



## KKR & Co. L.P. Announces Second Quarter 2013 Results

### *Realization activity drives record cash carry and \$0.42 distribution per common unit*

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GAAP net income (loss) attributable to KKR & Co. L.P. was \$15.1 million and \$208.6 million for the quarter and six months ended June 30, 2013, respectively, down from \$146.3 million and \$336.7 million in the comparable periods of 2012.

Assets under management ("AUM") totaled \$83.5 billion as of June 30, 2013, up from \$78.3 billion as of March 31, 2013.

Fee related earnings ("FRE") were \$98.2 million and \$186.2 million for the quarter and six months ended June 30, 2013, respectively, up from \$69.8 million and \$143.1 million in the comparable periods of 2012.

Total distributable earnings were \$403.8 million for the quarter ended June 30, 2013, down from \$406.1 million for the quarter ended June 30, 2012. Total distributable earnings were \$694.4 million for the six months ended June 30, 2013, up from \$570.2 million in the comparable period of 2012.

Economic net income ("ENI") was \$144.4 million and \$792.2 million for the quarter and six months ended June 30, 2013, respectively, down from \$546.1 million and \$1,273.3 million in the comparable periods of 2012.

After-tax ENI was \$0.18 and \$1.06 per adjusted unit for the quarter and six months ended June 30, 2013, respectively, down from \$0.74 and \$1.73 per adjusted unit in the comparable periods of 2012.

Book value was \$6.9 billion on a total reportable segment basis as of June 30, 2013 or \$9.65 per adjusted unit.

KKR & Co. L.P. declares a second quarter distribution of \$0.42 per common unit, which includes \$0.23 per common unit of cash carry and \$0.09 per common unit of net realized principal investment income.

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**NEW YORK, July 26, 2013** — KKR & Co. L.P. (NYSE: KKR) today reported its second quarter 2013 results.

AUM and fee paying assets under management ("FPAUM") were \$83.5 billion and \$68.0 billion, respectively as of June 30, 2013, both up from March 31, 2013. The increases in both AUM and FPAUM were primarily attributable to new capital raised relating to the Asian Fund II. The increases were partially offset by distributions to fund limited partners and to a lesser extent the impact of the Asian Fund entering its post-investment period.

For the quarter and six months ended June 30, 2013, FRE was \$98.2 million and \$186.2 million, respectively, up from \$69.8 million and \$143.1 million in the comparable periods of 2012. The increase in both comparable periods was primarily driven by new capital raised over the past twelve months and the acquisition of Prisma.

For the quarter and six months ended June 30, 2013, the carrying value of our private equity investment portfolio appreciated 0.9% and 6.6%, respectively. ENI was \$144.4 million and \$792.2 million for the quarter and six months ended June 30, 2013, respectively, down from \$546.1 million and \$1,273.3 million in the comparable periods of 2012. The decrease in both comparable periods was primarily due to lower investment income earned from our principal investments as well as a lower level of net carried interest earned from our private equity funds. While the fair value of our principal investments increased during the quarter and six months ended June 30, 2013, the level of appreciation was lower than in the comparable periods of 2012.

"Over the past year, organic fee-paying AUM inflows have exceeded \$19 billion, supporting the continued growth of our Private Markets business as well as the scaling of our newer strategies in Public Markets," said Henry R. Kravis and George R. Roberts, Co-Chairmen and Co-Chief Executive Officers of KKR. "In addition, our realization activity in the second quarter drove the highest cash carry we've reported since going public, contributing to a quarterly distribution of \$0.42 per unit."

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Note: Certain financial measures, including FRE, ENI, after-tax ENI, ENI after taxes and equity-based charges, fee related EBITDA, book value, cash and short-term investments and adjusted units, are not presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). See Exhibits A and B for a reconciliation of such measures to financial results prepared in accordance with GAAP.

## **GAAP RESULTS**

GAAP results for the quarter and six months ended June 30, 2013 included net income attributable to KKR & Co. L.P. of \$15.1 million and \$208.6 million, respectively, and net income attributable to KKR & Co. L.P. per common unit of \$0.05 and \$0.72, respectively, on a diluted basis. For the quarter and six months ended June 30, 2012, net income attributable to KKR & Co. L.P. was \$146.3 million and \$336.7 million, respectively, and net income attributable to KKR & Co. L.P. per common unit was \$0.58 and \$1.37, respectively, on a diluted basis. The decrease in both comparable periods was primarily due to a lower level of investment appreciation recorded in net gains (losses) from investment activities. The decrease in net gains (losses) from investment activities was partially offset by increases in fees primarily attributable to the acquisition of Prisma and higher transaction fees. The decrease in compensation and benefits expense was primarily attributable to lower carry pool allocations as a result of the recognition of lower carried interest during the quarter and six months ended June 30, 2013 compared to the comparable periods in 2012.

## **SEGMENT RESULTS**

### **Private Markets**

AUM was \$54.5 billion as of June 30, 2013, an increase of \$4.2 billion, or 8.3%, compared to AUM of \$50.3 billion as of March 31, 2013. The increase was primarily attributable to new capital raised from the Asian Fund II and to a lesser extent appreciation in the fair value of our private equity portfolio. These increases were partially offset by distributions to the limited partners of our private equity funds arising from realizations and a reduction in AUM as a result of the Asian Fund entering its post-investment period.

FPAUM was \$45.9 billion as of June 30, 2013, an increase of \$4.7 billion, or 11.4%, compared to FPAUM of \$41.2 billion as of March 31, 2013. The increase was primarily attributable to new capital raised from the Asian Fund II partially offset by distributions to the limited partners of our private equity funds arising from realizations and the reduction in the fee base of the Asian Fund as a result of the fund entering the post-investment period.

FRE was \$42.6 million for the quarter ended June 30, 2013, an increase of \$6.4 million, or 17.6%, compared to FRE of \$36.2 million for the quarter ended June 30, 2012. FRE was \$83.4 million for the six months ended June 30, 2013, an increase of \$9.4 million, or 12.7%, compared to FRE of \$74.0 million for the six months ended June 30, 2012. The increase in both comparable periods was primarily driven by higher management fees resulting from new capital raised and higher transaction fees. These increases were partially offset by higher compensation expense due to additional headcount.

ENI was \$72.0 million for the quarter ended June 30, 2013, a decrease of \$102.7 million, or 58.7%, compared to ENI of \$174.7 million for the quarter ended June 30, 2012. ENI was \$338.7 million for the six months ended June 30, 2013, a decrease of \$101.4 million, or 23.0%, compared to ENI of \$440.1 million for the six months ended June 30, 2012. The decrease in both comparable periods was primarily attributable to lower net carried interest resulting from a lower level of appreciation in our private equity portfolio, partially offset by the increase in FRE discussed above.

### **Public Markets**

AUM was \$29.0 billion as of June 30, 2013, an increase of \$1.1 billion, or 3.9%, compared to AUM of \$27.9 billion as of March 31, 2013. FPAUM was \$22.0 billion as of June 30, 2013, an increase of \$0.8 billion, or 3.7%, compared to FPAUM of \$21.2 billion as of March 31, 2013. For both AUM and FPAUM, the increases were primarily attributable to net new capital raised and to a lesser extent appreciation in the net asset values of certain credit investment vehicles.

FRE was \$34.4 million for the quarter ended June 30, 2013, an increase of \$22.1 million compared to FRE of \$12.3 million for the quarter ended June 30, 2012. FRE was \$71.5 million for the six months ended June 30, 2013, an increase of \$43.8 million compared to FRE of \$27.7 million for the six months ended June 30, 2012. The increase in both comparable periods was principally attributable to (i) higher management fees related to new capital raised, (ii) the acquisition of Prisma and (iii) higher incentive fees earned.

ENI was \$40.5 million for the three months ended June 30, 2013, an increase of \$33.7 million compared to ENI of \$6.8 million for the three months ended June 30, 2012. ENI was \$89.6 million for the six months ended June 30, 2013, an increase of \$58.9 million compared to ENI of \$30.7 million for the six months ended June 30, 2012. The increase in both comparable periods was primarily driven by the increase in FRE discussed above and to a lesser extent higher net carried interest due to investment appreciation of certain carry-earning investment vehicles.

### **Capital Markets and Principal Activities**

FRE was \$21.2 million for the quarter ended June 30, 2013, which was the same as in the quarter ended June 30, 2012.

FRE was \$31.3 million for the six months ended June 30, 2013, a decrease of \$10.2 million, or 24.5%, compared to FRE of \$41.5 million for the six months ended June 30, 2012. The decrease was primarily driven by a lower level of overall capital markets transaction activity.

ENI was \$31.9 million for the quarter ended June 30, 2013, a decrease of \$332.6 million compared to ENI of \$364.5 million for the quarter ended June 30, 2012. ENI was \$363.8 million for the six months ended June 30, 2013, a decrease of \$438.8 million compared to ENI of \$802.6 million for the six months ended June 30, 2012. The decrease in both comparative periods was primarily due to a lower level of investment income from our principal investments. While the fair value of our principal investments increased during the quarter and six months ended June 30, 2013, the level of appreciation was lower than in the comparable periods of 2012.

## CAPITAL AND LIQUIDITY

As of June 30, 2013, KKR had \$2.0 billion of cash and short-term investments on a total reportable segment basis and \$1.0 billion of outstanding debt obligations. KKR's availability for borrowings was \$750.0 million (reduced for an outstanding letter of credit), which does not include a \$500.0 million revolving credit facility for use in its capital markets business that was undrawn as of June 30, 2013.

As of June 30, 2013, KKR's portion of total uncalled commitments to its investment funds was \$786.6 million, consisting of the following (amounts in thousands):

	<b>Uncalled Commitments</b>
<b>Private Markets</b>	
North America Fund XI	\$ 229,600
Real Estate Fund	135,100
European Fund III	125,100
Asian Fund II	75,000
2006 Fund	63,800
Infrastructure	28,900
E2 Investors (Annex Fund)	14,000
Asian Fund	10,900
Natural Resources	10,300
China Growth Fund	6,500
Other	11,300
<b>Total Private Markets Commitments</b>	<b>710,500</b>
<b>Public Markets</b>	
Direct Lending Vehicles	30,100
Mezzanine Fund	29,600
Special Situations Vehicles	16,400
<b>Total Public Markets Commitments</b>	<b>76,100</b>
<b>Total Uncalled Commitments</b>	<b>\$ 786,600</b>

## DISTRIBUTION

A distribution of \$0.42 per common unit has been declared, comprised of (i) \$0.10 per common unit from after-tax FRE, (ii) \$0.23 per common unit from realized cash carry, and (iii) \$0.09 per common unit from net realized principal investment income. The distribution will be paid on August 20, 2013 to unitholders of record as of the close of business on August 5, 2013. Please refer to the distribution policy presented later in this release.

