities;
- research capabilities and quality;
- access to markets, investments (including access to new issues) and distribution network;

- trade error rate and ability or willingness to correct errors;
- anonymity /confidentiality;
- market impact;
- liquidity;
- speed of execution;
- expertise with complex transactions;
- trading style and strategy; and
- geographic location.

Accordingly, although KKR will seek competitive commissions and spreads, it may not necessarily obtain the lowest possible rates for KKR Fund or Other Client transactions. The commissions, spreads, or other transaction or financial advisory fees charged by an executing broker-dealer may be higher or lower than those charged by other broker-dealers.

As noted above in Item 10, the Affiliated Brokers do not execute trade transactions on behalf of KKR Funds or Other Clients. In addition, such Affiliated Brokers do not maintain client accounts.

Research and Other Soft Dollar Benefits

Pursuant to KKR's current policy, it does not enter into soft dollar or comparable commission sharing arrangements with broker-dealers relating to transactions executed for the benefit of KKR Funds or Other Clients, despite the incentive to receive research or other products or services without paying. It should be noted, however, that various broker-dealers may provide KKR or its affiliates with proprietary research and other products and services, which KKR may use to service all KKR Funds or Other Clients, if applicable, equally. KKR is of the view that it would receive such research, products and services regardless of the volume of transactions executed through such broker-dealers or the level of commissions or spreads generated by such transactions and that, accordingly, it is not causing any KKR Fund or Other Client to "pay up" for such research, services or products and such research, products and services are not a factor considered by KKR in directing client transactions to such broker-dealers. KKR does not cause KKR Funds or Other Clients to pay commissions higher than those charged by other broker-dealers in return for soft-dollar benefits or direct client transactions to a particular broker-dealer in return for soft dollar benefits. Acquisitions of portfolio companies will typically be executed by KKR on behalf of KKR Funds or Other Clients on terms specifically negotiated by KKR with such companies or the seller of such companies.

Brokerage for Client Referrals

KKR does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or a third party.

Directed Brokerage

KKR does not recommend, request or require that a client direct KKR to execute transactions through a specific broker-dealer.

Aggregation of Client Orders (Bunched Trades)

In order to minimize execution costs and obtain best execution for KKR Fund or Other Client transactions in Marketable Securities, KKR may bunch orders for KKR Funds and Other Clients (subject to KKR's obligation to obtain best execution and otherwise treat KKR Funds in a fair and equitable manner). Allocations of bunched trades are made consistent with KKR's allocation policies and procedures described

above in Item 11.

Item 13 Review of Accounts

KKR has an internal structure which allocates responsibility for oversight of KKR Fund or Other Client portfolios and/or specific KKR Fund or Other Client portfolio investments to appropriate investment professionals or investment committees. Each investment committee generally consists of the co-CEOs of KKR & Co. and regional business heads or other senior investment professionals. The composition of any investment committee may change from time to time.

Potential investments (other than third party fund investments) are canvassed and preliminarily discussed at regular meetings of the relevant investment committee. Teams of KKR's investment professionals ("**Investment Teams**") responsible for identifying and conducting due diligence on each investment will present the investment to the relevant investment committee, which will make the final investment decision with respect to the investment opportunity. Following the acquisition of an investment, it is monitored on an ongoing basis by the relevant Investment Team or the appropriate portfolio management committee. Each portfolio management committee meets periodically, designating a number of Investment Teams on a rotating basis for presentation of their respective portfolio companies. The composition of any portfolio management committee may change from time to time.

Employees may also provide strategic oversight of the investments of certain KKR Funds (including investment vehicles established for a single investor) and Other Clients outside of an investment committee structure in accordance with the governing documents of such KKR Funds or Other Clients.

The nature and frequency of regular reports to KKR Funds or Other Clients and to investors in KKR Funds or Other Clients depends on the terms of the governing documents of such KKR Funds or Other Clients and/or the requirements of any exchange or market on which their securities are admitted to trade. Typically investors in KKR Funds are provided with written quarterly unaudited financial reports and annual audited financial statements.

Item 14 Client Referrals and Other Compensation

Economic Benefits from Non-Clients

As described in more detail under Item 5 and Item 10, Employees, Affiliated Brokers (and other KKR affiliates), KKR Capstone, RPM and Other Consultants receive economic benefits from KKR Funds, Other Clients and portfolio companies of KKR Funds and Other Clients.

Please see response to Item 5 with respect to monitoring fees (including NPV Payments), transaction fees (including financial advisory fees), breakup fees, and other compensation and expense reimbursement.

