



## KKR & Co. L.P. Reports Second Quarter 2016 Results

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**NEW YORK, July 26, 2016** - KKR & Co. L.P. (NYSE: KKR) today reported its second quarter 2016 results.

GAAP net income (loss) attributable to KKR & Co. L.P. common unitholders was \$93.9 million and \$(236.0) million for the quarter and six months ended June 30, 2016, respectively, compared to \$376.3 million and \$646.8 million in the comparable periods of 2015. On a diluted basis, net income (loss) per common unit was \$0.19 and \$(0.53) for the quarter and six months ended June 30, 2016, respectively, compared to \$0.78 and \$1.35 in the comparable periods of 2015. GAAP KKR & Co. L.P. Capital - Common Unitholder equity was \$5.0 billion as of June 30, 2016, or \$11.21, per outstanding common unit.

For the quarter ended June 30, 2016, After-tax Economic Net Income (Loss) and After-tax Economic Net Income (Loss) per adjusted unit were \$191.2 million and \$0.23, respectively, compared to \$746.7 million and \$0.88 for the quarter ended June 30, 2015. After-tax Distributable Earnings was \$507.6 million for the quarter ended June 30, 2016 compared to \$465.3 million for the quarter ended June 30, 2015.

For the six months ended June 30, 2016, After-tax Economic Net Income (Loss) and After-tax Economic Net Income (Loss) per adjusted unit were \$(361.8) million and \$(0.43), respectively, compared to \$1,272.6 million and \$1.50 for the six months ended June 30, 2015. After-tax Distributable Earnings were \$676.3 million for the six months ended June 30, 2016 compared to \$952.9 million for the six months ended June 30, 2015.

### Quarterly Highlights

- Monetization activity in Private Markets and Principal Activities drove After-tax Distributable Earnings of \$508 million for the second quarter
- Assets Under Management were \$131 billion as of June 30, 2016, up 14% compared to June 30, 2015 as new capital raised exceeded \$27 billion over the past twelve months on an organic basis. Uncalled commitments as of June 30, 2016 were \$38 billion, up 48% on a year-over-year basis
- Book value was \$9.1 billion as of June 30, 2016, or \$11.33 per outstanding adjusted unit
- Our regular distribution per common unit of \$0.16 was declared for the quarter ended June 30, 2016

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“Operating fundamentals across the firm remain strong,” said Henry R. Kravis and George R. Roberts, Co-Chairmen and Co-Chief Executive Officers of KKR. “Investment performance, asset growth and capital deployment trends continued while exit activity drove one of the highest Distributable Earnings quarters in our history.”

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Note: Certain financial measures, including economic net income ("ENI"), After-tax ENI, After-tax distributable earnings, book value, adjusted units and outstanding adjusted units, are not presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). See Exhibits C and D for a reconciliation of such measures to financial results prepared in accordance with GAAP.

## **GAAP RESULTS COMMENTARY**

### **Fees and Other**

On January 1, 2016, KKR adopted ASU 2015-02, which resulted in the de-consolidation of most of KKR's investment funds that had been consolidated prior to such date. When an investment fund is consolidated, management fees, fee credits and carried interest earned from consolidated funds are eliminated in consolidation and as such are not recorded in Fees and Other. The economic impact of these management fees, fee credits and carried interests that are eliminated is reflected as an adjustment to noncontrolling interests and has no impact to Net Income Attributable to KKR & Co., L.P. As a result of the de-consolidation of most of our investment funds, the management fees, fee credits and carried interests associated with funds that had previously been consolidated are included in Fees and Other beginning on January 1, 2016 as such amounts are no longer eliminated. We adopted this guidance using the modified retrospective method. As a result, restatement of prior period results is not required and prior periods presented under GAAP have not been impacted.

Fees and Other were \$576.8 million for the quarter ended June 30, 2016, compared to \$255.9 million for the quarter ended June 30, 2015. The net increase was primarily due to the inclusion of carried interest gains earned from investment funds that are no longer consolidated in the 2016 period and an increase in management fees driven primarily by fees earned from investment funds that are no longer consolidated. These increases were partially offset by an increase in fee credits incurred, driven primarily by fee credits associated with investment funds that are no longer consolidated and a decrease in transaction and monitoring fees in our Private Markets business.

Fees and Other were \$739.6 million for the six months ended June 30, 2016, compared to \$547.2 million for the six months ended June 30, 2015. The net increase was due to an increase in management fees driven primarily by fees earned from investment funds that are no longer consolidated and the inclusion of carried interest gains earned from investment funds that are no longer consolidated. These increases were partially offset by a decrease in monitoring fees in our Private Markets business and an increase in fee credits incurred, driven primarily by fee credits associated with investment funds that are no longer consolidated.

### **Expenses**

Total expenses were \$423.2 million and \$731.5 million for the quarter and six months ended June 30, 2016, respectively, compared to \$554.2 million and \$1,069.2 million in the comparable periods of 2015. The decrease for both periods was primarily due to a decrease in compensation and benefits due to a lower level of carry pool allocations reflecting a lower level of appreciation in the value of our private equity portfolio.

### **Total Investment Income (Loss)**

As indicated above, on January 1, 2016, KKR adopted ASU 2015-02, which resulted in the de-consolidation of most of KKR's investment funds that had been consolidated prior to such date. Effective with the adoption of ASU 2015-02, investment income earned from our investment funds that had previously been consolidated is not included in the statement of operations.

Total investment income was \$125.7 million for the quarter ended June 30, 2016, compared to \$3,634.7 million for the quarter ended June 30, 2015. The decrease was primarily attributable to the impact of investment funds that are no longer consolidated in the 2016 period.

Total investment income was \$(487.2) million for the six months ended June 30, 2016, compared to \$5,817.6 million for the six months ended June 30, 2015. The decrease was primarily attributable to the impact of investment funds that are no longer consolidated in the 2016 period and net unrealized investment losses for the first six months of 2016.

## **TOTAL REPORTABLE SEGMENTS RESULTS COMMENTARY**

### **Segment Revenues**

Total segment revenues were \$544.0 million for the quarter ended June 30, 2016, compared to total segment revenues of \$1,247.7 million for the quarter ended June 30, 2015. The decrease was principally attributable to net unrealized investment losses and a lower level of carried interest in the current period. The net unrealized investment losses in the second quarter of 2016 includes an increase in value of our energy and credit portfolios during the quarter, but were more than offset by a decrease in value of certain of our publicly held investments, including First Data Corporation. The lower level of carried interest is primarily due to a lower level of net appreciation in KKR's private equity portfolio in the current period. For the quarter and last twelve months ended June 30, 2016, KKR's private equity portfolio appreciated 4.5% and 6.0%, respectively.

Total segment revenues were \$169.4 million for the six months ended June 30, 2016, compared to total segment revenues of \$2,210.1 million for the six months ended June 30, 2015. The decrease was principally attributable to net unrealized investment losses and a lower level of carried interest in the current period. The unrealized investment losses for the first six months of 2016 were driven largely by unrealized losses on the reduction in the stock price of First Data Corporation, as well as decreases in the value of KKR's energy and credit portfolios. The lower level of carried interest for the six months ended June 30, 2016 is primarily due to a lower level of net appreciation in KKR's private equity portfolio in the current period. For the six months ended June 30, 2016, KKR's private equity portfolio appreciated 3.5%.

### **Economic Net Income**

ENI was \$248.8 million for the quarter ended June 30, 2016, compared to ENI of \$839.9 million for the quarter ended June 30, 2015. ENI was \$(258.1) million for the six months ended June 30, 2016, compared to ENI of \$1,439.4 million for the six months ended June 30, 2015. The decreases were primarily attributable to lower total segment revenues as described above, partially offset by a decrease in performance income compensation primarily in our Private Markets segment reflecting a lower level of carried interest in the 2016 periods. For the quarter and six months ended June 30, 2016, the reduction in the stock price of First Data Corporation reduced ENI by approximately \$180 million and \$480 million, respectively.

### **AUM and FPAUM**

AUM was \$131.0 billion as of June 30, 2016, an increase of \$4.6 billion, compared to AUM of \$126.4 billion as of March 31, 2016. The increase was primarily attributable to new capital raised in our private equity, credit and hedge fund businesses and to a lesser extent an increase in the fair value of our private equity portfolio. The increase was partially offset by distributions to limited partners of our private equity funds arising from realizations and distributions and redemptions in our credit and hedge fund solutions businesses.

FPAUM was \$94.6 billion as of June 30, 2016, an increase of \$0.9 billion, compared to FPAUM of \$93.7 billion as of March 31, 2016. The increase was primarily attributable to new capital raised. These increases were partially offset by distributions to limited partners of our private equity funds arising from realizations and distributions and redemptions in our credit and hedge fund solutions business.

### **DISTRIBUTIONS**

A distribution of \$0.16 per common unit has been declared, which will be paid on August 19, 2016 to holders of record of common units as of the close of business on August 5, 2016. Under KKR's distribution policy for its common units, KKR intends to make equal quarterly distributions to holders of common units in an amount of \$0.16 per common unit per quarter.

On March 17, 2016, KKR issued 13,800,000 units of 6.75% Series A Preferred Units at \$25.00 per unit, and on June 20, 2016, KKR issued 6,200,000 units of 6.50% Series B Preferred Units at \$25.00 per unit. Distributions on each series of preferred units are payable, when and if declared, quarterly on March 15, June 15, September 15 and December 15 of each year. Distributions on the preferred units are non-cumulative. KKR's ability to repurchase and declare distributions on its common units is subject to the declaration of distributions on the preferred units.

A distribution of \$0.421875 per Series A Preferred Unit has been declared and set aside for payment on September 15, 2016 to holders of record of Series A Preferred Units as of the close of business on September 1, 2016. A distribution of \$0.383681 per Series B Preferred Unit has been declared and set aside for payment on September 15, 2016 to holders of record of Series B Preferred Units as of the close of business on September 1, 2016. The first distribution on the Series B Preferred Units is calculated based on the date of the original issuance.

The declaration and payment of any future distributions on preferred or common units are subject to the discretion of the board of directors of the general partner of KKR and the terms of its limited partnership agreement. There can be no assurance that future distributions will be made as intended or at all, that unitholders will receive sufficient distributions to satisfy payment of their tax liabilities as limited partners of KKR or that any particular distribution policy for common units will be maintained.

Since the announcement of our common unit repurchase program on October 27, 2015 through July 20, 2016, KKR has repurchased 30.3 million common units for \$439 million. In addition, 3.6 million granted equity awards were cancelled for approximately \$57 million to satisfy tax obligations in connection with their vesting. In total, 33.9 million common units have been retired on a fully-diluted basis over this period.