## CONFERENCE CALL

A conference call to discuss KKR's financial results will be held on Friday, July 26, 2013 at 10:00 a.m. EDT. 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 Public Investors 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 14885175, 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

Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global investment firm with \$83.5 billion in assets under management as of June 30, 2013. With offices around the world, KKR manages assets through a variety of investment funds and accounts covering multiple asset classes. KKR seeks to create value by bringing operational expertise to its portfolio companies and through active oversight and monitoring of its investments. KKR complements its investment expertise and strengthens interactions with fund investors through its client relationships and capital markets platform. KKR & Co. L.P. is publicly traded on the New York Stock Exchange (NYSE: KKR) and "KKR", as used in this release, includes its subsidiaries, their managed investment funds and accounts, and/or their affiliated investment vehicles, as appropriate. For additional information, please visit KKR's website at [www.kkr.com](http://www.kkr.com).

## 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 of its future performance, 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, FRE, total distributable earnings, ENI, after-tax ENI, ENI after taxes and equity-based charges, fee related EBITDA, committed dollars invested and syndicated capital, uncalled commitments, core interest expense, cash and short-term investments, net realized principal 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 such as Prisma or Nephila; 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. 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, 2012, filed with the SEC on February 22, 2013, and other filings with the SEC, which are available at [www.sec.gov](http://www.sec.gov).

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**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, 2013	June 30, 2012	June 30, 2013	June 30, 2012
<b>Revenues</b>				
Fees	\$ 166,376	\$ 112,360	\$ 317,616	\$ 228,667
<b>Expenses</b>				
Compensation and Benefits	200,602	280,640	531,723	653,050
Occupancy and Related Charges	13,878	14,095	28,399	29,292
General, Administrative and Other	77,542	54,004	171,230	111,655
Total Expenses	<u>292,022</u>	<u>348,739</u>	<u>731,352</u>	<u>793,997</u>
<b>Investment Income (Loss)</b>				
Net Gains (Losses) from Investment Activities	98,537	1,601,688	2,368,354	4,688,553
Dividend Income	209,486	79,919	248,955	252,858
Interest Income	128,020	87,892	237,389	164,091
Interest Expense	(24,614)	(16,884)	(47,637)	(34,889)
Total Investment Income (Loss)	<u>411,429</u>	<u>1,752,615</u>	<u>2,807,061</u>	<u>5,070,613</u>
<b>Income (Loss) Before Taxes</b>	<b>285,783</b>	<b>1,516,236</b>	<b>2,393,325</b>	<b>4,505,283</b>
Income Taxes	8,525	11,093	17,881	28,165
<b>Net Income (Loss)</b>	<b>277,258</b>	<b>1,505,143</b>	<b>2,375,444</b>	<b>4,477,118</b>
Net Income (Loss) Attributable to Redeemable Noncontrolling Interests	(7,800)	3,285	16,823	8,557
Net Income (Loss) Attributable to Noncontrolling Interests	269,924	1,355,597	2,150,048	4,131,864
<b>Net Income (Loss) Attributable to KKR &amp; Co. L.P.</b>	<b>\$ 15,134</b>	<b>\$ 146,261</b>	<b>\$ 208,573</b>	<b>\$ 336,697</b>
<b>Distributions Declared per KKR &amp; Co. L.P. Common Unit</b>	<b>\$ 0.42</b>	<b>\$ 0.13</b>	<b>\$ 0.69</b>	<b>\$ 0.28</b>
<b>Net Income (Loss) Attributable to KKR &amp; Co. L.P. Per Common Unit</b>				
Basic	\$ 0.06	\$ 0.62	\$ 0.79	\$ 1.45
Diluted (a)	\$ 0.05	\$ 0.58	\$ 0.72	\$ 1.37
<b>Weighted Average Common Units Outstanding</b>				
Basic	271,983,811	235,781,983	264,555,267	232,440,659
Diluted (a)	298,078,764	252,507,802	290,104,942	245,169,954

(a) KKR Holdings L.P. units have been excluded from the calculation of diluted earnings per common unit given that the exchange of these units would proportionally increase KKR & Co. L.P.'s interests in KKR's business and would have an anti-dilutive effect on earnings per common unit as a result of certain tax benefits KKR & Co. L.P. is assumed to receive upon the exchange.

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**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, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
<b>Fees</b>					
Management and incentive fees:					
Management fees	\$ 164,176	\$ 152,963	\$ 129,626	\$ 317,139	\$ 258,269
Incentive fees	15,590	18,849	4,057	34,439	13,727
Management and incentive fees	<u>179,766</u>	<u>171,812</u>	<u>133,683</u>	<u>351,578</u>	<u>271,996</u>
Monitoring and transaction fees:					
Monitoring fees	28,907	32,068	27,786	60,975	53,608
Transaction fees	62,785	40,299	43,706	103,084	88,004
Fee credits	(34,751)	(23,065)	(16,689)	(57,816)	(36,032)
Net monitoring and transaction fees	<u>56,941</u>	<u>49,302</u>	<u>54,803</u>	<u>106,243</u>	<u>105,580</u>
Total fees	<u>236,707</u>	<u>221,114</u>	<u>188,486</u>	<u>457,821</u>	<u>377,576</u>
<b>Expenses</b>					
Compensation and benefits	80,436	75,162	62,746	155,598	125,470
Occupancy and related charges	13,067	13,322	13,239	26,389	27,700
Other operating expenses	45,027	44,630	42,729	89,657	81,278
Total expenses	<u>138,530</u>	<u>133,114</u>	<u>118,714</u>	<u>271,644</u>	<u>234,448</u>
<b>Fee Related Earnings</b>	<b>98,177</b>	<b>88,000</b>	<b>69,772</b>	<b>186,177</b>	<b>143,128</b>
<b>Investment income (loss)</b>					
Realized carried interest	269,828	88,167	65,600	357,995	140,478
Unrealized carried interest	(202,018)	331,198	217,274	129,180	611,760
Gross carried interest	67,810	419,365	282,874	487,175	752,238
Less: allocation to KKR carrypool	(26,536)	(169,504)	(112,553)	(196,040)	(304,059)
Less: management fee refunds (a)	(4,735)	(9,216)	(32,804)	(13,951)	(73,512)
Net carried interest	36,539	240,645	137,517	277,184	374,667
Other investment income (loss)	11,050	320,198	340,103	331,248	760,010
Total investment income (loss)	<u>47,589</u>	<u>560,843</u>	<u>477,620</u>	<u>608,432</u>	<u>1,134,677</u>
Income (Loss) before noncontrolling interests					
in Income of consolidated entities	145,766	648,843	547,392	794,609	1,277,805
Income (Loss) attributable to noncontrolling interests	1,323	1,101	1,277	2,424	4,488
<b>Economic Net Income (Loss)</b>	<b>\$ 144,443</b>	<b>\$ 647,742</b>	<b>\$ 546,115</b>	<b>\$ 792,185</b>	<b>\$ 1,273,317</b>
Provision for Income Taxes	13,486	20,117	25,857	33,603	69,240
<b>Economic Net Income (Loss), After Taxes (b)</b>	<b>\$ 130,957</b>	<b>\$ 627,625</b>	<b>\$ 520,258</b>	<b>\$ 758,582</b>	<b>\$ 1,204,077</b>
<b>Economic Net Income (Loss), After Taxes per Adjusted Unit (b)</b>	<b>\$ 0.18</b>	<b>\$ 0.88</b>	<b>\$ 0.74</b>	<b>\$ 1.06</b>	<b>\$ 1.73</b>
<b>Assets Under Management</b>					
<b>Fee Paying Assets Under Management</b>	\$ 83,500,900	\$ 78,253,400	\$ 61,488,900	\$ 83,500,900	\$ 61,488,900
<b>Committed Dollars Invested and Syndicated Capital</b>	\$ 1,889,400	\$ 824,400	\$ 680,200	\$ 2,713,800	\$ 1,713,200
<b>Uncalled Commitments</b>	\$ 21,364,400	\$ 16,207,300	\$ 10,610,300	\$ 21,364,400	\$ 10,610,300
<b>Other Information</b>					
Fee Related Earnings	\$ 98,177	\$ 88,000	\$ 69,772	\$ 186,177	\$ 143,128
Plus: depreciation and amortization	3,708	3,681	3,093	7,389	5,646
<b>Fee Related EBITDA</b>	<b>\$ 101,885</b>	<b>\$ 91,681</b>	<b>\$ 72,865</b>	<b>\$ 193,566</b>	<b>\$ 148,774</b>
Distributed Earnings	\$ 313,559	\$ 198,720	\$ 104,548	\$ 512,279	\$ 216,034
Plus: Undistributed net realized principal investment income	90,217	91,894	301,580	182,111	354,198
<b>Total Distributable Earnings (b)</b>	<b>\$ 403,776</b>	<b>\$ 290,614</b>	<b>\$ 406,128</b>	<b>\$ 694,390</b>	<b>\$ 570,232</b>
GAAP interest expense	\$ 24,614	\$ 23,023	\$ 16,884	\$ 47,637	\$ 34,889
Less: interest expense related to debt obligations from investment financing arrangements	8,404	6,790	7,461	15,194	15,534
<b>Core Interest Expense (b)</b>	<b>\$ 16,210</b>	<b>\$ 16,233</b>	<b>\$ 9,423</b>	<b>\$ 32,443</b>	<b>\$ 19,355</b>
<b>Economic Net Income (Loss), After Taxes and Equity-based Charges (b)</b>	<b>\$ 105,021</b>	<b>\$ 600,207</b>	<b>\$ 506,208</b>	<b>\$ 705,228</b>	<b>\$ 1,173,763</b>

(a) As of June 30, 2013, there is no carried interest subject to management fee refunds, which may reduce carried interest in future periods.

(b) See definitions for economic net income (loss), after taxes, adjusted units, total distributable earnings, core interest expense and economic net income (loss), after taxes and equity-based charges under "Notes to Reportable Segments."

