

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

KKR & Co. Inc. (security code: -)

<Rating Change>

Foreign Currency Long-term Issuer Rating: from A+ to AA-
Outlook: Stable

KKR Group Finance Co. IV LLC (security code: -)

<Rating Change>

Bonds: from A+ to AA-

Rationale

- (1) KKR & Co. Inc. (KKR) is a leading global investment firm headquartered in the state of New York, the United States. In addition to the global low interest environment, the acquisition of U.S. insurance firm Global Atlantic Financial Group Limited (GA) in February 2021 has significantly expanded KKR's AUM, further enhancing its profitability. It continues to have its prominent market position in the U.S., Europe and Asia and the funds it manages in each region boast good track records. In terms of finance, it maintains ample liquidity and a solid capital base. KKR's performances are expected to remain solid in the future, supported by its strengthened profitability. Based on the above, JCR upgraded the group's creditworthiness to be equivalent to AA-. Considering that KKR's credit rating is identical to the group's creditworthiness, given its ability to control the group, we have upgraded KKR's rating by one notch and kept the outlook Stable. KKR Group Finance Co. IV LLC is a financial subsidiary of KKR. As payments of the principal and interests of the bonds issued by KKR Group Finance Co. IV LLC are jointly guaranteed by KKR and KKR Group Partnership L.P., the ratings of the bonds reflect the credit standing of the guarantors.
- (2) The group was founded in 1976 by Henry Kravis and George Roberts (currently, Co-Executive Chairmen). Today, KKR is one of the largest investment management firms in the world. Joseph Bae and Scott Nuttall were appointed Co-Chief Executive Officers in October 2021. It manages investments in various assets centering on Private Equity (PE) and offers accompanying financial services. With 21 offices in 16 countries, it has a solid customer base. More than 80% of its customers are pension funds, sovereign wealth funds, financial institutions and insurance companies. The share of insurance companies increased with the acquisition of GA. Ensuring stable fee incomes by building up AUM holds the key to the PE business. KKR has generated strong investment performances and diversified its invested assets to meet the customer requirements. Consequently, its AUM grew approximately 8.8 times from USD 52.2 billion at the end of 2009 to USD 459.1 billion at the end of September 2021. In addition to the global low interest environment, the inflow of USD 98 billion worth of AUM through the acquisition of GA is a factor that has contributed to the recent expansion. AUM resulting from the acquisition of GA has contributed to expanding Perpetual Capital.
- (3) The performances of the 38 investment funds managed since 1999 by KKR's Private Markets have been comparatively high, with the fair value of investment assets totaling USD 231.7 billion, and with gross IRR, net IRR and multiple of invested capital standing at 17.2%, 13.3% and 2 times, respectively. Return on many of the investment assets reported by its Public Markets has also been higher than the benchmark. KKR's own investment was valued at USD 17.6 billion at the end of September 2021, with PE accounting for the majority or 54% of the total. KKR's own investment was kept at around 71% of its equity. KKR agreed to acquire Central Tank Terminal, a major Japanese tank terminal operator, in November 2021. This is KKR's first infrastructure investment project in Japan, showcasing it is ramping up its investment in Asia.
- (4) Its fee incomes such as Management Fees calculated as a percentage of AUM sufficiently cover the fixed costs and are the source of its stable earnings. In the first three quarters of 2021, KKR's distributable operating earnings increased 98% year-on-year to USD 3.2 billion on an expansion of Management Fees and Investment Income. As a result, its after-tax distributable earnings for the same period grew 105% to USD 2.5 billion. JCR expects that KKR's earnings will continue to expand in 2022 on increased AUM.

- (5) The ratio of Debt Obligations to the equity and the equity ratio also stayed solid as compared to those of peers, standing at 20.7% and 70.5%, respectively, at the end of September 2021. KKR has ample cash and short-term investments. In addition, it has a USD 1 billion revolving facility, keeping its liquidity sufficient enough. Its ability to pay debts is high, with Debt Obligations/EBITDA and EBITDA/interest expense ratios standing at only 1.6 times and 17.3 times, respectively, at the end of September 2021.

Atsushi Masuda, Hiroshi Tonegawa

Rating

Issuer: KKR & Co. Inc.

<Rating Change>

Foreign Currency Long-term Issuer Rating: AA- Outlook: Stable

Issuer: KKR Group Finance Co. IV LLC

<Rating Change>

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
0.509% Senior Notes due 2023	JPY 25	March 23, 2018	March 23, 2023	0.509%	AA-
0.764% Senior Notes due 2025	JPY 5	March 23, 2018	March 21, 2025	0.764%	AA-
1.595% Senior Notes due 2038	JPY 10.3	March 23, 2018	March 23, 2038	1.595%	AA-

Credit Enhancement: Guaranteed by KKR & Co. Inc. and KKR Group Partnership L.P.*

* KKR Management Holdings L.P., KKR Fund Holdings L.P., and KKR International Holdings L.P. were reorganized to KKR Group Partnership L.P. in January 2020.

Rating Assignment Date: January 5, 2022

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (November 7, 2014) and "Rating Methodology for a Holding Company" (January 26, 2015) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	KKR & Co. Inc. KKR Group Finance Co. IV LLC
Rating Publication Date:	January 11, 2022

1 The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2 The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3 The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

A) Audited financial statements presented by the rating stakeholders

B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

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Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

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Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset

quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
KKR & Co. Inc.	Issuer(Long-term)(FC)	March 12, 2018	A+	Stable
KKR & Co. Inc.	Issuer(Long-term)(FC)	March 28, 2019	A+	Stable
KKR & Co. Inc.	Issuer(Long-term)(FC)	March 16, 2020	A+	Stable
KKR & Co. Inc.	Issuer(Long-term)(FC)	January 28, 2021	A+	Stable

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
KKR Group Finance Co. IV LLC	0.509% Senior Notes due 2023	March 15, 2018	A+	
KKR Group Finance Co. IV LLC	0.509% Senior Notes due 2023	March 28, 2019	A+	
KKR Group Finance Co. IV LLC	0.509% Senior Notes due 2023	March 16, 2020	A+	
KKR Group Finance Co. IV LLC	0.509% Senior Notes due 2023	January 28, 2021	A+	
KKR Group Finance Co. IV LLC	0.764% Senior Notes due 2025	March 15, 2018	A+	
KKR Group Finance Co. IV LLC	0.764% Senior Notes due 2025	March 28, 2019	A+	
KKR Group Finance Co. IV LLC	0.764% Senior Notes due 2025	March 16, 2020	A+	
KKR Group Finance Co. IV LLC	0.764% Senior Notes due 2025	January 28, 2021	A+	
KKR Group Finance Co. IV LLC	1.595% Senior Notes due 2038	March 15, 2018	A+	
KKR Group Finance Co. IV LLC	1.595% Senior Notes due 2038	March 28, 2019	A+	
KKR Group Finance Co. IV LLC	1.595% Senior Notes due 2038	March 16, 2020	A+	
KKR Group Finance Co. IV LLC	1.595% Senior Notes due 2038	January 28, 2021	A+	

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Toshihiko Naito, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.



Toshihiko Naito
General Manager of International Rating Department

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026