### **SUPPLEMENTAL INFORMATION**

A slide presentation containing supplemental commentary about KKR's financial results for the fiscal quarter ended June 30, 2016 may be accessed through the Investor Center of the KKR website at [http://ir.kkr.com/kkr\\_ir/kkr\\_events.cfm](http://ir.kkr.com/kkr_ir/kkr_events.cfm). The presentation will be referenced on the conference call discussed below.

### **CONFERENCE CALL**

A conference call to discuss KKR's financial results will be held on Tuesday, July 26, 2016 at 10:00 a.m. ET. The conference call may be accessed by dialing (877) 303-2917 (U.S. callers) or +1 (253) 237-1135 (non-U.S. callers); a pass code is not required. Additionally, the conference call will be broadcast live over the Internet and may be accessed through the Investor Center section of KKR's website at [http://ir.kkr.com/kkr\\_ir/kkr\\_events.cfm](http://ir.kkr.com/kkr_ir/kkr_events.cfm). A replay of the live broadcast will be available on KKR's website or by dialing (855) 859-2056 (U.S. callers) or +1 (404) 537-3406 (non-U.S. callers), pass code 47131296, beginning approximately two hours after the broadcast.

From time to time, KKR may use its website as a channel of distribution of material company information. Financial and other important information regarding KKR is routinely posted and accessible on the Investor Center for KKR & Co. L.P. at [http://ir.kkr.com/kkr\\_ir/kkr\\_events.cfm](http://ir.kkr.com/kkr_ir/kkr_events.cfm). In addition, you may automatically receive email alerts and other information about KKR by enrolling your email address at the "Email Alerts" area of the Investor Center on the website.

## **ABOUT KKR**

KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation at the asset level. KKR invests its own capital alongside its partners' capital and brings opportunities to others through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. L.P. (NYSE: KKR), please visit KKR's website at [www.kkr.com](http://www.kkr.com) and on Twitter [@KKR\\_Co](https://twitter.com/KKR_Co).

## **FORWARD-LOOKING STATEMENTS**

This release contains certain forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements are based on KKR's beliefs, assumptions and expectations, taking into account all information currently available to it. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to KKR or are within its control. If a change occurs, KKR's business, financial condition, liquidity and results of operations, including but not limited to AUM, FPAUM, ENI, ENI after taxes, after-tax distributable earnings, capital invested, syndicated capital, uncalled commitments, cash and short-term investments, net realized investment income and book value, may vary materially from those expressed in the forward-looking statements. The following factors, among others, could cause actual results to vary from the forward-looking statements: the general volatility of the capital markets; failure to realize the benefits of or changes in KKR's business strategies including the ability to realize the anticipated synergies from acquisitions or strategic partnerships; availability, terms and deployment of capital; availability of qualified personnel and expense of recruiting and retaining such personnel; changes in the asset management industry, interest rates or the general economy; underperformance of KKR's investments and decreased ability to raise funds; and the degree and nature of KKR's competition. All forward looking statements speak only as of the date hereof. KKR does not undertake any obligation to update any forward-looking statements to reflect circumstances or events that occur after the date on which such statements were made except as required by law. In addition, KKR's business strategy is focused on the long term and financial results are subject to significant volatility. Additional information about factors affecting KKR is available in KKR & Co. L.P.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on February 26, 2016, quarterly reports on Form 10-Q for subsequent quarters and other filings with the SEC, which are available at [www.sec.gov](http://www.sec.gov).

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**KKR**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP BASIS - UNAUDITED)**  
(Amounts in thousands, except common unit and per common unit amounts)

	Quarter Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Revenues</b>				
Fees and Other	\$ 576,757	\$ 255,874	\$ 739,562	\$ 547,219
<b>Expenses</b>				
Compensation and Benefits	296,412	411,691	421,901	776,690
Occupancy and Related Charges	16,188	16,172	32,754	31,904
General, Administrative and Other	110,618	126,314	276,886	260,616
Total Expenses	423,218	554,177	731,541	1,069,210
<b>Investment Income (Loss)</b>				
Net Gains (Losses) from Investment Activities	9,168	3,110,604	(726,055)	5,030,429
Dividend Income	31,669	360,556	94,882	439,371
Interest Income	266,213	302,985	496,689	599,143
Interest Expense	(181,313)	(139,427)	(352,707)	(251,390)
Total Investment Income (Loss)	125,737	3,634,718	(487,191)	5,817,553
<b>Income (Loss) Before Taxes</b>	<b>279,276</b>	<b>3,336,415</b>	<b>(479,170)</b>	<b>5,295,562</b>
Income Tax (Benefit)	6,045	30,547	7,935	46,685
<b>Net Income (Loss)</b>	<b>273,231</b>	<b>3,305,868</b>	<b>(487,105)</b>	<b>5,248,877</b>
Net Income (Loss) Attributable to Redeemable Noncontrolling Interests	1,533	(891)	1,495	1,042
Net Income (Loss) Attributable to Noncontrolling Interests	172,115	2,930,453	(258,244)	4,601,022
<b>Net Income (Loss) Attributable to KKR &amp; Co. L.P.</b>	<b>99,583</b>	<b>376,306</b>	<b>(230,356)</b>	<b>646,813</b>
Net Income (Loss) Attributable to Series A Preferred Unitholders	5,693	—	5,693	—
Net Income (Loss) Attributable to Series B Preferred Unitholders	—	—	—	—
<b>Net Income (Loss) Attributable to KKR &amp; Co. L.P. Common Unitholders</b>	<b>\$ 93,890</b>	<b>\$ 376,306</b>	<b>\$ (236,049)</b>	<b>\$ 646,813</b>
<b>Net Income (Loss) Attributable to KKR &amp; Co. L.P. Per Common Unit</b>				
Basic	\$ 0.21	\$ 0.84	\$ (0.53)	\$ 1.47
Diluted (a)	\$ 0.19	\$ 0.78	\$ (0.53)	\$ 1.35
<b>Weighted Average Common Units Outstanding</b>				
Basic	448,221,538	446,794,950	449,241,840	440,867,813
Diluted (a)	481,809,612	482,651,491	449,241,840	477,467,220

(a) KKR Holdings L.P. units have been excluded from the calculation of diluted earnings per common unit since the exchange of these units would not dilute KKR's respective ownership interests in the KKR Group Partnerships. For the six months ended June 30, 2016, unvested common units and other securities are excluded from the calculation of diluted earnings per common unit because inclusion of such unvested common units and other securities would be anti-dilutive having the effect of decreasing the loss per common unit.

**KKR**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (GAAP BASIS - UNAUDITED)**  
(Amounts in thousands, except common unit and per common unit amounts)

	<u>As of June 30, 2016</u>	<u>As of December 31, 2015</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,512,475	\$ 1,047,740
Investments	30,375,163	65,305,931
Other	5,619,233	4,688,668
<b>Total Assets</b>	<b>37,506,871</b>	<b>71,042,339</b>
<b>Liabilities and Equity</b>		
Debt Obligations	17,894,036	18,714,597
Other Liabilities	3,928,882	2,860,157
<b>Total Liabilities</b>	<b>21,822,918</b>	<b>21,574,754</b>
<b>Redeemable Noncontrolling Interests</b>	339,637	188,629
<b>Equity</b>		
Series A Preferred Units	332,988	—
Series B Preferred Units	149,566	—
KKR & Co. L.P. Capital - Common Unitholders	5,001,602	5,547,182
Noncontrolling Interests	9,860,160	43,731,774
<b>Total Equity</b>	<b>15,344,316</b>	<b>49,278,956</b>
<b>Total Liabilities and Equity</b>	<b>\$ 37,506,871</b>	<b>\$ 71,042,339</b>
<b>Equity Per Outstanding Common Unit - Basic</b>	<b>\$ 11.21</b>	<b>\$ 12.12</b>

Note: On January 1, 2016, KKR adopted ASU 2015-02, which resulted in the de-consolidation of most of KKR's investment funds that had been consolidated prior to such date. Effective with the adoption of ASU 2015-02, assets, liabilities, and noncontrolling interests from our investment funds that had previously been consolidated are no longer included in the statement of financial condition.

**KKR**  
**STATEMENTS OF OPERATIONS AND OTHER SELECTED FINANCIAL INFORMATION**  
**TOTAL REPORTABLE SEGMENTS (UNAUDITED)**  
(Amounts in thousands, except unit and per unit amounts)