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**STATEMENTS OF OPERATIONS AND OTHER SELECTED FINANCIAL INFORMATION**  
**PRIVATE MARKETS SEGMENTS (UNAUDITED)**  
(Amounts in thousands)

	Quarter Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
<b>Fees</b>					
Management and incentive fees:					
Management fees	\$ 114,700	\$ 106,605	\$ 107,170	\$ 221,305	\$ 214,082
Incentive fees	-	-	-	-	-
Management and incentive fees	<u>114,700</u>	<u>106,605</u>	<u>107,170</u>	<u>221,305</u>	<u>214,082</u>
Monitoring and transaction fees:					
Monitoring fees	28,907	32,068	27,786	60,975	53,608
Transaction fees	25,231	16,412	10,768	41,643	22,435
Fee credits	<u>(29,547)</u>	<u>(21,009)</u>	<u>(15,642)</u>	<u>(50,556)</u>	<u>(33,348)</u>
Net monitoring and transaction fees	<u>24,591</u>	<u>27,471</u>	<u>22,912</u>	<u>52,062</u>	<u>42,695</u>
Total fees	<u>139,291</u>	<u>134,076</u>	<u>130,082</u>	<u>273,367</u>	<u>256,777</u>
<b>Expenses</b>					
Compensation and benefits	51,516	48,001	45,991	99,517	90,477
Occupancy and related charges	11,143	11,425	11,633	22,568	24,438
Other operating expenses	<u>33,988</u>	<u>33,942</u>	<u>36,230</u>	<u>67,930</u>	<u>67,905</u>
Total expenses	<u>96,647</u>	<u>93,368</u>	<u>93,854</u>	<u>190,015</u>	<u>182,820</u>
<b>Fee Related Earnings</b>	<b><u>42,644</u></b>	<b><u>40,708</u></b>	<b><u>36,228</u></b>	<b><u>83,352</u></b>	<b><u>73,957</u></b>
<b>Investment income (loss)</b>					
Realized carried interest	269,828	88,167	65,600	357,995	140,478
Unrealized carried interest	<u>(212,809)</u>	<u>310,799</u>	<u>226,186</u>	<u>97,990</u>	<u>605,813</u>
Gross carried interest	57,019	398,966	291,786	455,985	746,291
Less: allocation to KKR carry pool	<u>(22,220)</u>	<u>(161,344)</u>	<u>(116,118)</u>	<u>(183,564)</u>	<u>(301,680)</u>
Less: management fee refunds	<u>(4,735)</u>	<u>(9,216)</u>	<u>(32,804)</u>	<u>(13,951)</u>	<u>(73,512)</u>
Net carried interest	30,064	228,406	142,864	258,470	371,099
Other investment income (loss)	<u>(249)</u>	<u>(2,035)</u>	<u>(3,990)</u>	<u>(2,284)</u>	<u>(2,338)</u>
Total investment income (loss)	<u>29,815</u>	<u>226,371</u>	<u>138,874</u>	<u>256,186</u>	<u>368,761</u>
Income (Loss) before noncontrolling interests in Income of consolidated entities	72,459	267,079	175,102	339,538	442,718
Income (Loss) attributable to noncontrolling interests	<u>411</u>	<u>398</u>	<u>358</u>	<u>809</u>	<u>2,654</u>
<b>Economic Net Income (Loss)</b>	<b><u>\$ 72,048</u></b>	<b><u>\$ 266,681</u></b>	<b><u>\$ 174,744</u></b>	<b><u>\$ 338,729</u></b>	<b><u>\$ 440,064</u></b>
<b>Assets Under Management</b>	<b>\$ 54,452,400</b>	<b>\$ 50,340,400</b>	<b>\$ 45,528,100</b>	<b>\$ 54,452,400</b>	<b>\$ 45,528,100</b>
<b>Fee Paying Assets Under Management</b>	<b>\$ 45,907,500</b>	<b>\$ 41,218,000</b>	<b>\$ 37,858,300</b>	<b>\$ 45,907,500</b>	<b>\$ 37,858,300</b>
<b>Committed Dollars Invested</b>	<b>\$ 1,314,000</b>	<b>\$ 598,500</b>	<b>\$ 606,300</b>	<b>\$ 1,912,500</b>	<b>\$ 1,182,500</b>
<b>Uncalled Commitments</b>	<b>\$ 19,972,800</b>	<b>\$ 14,560,900</b>	<b>\$ 9,304,500</b>	<b>\$ 19,972,800</b>	<b>\$ 9,304,500</b>

**KKR**  
**STATEMENTS OF OPERATIONS AND OTHER SELECTED FINANCIAL INFORMATION**  
**PUBLIC MARKETS SEGMENTS (UNAUDITED)**  
(Amounts in thousands)

	Quarter Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
<b>Fees</b>					
Management and incentive fees:					
Management fees	\$ 49,476	\$ 46,358	\$ 22,456	\$ 95,834	\$ 44,187
Incentive fees	15,590	18,849	4,057	34,439	13,727
Management and incentive fees	<u>65,066</u>	<u>65,207</u>	<u>26,513</u>	<u>130,273</u>	<u>57,914</u>
Monitoring and transaction fees:					
Monitoring fees	-	-	-	-	-
Transaction fees	7,243	3,106	1,319	10,349	3,741
Fee credits	(5,204)	(2,056)	(1,047)	(7,260)	(2,684)
Net monitoring and transaction fees	<u>2,039</u>	<u>1,050</u>	<u>272</u>	<u>3,089</u>	<u>1,057</u>
Total fees	<u>67,105</u>	<u>66,257</u>	<u>26,785</u>	<u>133,362</u>	<u>58,971</u>
<b>Expenses</b>					
Compensation and benefits	21,990	19,700	9,229	41,690	20,611
Occupancy and related charges	1,615	1,542	1,366	3,157	2,784
Other operating expenses	9,147	7,826	3,880	16,973	7,857
Total expenses	<u>32,752</u>	<u>29,068</u>	<u>14,475</u>	<u>61,820</u>	<u>31,252</u>
<b>Fee Related Earnings</b>	<u><b>34,353</b></u>	<u><b>37,189</b></u>	<u><b>12,310</b></u>	<u><b>71,542</b></u>	<u><b>27,719</b></u>
Investment income (loss)					
Realized carried interest	-	-	-	-	-
Unrealized carried interest	10,791	20,399	(8,912)	31,190	5,947
Gross carried interest	10,791	20,399	(8,912)	31,190	5,947
Less: allocation to KKR carry pool	(4,316)	(8,160)	3,565	(12,476)	(2,379)
Less: management fee refunds	-	-	-	-	-
Net carried interest	6,475	12,239	(5,347)	18,714	3,568
Other investment income (loss)	22	62	(12)	84	(35)
Total investment income (loss)	<u>6,497</u>	<u>12,301</u>	<u>(5,359)</u>	<u>18,798</u>	<u>3,533</u>
Income (Loss) before noncontrolling interests in Income of consolidated entities	40,850	49,490	6,951	90,340	31,252
Income (Loss) attributable to noncontrolling interests	<u>378</u>	<u>355</u>	<u>123</u>	<u>733</u>	<u>554</u>
<b>Economic Net Income (Loss)</b>	<u><b>\$ 40,472</b></u>	<u><b>\$ 49,135</b></u>	<u><b>\$ 6,828</b></u>	<u><b>\$ 89,607</b></u>	<u><b>\$ 30,698</b></u>
<b>Assets Under Management</b>	\$ 29,048,500	\$ 27,913,000	\$ 15,960,800	\$ 29,048,500	\$ 15,960,800
<b>Fee Paying Assets Under Management</b>	\$ 22,048,900	\$ 21,236,100	\$ 9,342,200	\$ 22,048,900	\$ 9,342,200
<b>Committed Dollars Invested</b>	\$ 370,800	\$ 164,900	\$ 73,900	\$ 535,700	\$ 280,100
<b>Uncalled Commitments</b>	\$ 1,391,600	\$ 1,646,400	\$ 1,305,800	\$ 1,391,600	\$ 1,305,800



KKR  
**STATEMENTS OF OPERATIONS AND OTHER SELECTED FINANCIAL INFORMATION**  
**CAPITAL MARKETS AND PRINCIPAL ACTIVITIES SEGMENTS (UNAUDITED)**  
(Amounts in thousands)

	Quarter Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
<b>Fees</b>					
Management and incentive fees:					
Management fees	\$ -	\$ -	\$ -	\$ -	\$ -
Incentive fees	-	-	-	-	-
Management and incentive fees	-	-	-	-	-
Monitoring and transaction fees:					
Monitoring fees	-	-	-	-	-
Transaction fees	30,311	20,781	31,619	51,092	61,828
Fee credits	-	-	-	-	-
Net monitoring and transaction fees	30,311	20,781	31,619	51,092	61,828
Total fees	30,311	20,781	31,619	51,092	61,828
<b>Expenses</b>					
Compensation and benefits	6,930	7,461	7,526	14,391	14,382
Occupancy and related charges	309	355	240	664	478
Other operating expenses	1,892	2,862	2,619	4,754	5,516
Total expenses	9,131	10,678	10,385	19,809	20,376
<b>Fee Related Earnings</b>	<b>21,180</b>	<b>10,103</b>	<b>21,234</b>	<b>31,283</b>	<b>41,452</b>
<b>Investment income (loss)</b>					
Realized carried interest	-	-	-	-	-
Unrealized carried interest	-	-	-	-	-
Gross carried interest	-	-	-	-	-
Less: allocation to KKR carry pool	-	-	-	-	-
Less: management fee refunds	-	-	-	-	-
Net carried interest	-	-	-	-	-
Other investment income (loss) (a)	11,277	322,171	344,105	333,448	762,383
Total investment income (loss)	11,277	322,171	344,105	333,448	762,383
Income (Loss) before noncontrolling interests					
in Income of consolidated entities	32,457	332,274	365,339	364,731	803,835
Income (Loss) attributable to noncontrolling interests	534	348	796	882	1,280
<b>Economic Net Income (Loss)</b>	<b>\$ 31,923</b>	<b>\$ 331,926</b>	<b>\$ 364,543</b>	<b>\$ 363,849</b>	<b>\$ 802,555</b>
<b>Syndicated Capital</b>	<b>\$ 204,600</b>	<b>\$ 61,000</b>	<b>\$ -</b>	<b>\$ 265,600</b>	<b>\$ 250,600</b>

(a) Amount is net of (i) interest expense and (ii) certain compensation and general and administrative expenses incurred in the generation of net realized principal investment income that is not included in "Compensation and benefits" and "Other operating expenses" above and on page 6.