Please see response to Item 5 with respect to directors' fees for Employees, KKR Capstone or RPM employees, and Senior Advisors (or Industry Advisors) serving on boards of portfolio companies.

Please see response to Item 5 with respect to compensation received by Affiliated Brokers.

Please see response to Item 5 with respect to KKR Funds, Other Clients and portfolio companies of KKR Funds or Other Clients and fees and/or servicing payments payable to KKR, its affiliates, KKR Capstone or RPM (or Other Consultants).

Compensation to Non-Supervised Persons for Client Referrals

KKR may enter into solicitation agreements pursuant to which it compensates a third-party intermediary for client referrals that result in the provision of investment advisory services by KKR. KKR will disclose these solicitation arrangements to affected investors, and any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to KKR may receive compensation from KKR, such as a retainer and/or a percentage of introduced capital. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. The cost of any such fees will be borne entirely by KKR and not by any affected client.

Item 15 Custody

KKR generally has custody of the assets of KKR Funds. Such KKR Funds and their investors receive annual audited financial statements from the KKR Funds' auditor. KKR would not generally have custody of the assets of Other Clients where the investment management relationship consists of an investment management agreement directly with an investor. In such situations, one or more third-parties (typically financial institutions selected by the investor) have sole custody of the investor's assets. KKR has no such investment management relationships as of December 31, 2016.

Item 16 Investment Discretion

KKR, through the KKR GPs, generally has discretionary authority based on its management agreements with each KKR Fund and the limited partnership agreements that govern each KKR Fund to buy and sell securities or other investments on behalf of the KKR Funds and to determine the amount of such investments to be bought and sold. The terms upon which KKR serves as investment manager of a KKR Fund are established at the time each KKR Fund is established and are generally set out in the management agreement and/or limited partnership agreement or other governing document entered into by KKR with respect to the relevant KKR Fund, and disclosed in the offering or disclosure documents for the relevant KKR Fund, as applicable. These terms, which vary as among each KKR Fund, potentially restrict KKR's advice concerning investment in certain securities or types of securities, geographies, and leverage. Typically, the governing documents of the KKR Funds (other than certain co-investment vehicles) contain limited investment restrictions and requirements as to diversification of fund investments, either by geographic region or asset type.

For Other Clients and certain other investment vehicles established for a single investor, KKR would negotiate the level of investment discretion with the client at the outset of the advisory relationship.

In addition to the conflicts of interest described under Item 11, as a general matter, KKR may exercise its investment discretion to give advice or take action with respect to the investments held by, and transactions of KKR Funds, Other Clients or KKR proprietary entities that may be different from or otherwise inconsistent with the advice given or timing or nature of any action taken with respect to the investments held by, and transactions of, other KKR Funds, Other Clients or KKR proprietary entities. Such different advice and/or inconsistent actions may be due to a variety of reasons, including, without limitation, differences between the investment objectives, programs, strategies and tax treatment of certain KKR Funds, Other Clients or KKR proprietary entities or the regulatory status of other KKR Funds or Other Clients and any related restrictions or obligations imposed on KKR as a fiduciary thereof. Such advice and actions may adversely impact KKR Funds and Other Clients.

Item 17 Voting Client Securities

KKR has adopted policies with respect to voting public equity securities held by KKR Funds or Other Clients (i.e. investments in Marketable Securities). Such voting decisions with respect to client investments generally will be made by the relevant investment professionals. It is the general policy of KKR to vote client proxies in the interest of maximizing shareholder value. To that end, KKR will vote in a way that it believes is consistent with its obligations to the KKR Funds, and will cause the value of the relevant investment to increase the most or decrease the least. KKR recognizes that there may be a potential conflict of interest when voting a proxy solicited by an issuer that is an investor in a KKR Fund or with whom KKR has another business relationship that may affect how it votes the issuer's proxy. KKR has adopted policies to address these and other issues that could give rise to a conflict, including referring the matter to KKR's Compliance Group to address issues raised from potential conflicts. KKR may depart from these guidelines in order to avoid voting decisions believed to be contrary to the best interests of the KKR Funds or if it has agreed otherwise with the relevant client.

A KKR Fund or investor in a KKR Fund may obtain a copy of KKR's proxy voting policies and procedures and information on how KKR voted proxies on behalf of such party on written request to KKR.

Item 18 Financial Information

KKR does not require the payment of management fees or other compensation six months or more in advance. There exists no financial condition of which KKR is currently aware that would impair KKR's ability to meet contractual commitments to its clients.

Item 19 Requirements for State-Registered Advisers

KKR is not registered with any state securities authorities.