	Quarter Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Segment Revenues</b>					
<b>Management, Monitoring and Transaction Fees, Net</b>					
Management Fees	\$ 203,617	\$ 194,600	\$ 181,401	\$ 398,217	\$ 355,181
Monitoring Fees	28,998	12,037	47,713	41,035	145,551
Transaction Fees	68,564	96,085	92,951	164,649	196,237
Fee Credits	(39,073)	(22,807)	(56,458)	(61,880)	(136,952)
Total Management, Monitoring and Transaction Fees, Net	262,106	279,915	265,607	542,021	560,017
<b>Performance Income (Loss)</b>					
Realized Incentive Fees	4,645	1,593	5,893	6,238	11,558
Realized Carried Interest	305,275	97,288	252,227	402,563	554,652
Unrealized Carried Interest	18,698	(223,805)	340,366	(205,107)	479,650
Total Performance Income (Loss)	328,618	(124,924)	598,486	203,694	1,045,860
<b>Investment Income (Loss)</b>					
Net Realized Gains (Losses)	224,699	(24,183)	176,260	200,516	356,927
Net Unrealized Gains (Losses)	(297,448)	(564,991)	131,984	(862,439)	121,263
Total Realized and Unrealized	(72,749)	(589,174)	308,244	(661,923)	478,190
Interest Income and Dividends	74,451	108,120	127,878	182,571	224,311
Interest Expense	(48,447)	(48,544)	(52,472)	(96,991)	(98,230)
Net Interest and Dividends	26,004	59,576	75,406	85,580	126,081
Total Investment Income (Loss)	(46,745)	(529,598)	383,650	(576,343)	604,271
<b>Total Segment Revenues</b>	<b>543,979</b>	<b>(374,607)</b>	<b>1,247,743</b>	<b>169,372</b>	<b>2,210,148</b>
<b>Segment Expenses</b>					
<b>Compensation and Benefits</b>					
Cash Compensation and Benefits	96,890	100,899	96,514	197,789	201,276
Realized Performance Income Compensation	123,968	39,552	103,248	163,520	226,483
Unrealized Performance Income Compensation	8,525	(86,642)	136,566	(78,117)	192,197
Total Compensation and Benefits	229,383	53,809	336,328	283,192	619,956
Occupancy and Related Charges	15,659	15,950	15,475	31,609	30,271
Other Operating Expenses	49,533	61,886	51,613	111,419	112,559
<b>Total Segment Expenses</b>	<b>294,575</b>	<b>131,645</b>	<b>403,416</b>	<b>426,220</b>	<b>762,786</b>
Income (Loss) attributable to noncontrolling interests	575	667	4,383	1,242	8,005
<b>Economic Net Income (Loss)</b>	<b>248,829</b>	<b>(506,919)</b>	<b>839,944</b>	<b>(258,090)</b>	<b>1,439,357</b>
Equity-based Compensation	48,026	49,961	48,453	97,987	100,718
<b>Pre-tax Economic Net Income (Loss) (a)</b>	<b>200,803</b>	<b>(556,880)</b>	<b>791,491</b>	<b>(356,077)</b>	<b>1,338,639</b>
Provision for Income Tax (Benefit)	3,898	(3,892)	44,836	6	66,071
Preferred Distributions	5,693	—	—	5,693	—
<b>After-tax Economic Net Income (Loss) (b)</b>	<b>\$ 191,212</b>	<b>\$ (552,988)</b>	<b>\$ 746,655</b>	<b>\$ (361,776)</b>	<b>\$ 1,272,568</b>
<b>After-tax Economic Net Income (Loss) Per Adjusted Unit</b>	<b>\$ 0.23</b>	<b>\$ (0.65)</b>	<b>\$ 0.88</b>	<b>\$ (0.43)</b>	<b>\$ 1.50</b>
<b>Weighted Average Adjusted Units (Fully Diluted Basis)</b>	<b>840,537,946</b>	<b>847,972,012</b>	<b>852,128,762</b>	<b>844,254,980</b>	<b>850,106,448</b>
<b>Other Operating Measures (c):</b>					
<b>Fee Related Earnings</b>	\$ 137,761	\$ 140,998	\$ 143,646	\$ 278,759	\$ 302,125
<b>After-tax Distributable Earnings</b>	\$ 507,592	\$ 168,732	\$ 465,252	\$ 676,324	\$ 952,928
<b>Assets Under Management</b>	\$ 130,990,500	\$ 126,388,900	\$ 114,472,700	\$ 130,990,500	\$ 114,472,700
<b>Fee Paying Assets Under Management</b>	\$ 94,608,100	\$ 93,719,700	\$ 86,880,900	\$ 94,608,100	\$ 86,880,900
<b>Capital Invested and Syndicated Capital</b>	\$ 2,150,800	\$ 3,069,600	\$ 2,800,400	\$ 5,220,400	\$ 6,307,300
<b>Uncalled Commitments</b>	\$ 38,366,900	\$ 34,496,300	\$ 25,906,300	\$ 38,366,900	\$ 25,906,300

Note: See "Notes to Reportable Segments" for more information about certain non-GAAP financial measures and Exhibits C and D for a reconciliation of such measures to the financial results presented in accordance with GAAP.

(a) Represents Economic Net Income (Loss) after equity-based compensation.

(b) Represents Economic Net Income (Loss) after equity-based compensation, income taxes and preferred distributions.

(c) See Exhibit A "Other Information" for the definition and calculation of Fee Related Earnings and After-tax Distributable Earnings.

**KKR**  
**SCHEDULE OF SEGMENT REVENUES AND OTHER SELECTED FINANCIAL INFORMATION (UNAUDITED)**  
(Amounts in thousands)

**PRIVATE MARKETS**

	Quarter Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Segment Revenues</b>					
<b>Management, Monitoring and Transaction Fees, Net</b>					
Management Fees	\$ 118,783	\$ 117,798	\$ 115,346	\$ 236,581	\$ 224,622
Monitoring Fees	28,998	12,037	47,713	41,035	145,551
Transaction Fees	23,400	37,398	40,321	60,798	86,920
Fee Credits	(33,319)	(22,596)	(53,286)	(55,915)	(123,192)
Total Management, Monitoring and Transaction Fees, Net	<u>137,862</u>	<u>144,637</u>	<u>150,094</u>	<u>282,499</u>	<u>333,901</u>
<b>Performance Income (Loss)</b>					
Realized Incentive Fees	—	—	—	—	—
Realized Carried Interest	305,275	93,450	243,274	398,725	545,699
Unrealized Carried Interest	9,974	(194,699)	312,379	(184,725)	439,316
Total Performance Income (Loss)	<u>315,249</u>	<u>(101,249)</u>	<u>555,653</u>	<u>214,000</u>	<u>985,015</u>
<b>Investment Income (Loss)</b>					
Net Realized Gains (Losses)	—	—	—	—	—
Net Unrealized Gains (Losses)	—	—	—	—	—
Total Realized and Unrealized	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Interest Income and Dividends	—	—	—	—	—
Interest Expense	—	—	—	—	—
Net Interest and Dividends	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Investment Income (Loss)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total Segment Revenues</b>	<b>\$ 453,111</b>	<b>\$ 43,388</b>	<b>\$ 705,747</b>	<b>\$ 496,499</b>	<b>\$ 1,318,916</b>
<b>Assets Under Management</b>	\$ 75,357,000	\$ 71,056,700	\$ 68,540,300	\$ 75,357,000	\$ 68,540,300
<b>Fee Paying Assets Under Management</b>	\$ 46,027,600	\$ 46,008,000	\$ 46,945,700	\$ 46,027,600	\$ 46,945,700
<b>Capital Invested</b>	\$ 992,900	\$ 1,986,000	\$ 1,258,200	\$ 2,978,900	\$ 3,305,600
<b>Uncalled Commitments</b>	\$ 31,173,300	\$ 26,903,200	\$ 21,078,400	\$ 31,173,300	\$ 21,078,400

**PUBLIC MARKETS**

	Quarter Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Segment Revenues</b>					
<b>Management, Monitoring and Transaction Fees, Net</b>					
Management Fees	\$ 84,834	\$ 76,802	\$ 66,055	\$ 161,636	\$ 130,559
Monitoring Fees	—	—	—	—	—
Transaction Fees	5,888	1,132	3,873	7,020	17,303
Fee Credits	(5,754)	(211)	(3,172)	(5,965)	(13,760)
Total Management, Monitoring and Transaction Fees, Net	<u>84,968</u>	<u>77,723</u>	<u>66,756</u>	<u>162,691</u>	<u>134,102</u>
<b>Performance Income (Loss)</b>					
Realized Incentive Fees	4,645	1,593	5,893	6,238	11,558
Realized Carried Interest	—	3,838	8,953	3,838	8,953
Unrealized Carried Interest	8,724	(29,106)	27,987	(20,382)	40,334
Total Performance Income (Loss)	<u>13,369</u>	<u>(23,675)</u>	<u>42,833</u>	<u>(10,306)</u>	<u>60,845</u>
<b>Investment Income (Loss)</b>					
Net Realized Gains (Losses)	—	—	—	—	—
Net Unrealized Gains (Losses)	—	—	—	—	—
Total Realized and Unrealized	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Interest Income and Dividends	—	—	—	—	—
Interest Expense	—	—	—	—	—
Net Interest and Dividends	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Investment Income (Loss)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total Segment Revenues</b>	<b>\$ 98,337</b>	<b>\$ 54,048</b>	<b>\$ 109,589</b>	<b>\$ 152,385</b>	<b>\$ 194,947</b>
<b>Assets Under Management</b>	\$ 55,633,500	\$ 55,332,200	\$ 45,932,400	\$ 55,633,500	\$ 45,932,400
<b>Fee Paying Assets Under Management</b>	\$ 48,580,500	\$ 47,711,700	\$ 39,935,200	\$ 48,580,500	\$ 39,935,200
<b>Capital Invested</b>	\$ 1,146,700	\$ 418,300	\$ 1,110,100	\$ 1,565,000	\$ 2,320,900
<b>Uncalled Commitments</b>	\$ 7,193,600	\$ 7,593,100	\$ 4,827,900	\$ 7,193,600	\$ 4,827,900



**KKR**  
**SCHEDULE OF SEGMENT REVENUES AND OTHER SELECTED FINANCIAL INFORMATION (UNAUDITED)**  
(Amounts in thousands)

**CAPITAL MARKETS**

	Quarter Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Segment Revenues</b>					
<b>Management, Monitoring and Transaction Fees, Net</b>					
Management Fees	\$ —	\$ —	\$ —	\$ —	\$ —
Monitoring Fees	—	—	—	—	—
Transaction Fees	39,276	57,555	48,757	96,831	92,014
Fee Credits	—	—	—	—	—
Total Management, Monitoring and Transaction Fees, Net	39,276	57,555	48,757	96,831	92,014
<b>Performance Income (Loss)</b>					
Realized Incentive Fees	—	—	—	—	—
Realized Carried Interest	—	—	—	—	—
Unrealized Carried Interest	—	—	—	—	—
Total Performance Income (Loss)	—	—	—	—	—
<b>Investment Income (Loss)</b>					
Net Realized Gains (Losses)	—	—	—	—	—
Net Unrealized Gains (Losses)	—	—	—	—	—
Total Realized and Unrealized	—	—	—	—	—
Interest Income and Dividends	—	—	—	—	—
Interest Expense	—	—	—	—	—
Net Interest and Dividends	—	—	—	—	—
Total Investment Income (Loss)	—	—	—	—	—
<b>Total Segment Revenues</b>	<b>\$ 39,276</b>	<b>\$ 57,555</b>	<b>\$ 48,757</b>	<b>\$ 96,831</b>	<b>\$ 92,014</b>
<b>Syndicated Capital</b>	<b>\$ 11,200</b>	<b>\$ 665,300</b>	<b>\$ 432,100</b>	<b>\$ 676,500</b>	<b>\$ 680,800</b>

**PRINCIPAL ACTIVITIES**

	Quarter Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Segment Revenues</b>					
<b>Management, Monitoring and Transaction Fees, Net</b>					
Management Fees	\$ —	\$ —	\$ —	\$ —	\$ —
Monitoring Fees	—	—	—	—	—
Transaction Fees	—	—	—	—	—
Fee Credits	—	—	—	—	—
Total Management, Monitoring and Transaction Fees, Net	—	—	—	—	—
<b>Performance Income (Loss)</b>					
Realized Incentive Fees	—	—	—	—	—
Realized Carried Interest	—	—	—	—	—
Unrealized Carried Interest	—	—	—	—	—
Total Performance Income (Loss)	—	—	—	—	—
<b>Investment Income (Loss)</b>					
Net Realized Gains (Losses)	224,699	(24,183)	176,260	200,516	356,927
Net Unrealized Gains (Losses)	(297,448)	(564,991)	131,984	(862,439)	121,263
Total Realized and Unrealized	(72,749)	(589,174)	308,244	(661,923)	478,190
Interest Income and Dividends	74,451	108,120	127,878	182,571	224,311
Interest Expense	(48,447)	(48,544)	(52,472)	(96,991)	(98,230)
Net Interest and Dividends	26,004	59,576	75,406	85,580	126,081
Total Investment Income (Loss)	(46,745)	(529,598)	383,650	(576,343)	604,271
<b>Total Segment Revenues</b>	<b>\$ (46,745)</b>	<b>\$ (529,598)</b>	<b>\$ 383,650</b>	<b>\$ (576,343)</b>	<b>\$ 604,271</b>