KKR  
**STATEMENTS OF OPERATIONS**  
**TOTAL REPORTABLE SEGMENTS (UNAUDITED)**  
**Quarter Ended June 30, 2013**  
**(Amounts in thousands)**

	<u>Private Markets Segment</u>	<u>Public Markets Segment</u>	<u>Capital Markets and Principal Activities Segment</u>	<u>Total Reportable Segments</u>
<b>Fees</b>				
Management and incentive fees:				
Management fees	\$ 114,700	\$ 49,476	\$ -	\$ 164,176
Incentive fees	-	15,590	-	15,590
Management and incentive fees	<u>114,700</u>	<u>65,066</u>	<u>-</u>	<u>179,766</u>
Monitoring and transaction fees:				
Monitoring fees	28,907	-	-	28,907
Transaction fees	25,231	7,243	30,311	62,785
Fee credits	(29,547)	(5,204)	-	(34,751)
Net monitoring and transaction fees	<u>24,591</u>	<u>2,039</u>	<u>30,311</u>	<u>56,941</u>
<b>Total fees</b>	<u>139,291</u>	<u>67,105</u>	<u>30,311</u>	<u>236,707</u>
<b>Expenses</b>				
Compensation and benefits	51,516	21,990	6,930	80,436
Occupancy and related charges	11,143	1,615	309	13,067
Other operating expenses	33,988	9,147	1,892	45,027
<b>Total expenses</b>	<u>96,647</u>	<u>32,752</u>	<u>9,131</u>	<u>138,530</u>
<b>Fee Related Earnings</b>	<u>42,644</u>	<u>34,353</u>	<u>21,180</u>	<u>98,177</u>
<b>Investment income (loss)</b>				
Realized carried interest	269,828	-	-	269,828
Unrealized carried interest	(212,809)	10,791	-	(202,018)
Gross carried interest	57,019	10,791	-	67,810
Less: allocation to KKR carrypool	(22,220)	(4,316)	-	(26,536)
Less: management fee refunds	(4,735)	-	-	(4,735)
Net carried interest	30,064	6,475	-	36,539
Other investment income (loss)	(249)	22	11,277	11,050
<b>Total investment income (loss)</b>	<u>29,815</u>	<u>6,497</u>	<u>11,277</u>	<u>47,589</u>
<b>Income (Loss) before noncontrolling interests</b>				
in Income of consolidated entities	72,459	40,850	32,457	145,766
<b>Income (Loss) attributable to noncontrolling interests</b>	411	378	534	1,323
<b>Economic Net Income (Loss)</b>	<u>\$ 72,048</u>	<u>\$ 40,472</u>	<u>\$ 31,923</u>	<u>\$ 144,443</u>

**KKR**  
**STATEMENTS OF OPERATIONS**  
**TOTAL REPORTABLE SEGMENTS (UNAUDITED)**  
**Quarter Ended March 31, 2013**  
**(Amounts in thousands)**

	<u>Private Markets Segment</u>	<u>Public Markets Segment</u>	<u>Capital Markets and Principal Activities Segment</u>	<u>Total Reportable Segments</u>
<b>Fees</b>				
Management and incentive fees:				
Management fees	\$ 106,605	\$ 46,358	\$ -	\$ 152,963
Incentive fees	-	18,849	-	18,849
Management and incentive fees	<u>106,605</u>	<u>65,207</u>	<u>-</u>	<u>171,812</u>
Monitoring and transaction fees:				
Monitoring fees	32,068	-	-	32,068
Transaction fees	16,412	3,106	20,781	40,299
Fee credits	(21,009)	(2,056)	-	(23,065)
Net monitoring and transaction fees	<u>27,471</u>	<u>1,050</u>	<u>20,781</u>	<u>49,302</u>
Total fees	<u>134,076</u>	<u>66,257</u>	<u>20,781</u>	<u>221,114</u>
<b>Expenses</b>				
Compensation and benefits	48,001	19,700	7,461	75,162
Occupancy and related charges	11,425	1,542	355	13,322
Other operating expenses	33,942	7,826	2,862	44,630
Total expenses	<u>93,368</u>	<u>29,068</u>	<u>10,678</u>	<u>133,114</u>
<b>Fee Related Earnings</b>	<b><u>40,708</u></b>	<b><u>37,189</u></b>	<b><u>10,103</u></b>	<b><u>88,000</u></b>
<b>Investment income (loss)</b>				
Realized carried interest	88,167	-	-	88,167
Unrealized carried interest	310,799	20,399	-	331,198
Gross carried interest	398,966	20,399	-	419,365
Less: allocation to KKR carrypool	(161,344)	(8,160)	-	(169,504)
Less: management fee refunds	(9,216)	-	-	(9,216)
Net carried interest	228,406	12,239	-	240,645
Other investment income (loss)	(2,035)	62	322,171	320,198
Total investment income (loss)	<u>226,371</u>	<u>12,301</u>	<u>322,171</u>	<u>560,843</u>
Income (Loss) before noncontrolling interests				
in Income of consolidated entities	267,079	49,490	332,274	648,843
Income (Loss) attributable to noncontrolling interests	398	355	348	1,101
<b>Economic Net Income (Loss)</b>	<b><u>\$ 266,681</u></b>	<b><u>\$ 49,135</u></b>	<b><u>\$ 331,926</u></b>	<b><u>\$ 647,742</u></b>

**KKR**  
**STATEMENTS OF OPERATIONS**  
**TOTAL REPORTABLE SEGMENTS (UNAUDITED)**  
**Quarter Ended June 30, 2012**  
**(Amounts in thousands)**

	<u>Private Markets Segment</u>	<u>Public Markets Segment</u>	<u>Capital Markets and Principal Activities Segment</u>	<u>Total Reportable Segments</u>
<b>Fees</b>				
Management and incentive fees:				
Management fees	\$ 107,170	\$ 22,456	\$ -	\$ 129,626
Incentive fees	-	4,057	-	4,057
Management and incentive fees	<u>107,170</u>	<u>26,513</u>	<u>-</u>	<u>133,683</u>
Monitoring and transaction fees:				
Monitoring fees	27,786	-	-	27,786
Transaction fees	10,768	1,319	31,619	43,706
Fee credits	(15,642)	(1,047)	-	(16,689)
Net monitoring and transaction fees	<u>22,912</u>	<u>272</u>	<u>31,619</u>	<u>54,803</u>
<b>Total fees</b>	<u>130,082</u>	<u>26,785</u>	<u>31,619</u>	<u>188,486</u>
<b>Expenses</b>				
Compensation and benefits	45,991	9,229	7,526	62,746
Occupancy and related charges	11,633	1,366	240	13,239
Other operating expenses	36,230	3,880	2,619	42,729
Total expenses	<u>93,854</u>	<u>14,475</u>	<u>10,385</u>	<u>118,714</u>
<b>Fee Related Earnings</b>	<u>36,228</u>	<u>12,310</u>	<u>21,234</u>	<u>69,772</u>
<b>Investment income (loss)</b>				
Realized carried interest	65,600	-	-	65,600
Unrealized carried interest	226,186	(8,912)	-	217,274
Gross carried interest	291,786	(8,912)	-	282,874
Less: allocation to KKR carry pool	(116,118)	3,565	-	(112,553)
Less: management fee refunds	(32,804)	-	-	(32,804)
Net carried interest	142,864	(5,347)	-	137,517
Other investment income (loss)	(3,990)	(12)	344,105	340,103
Total investment income (loss)	<u>138,874</u>	<u>(5,359)</u>	<u>344,105</u>	<u>477,620</u>
Income (Loss) before noncontrolling interests in Income of consolidated entities	175,102	6,951	365,339	547,392
Income (Loss) attributable to noncontrolling interests	358	123	796	1,277
<b>Economic Net Income (Loss)</b>	<u>\$ 174,744</u>	<u>\$ 6,828</u>	<u>\$ 364,543</u>	<u>\$ 546,115</u>

KKR  
**STATEMENTS OF OPERATIONS**  
**TOTAL REPORTABLE SEGMENTS (UNAUDITED)**  
**Six Months Ended June 30, 2013**  
**(Amounts in thousands)**

	<u>Private Markets Segment</u>	<u>Public Markets Segment</u>	<u>Capital Markets and Principal Activities Segment</u>	<u>Total Reportable Segments</u>
<b>Fees</b>				
Management and incentive fees:				
Management fees	\$ 221,305	\$ 95,834	\$ -	\$ 317,139
Incentive fees	-	34,439	-	34,439
Management and incentive fees	<u>221,305</u>	<u>130,273</u>	<u>-</u>	<u>351,578</u>
Monitoring and transaction fees:				
Monitoring fees	60,975	-	-	60,975
Transaction fees	41,643	10,349	51,092	103,084
Fee credits	(50,556)	(7,260)	-	(57,816)
Net monitoring and transaction fees	<u>52,062</u>	<u>3,089</u>	<u>51,092</u>	<u>106,243</u>
Total fees	<u>273,367</u>	<u>133,362</u>	<u>51,092</u>	<u>457,821</u>
<b>Expenses</b>				
Compensation and benefits	99,517	41,690	14,391	155,598
Occupancy and related charges	22,568	3,157	664	26,389
Other operating expenses	67,930	16,973	4,754	89,657
Total expenses	<u>190,015</u>	<u>61,820</u>	<u>19,809</u>	<u>271,644</u>
<b>Fee Related Earnings</b>	<b>83,352</b>	<b>71,542</b>	<b>31,283</b>	<b>186,177</b>
<b>Investment income (loss)</b>				
Realized carried interest	357,995	-	-	357,995
Unrealized carried interest	97,990	31,190	-	129,180
Gross carried interest	455,985	31,190	-	487,175
Less: allocation to KKR carry pool	(183,564)	(12,476)	-	(196,040)
Less: management fee refunds	(13,951)	-	-	(13,951)
Net carried interest	258,470	18,714	-	277,184
Other investment income (loss)	(2,284)	84	333,448	331,248
Total investment income (loss)	<u>256,186</u>	<u>18,798</u>	<u>333,448</u>	<u>608,432</u>
<b>Income (Loss) before noncontrolling interests</b>				
in Income of consolidated entities	339,538	90,340	364,731	794,609
Income (Loss) attributable to noncontrolling interests	809	733	882	2,424
<b>Economic Net Income (Loss)</b>	<b>\$ 338,729</b>	<b>\$ 89,607</b>	<b>\$ 363,849</b>	<b>\$ 792,185</b>