**KKR**  
**BALANCE SHEET**  
**TOTAL REPORTABLE SEGMENTS (UNAUDITED)**  
**(Amounts in thousands, except per unit amounts)**

	As of June 30, 2016		As of December 31, 2015
Cash and Short-term Investments	\$ 1,876,750		\$ 1,287,650
Investments	7,974,032 (a)		8,958,089
Unrealized Carry	1,300,899 (b)		1,415,478 (b)
Other Assets	1,710,265		1,613,139
Corporate Real Estate	161,225		154,942
Total Assets	\$ 13,023,171		\$ 13,429,298
Debt Obligations - KKR (ex-KFN)	\$ 2,000,000		\$ 2,000,000
Debt Obligations - KFN	657,310		657,310
Preferred Shares - KFN	373,750		373,750
Other Liabilities	353,845		291,537
Total Liabilities	3,384,905		3,322,597
Noncontrolling Interests	21,226		127,472
Preferred Units	500,000		—
<b>Book Value</b>	<b>\$ 9,117,040</b>		<b>\$ 9,979,229</b>
<b>Book Value Per Outstanding Adjusted Unit</b>	<b>\$ 11.33</b>		<b>\$ 12.18</b>

(a) See schedule of investments that follows on the next page.

	As of June 30, 2016		As of December 31, 2015
(b) <u>Unrealized Carry</u>			
Private Markets	\$ 1,238,458		\$ 1,340,556
Public Markets	62,441		74,922
<b>Total</b>	<b>\$ 1,300,899</b>		<b>\$ 1,415,478</b>

	Last Twelve Months Ended	
	June 30, 2016	June 30, 2015
<b>Return on Equity (After-tax Economic Net Income (Loss) ) *</b>	<b>(6)%</b>	<b>17%</b>
<b>Return on Equity (After-tax Distributable Earnings) **</b>	<b>12%</b>	<b>17%</b>

Note: As of June 30, 2016, KKR had a \$1.0 billion revolving credit facility, which was undrawn. In addition, KKR has a \$500.0 million revolving credit facility for use in its capital markets business, which was undrawn as of June 30, 2016. As of June 30, 2016, KKR's portion of total uncalled commitments to its investment funds was \$2.6 billion. See Exhibit B for details.

See reconciliation in Exhibit D for calculation of Outstanding Adjusted Units.

\*Return on Equity (After-tax Economic Net Income (Loss)) measures the amount of after-tax economic net income generated as a percentage of capital invested in KKR's business. Return on equity is calculated by dividing After-tax Economic Net Income (Loss) on a trailing twelve-month basis by the average book value during the period. We believe this measure is useful to unitholders as it provides a measure of the overall profitability of KKR's businesses as a percentage of net assets in KKR's business.

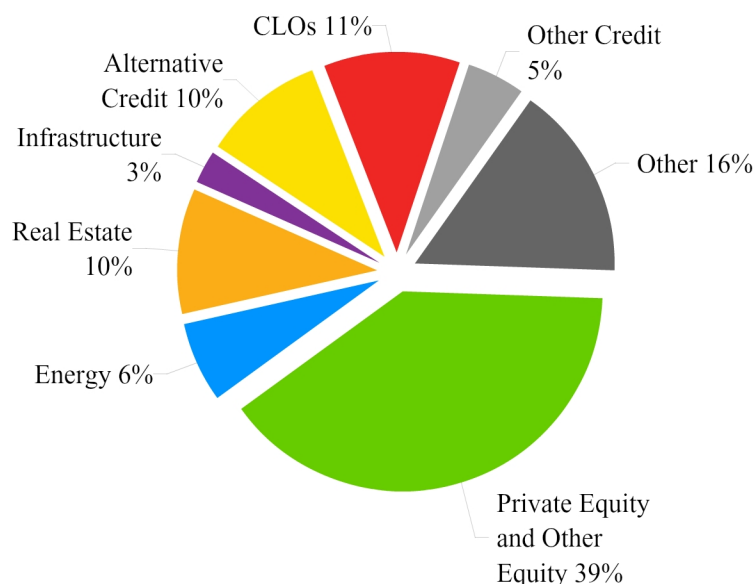
\*\*Return on Equity (After-tax Distributable Earnings) measures the amount of income excluding the impact of mark-to-market gain (losses) generated as a percentage of capital invested in KKR's business. It is calculated by dividing after-tax distributable earnings on a trailing twelve-month basis by the average book value during the period. We believe this measure is useful to unitholders as it provides a measure of the overall profitability of KKR's businesses, excluding the impact of mark-to-market gains (losses), as a percentage of net assets in KKR's business.

**KKR**  
**SCHEDULE OF INVESTMENTS\***  
**TOTAL REPORTABLE SEGMENTS (UNAUDITED)**  
**(Amounts in thousands, except percentage amounts)**

**As of June 30, 2016**

Investments	Fair Value
Private Equity Co-Investments and Other Equity	\$ 2,132,253
Private Equity Funds	1,010,898
<b>Private Equity Total</b>	<b>3,143,151</b>
Energy	517,591
Real Estate (a)	808,041
Infrastructure	211,949
<b>Real Assets Total</b>	<b>1,537,581</b>
Special Situations	680,760
Direct Lending	73,032
Mezzanine	28,116
<b>Alternative Credit Total</b>	<b>781,908</b>
CLOs (a)	878,027
Liquid Credit	186,525
Specialty Finance	192,683
<b>Credit Total</b>	<b>2,039,143</b>
Other	1,254,157
<b>Total Investments</b>	<b>\$ 7,974,032</b>

**Holdings by Asset Class\*\***



**As of June 30, 2016**

	Fair Value	Fair Value as a Percentage of Total Investments
Significant Investments: (b)		
First Data Corporation (NYSE: FDC)	\$ 887,455	11.1%
Walgreens Boots Alliance (NASDAQ: WBA)	547,809	6.9%
WMI Holdings Corp. (NASDAQ: WMIH)	270,193	3.4%
Oil & Gas Royalties Investment	154,600	1.9%
Natural Gas Midstream Investment	130,083	1.6%
<b>Total Significant Investments</b>	<b>1,990,140</b>	<b>24.9%</b>
Other Investments	5,983,892	75.1%
<b>Total Investments</b>	<b>\$ 7,974,032</b>	<b>100.0%</b>

\* Investments is a term used solely for purposes of financial presentation of a portion of KKR's balance sheet and includes majority investments in subsidiaries that operate KKR's asset management and broker-dealer businesses, including the general partner interests of KKR's investment funds.

\*\* General partner commitments in our funds are included in the various asset classes shown above. Private Equity and Other Equity includes KKR private equity funds, co-investments alongside such KKR sponsored private equity funds and other opportunistic investments. However, equity investments in other asset classes, such as real estate, special situations and energy appear in these other asset classes. Other Credit consists of liquid credit and specialty finance strategies.

(a) Includes approximately \$141.6 million and \$328.6 million of CLOs and our holdings of a real estate investment trust, respectively, that are not held for investment purposes and are held at cost.

(b) The significant investments include the top five investments (other than investments expected to be syndicated or transferred in connection with new fundraising) based on their fair values as of June 30, 2016. The fair value figures include the co-investment and the limited partner and/or general partner interests held by KKR in the underlying investment, if applicable.

**KKR**  
**ASSETS UNDER MANAGEMENT (UNAUDITED)**  
(Amounts in thousands)

	Private Markets Segment	Public Markets Segment	Total Reportable Segments
<b>Quarter Ended June 30, 2016</b>			
<b>March 31, 2016</b>	<b>\$ 71,056,700</b>	<b>\$ 55,332,200</b>	<b>\$ 126,388,900</b>
New Capital Raised	5,879,100	2,973,500	8,852,600
Distributions	(3,519,400)	(2,909,900) (a)	(6,429,300)
Change in Value	1,940,600	237,700	2,178,300
<b>June 30, 2016</b>	<b>\$ 75,357,000</b>	<b>\$ 55,633,500</b>	<b>\$ 130,990,500</b>
<b>Six Months Ended June 30, 2016</b>			
<b>December 31, 2015</b>	<b>\$ 66,028,600</b>	<b>\$ 53,515,700</b>	<b>\$ 119,544,300</b>
New Capital Raised	12,435,800	7,044,700	19,480,500
Distributions	(4,537,700)	(4,681,300) (b)	(9,219,000)
Change in Value	1,430,300	(245,600)	1,184,700
<b>June 30, 2016</b>	<b>\$ 75,357,000</b>	<b>\$ 55,633,500</b>	<b>\$ 130,990,500</b>
<b>Trailing Twelve Months Ended June 30, 2016</b>			
<b>June 30, 2015</b>	<b>\$ 68,540,300</b>	<b>\$ 45,932,400</b>	<b>\$ 114,472,700</b>
New Capital Raised	14,346,600	13,271,700	27,618,300
Acquisitions	—	6,010,800	6,010,800
Distributions	(9,956,200)	(8,256,500) (c)	(18,212,700)
Change in Value	2,426,300	(1,324,900)	1,101,400
<b>June 30, 2016</b>	<b>\$ 75,357,000</b>	<b>\$ 55,633,500</b>	<b>\$ 130,990,500</b>

(a) Includes \$1,797.3 million of redemptions by fund investors.

(b) Includes \$3,012.0 million of redemptions by fund investors.

(c) Includes \$4,616.3 million of redemptions by fund investors.

**KKR**  
**FEE PAYING ASSETS UNDER MANAGEMENT (UNAUDITED)**  
(Amounts in thousands)

	Private Markets Segment	Public Markets Segment	Total Reportable Segments
<b><u>Quarter Ended June 30, 2016</u></b>			
<b>March 31, 2016</b>	<b>\$ 46,008,000</b>	<b>\$ 47,711,700</b>	<b>\$ 93,719,700</b>
New Capital Raised	817,100	3,461,000	4,278,100
Distributions	(881,200)	(2,818,500) (a)	(3,699,700)
Change in Value	83,700	226,300	310,000
<b>June 30, 2016</b>	<b>\$ 46,027,600</b>	<b>\$ 48,580,500</b>	<b>\$ 94,608,100</b>

**Six Months Ended June 30, 2016**

<b>December 31, 2015</b>	<b>\$ 45,307,400</b>	<b>\$ 46,413,100</b>	<b>\$ 91,720,500</b>
New Capital Raised	1,731,800	6,937,400	8,669,200
Distributions	(1,212,500)	(4,582,700) (b)	(5,795,200)
Change in Value	200,900	(187,300)	13,600
<b>June 30, 2016</b>	<b>\$ 46,027,600</b>	<b>\$ 48,580,500</b>	<b>\$ 94,608,100</b>

**Trailing Twelve Months Ended June 30, 2016**

<b>June 30, 2015</b>	<b>\$ 46,945,700</b>	<b>\$ 39,935,200</b>	<b>\$ 86,880,900</b>
New Capital Raised	2,996,900	11,623,400	14,620,300
Acquisitions	—	6,010,800	6,010,800
Distributions	(4,073,000)	(7,979,500) (c)	(12,052,500)
Change in Value	158,000	(1,009,400)	(851,400)
<b>June 30, 2016</b>	<b>\$ 46,027,600</b>	<b>\$ 48,580,500</b>	<b>\$ 94,608,100</b>

(a) Includes \$1,797.3 million of redemptions by fund investors.

(b) Includes \$3,012.0 million of redemptions by fund investors.

(c) Includes \$4,616.3 million of redemptions by fund investors.

**KKR**  
**INVESTMENT VEHICLE SUMMARY (a) (UNAUDITED)**  
**As of June 30, 2016**  
**(Amounts in millions, except percentages)**

	Investment Period		Amount						
	Commencement Date	End Date	Commitment	Uncalled Commitments	Percentage Committed by General Partner	Invested	Realized	Remaining Cost	Remaining Fair Value
<b>Private Markets</b>									
<b>Private Equity Funds</b>									
Americas Fund XII	(c)	(d)	\$ 10,553.6	\$ 10,553.6	9.5%	\$ —	\$ —	\$ —	\$ —
European Fund IV (b)	12/2014	12/2020	3,504.6	2,384.9	5.7%	1,125.6	—	1,125.6	1,100.2
Asian Fund II (b)	4/2013	4/2019	5,825.0	3,114.6	1.3%	3,464.3	753.9	2,710.2	4,489.1
North America Fund XI (b)	9/2012	9/2018	8,718.4	3,279.6	2.9%	6,419.0	2,401.5	4,746.9	7,142.3
China Growth Fund	11/2010	11/2016	1,010.0	252.1	1.0%	757.9	283.4	599.9	800.4
E2 Investors (Annex Fund)	8/2009	11/2013	195.8	—	4.9%	195.8	195.7	18.1	12.7
European Fund III	3/2008	3/2014	6,135.9	826.2	4.6%	5,309.7	4,819.8	3,017.2	4,486.4
Asian Fund	7/2007	4/2013	3,983.3	117.1	2.5%	3,866.2	5,728.6	1,760.1	2,524.2
2006 Fund	9/2006	9/2012	17,642.2	466.3	2.1%	17,175.9	19,844.8	7,401.1	11,300.1
European Fund II	11/2005	10/2008	5,750.8	—	2.1%	5,750.8	7,090.6	452.3	1,484.3
Millennium Fund	12/2002	12/2008	6,000.0	—	2.5%	6,000.0	13,104.4	479.8	889.3
European Fund	12/1999	12/2005	3,085.4	—	3.2%	3,085.4	8,757.7	—	—
<b>Total Private Equity Funds</b>			<b>72,405.0</b>	<b>20,994.4</b>		<b>53,150.6</b>	<b>62,980.4</b>	<b>22,311.2</b>	<b>34,229.0</b>
Co-Investment Vehicles and Other (b)	Various	Various	7,418.2	3,473.1	Various	4,056.8	2,722.4	2,949.6	3,668.9
<b>Total Private Equity</b>			<b>79,823.2</b>	<b>24,467.5</b>		<b>57,207.4</b>	<b>65,702.8</b>	<b>25,260.8</b>	<b>37,897.9</b>
<b>Real Assets</b>									
Energy Income and Growth Fund	9/2013	9/2018	1,974.2	1,013.4	12.8%	960.8	174.5	857.3	598.3
Natural Resources Fund	Various	Various	887.4	2.9	Various	884.5	96.6	804.0	166.6
Global Energy Opportunities (b)	Various	Various	1,071.4	808.6	Various	334.1	61.6	189.7	210.3
Global Infrastructure Investors (b)	9/2011	10/2014	1,040.0	76.0	4.8%	991.9	336.9	796.9	1,026.8
Global Infrastructure Investors II (b)	10/2014	10/2020	3,035.2	2,388.2	4.1%	651.1	8.9	649.8	670.1
Real Estate Partners Americas (b)	5/2013	12/2016	1,229.1	553.0	16.3%	852.5	361.3	675.7	793.0
Real Estate Partners Europe (b)	9/2015	6/2020	705.0	705.0	9.5%	—	—	—	10.3
Co-Investment Vehicles and Other	Various	Various	1,672.7	542.7	Various	1,130.0	419.6	1,130.0	1,484.9
<b>Real Assets</b>			<b>11,615.0</b>	<b>6,089.8</b>		<b>5,804.9</b>	<b>1,459.4</b>	<b>5,103.4</b>	<b>4,960.3</b>
Unallocated Commitments			616.0	616.0	Various	—	—	—	—
<b>Private Markets Total</b>			<b>92,054.2</b>	<b>31,173.3</b>		<b>63,012.3</b>	<b>67,162.2</b>	<b>30,364.2</b>	<b>42,858.2</b>
<b>Public Markets</b>									
Special Situations Fund	12/2012	1/2016	2,274.3	65.9	11.6%	2,208.4	483.9	2,085.1	2,054.3
Special Situations Fund II	12/2014	3/2019	3,347.9	2,607.0	9.0%	740.9	—	740.9	486.0
Mezzanine Partners	3/2010	3/2015	1,022.8	136.7	4.4%	886.1	712.4	515.8	476.6
Lending Partners	12/2011	12/2014	460.2	61.1	15.2%	399.1	216.2	339.5	285.6
Lending Partners II	6/2014	6/2017	1,335.9	877.2	3.7%	458.7	78.5	458.7	486.0
Lending Partners Europe	3/2015	3/2018	847.6	720.4	5.0%	127.2	—	127.2	148.3
Other Alternative Credit Vehicles	Various	Various	5,686.9	2,725.3	Various	2,961.6	1,688.3	2,036.3	2,145.1
<b>Public Markets Total</b>			<b>14,975.6</b>	<b>7,193.6</b>		<b>7,782.0</b>	<b>3,179.3</b>	<b>6,303.5</b>	<b>6,081.9</b>
<b>Grand Total</b>			<b>\$ 107,029.8</b>	<b>\$ 38,366.9</b>		<b>\$70,794.3</b>	<b>\$70,341.5</b>	<b>\$ 36,667.7</b>	<b>\$ 48,940.1</b>

- (a) Reflects investment vehicles for which KKR has the ability to earn carried interest and excludes open ended funds, managed accounts, CLOs and certain other investment vehicles where KKR earns an incentive fee.
- (b) The “Invested” and “Realized” columns include the amounts of any realized investments that restored the unused capital commitments of the fund investors.
- (c) Upon end date of predecessor fund.
- (d) Up to six years from commencement date.

## KKR

### Notes to Reportable Segments (Unaudited)

The segment key performance measures that follow are used by management in making operating and resource deployment decisions as well as assessing the overall performance of each of KKR's reportable business segments. The reportable segments for KKR's business are presented prior to giving effect to the allocation of income (loss) between KKR & Co. L.P. and KKR Holdings L.P. and as such represent the business in total. In addition, KKR's reportable segments are presented without giving effect to the consolidation of the funds that KKR manages.

KKR discloses the following financial measures in this earnings release that are calculated and presented using methodologies other than in accordance with GAAP. We believe that providing these performance measures on a supplemental basis to our GAAP results is helpful to unitholders in assessing the overall performance of KKR's businesses. These financial measures should not be considered as a substitute for similar financial measures calculated in accordance with GAAP. We caution readers that these non-GAAP financial measures may differ from the calculations of other investment managers, and as a result, may not be comparable to similar measures presented by other investment managers. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included elsewhere within this earnings release.

**Adjusted units** are used as a measure of the total common equity ownership of KKR that is held by KKR & Co. L.P. (including equity awards issued under the KKR & Co. L.P. 2010 Equity Incentive Plan (the "Equity Incentive Plan"), but excluding preferred units), KKR Holdings and other holders of securities exchangeable into common units of KKR & Co. L.P. and represent the fully diluted common unit count using the if-converted method. We believe this measure is useful to unitholders as it provides an indication of the total common equity ownership of KKR as if all outstanding KKR Holdings units, equity awards issued under the Equity Incentive Plan and other exchangeable securities had been exchanged for common units of KKR & Co. L.P. The preferred units are not exchangeable for common units of KKR & Co. L.P.

**Adjusted units eligible for distribution** represents the portion of total adjusted units that is eligible to receive a distribution. We believe this measure is useful to unitholders as it provides insight into the calculation of amounts available for distribution on a per unit basis. Adjusted units eligible for distribution is used in the calculation of after-tax distributable earnings per unit.

**After-tax distributable earnings** is used by management as an operating measure of the earnings excluding mark-to-market gains (losses) of KKR. KKR believes this measure is useful to unitholders as it provides a supplemental measure to assess performance, excluding the impact of mark-to-market gains (losses). After-tax distributable earnings excludes certain realized investment losses to the extent unrealized losses on these investments were recognized prior to the combination with KPE on October 1, 2009. After-tax distributable earnings does not represent and is not used to calculate actual distributions under KKR's current distribution policy.

**Assets under management ("AUM")** represent the assets managed by KKR or by its strategic partners from which KKR is entitled to receive fees or a carried interest (either currently or upon deployment of capital) and general partner capital. We believe this measure is useful to unitholders as it provides additional insight into KKR's capital raising activities and the overall activity in its investment funds and strategic partnerships. KKR calculates the amount of AUM as of any date as the sum of: (i) the fair value of the investments of KKR's investment funds; (ii) uncalled capital commitments from these funds, including uncalled capital commitments from which KKR is currently not earning management fees or carried interest; (iii) the fair value of investments in KKR's co-investment vehicles; (iv) the par value of outstanding CLOs (excluding CLOs wholly-owned by KKR); (v) KKR's pro-rata portion of the AUM managed by strategic partnerships in which KKR holds a minority ownership interest and (vi) the fair value of other assets managed by KKR, but excluding the fair value of certain investment vehicles that generate revenue only attributable to the Principal Activities segment. The pro-rata portion of the AUM managed by strategic partnerships is calculated based on KKR's percentage ownership interest in such entities multiplied by such entity's respective AUM. KKR's definition of AUM is not based on any definition of AUM that may be set forth in the agreements governing the investment funds, vehicles or accounts that it manages or calculated pursuant to any regulatory definitions.