**KKR**  
**STATEMENTS OF OPERATIONS**  
**TOTAL REPORTABLE SEGMENTS (UNAUDITED)**  
**Six Months Ended June 30, 2012**  
**(Amounts in thousands)**

	<u>Private Markets Segment</u>	<u>Public Markets Segment</u>	<u>Capital Markets and Principal Activities Segment</u>	<u>Total Reportable Segments</u>
<b>Fees</b>				
Management and incentive fees:				
Management fees	\$ 214,082	\$ 44,187	\$ -	\$ 258,269
Incentive fees	-	13,727	-	13,727
Management and incentive fees	<u>214,082</u>	<u>57,914</u>	<u>-</u>	<u>271,996</u>
Monitoring and transaction fees:				
Monitoring fees	53,608	-	-	53,608
Transaction fees	22,435	3,741	61,828	88,004
Fee credits	(33,348)	(2,684)	-	(36,032)
Net monitoring and transaction fees	<u>42,695</u>	<u>1,057</u>	<u>61,828</u>	<u>105,580</u>
<b>Total fees</b>	<u>256,777</u>	<u>58,971</u>	<u>61,828</u>	<u>377,576</u>
<b>Expenses</b>				
Compensation and benefits	90,477	20,611	14,382	125,470
Occupancy and related charges	24,438	2,784	478	27,700
Other operating expenses	67,905	7,857	5,516	81,278
<b>Total expenses</b>	<u>182,820</u>	<u>31,252</u>	<u>20,376</u>	<u>234,448</u>
<b>Fee Related Earnings</b>	<u>73,957</u>	<u>27,719</u>	<u>41,452</u>	<u>143,128</u>
<b>Investment income (loss)</b>				
Realized carried interest	140,478	-	-	140,478
Unrealized carried interest	605,813	5,947	-	611,760
Gross carried interest	746,291	5,947	-	752,238
Less: allocation to KKR carry pool	(301,680)	(2,379)	-	(304,059)
Less: management fee refunds	(73,512)	-	-	(73,512)
Net carried interest	371,099	3,568	-	374,667
Other investment income (loss)	(2,338)	(35)	762,383	760,010
<b>Total investment income (loss)</b>	<u>368,761</u>	<u>3,533</u>	<u>762,383</u>	<u>1,134,677</u>
Income (Loss) before noncontrolling interests in Income of consolidated entities	442,718	31,252	803,835	1,277,805
Income (Loss) attributable to noncontrolling interests	2,654	554	1,280	4,488
<b>Economic Net Income (Loss)</b>	<u>\$ 440,064</u>	<u>\$ 30,698</u>	<u>\$ 802,555</u>	<u>\$ 1,273,317</u>

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

As of June 30, 2013

	Private Markets Segment	Public Markets Segment	Capital Markets and Principal Activities Segment	Total Reportable Segments
Cash and short-term investments	\$ 322,639	\$ 35,229	\$ 1,636,977	\$ 1,994,845
Investments	-	-	4,607,196 (a)	4,607,196
Unrealized carry	770,245	43,653	-	813,898
Other assets	316,317	308,837	68,028	693,182
Total assets	<u>\$ 1,409,201</u>	<u>\$ 387,719</u>	<u>\$ 6,312,201</u>	<u>\$ 8,109,121</u>
Debt obligations	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
Other liabilities	111,550	38,181	39,356	189,087
Total liabilities	<u>111,550</u>	<u>38,181</u>	<u>1,039,356</u>	<u>1,189,087</u>
Noncontrolling interests	1,457	825	18,695	20,977
<b>Book value</b>	<b><u>\$ 1,296,194</u></b>	<b><u>\$ 348,713</u></b>	<b><u>\$ 5,254,150</u></b>	<b><u>\$ 6,899,057</u></b>
<b>Book value per adjusted unit</b>	<b>\$ 1.81</b>	<b>\$ 0.49</b>	<b>\$ 7.35</b>	<b>\$ 9.65</b>

As of December 31, 2012

	Private Markets Segment	Public Markets Segment	Capital Markets and Principal Activities Segment	Total Reportable Segments
Cash and short-term investments	\$ 358,237	\$ 28,690	\$ 1,147,360	\$ 1,534,287
Investments	-	-	4,758,157	4,758,157
Unrealized carry	730,292	24,939	-	755,231
Other assets	207,047	280,472	62,119	549,638
Total assets	<u>\$ 1,295,576</u>	<u>\$ 334,101</u>	<u>\$ 5,967,636</u>	<u>\$ 7,597,313</u>
Debt obligations	\$ -	\$ -	\$ 500,000	\$ 500,000
Other liabilities	78,724	16,433	24,275	119,432
Total liabilities	<u>78,724</u>	<u>16,433</u>	<u>524,275</u>	<u>619,432</u>
Noncontrolling interests	1,339	739	18,619	20,697
<b>Book value</b>	<b><u>\$ 1,215,513</u></b>	<b><u>\$ 316,929</u></b>	<b><u>\$ 5,424,742</u></b>	<b><u>\$ 6,957,184</u></b>
<b>Book value per adjusted unit</b>	<b>\$ 1.72</b>	<b>\$ 0.45</b>	<b>\$ 7.70</b>	<b>\$ 9.87</b>

(a) See Capital Markets and Principal Activities segment schedule of investments that follows.

**KKR**  
**CAPITAL MARKETS AND PRINCIPAL ACTIVITIES SEGMENT SCHEDULE OF INVESTMENTS (UNAUDITED)**  
(Amounts in thousands, except percentage amounts)

Investment	As of June 30, 2013		
	Cost	Fair Value	Fair Value as a Percentage of Total Investments
<b>Co-Investments in Portfolio Companies of Private Equity Investment Vehicles:</b>			
Alliance Boots GmbH	195,640	473,795	10.3%
HCA Inc.	96,289	306,709	6.6%
The Nielsen Company B.V.	87,657	196,662	4.3%
NXP B.V.	167,276	196,601	4.3%
Samson Resources Corporation	237,514	190,012	4.1%
ProSiebenSat.1 Media AG	226,913	183,483	4.0%
KION Group GmbH	128,058	162,598	3.5%
US Foods, Inc.	100,000	130,000	2.8%
Biomet, Inc.	151,444	121,155	2.6%
First Data Corporation	135,258	94,681	2.1%
Dollar General Corporation	14,043	78,796	1.7%
Energy Future Holdings Corp.	200,000	10,000	0.2%
	<b>1,740,092</b>	<b>2,144,492</b>	<b>46.5%</b>
<b>Private Equity Investment Vehicles</b>			
KKR 2006 Fund L.P.	346,036	394,058	8.5%
KKR European Fund III L.P.	233,706	261,169	5.7%
KKR Asian Fund L.P.	82,542	92,554	2.0%
KKR European Fund II L.P.	54,546	57,806	1.2%
KKR Millennium Fund L.P.	53,844	44,969	1.0%
KKR North America Fund XI L.P.	20,177	21,510	0.5%
KKR E2 Investors, L.P.	10,418	20,568	0.4%
KKR European Fund L.P.	47,664	4,318	0.1%
KKR China Growth Fund L.P.	3,286	3,314	0.1%
Co-Investment Vehicles	546	653	0.0%
	<b>852,765</b>	<b>900,919</b>	<b>19.5%</b>
<b>Private Equity Total</b>	<b>2,592,857</b>	<b>3,045,411</b>	<b>66.0%</b>
<b>Real Assets</b>			
Royalties and Drilling	142,272	157,062	3.4%
Real Estate Fund	83,920	100,355	2.2%
Infrastructure Fund	25,825	26,570	0.6%
Co-Investments	10,835	12,988	0.3%
Natural Resources	13,172	8,836	0.2%
<b>Real Assets Total</b>	<b>276,024</b>	<b>305,811</b>	<b>6.7%</b>
<b>Private Markets Total</b>	<b>2,868,881</b>	<b>3,351,222</b>	<b>72.7%</b>
<b>Public Markets Investment Strategies</b>			
Liquid Credit	187,263	195,094	4.2%
Long/Short Equities	100,000	109,906	2.4%
Credit Relative Value	82,000	88,775	1.9%
Direct Lending	39,069	44,006	1.0%
Special Situations	27,297	30,661	0.7%
Mezzanine Fund	14,564	17,937	0.4%
<b>Public Markets Total</b>	<b>450,193</b>	<b>486,379</b>	<b>10.6%</b>
<b>Other</b>	<b>760,606</b>	<b>769,595</b>	<b>16.7%</b>
<b>Total Investments</b>	<b>\$ 4,079,680</b>	<b>\$ 4,607,196</b>	<b>100.0%</b>



KKR  
**CAPITAL MARKETS AND PRINCIPAL ACTIVITIES SEGMENT SCHEDULE OF INVESTMENTS, CONTINUED (UNAUDITED)**  
 (Amounts in thousands, except percentage amounts)

Investment	As of June 30, 2013		
	Cost	Fair Value	Fair Value as a Percentage of Total Investments
<b>Significant Aggregate Investments: (a)</b>			
Alliance Boots GmbH	\$ 228,769	\$ 545,895	11.9%
HCA Inc.	117,624	365,344	7.9%
	<b>346,393</b>	<b>911,239</b>	<b>19.8%</b>
Other investments	3,733,287	3,695,957	80.2%
<b>Total Investments</b>	<b>\$ 4,079,680</b>	<b>\$ 4,607,196</b>	<b>100.0%</b>

(a) The significant aggregate investments include investments in portfolio companies with individual fair values of 5% or more of the Capital Markets and Principal Activities segment investments balance as of June 30, 2013. The fair value figures include the co-investment and the limited partner and/or general partner interests in the underlying portfolio company.

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

	<b>Private Markets Segment</b>	<b>Public Markets Segment</b>	<b>Total Reportable Segments</b>
<b>Quarter Ended June 30, 2013</b>			
<b>March 31, 2013</b>	<b>\$ 50,340,400</b>	<b>\$ 27,913,000</b>	<b>\$ 78,253,400</b>
New Capital Raised	6,681,000	1,703,300	8,384,300
Distributions	(2,685,400)	(720,500) (c)	(3,405,900)
Net Changes in Fee Base of Certain Funds (a)	(272,300)	-	(272,300)
Foreign Exchange	12,600	-	12,600
Change in Value	376,100	152,700	528,800
<b>June 30, 2013</b>	<b>\$ 54,452,400</b>	<b>\$ 29,048,500</b>	<b>\$ 83,500,900</b>
<b>Six Months Ended June 30, 2013</b>			
<b>December 31, 2012</b>	<b>\$ 49,127,600</b>	<b>\$ 26,399,900</b>	<b>\$ 75,527,500</b>
New Capital Raised	7,648,200	3,234,800	10,883,000
Distributions	(4,517,400)	(1,400,200) (d)	(5,917,600)
Net Changes in Fee Base of Certain Funds (a)	(272,300)	-	(272,300)
Foreign Exchange	(11,000)	-	(11,000)
Change in Value	2,477,300	814,000	3,291,300
<b>June 30, 2013</b>	<b>\$ 54,452,400</b>	<b>\$ 29,048,500</b>	<b>\$ 83,500,900</b>
<b>Trailing Twelve Months Ended June 30, 2013</b>			
<b>June 30, 2012</b>	<b>\$ 45,528,100</b>	<b>\$ 15,960,800</b>	<b>\$ 61,488,900</b>
New Capital Raised	14,551,400	5,464,000	20,015,400
Acquisitions (b)	-	8,086,900	8,086,900
Distributions	(10,254,300)	(2,091,500) (e)	(12,345,800)
Net Changes in Fee Base of Certain Funds (a)	(1,600,200)	-	(1,600,200)
Foreign Exchange	68,200	-	68,200
Change in Value	6,159,200	1,628,300	7,787,500
<b>June 30, 2013</b>	<b>\$ 54,452,400</b>	<b>\$ 29,048,500</b>	<b>\$ 83,500,900</b>

\* Assets Under Management exclude those assets managed by entities where KKR holds less than a 50% ownership interest.

- (a) Represents the impact of including certain funds entering the post-investment period.  
(b) Represents AUM of Prisma as of October 1, 2012, the date of acquisition. This figure excludes new capital raised and distributions since the acquisition.  
(c) Includes \$193.5 million of redemptions by fund investors.  
(d) Includes \$539.2 million of redemptions by fund investors.  
(e) Includes \$709.1 million of redemptions by fund investors.

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

	<b>Private Markets Segment</b>	<b>Public Markets Segment</b>	<b>Total Reportable Segments</b>
<b>Quarter Ended June 30, 2013</b>			
<b>March 31, 2013</b>	<b>\$ 41,218,000</b>	<b>\$ 21,236,100</b>	<b>\$ 62,454,100</b>
New Capital Raised	6,402,100	1,203,000	7,605,100
Distributions	(1,109,900)	(437,200) (c)	(1,547,100)
Net Changes in Fee Base of Certain Funds (a)	(654,700)	-	(654,700)
Foreign Exchange	48,300	-	48,300
Change in Value	3,700	47,000	50,700
<b>June 30, 2013</b>	<b>\$ 45,907,500</b>	<b>\$ 22,048,900</b>	<b>\$ 67,956,400</b>
<b>Six Months Ended June 30, 2013</b>			
<b>December 31, 2012</b>	<b>\$ 41,173,000</b>	<b>\$ 19,673,000</b>	<b>\$ 60,846,000</b>
New Capital Raised	7,363,900	2,734,300	10,098,200
Distributions	(1,951,000)	(973,700) (d)	(2,924,700)
Net Changes in Fee Base of Certain Funds (a)	(654,700)	-	(654,700)
Foreign Exchange	(55,400)	-	(55,400)
Change in Value	31,700	615,300	647,000
<b>June 30, 2013</b>	<b>\$ 45,907,500</b>	<b>\$ 22,048,900</b>	<b>\$ 67,956,400</b>
<b>Trailing Twelve Months Ended June 30, 2013</b>			
<b>June 30, 2012</b>	<b>\$ 37,858,300</b>	<b>\$ 9,342,200</b>	<b>\$ 47,200,500</b>
New Capital Raised	14,361,000	4,727,500	19,088,500
Acquisitions (b)	-	8,078,400	8,078,400
Distributions	(2,757,200)	(1,322,300) (e)	(4,079,500)
Net Changes in Fee Base of Certain Funds (a)	(3,860,100)	-	(3,860,100)
Foreign Exchange	238,300	-	238,300
Change in Value	67,200	1,223,100	1,290,300
<b>June 30, 2013</b>	<b>\$ 45,907,500</b>	<b>\$ 22,048,900</b>	<b>\$ 67,956,400</b>

\* Fee Paying Assets Under Management exclude those assets managed by entities where KKR holds less than a 50% ownership interest.

- (a) Represents the impact of including certain funds entering the post-investment period.  
(b) Represents FPAUM of Prisma as of October 1, 2012, the date of acquisition. This figure excludes new capital raised and distributions since the acquisition.  
(c) Includes \$193.5 million of redemptions by fund investors.  
(d) Includes \$539.2 million of redemptions by fund investors.  
(e) Includes \$709.1 million of redemptions by fund investors.

**KKR**  
**INVESTMENT VEHICLE SUMMARY <sup>(a)</sup> (UNAUDITED)**  
**As of June 30, 2013**  
**(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>									
Asian Fund II	4/2013	4/2019	\$ 5,825.0	\$ 5,825.0	1.3%	\$ -	\$ -	\$ -	\$ -
North America Fund XI	9/2012	9/2018	7,230.7	6,740.2	3.5%	490.5	3.9	490.5	524.5
China Growth Fund	11/2010	11/2016	1,010.0	692.4	1.0%	317.6	28.5	300.1	305.4
E2 Investors (Annex Fund)	8/2009	11/2013	345.9	191.6	4.3%	154.3	-	154.2	325.2
European Fund III	3/2008	3/2014	6,077.2	1,729.2	4.6%	4,348.0	549.5	3,990.6	4,697.2
Asian Fund	7/2007	4/2013	3,983.2	273.9	2.5%	3,709.3	1,623.7	2,864.8	4,737.9
2006 Fund	9/2006	9/2012	17,642.2	1,269.1	2.1%	16,373.1	10,509.6	10,021.7	14,378.1
European Fund II	11/2005	10/2008	5,750.8	-	2.1%	5,750.8	2,442.6	3,922.9	4,926.6
Millennium Fund	12/2002	12/2008	6,000.0	-	2.5%	6,000.0	9,320.5	2,218.9	3,335.2
European Fund	12/1999	12/2005	3,085.4	-	3.2%	3,085.4	8,720.0	-	51.7
<b>Total Private Equity Funds</b>			<b>56,950.4</b>	<b>16,721.4</b>		<b>40,229.0</b>	<b>33,198.3</b>	<b>23,963.7</b>	<b>33,281.8</b>
Co-Investment Vehicles	Various	Various	2,434.1	504.1	Various	1,930.0	2,318.9	1,309.7	1,752.0
<b>Total Private Equity</b>			<b>59,384.5</b>	<b>17,225.5</b>		<b>42,159.0</b>	<b>35,517.2</b>	<b>25,273.4</b>	<b>35,033.8</b>
<b>Real Assets</b>									
Natural Resources Fund	Various	Various	1,232.0	658.9	Various	573.1	46.9	547.0	370.1
Global Energy Opportunities	Various	Various	1,011.0	884.4	Various	126.6	-	126.6	113.4
Infrastructure Fund	Various	Various	1,041.5	614.2	4.8%	427.3	9.0	427.3	437.9
Infrastructure Co-Investments	Various	Various	1,356.7	252.2	Various	1,104.5	190.5	1,104.5	1,355.8
Real Estate Fund	5/2013	(b)	500.0	337.6	40%	162.4	-	162.4	203.8
<b>Real Assets</b>			<b>5,141.2</b>	<b>2,747.3</b>		<b>2,393.9</b>	<b>246.4</b>	<b>2,367.8</b>	<b>2,481.0</b>
<b>Private Markets Total</b>			<b>64,525.7</b>	<b>19,972.8</b>		<b>44,552.9</b>	<b>35,763.6</b>	<b>27,641.2</b>	<b>37,514.8</b>
<b>Public Markets</b>									
Special Situations Vehicles	Various	Various	2,131.9	407.5	Various	1,724.4	417.9	1,562.4	1,904.3
Mezzanine Fund	3/2010	8/2015	987.0	650.7	4.6%	336.3	52.3	336.3	394.6
Direct Lending Vehicles	Various	Various	668.5	333.4	Various	335.1	9.4	335.1	359.4
<b>Public Markets Total</b>			<b>3,787.4</b>	<b>1,391.6</b>		<b>2,395.8</b>	<b>479.6</b>	<b>2,233.8</b>	<b>2,658.3</b>
<b>Grand Total</b>			<b>\$ 68,313.1</b>	<b>\$ 21,364.4</b>		<b>\$ 46,948.7</b>	<b>\$ 36,243.2</b>	<b>\$ 29,875.0</b>	<b>\$ 40,173.1</b>

(a) Reflects investment vehicles for which KKR has the ability to earn carried interest.  
(b) Third anniversary of final close.