**Book value** is a measure of the net assets of KKR's reportable segments and is used by management primarily in assessing the unrealized value of KKR's investment portfolio, including carried interest. We believe this measure is useful to unitholders as it provides additional insight into the assets and liabilities of KKR excluding the assets and liabilities that are allocated to noncontrolling interest holders and to the holders of the preferred units.

**Capital invested** is the aggregate amount of capital that has been invested by KKR's investment vehicles and is used as a measure of investment activity for KKR and its business segments during a given period. We believe this measure is useful to unitholders as it provides insight into KKR's investments among its investment vehicles. Such amounts consist of capital invested by KKR's investment vehicles, including investments made using investment financing arrangements like credit facilities. Capital invested excludes investments in liquid credit strategies.

**Cash and short-term investments** represent cash and liquid short-term investments in high-grade, short-duration cash management strategies used by KKR to generate additional yield on our excess liquidity and is used by management in evaluating KKR's liquidity position. We believe this measure is useful to unitholders as it provides additional insight into KKR's available liquidity.

**Economic net income (loss) ("ENI")** is a measure of profitability for KKR's reportable segments and is used by management as an alternative measurement of the operating and investment earnings of KKR and its business segments. We believe this measure is useful to unitholders as it provides additional insight into the overall profitability of KKR's businesses inclusive of carried interest and related carry pool allocations and investment income. ENI is comprised of total segment revenues less total segment expenses and certain economic interests in KKR's segments held by third parties.

**Fee paying AUM ("FPAUM")** represents only those assets under management of KKR or its strategic partners from which KKR receives management fees. We believe this measure is useful to unitholders as it provides additional insight into the capital base upon which KKR earns

management fees. FPAUM is the sum of all of the individual fee bases that are used to calculate KKR's fees and differs from AUM in the following respects: (i) assets and commitments from which KKR does not receive a fee are excluded (i.e., assets and commitments with respect to which it receives only carried interest or is otherwise not currently receiving a fee) and (ii) certain assets, primarily in its private equity funds, are reflected based on capital commitments and invested capital as opposed to fair value because fees are not impacted by changes in the fair value of underlying investments.

**Investments** is a term used solely for purposes of financial presentation of a portion of KKR's balance sheet and includes majority investments in subsidiaries that operate KKR's asset management and broker-dealer businesses, including the general partner interests of KKR's investment funds.

**Outstanding adjusted units** represents the portion of total adjusted units that would receive assets of KKR if it were to be liquidated as of a particular date. Outstanding adjusted units is used to calculate book value per outstanding adjusted unit, which we believe is useful to unitholders as it provides a measure of net assets of KKR's reportable segments on a per unit basis.

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

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



**KKR**  
**EXHIBIT A**

**OTHER FINANCIAL INFORMATION (UNAUDITED)**

(Amounts in thousands)

	Quarter Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Fee Related Earnings</b>					
Total Management, Monitoring and Transaction Fees, Net	\$ 262,106	\$ 279,915	\$ 265,607	\$ 542,021	\$ 560,017
Less: Cash Compensation and Benefits	96,890	100,899	96,514	197,789	201,276
Less: Occupancy and Related Charges	15,659	15,950	15,475	31,609	30,271
Less: Other Operating expenses	49,533	61,886	51,613	111,419	112,559
Plus: Expenses of Principal Activities Segment	37,737	39,818	41,641	77,555	86,214
<b>Fee Related Earnings (a)</b>	<b>137,761</b>	<b>140,998</b>	<b>143,646</b>	<b>278,759</b>	<b>302,125</b>
Plus: Net Interest and Dividends	26,004	59,576	75,406	85,580	126,081
Plus: Depreciation and Amortization	3,959	3,887	3,918	7,846	7,799
Plus: Core Interest Expense	29,388	29,105	30,750	58,493	56,082
Less: Expenses of Principal Activities Segment	37,737	39,818	41,641	77,555	86,214
<b>Fee and Yield Segment EBITDA (b)</b>	<b>159,375</b>	<b>193,748</b>	<b>212,079</b>	<b>353,123</b>	<b>405,873</b>
Plus: Realized Performance Income (Loss), net	185,952	59,329	154,872	245,281	339,727
Plus: Net Realized Gains (Losses)	224,699	(24,183)	176,260	200,516	356,927
<b>Total Segment EBITDA (b)</b>	<b>\$ 570,026</b>	<b>\$ 228,894</b>	<b>\$ 543,211</b>	<b>\$ 798,920</b>	<b>\$ 1,102,527</b>
<b>Distributable Earnings</b>					
Management, Monitoring and Transaction Fees, Net	\$ 262,106	\$ 279,915	\$ 265,607	\$ 542,021	\$ 560,017
Realized Performance Income (Loss)	309,920	98,881	258,120	408,801	566,210
Realized Investment Income (Loss)	250,703	35,393	251,666	286,096	483,008
Total Distributable Segment Revenues	\$ 822,729	\$ 414,189	\$ 775,393	\$ 1,236,918	\$ 1,609,235
Less: Total Distributable Segment Expenses and Other	286,625	218,954	271,233	505,579	578,594
Less: Corporate and Local Income Taxes Paid	22,819	26,503	38,908	49,322	77,713
Less: Preferred Unit Distributions	5,693	—	—	5,693	—
<b>After-tax Distributable Earnings</b>	<b>\$ 507,592</b>	<b>\$ 168,732</b>	<b>\$ 465,252</b>	<b>\$ 676,324</b>	<b>\$ 952,928</b>
<b>Adjusted Units Eligible for Distribution</b>	<b>808,716,988</b>	<b>808,784,094</b>	<b>820,963,434</b>		
<b>Core Interest Expense</b>					
<b>GAAP Interest Expense</b>	<b>\$ 181,313</b>	<b>\$ 171,394</b>	<b>\$ 139,427</b>	<b>\$ 352,707</b>	<b>\$ 251,390</b>
Less: Interest expense related to debt obligations of consolidated investment funds, CLOs and other	132,866	122,850	86,955	255,716	153,160
<b>Segment Interest Expense</b>	<b>48,447</b>	<b>48,544</b>	<b>52,472</b>	<b>96,991</b>	<b>98,230</b>
Less: Interest Expense related to debt obligations from KFN and other	19,059	19,439	21,722	38,498	42,148
<b>Core Interest Expense (c)</b>	<b>\$ 29,388</b>	<b>\$ 29,105</b>	<b>\$ 30,750</b>	<b>\$ 58,493</b>	<b>\$ 56,082</b>

(a) Fee related earnings (“FRE”) is a measure of the operating earnings of KKR and its business segments before performance income, related performance income compensation and investment income. KKR believes this measure is useful to unitholders as it provides additional insight into the operating profitability of KKR’s fee generating management companies and capital markets businesses.

(b) Fee and Yield Segment EBITDA and Total Segment EBITDA may be useful in evaluating KKR’s ability to service its debt. Fee and Yield Segment EBITDA provides insight into the amount of KKR’s distributable earnings before the impact of interest expense, significant portions of which tend to be more recurring than realized carried interest and realized investment income from quarter to quarter. Total Segment EBITDA represents Fee and Yield Segment EBITDA plus the addition of realized performance income and realized investment income.

(c) Core interest expense is used by management as an alternative measurement of interest expense incurred by KKR on a segment basis and excludes interest expense related to debt obligations from investment financing arrangements related to certain of KKR’s investment funds, investment vehicles and principal investments and also excludes interest expense incurred by KFN. The financing arrangements excluded from core interest expense are not direct obligations of the general partners of KKR’s private equity funds or its management companies, and in the case of debt obligations of KFN are non-recourse to KKR beyond the assets of KFN. KKR believes this measure is useful to unitholders as it provides an indication of the amount of interest expense borne by KKR excluding interest expense that is allocated to KKR’s investment funds, other noncontrolling interest holders and KFN. Additionally, we believe this measure is useful for analyzing KKR’s ability to service its debt obligations other than the debt obligations of KFN.

**KKR**  
**EXHIBIT B**

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**KKR'S PORTION OF TOTAL UNCALLED COMMITMENTS TO ITS INVESTMENT FUNDS (UNAUDITED)**  
**(Amounts in thousands)**

	<b>Uncalled Commitments</b>
<b><u>Private Markets</u></b>	
Americas Fund XII	\$ 1,000,000
European Fund IV	131,500
Energy Income and Growth	130,900
Global Infrastructure II	98,400
Real Estate Partners Americas	90,000
North America Fund XI	88,700
Real Estate Partners Europe	66,800
Asian Fund II	39,900
Co-Investment Vehicles	24,400
Other Private Markets Funds	500,000
<b>Total Private Markets Commitments</b>	<b>2,170,600</b>
<b><u>Public Markets</u></b>	
Special Situations Fund	6,800
Special Situations Fund II	233,600
Mezzanine Partners	5,900
Lending Partners	9,500
Lending Partners II	32,900
Lending Partners Europe	36,200
Other Alternative Credit Vehicles	126,400
<b>Total Public Markets Commitments</b>	<b>451,300</b>
<b>Total Uncalled Commitments</b>	<b>\$ 2,621,900</b>

**KKR**  
**EXHIBIT C**

**RECONCILIATION OF NET INCOME (LOSS) ATTRIBUTABLE TO KKR & CO. L.P. PER COMMON UNIT - BASIC (GAAP BASIS)**  
**TO AFTER TAX ENI PER ADJUSTED UNIT (UNAUDITED)**

(Amounts in thousands, except common unit and per common unit amounts)