**KKR**  
**DISTRIBUTION CALCULATION (UNAUDITED)**  
(Amounts in thousands, except unit and per unit amounts)

	Quarter Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
FRE (a)	\$ 98,177	\$ 88,000	\$ 69,772	\$ 186,177	\$ 143,128
Realized cash carry	161,897	52,900	39,360	214,797	84,287
Net realized principal investment income	150,361	153,156	301,580	303,517	354,198
Less: local income taxes	(5,336)	(2,341)	(3,307)	(7,677)	(6,893)
Less: noncontrolling interests	(1,323)	(1,101)	(1,277)	(2,424)	(4,488)
<b>Total Distributable Earnings</b>	<b>403,776</b>	<b>290,614</b>	<b>406,128</b>	<b>694,390</b>	<b>570,232</b>
Less: Undistributed net realized principal investment income	(90,217)	(91,894)	(301,580)	(182,111)	(354,198)
<b>Distributed Earnings</b>	<b>313,559</b>	<b>198,720</b>	<b>104,548</b>	<b>512,279</b>	<b>216,034</b>
<b>Distributed Earnings to KKR &amp; Co. L.P. (b)</b>	<b>126,295</b>	<b>75,749</b>	<b>36,401</b>	<b>202,044</b>	<b>74,201</b>
Less: estimated current corporate income taxes	(10,125)	(6,376)	(4,268)	(16,501)	(8,290)
<b>Distributed Earnings to KKR &amp; Co. L.P., After Taxes</b>	<b>116,170</b>	<b>69,373</b>	<b>32,133</b>	<b>185,543</b>	<b>65,911</b>
<b>Distribution per KKR &amp; Co. L.P. common unit</b>	<b>\$ 0.42</b>	<b>\$ 0.27</b>	<b>\$ 0.13</b>	<b>\$ 0.69</b>	<b>\$ 0.28</b>

<b>Components of Distribution per KKR &amp; Co. L.P. common unit</b>					
After-tax FRE	\$ 0.10	\$ 0.10	\$ 0.07	\$ 0.20	\$ 0.15
Realized Cash Carry	\$ 0.23	\$ 0.08	\$ 0.06	\$ 0.31	\$ 0.13
Distributed Net Realized Principal Investment Income	\$ 0.09	\$ 0.09	\$ -	\$ 0.18	\$ -

Outstanding KKR & Co. L.P. common units	277,834,343	261,781,303	238,155,157
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- (a) See Exhibit A for a reconciliation of such measure to financial results prepared in accordance with GAAP.
- (b) Represents the amount of distributed earnings allocable to KKR & Co. L.P. based on its ownership in the KKR business.

**DISTRIBUTION POLICY**

KKR intends to make quarterly cash distributions in amounts that in the aggregate are expected to constitute substantially all of the cash earnings of its investment management business and 40% of the net cash income from realized principal investments, in each case in excess of amounts determined by KKR to be necessary or appropriate to provide for the conduct of its business, to make appropriate investments in its business and its investment funds and to comply with applicable law and any of its debt instruments or other obligations. For purposes of KKR's distribution policy, its distributions are expected to consist of (i) FRE, (ii) carry distributions received from KKR's investment funds which have not been allocated as part of its carry pool and (iii) a percentage of net realized principal investment income. This amount is expected to be reduced by (i) corporate and applicable local taxes, if any, (ii) non-controlling interests, and (iii) amounts determined by KKR to be necessary or appropriate for the conduct of its business and other matters as discussed above.

The declaration and payment of any distributions are subject to the discretion of the board of directors of the general partner of KKR & Co. L.P., which may change the distribution policy at any time, and the terms of its limited partnership agreement. There can be no assurance that distributions will be made as intended or at all or that unitholders will receive sufficient distributions to satisfy payment of their tax liabilities as limited partners of KKR & Co. L.P. When KKR & Co. L.P. receives distributions from the KKR Group Partnerships (the holding companies of the KKR business), KKR Holdings receives its pro rata share of such distributions from the KKR Group Partnerships.

## 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.

**Fee related earnings ("FRE")** is comprised of segment operating revenues less segment operating expenses, excluding certain compensation and general and administrative expenses incurred in the generation of net realized principal investment income. This measure is used by management as an alternative measurement of the operating earnings of KKR and its business segments before investment income. We believe this measure is useful to unitholders as it provides additional insight into the operating profitability of our fee generating management companies and capital markets businesses. The components of FRE on a segment basis differ from the equivalent GAAP amounts on a consolidated basis as a result of: (i) the inclusion of management fees earned from consolidated funds that were eliminated in consolidation; (ii) the exclusion of fees and expenses of certain consolidated entities; (iii) the exclusion of charges relating to the amortization of intangible assets; (iv) the exclusion of charges relating to carry pool allocations; (v) the exclusion of non-cash equity charges and other non-cash compensation charges borne by KKR Holdings or incurred under the KKR & Co. L.P. 2010 Equity Incentive Plan; (vi) the exclusion of certain reimbursable expenses; and (vii) the exclusion of certain non-recurring items.

**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 investment income and carried interest. ENI is comprised of: (i) FRE plus (ii) segment investment income (loss), which is reduced for carry pool allocations, management fee refunds, interest expense and certain compensation and general and administrative expenses incurred in the generation of net realized principal investment income; less (iii) certain economic interests in KKR's segments held by third parties. ENI differs from net income (loss) on a GAAP basis as a result of: (i) the exclusion of the items referred to in FRE above; (ii) the exclusion of investment income (loss) relating to noncontrolling interests; and (iii) the exclusion of income taxes.

**Economic net income (loss), after taxes** is used to measure KKR's implied ENI on a fully diluted basis. We believe this measure is useful to unitholders as it provides an indication of KKR's ENI as if all outstanding KKR Holdings units had been exchanged for common units of KKR & Co. L.P. Economic Net Income (Loss), After Taxes is calculated by deducting from ENI the implied income tax provision that has been calculated assuming that all income is allocated to KKR & Co. L.P., which would occur following an exchange of all KKR Holdings units for common units of KKR & Co. L.P. The assumptions and methodology used to calculate the implied income tax provision are consistent with those used in calculating the tax provision for KKR & Co. L.P. under GAAP. The implied income tax provision does not give effect to any tax savings or deductions that may result from the exchange of KKR Holdings units.

**Economic net income (loss), after taxes and equity-based charges** is used to measure KKR's implied ENI on a fully diluted basis. We believe this measure is useful to unitholders as it provides an indication of KKR's ENI as if all outstanding KKR Holdings units had been exchanged for common units of KKR & Co. L.P. Economic Net Income (Loss), After Taxes and Equity-based Charges is calculated by deducting from ENI: (i) equity-based charges associated with equity awards granted under the KKR & Co. L.P. 2010 Equity Incentive Plan; and (ii) the implied income tax provision that has been calculated assuming that all income is allocated to KKR & Co. L.P., which would occur following an exchange of all KKR Holdings units for common units of KKR & Co. L.P. The assumptions and methodology used to calculate the implied income tax provision are consistent with those used in calculating the tax provision for KKR & Co. L.P. under GAAP. The implied income tax provision does not give effect to any tax savings or deductions that may result from the exchange of KKR Holdings units.

**Net realized principal investment income** refers to net cash income from (i) realized investment gains and losses excluding certain realized investment losses from principal investments during the second quarter of 2013 to the extent unrealized losses on these investments were recognized prior to the combination with KPE on October 1, 2009, (ii) dividend income and (iii) interest income net of interest expense less certain compensation and general and administrative expenses incurred in the generation of net realized principal investment income in each case generated by KKR's principal investments held on or through KKR's balance sheet in our Capital Markets and Principal Activities segment. This is a term to describe a portion of KKR's quarterly distribution.

**Total distributable earnings** is the sum of (i) FRE, (ii) carry distributions received from KKR's investment funds which have not been allocated as part of its carry pool and (iii) net realized principal investment income; less (i) applicable local income taxes, if any, and (ii) noncontrolling interests. We believe this measure is useful to unitholders as it provides a supplemental measure to assess performance, excluding the impact of mark-to-market gains (losses), and also assess amounts available for distribution to KKR unitholders. However, total distributable earnings is not a measure that calculates actual distributions under KKR's current distribution policy.

**Assets under management ("AUM")** represent the assets from which KKR is entitled to receive fees or a carried interest 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 vehicles. 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 plus uncalled capital commitments from these funds; (ii) the fair value of investments in KKR's co-investment vehicles; (iii) the net asset value of certain of KKR's fixed income products; (iv) the value of outstanding structured finance vehicles; and (v) the fair value of other assets managed by KKR. 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.

**Fee paying AUM ("FPAUM")** represents only those assets under management from which KKR receives fees. We believe this measure is useful to unitholders as it provides additional insight into the capital base upon which KKR earns management fees. This relates to KKR's capital raising activities and the overall activity in its investment funds and vehicles, for only those funds and vehicles where KKR receives fees (i.e., excluding vehicles that receive only carried interest or general partner capital). 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 from which KKR does not receive a fee are excluded (i.e., assets with respect to which it receives only carried interest) 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.

**Committed dollars invested** is the aggregate amount of capital commitments that have been invested by KKR's investment funds and carry-yielding co-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 additional insight into KKR's investment of committed capital. Such amounts include: (i) capital invested by fund investors and co-investors with respect to which KKR is entitled to a fee or carried interest and (ii) capital invested by KKR's investment funds and vehicles.

**Syndicated capital** is the aggregate amount of debt or equity capital in transactions originated by KKR investment funds and vehicles, which has been distributed to third parties in exchange for a fee. It does not include (i) capital committed to such transactions by carry-yielding co-investment vehicles, which is instead reported in committed dollars invested and (ii) debt capital that is arranged as part of the acquisition financing of transactions originated by KKR investment funds and vehicles. 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 and Principal Activities 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 and vehicles to make future investments.

**Adjusted units** are used as a measure of the total equity ownership of KKR that is held by KKR & Co. L.P. and KKR Holdings and represent the fully diluted unit count using the if-converted method. We believe this measure is useful to unitholders as it provides an indication of the total equity ownership of KKR as if all outstanding KKR Holdings units had been exchanged for common units of KKR & Co. L.P.

**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 private equity funds, investment vehicles and principal investments. These financing arrangements are not direct obligations of the general partners of KKR's private equity funds or its management companies. On a segment basis, interest expense is included in other investment income. We believe 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 and vehicles and other noncontrolling interest holders. Additionally, we believe this measure is useful for analyzing KKR's ability to service its debt obligations.

**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 our investment portfolio, including carried interest, as well as our overall liquidity position. 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. Book value differs from the equivalent GAAP amounts on a consolidated basis primarily as a result of the exclusion of ownership interests attributable to KKR Holdings L.P.

**Fee related EBITDA** is comprised of FRE before the impact of depreciation of fixed assets and amortization of intangible assets and is used by management as a measure of the cash earnings of KKR and its business segments before investment income. We believe this measure is useful to unitholders as it provides additional insight into the amount of cash earnings generated by KKR's management companies and capital markets businesses.

**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. Cash and short-term investments differ from cash and cash equivalents on a GAAP basis as a result of the inclusion of liquid short-term investments in cash and short-term investments.