	Quarter Ended		
	June 30, 2016	March 31, 2016	June 30, 2015
<b>Net income (loss) attributable to KKR &amp; Co. L.P. per common unit - Basic</b>	<b>\$ 0.21</b>	<b>\$ (0.73)</b>	<b>\$ 0.84</b>
Weighted Average Common Units Outstanding - Basic	448,221,538	450,262,143	446,794,950
<b>Net Income (Loss) Attributable to KKR &amp; Co. L.P. Common Unitholders</b>	<b>93,890</b>	<b>(329,939)</b>	<b>376,306</b>
Plus: Preferred Distribution	5,693	—	—
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	73,400	(271,575)	325,703
Plus: Non-cash equity-based charges	60,657	63,823	69,478
Plus: Amortization of intangibles and other, net	9,144	28,882	37,910
Plus: Income tax (benefit)	6,045	1,890	30,547
<b>Economic Net Income (Loss)</b>	<b>248,829</b>	<b>(506,919)</b>	<b>839,944</b>
Less: Equity-based compensation associated with the KKR & Co. L.P. 2010 equity incentive plan	48,026	49,961	48,453
<b>Pre-tax Economic Net Income (Loss)</b>	<b>200,803</b>	<b>(556,880)</b>	<b>791,491</b>
Less: Provision for income tax (benefit)	3,898	(3,892)	44,836
Less: Preferred Distribution	5,693	—	—
<b>After-tax Economic Net Income (Loss)</b>	<b>191,212</b>	<b>(552,988)</b>	<b>746,655</b>
Weighted Average Adjusted Units	840,537,946	847,972,012	852,128,762
<b>After-tax Economic Net Income (Loss) Per Adjusted Unit</b>	<b>\$ 0.23</b>	<b>\$ (0.65)</b>	<b>\$ 0.88</b>

	Six Months Ended	
	June 30, 2016	June 30, 2015
<b>Net income (loss) attributable to KKR &amp; Co. L.P. per common unit - Basic</b>	<b>\$ (0.53)</b>	<b>\$ 1.47</b>
Weighted Average Common Units Outstanding - Basic	449,241,840	440,867,813
<b>Net Income (Loss) Attributable to KKR &amp; Co. L.P. Common Unitholders</b>	<b>(236,049)</b>	<b>646,813</b>
Plus: Preferred Distribution	5,693	—
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	(198,175)	564,711
Plus: Non-cash equity-based charges	124,480	146,028
Plus: Amortization of intangibles and other, net	38,026	35,120
Plus: Income tax (benefit)	7,935	46,685
<b>Economic Net Income (Loss)</b>	<b>(258,090)</b>	<b>1,439,357</b>
Less: Equity-based compensation associated with the KKR & Co. L.P. 2010 equity incentive plan	97,987	100,718
<b>Pre-tax Economic Net Income (Loss)</b>	<b>(356,077)</b>	<b>1,338,639</b>
Less: Provision for income tax (benefit)	6	66,071
Less: Preferred Distribution	5,693	—
<b>After-tax Economic Net Income (Loss)</b>	<b>(361,776)</b>	<b>1,272,568</b>
Weighted Average Adjusted Units	844,254,980	850,106,448
<b>After-tax Economic Net Income (Loss) Per Adjusted Unit</b>	<b>\$ (0.43)</b>	<b>\$ 1.50</b>

KKR  
EXHIBIT C (CONTINUED)

**RECONCILIATION OF FEES AND OTHER (GAAP BASIS) TO TOTAL SEGMENT REVENUES (UNAUDITED)**  
(Amounts in thousands)

	Quarter Ended		
	June 30, 2016	March 31, 2016	June 30, 2015
<b>Fees and Other</b>	<b>\$ 576,757</b>	<b>\$ 162,805</b>	<b>\$ 255,874</b>
Management fees relating to consolidated funds and other entities	44,048	38,270	129,864
Fee credits relating to consolidated funds	(1,921)	(428)	(53,738)
Net realized and unrealized carried interest - consolidated funds	19,186	(9,561)	592,593
Total investment income (loss)	(46,745)	(529,598)	383,650
Revenue earned by oil & gas producing entities	(18,225)	(13,561)	(35,700)
Reimbursable expenses	(18,638)	(15,881)	(17,542)
Other	(10,483)	(6,653)	(7,258)
<b>Total Segment Revenues</b>	<b>\$ 543,979</b>	<b>\$ (374,607)</b>	<b>\$ 1,247,743</b>

	Six Months Ended	
	June 30, 2016	June 30, 2015
<b>Fees and Other</b>	<b>\$ 739,562</b>	<b>\$ 547,219</b>
Management fees relating to consolidated funds and other entities	82,318	255,439
Fee credits relating to consolidated funds	(2,349)	(126,687)
Net realized and unrealized carried interest - consolidated funds	9,625	1,034,302
Total investment income (loss)	(576,343)	604,271
Revenue earned by oil & gas producing entities	(31,786)	(60,644)
Reimbursable expenses	(34,519)	(27,320)
Other	(17,136)	(16,432)
<b>Total Segment Revenues</b>	<b>\$ 169,372</b>	<b>\$ 2,210,148</b>

**RECONCILIATION OF TOTAL EXPENSES (GAAP BASIS) TO TOTAL SEGMENT EXPENSES (UNAUDITED)**  
(Amounts in thousands)

	Quarter Ended		
	June 30, 2016	March 31, 2016	June 30, 2015
<b>Total Expenses</b>	<b>\$ 423,218</b>	<b>\$ 308,323</b>	<b>\$ 554,177</b>
Equity based compensation	(60,657)	(63,823)	(69,478)
Reimbursable expenses	(30,525)	(24,107)	(26,547)
Operating expenses relating to consolidated funds, CFEs and other entities	(21,281)	(43,671)	(11,082)
Expenses incurred by oil & gas producing entities	(20,392)	(17,826)	(26,053)
Intangible amortization, acquisition and litigation	3,865	(17,393)	(6,051)
Other	347	(9,858)	(11,550)
<b>Total Segment Expenses</b>	<b>\$ 294,575</b>	<b>\$ 131,645</b>	<b>\$ 403,416</b>

	Six Months Ended	
	June 30, 2016	June 30, 2015
<b>Total Expenses</b>	<b>\$ 731,541</b>	<b>\$ 1,069,210</b>
Equity based compensation	(124,480)	(146,028)
Reimbursable expenses	(54,632)	(46,406)
Operating expenses relating to consolidated funds, CFEs and other entities	(64,952)	(22,052)
Expenses incurred by oil & gas producing entities	(38,218)	(47,131)
Intangible amortization, acquisition and litigation	(13,528)	(21,522)
Other	(9,511)	(23,285)
<b>Total Segment Expenses</b>	<b>\$ 426,220</b>	<b>\$ 762,786</b>

**KKR**  
**EXHIBIT C (CONTINUED)**

**RECONCILIATION OF NET INCOME (LOSS) ATTRIBUTABLE TO KKR & CO. L.P. COMMON UNITHOLDERS (GAAP BASIS)  
TO ECONOMIC NET INCOME (LOSS), FEE RELATED EARNINGS, FEE AND YIELD SEGMENT EBITDA, AFTER TAX DISTRIBUTABLE  
EARNINGS AND TOTAL SEGMENT EBITDA (UNAUDITED)**

(Amounts in thousands)

	Quarter Ended		
	June 30, 2016	March 31, 2016	June 30, 2015
<b>Net Income (Loss) Attributable to KKR &amp; Co. L.P. Common Unitholders</b>	<b>\$ 93,890</b>	<b>\$ (329,939)</b>	<b>\$ 376,306</b>
Plus: Preferred Distribution	5,693	—	—
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	73,400	(271,575)	325,703
Plus: Non-cash equity-based charges	60,657	63,823	69,478
Plus: Amortization of intangibles and other, net	9,144	28,882	37,910
Plus: Income tax (benefit)	6,045	1,890	30,547
<b>Economic Net Income (Loss)</b>	<b>248,829</b>	<b>(506,919)</b>	<b>839,944</b>
Plus: Income attributable to segment noncontrolling interests	575	667	4,383
Less: Total investment income (loss)	(46,745)	(529,598)	383,650
Less: Net performance income (loss)	196,125	(77,834)	358,672
Plus: Expenses of Principal Activities Segment	37,737	39,818	41,641
<b>Fee Related Earnings</b>	<b>137,761</b>	<b>140,998</b>	<b>143,646</b>
Plus: Net interest and dividends	26,004	59,576	75,406
Plus: Depreciation and amortization	3,959	3,887	3,918
Plus: Core interest expense	29,388	29,105	30,750
Less: Expenses of Principal Activities Segment	37,737	39,818	41,641
<b>Fee and Yield Segment EBITDA</b>	<b>159,375</b>	<b>193,748</b>	<b>212,079</b>
Less: Depreciation and amortization	3,959	3,887	3,918
Less: Core interest expense	29,388	29,105	30,750
Plus: Realized performance income (loss), net	185,952	59,329	154,872
Plus: Net realized gains (losses)	224,699	(24,183)	176,260
Less: Corporate and local income taxes paid	22,819	26,503	38,908
Less: Preferred Unit Distributions	5,693	—	—
Less: Income attributable to segment noncontrolling interests	575	667	4,383
<b>After-tax Distributable Earnings</b>	<b>507,592</b>	<b>168,732</b>	<b>465,252</b>
Plus: Depreciation and amortization	3,959	3,887	3,918
Plus: Core interest expense	29,388	29,105	30,750
Plus: Corporate and local income taxes paid	22,819	26,503	38,908
Plus: Preferred Unit Distributions	5,693	—	—
Plus: Income attributable to segment noncontrolling interests	575	667	4,383
<b>Total Segment EBITDA</b>	<b>\$ 570,026</b>	<b>\$ 228,894</b>	<b>\$ 543,211</b>

	Six Months Ended	
	June 30, 2016	June 30, 2015
<b>Net Income (Loss) Attributable to KKR &amp; Co. L.P. Common Unitholders</b>	<b>\$ (236,049)</b>	<b>\$ 646,813</b>
Plus: Preferred Distribution	5,693	—
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	(198,175)	564,711
Plus: Non-cash equity-based charges	124,480	146,028
Plus: Amortization of intangibles and other, net	38,026	35,120
Plus: Income tax (benefit)	7,935	46,685
<b>Economic Net Income (Loss)</b>	<b>(258,090)</b>	<b>1,439,357</b>
Plus: Income attributable to segment noncontrolling interests	1,242	8,005
Less: Total investment income (loss)	(576,343)	604,271
Less: Net performance income (loss)	118,291	627,180
Plus: Expenses of Principal Activities Segment	77,555	86,214
<b>Fee Related Earnings</b>	<b>278,759</b>	<b>302,125</b>
Plus: Net interest and dividends	85,580	126,081
Plus: Depreciation and amortization	7,846	7,799
Plus: Core interest expense	58,493	56,082
Less: Expenses of Principal Activities Segment	77,555	86,214
<b>Fee and Yield Segment EBITDA</b>	<b>353,123</b>	<b>405,873</b>
Less: Depreciation and amortization	7,846	7,799
Less: Core interest expense	58,493	56,082
Plus: Realized performance income (loss), net	245,281	339,727
Plus: Net realized gains (losses)	200,516	356,927
Less: Corporate and local income taxes paid	49,322	77,713
Less: Preferred Unit Distributions	5,693	—
Less: Income attributable to segment noncontrolling interests	1,242	8,005
<b>After-tax Distributable Earnings</b>	<b>676,324</b>	<b>952,928</b>
Plus: Depreciation and amortization	7,846	7,799
Plus: Core interest expense	58,493	56,082
Plus: Corporate and local income taxes paid	49,322	77,713
Plus: Preferred Unit Distributions	5,693	—
Plus: Income attributable to segment noncontrolling interests	1,242	8,005
<b>Total Segment EBITDA</b>	<b>\$ 798,920</b>	<b>\$ 1,102,527</b>