KKR  
**EXHIBIT A**  
**RECONCILIATION OF NET INCOME (LOSS) ATTRIBUTABLE TO KKR & CO. L.P. PER COMMON UNIT (GAAP BASIS)**  
**TO ENI AFTER TAXES PER ADJUSTED UNIT (UNAUDITED)**  
(Amounts in thousands, except common unit and per common unit amounts)

	Quarter Ended		
	June 30, 2013	March 31, 2013	June 30, 2012
<b>Net income (loss) attributable to KKR &amp; Co. L.P. per common unit</b>	<b>\$ 0.06</b>	<b>\$ 0.75</b>	<b>\$ 0.62</b>
Weighted Average Common Units Outstanding	271,983,811	257,044,184	235,781,983
Net income (loss) attributable to KKR & Co. L.P.	15,134	193,439	146,261
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	28,106	334,112	292,833
Plus: Non-cash equity based charges	80,318	81,650	93,540
Plus: Amortization of intangibles and other, net	12,360	29,185	2,388
Plus: Income taxes	8,525	9,356	11,093
<b>Economic net income (loss)</b>	<b>144,443</b>	<b>647,742</b>	<b>546,115</b>
Less: Provision for income taxes	13,486	20,117	25,857
Less: Equity-based charges associated with the KKR & Co. L.P. 2010 equity incentive plan	25,936	27,418	14,050
<b>Economic net income (loss) after taxes and equity-based charges</b>	<b>105,021</b>	<b>600,207</b>	<b>506,208</b>
Plus: Equity-based charges associated with the KKR & Co. L.P. 2010 equity incentive plan	25,936	27,418	14,050
<b>Economic net income (loss) after taxes</b>	<b>130,957</b>	<b>627,625</b>	<b>520,258</b>
Weighted Average Adjusted Units	715,453,358	711,229,881	700,720,686
<b>Economic net income (loss) after taxes per adjusted unit</b>	<b>\$ 0.18</b>	<b>\$ 0.88</b>	<b>\$ 0.74</b>

	Six Months Ended	
	June 30, 2013	June 30, 2012
<b>Net income (loss) attributable to KKR &amp; Co. L.P. per common unit</b>	<b>\$ 0.79</b>	<b>\$ 1.45</b>
Weighted Average Common Units Outstanding	264,555,267	232,440,659
Net income (loss) attributable to KKR & Co. L.P.	208,573	336,697
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	362,218	697,024
Plus: Non-cash equity based charges	161,968	207,881
Plus: Amortization of intangibles and other, net	41,545	3,550
Plus: Income taxes	17,881	28,165
<b>Economic net income (loss)</b>	<b>792,185</b>	<b>1,273,317</b>
Less: Provision for income taxes	33,603	69,240
Less: Equity-based charges associated with the KKR & Co. L.P. 2010 equity incentive plan	53,354	30,314
<b>Economic net income (loss) after taxes and equity-based charges</b>	<b>705,228</b>	<b>1,173,763</b>
Plus: Equity-based charges associated with the KKR & Co. L.P. 2010 equity incentive plan	53,354	30,314
<b>Economic net income (loss) after taxes</b>	<b>758,582</b>	<b>1,204,077</b>
Weighted Average Adjusted Units	713,353,287	696,408,937
<b>Economic net income (loss) after taxes per adjusted unit</b>	<b>\$ 1.06</b>	<b>\$ 1.73</b>



KKR

EXHIBIT A (CONTINUED)

RECONCILIATION OF NET INCOME (LOSS) ATTRIBUTABLE TO KKR & CO. L.P. (GAAP BASIS)  
TO ECONOMIC NET INCOME (LOSS), FEE RELATED EARNINGS, FEE RELATED EBITDA, AND TOTAL DISTRIBUTABLE EARNINGS (UNAUDITED)  
(Amounts in thousands)

	Quarter Ended		
	June 30, 2013	March 31, 2013	June 30, 2012
<b>Net income (loss) attributable to KKR &amp; Co. L.P.</b>	<b>\$ 15,134</b>	<b>\$ 193,439</b>	<b>\$ 146,261</b>
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	28,106	334,112	292,833
Plus: Non-cash equity based charges	80,318	81,650	93,540
Plus: Amortization of intangibles and other, net	12,360	29,185	2,388
Plus: Income taxes	8,525	9,356	11,093
<b>Economic net income (loss)</b>	<b>144,443</b>	<b>647,742</b>	<b>546,115</b>
Plus: Income attributable to segment noncontrolling interests	1,323	1,101	1,277
Less: Investment income (loss)	47,589	560,843	477,620
<b>Fee related earnings</b>	<b>98,177</b>	<b>88,000</b>	<b>69,772</b>
Plus: Depreciation and amortization	3,708	3,681	3,093
<b>Fee related EBITDA</b>	<b>\$ 101,885</b>	<b>\$ 91,681</b>	<b>\$ 72,865</b>
Less: Depreciation and amortization	3,708	3,681	3,093
Plus: Realized cash carry	161,897	52,900	39,360
Plus: Net realized principal investment income	150,361	153,156	301,580
Less: Local income taxes and noncontrolling interests	6,659	3,442	4,584
<b>Total distributable earnings</b>	<b>\$ 403,776</b>	<b>\$ 290,614</b>	<b>\$ 406,128</b>

	Six Months Ended	
	June 30, 2013	June 30, 2012
<b>Net income (loss) attributable to KKR &amp; Co. L.P.</b>	<b>\$ 208,573</b>	<b>\$ 336,697</b>
Plus: Net income (loss) attributable to noncontrolling interests held by KKR Holdings L.P.	362,218	697,024
Plus: Non-cash equity based charges	161,968	207,881
Plus: Amortization of intangibles and other, net	41,545	3,550
Plus: Income taxes	17,881	28,165
<b>Economic net income (loss)</b>	<b>792,185</b>	<b>1,273,317</b>
Plus: Income attributable to segment noncontrolling interests	2,424	4,488
Less: Investment income (loss)	608,432	1,134,677
<b>Fee related earnings</b>	<b>186,177</b>	<b>143,128</b>
Plus: Depreciation and amortization	7,389	5,646
<b>Fee related EBITDA</b>	<b>\$ 193,566</b>	<b>\$ 148,774</b>
Less: Depreciation and amortization	7,389	5,646
Plus: Realized cash carry	214,797	84,287
Plus: Net realized principal investment income	303,517	354,198
Less: Local income taxes and noncontrolling interests	10,101	11,381
<b>Total distributable earnings</b>	<b>\$ 694,390</b>	<b>\$ 570,232</b>

KKR  
**EXHIBIT A (CONTINUED)**  
**RECONCILIATION OF KKR & CO. L.P. PARTNERS' CAPITAL (GAAP BASIS)**  
**TO BOOK VALUE AND BOOK VALUE PER ADJUSTED UNIT (UNAUDITED)**  
(Amounts in thousands, except common unit and per common unit amounts)

	As of June 30, 2013	As of December 31, 2012
<b>KKR &amp; Co. L.P. partners' capital</b>	<b>\$ 2,287,389</b>	<b>\$ 2,004,359</b>
Noncontrolling interests held by KKR Holdings L.P.	4,699,114	4,981,864
Equity impact of KKR Management Holdings Corp. and other	(87,446)	(29,039)
<b>Book value</b>	<b>6,899,057</b>	<b>6,957,184</b>
Adjusted units	715,296,775	704,780,484
<b>Book value per adjusted unit</b>	<b>\$ 9.65</b>	<b>\$ 9.87</b>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS (GAAP BASIS)**  
**TO CASH AND SHORT-TERM INVESTMENTS (SEGMENT BASIS) (UNAUDITED)**  
(Amounts in thousands)

	As of June 30, 2013	As of December 31, 2012
<b>Cash and cash equivalents</b>	<b>\$ 1,167,413</b>	<b>\$ 1,230,464</b>
Liquid short-term investments	827,432	303,823
<b>Cash and short-term investments</b>	<b>\$ 1,994,845</b>	<b>\$ 1,534,287</b>

**KKR**  
**EXHIBIT B**

**RECONCILIATION OF WEIGHTED AVERAGE GAAP COMMON UNITS OUTSTANDING TO WEIGHTED AVERAGE ADJUSTED UNITS (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, 2013	March 31, 2013	June 30, 2012
<b>Weighted Average GAAP Common Units Outstanding - Basic</b>	<b>271,983,811</b>	<b>257,044,184</b>	<b>235,781,983</b>
Weighted Average Unvested Common Units (a)	26,094,953	24,998,337	16,725,819
<b>Weighted Average GAAP Common Units Outstanding - Diluted</b>	<b>298,078,764</b>	<b>282,042,521</b>	<b>252,507,802</b>
Adjustments:			
Weighted Average KKR Holdings Units (b)	417,374,594	429,187,360	448,212,884
<b>Weighted Average Adjusted Units</b>	<b>715,453,358</b>	<b>711,229,881</b>	<b>700,720,686</b>

	Six Months Ended	
	June 30, 2013	June 30, 2012
<b>Weighted Average GAAP Common Units Outstanding - Basic</b>	<b>264,555,267</b>	<b>232,440,659</b>
Weighted Average Unvested Common Units (a)	25,549,675	12,729,295
<b>Weighted Average GAAP Common Units Outstanding - Diluted</b>	<b>290,104,942</b>	<b>245,169,954</b>
Adjustments:		
Weighted Average KKR Holdings Units (b)	423,248,345	451,238,983
<b>Weighted Average Adjusted Units</b>	<b>713,353,287</b>	<b>696,408,937</b>

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

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

	As of	As of
	June 30, 2013	December 31, 2012
<b>GAAP Common Units Outstanding - Basic</b>	<b>277,834,343</b>	<b>253,363,691</b>
Unvested Common Units (a)	25,501,501	18,863,517
<b>GAAP Common Units Outstanding - Diluted</b>	<b>303,335,844</b>	<b>272,227,208</b>
Adjustments:		
KKR Holdings Units (b)	411,960,931	432,553,276
<b>Adjusted Units</b>	<b>715,296,775</b>	<b>704,780,484</b>

(a) Represents equity awards granted under the KKR & Co. L.P. 2010 Equity Incentive Plan. The issuance of common units of KKR & Co. L.P. pursuant to awards under its equity incentive plan 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.