**KKR**  
**EXHIBIT C (CONTINUED)**

**RECONCILIATION OF CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (GAAP BASIS)**  
**TO TOTAL REPORTABLE SEGMENTS BALANCE SHEET (UNAUDITED)**  
**JUNE 30, 2016**  
**(Amounts in thousands)**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (GAAP BASIS)	1	2	3	4	5	TOTAL REPORTABLE SEGMENTS BALANCE SHEET		
<b>Assets</b>								
Cash and Cash Equivalents	\$ 1,512,475	—	—	364,275	—	—	\$ 1,876,750	Cash and Short-term Investments
Investments	30,375,163	(19,992,654)	(1,107,578)	(1,300,899)	—	—	7,974,032	Investments
		—	—	1,300,899	—	—	1,300,899	Unrealized Carry
Other Assets	5,619,233	(3,093,511)	—	(525,500)	—	(289,957)	1,710,265	Other Assets
		—	—	161,225	—	—	161,225	Corporate Real Estate
<b>Total Assets</b>	<b>\$ 37,506,871</b>	<b>(23,086,165)</b>	<b>(1,107,578)</b>	<b>—</b>	<b>—</b>	<b>(289,957)</b>	<b>\$ 13,023,171</b>	
<b>Liabilities and Equity</b>								
Debt Obligations	17,894,036	(15,236,726)	—	(657,310)	—	—	2,000,000	Debt Obligations - KKR (ex-KFN)
		—	—	657,310	—	—	657,310	Debt Obligations - KFN
		—	—	373,750	—	—	373,750	Preferred Shares - KFN
Other Liabilities	3,928,882	(2,325,229)	(1,107,578)	—	—	(142,230)	353,845	Other Liabilities
<b>Total Liabilities</b>	<b>21,822,918</b>	<b>(17,561,955)</b>	<b>(1,107,578)</b>	<b>373,750</b>	<b>—</b>	<b>(142,230)</b>	<b>3,384,905</b>	
<b>Redeemable Noncontrolling Interests</b>	<b>339,637</b>	<b>(339,637)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>		
<b>Equity</b>								
Series A Preferred Units	332,988	—	—	(332,988)	—	—		
Series B Preferred Units	149,566	—	—	(149,566)	—	—		
KKR & Co. L.P. Capital - Common Unitholders	5,001,602	173,451	—	(17,446)	4,107,160	(147,727)	9,117,040	Book Value
Noncontrolling Interests	9,860,160	(5,358,024)	—	(373,750)	(4,107,160)	—	21,226	Noncontrolling Interests
		—	—	500,000	—	—	500,000	Preferred Units
<b>Total Liabilities and Equity</b>	<b>\$ 37,506,871</b>	<b>(23,086,165)</b>	<b>(1,107,578)</b>	<b>—</b>	<b>—</b>	<b>(289,957)</b>	<b>\$ 13,023,171</b>	

- 1** IMPACT OF CONSOLIDATION OF INVESTMENT VEHICLES AND OTHER ENTITIES
- 2** CARRY POOL RECLASSIFICATION
- 3** OTHER RECLASSIFICATIONS
- 4** NONCONTROLLING INTERESTS HELD BY KKR HOLDINGS L.P. AND OTHER
- 5** EQUITY IMPACT OF KKR MANAGEMENT HOLDINGS CORP.

**KKR**  
**EXHIBIT C (CONTINUED)**

**RECONCILIATION OF CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (GAAP BASIS)**  
**TO TOTAL REPORTABLE SEGMENTS BALANCE SHEET (UNAUDITED)**  
**DECEMBER 31, 2015**  
**(Amounts in thousands)**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (GAAP BASIS)	1	2	3	4	5	TOTAL REPORTABLE SEGMENTS BALANCE SHEET		
<b>Assets</b>								
Cash and Cash Equivalents	\$ 1,047,740	—	—	239,910	—	\$ 1,287,650	Cash and Short-term Investments	
Investments	65,305,931	(53,733,364)	(1,199,000)	(1,415,478)	—	8,958,089	Investments	
		—	—	1,415,478	—	1,415,478	Unrealized Carry	
Other Assets	4,688,668	(2,406,048)	—	(394,852)	—	(274,629)	1,613,139 Other Assets	
			—	154,942	—	—	154,942 Corporate Real Estate	
<b>Total Assets</b>	<b>\$ 71,042,339</b>	<b>(56,139,412)</b>	<b>(1,199,000)</b>	<b>—</b>	<b>—</b>	<b>(274,629)</b>	<b>\$ 13,429,298</b>	
<b>Liabilities and Equity</b>								
Debt Obligations	18,714,597	(16,057,287)	—	(657,310)	—	—	2,000,000	Debt Obligations - KKR (ex-KFN)
		—	—	657,310	—	—	657,310	Debt Obligations - KFN
		—	—	373,750	—	—	373,750	Preferred Shares - KFN
Other Liabilities	2,860,157	(1,228,091)	(1,199,000)	—	—	(141,529)	291,537	Other Liabilities
<b>Total Liabilities</b>	<b>21,574,754</b>	<b>(17,285,378)</b>	<b>(1,199,000)</b>	<b>373,750</b>	<b>—</b>	<b>(141,529)</b>	<b>3,322,597</b>	
<b>Redeemable Noncontrolling Interests</b>	<b>188,629</b>	<b>(188,629)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>		
<b>Equity</b>								
Series A Preferred Units	—	—	—	—	—	—		
Series B Preferred Units	—	—	—	—	—	—	Preferred Units	
KKR & Co. L.P. Capital - Common Unitholders	5,547,182	133,208	—	—	4,431,939	(133,100)	9,979,229	Book Value
Noncontrolling Interests	43,731,774	(38,798,613)	—	(373,750)	(4,431,939)	—	127,472	Noncontrolling Interests
<b>Total Liabilities and Equity</b>	<b>\$ 71,042,339</b>	<b>(56,139,412)</b>	<b>(1,199,000)</b>	<b>—</b>	<b>—</b>	<b>(274,629)</b>	<b>\$ 13,429,298</b>	

- 1 IMPACT OF CONSOLIDATION OF INVESTMENT VEHICLES AND OTHER ENTITIES  
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3 OTHER RECLASSIFICATIONS  
4 NONCONTROLLING INTERESTS HELD BY KKR HOLDINGS L.P. AND OTHER  
5 EQUITY IMPACT OF KKR MANAGEMENT HOLDINGS CORP.

**KKR**  
**EXHIBIT D**

**RECONCILIATION OF WEIGHTED AVERAGE GAAP COMMON UNITS OUTSTANDING (UNAUDITED)**

The following table provides a reconciliation of KKR's Weighted Average GAAP Common Units Outstanding to Weighted Average Adjusted Units:

	Quarter Ended		
	June 30, 2016	March 31, 2016	June 30, 2015
<b>Weighted Average GAAP Common Units Outstanding - Basic</b>	<b>448,221,538</b>	<b>450,262,143</b>	<b>446,794,950</b>
Adjustments:			
Weighted Average Unvested Common Units and Other Securities (a)	33,588,074	— (c)	35,856,541
<b>Weighted Average GAAP Common Units Outstanding - Diluted</b>	<b>481,809,612</b>	<b>450,262,143</b>	<b>482,651,491</b>
Adjustments:			
Weighted Average KKR Holdings Units (b)	358,728,334	360,317,628	369,477,271
Weighted Average Unvested Common Units and Other Securities (a)	—	37,392,241 (c)	—
<b>Weighted Average Adjusted Units</b>	<b>840,537,946</b>	<b>847,972,012</b>	<b>852,128,762</b>

	Six Months Ended	
	June 30, 2016	June 30, 2015
<b>Weighted Average GAAP Common Units Outstanding - Basic</b>	<b>449,241,840</b>	<b>440,867,813</b>
Adjustments:		
Weighted Average Unvested Common Units and Other Securities (a)	— (c)	36,599,407
<b>Weighted Average GAAP Common Units Outstanding - Diluted</b>	<b>449,241,840</b>	<b>477,467,220</b>
Adjustments:		
Weighted Average KKR Holdings Units (b)	359,522,981	372,639,228
Weighted Average Unvested Common Units and Other Securities (a)	35,490,159 (c)	—
<b>Weighted Average Adjusted Units</b>	<b>844,254,980</b>	<b>850,106,448</b>

**RECONCILIATION OF GAAP COMMON UNITS OUTSTANDING (UNAUDITED)**

The following table provides a reconciliation of KKR's GAAP Common Units Outstanding to Adjusted Units, Adjusted Units Eligible for Distribution and Outstanding Adjusted Units:

	As of	As of
	June 30, 2016	December 31, 2015
<b>GAAP Common Units Outstanding - Basic</b>	<b>446,203,551</b>	<b>457,834,875</b>
Unvested Common Units and Other Securities (a)	33,470,695	27,901,910
<b>GAAP Common Units Outstanding - Diluted</b>	<b>479,674,246</b>	<b>485,736,785</b>
Adjustments:		
KKR Holdings Units (b)	358,673,603	361,346,588
<b>Adjusted Units</b>	<b>838,347,849</b>	<b>847,083,373</b>
Adjustments:		
Unvested Common Units and Unvested Other Securities (a)	(29,630,861)	(24,060,289)
<b>Adjusted Units Eligible for Distribution</b>	<b>808,716,988</b>	<b>823,023,084</b>
Adjustments:		
Vested Other Securities	(3,839,834)	(3,841,621)
<b>Outstanding Adjusted Units</b>	<b>804,877,154</b>	<b>819,181,463</b>

- (a) Represents equity awards granted under the Equity Incentive Plan and other securities that are exchangeable into KKR & Co. L.P common units. The issuance of common units of KKR & Co. L.P. pursuant to such equity awards or other securities dilutes KKR common unitholders and KKR Holdings pro rata in accordance with their respective percentage interests in the KKR business.
- (b) Common units that may be issued by KKR & Co. L.P. upon exchange of units in KKR Holdings L.P. for KKR common units.
- (c) Unvested common units and other securities are excluded from the calculation of diluted earnings per common unit on a GAAP basis because inclusion of such unvested common units and other securities would be anti-dilutive having the effect of decreasing the loss per common unit.