KKR & CO. INC.

FORM S-1/A
(Securities Registration Statement)

Filed 04/16/10

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CIK	0001404912
Symbol	KKR
SIC Code	6282 - Investment Advice
Industry	Investment Management & Fund Operators
Sector	Financials
Fiscal Year	12/31

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As filed with the Securities and Exchange Commission on April 16, 2010

Registration No. 333-165414

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No.1
to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

KKR & CO. L.P.

(Exact name of Registrant as specified in its charter)

Delaware	**6282**	**26-0426107**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

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Approximate date of commencement of the proposed sale of the securities to the public:
As soon as practicable after the Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Units	204,902,226(1)	$2,212,944,040(2)	$157,783(3)(4)

(1) The number of common units of the registrant being registered is based upon the number of common units to be distributed to holders of units in KKR & Co. (Guernsey) L.P. ("KKR Guernsey"). Such number does not include 478,105,194 common units that are beneficially held by KKR Holdings L.P. ("KKR Holdings"). On a fully diluted basis, the registrant has 683,007,420 common units outstanding.

(2) Represents the proposed maximum aggregate offering price, estimated solely for purpose of calculating the registration fee pursuant to Rules 457(c) under the Securities Act of 1933, as amended, and based on the market value of the units of KKR Guernsey. The proposed maximum aggregate offering price is the product of (i) $10.80, the average of the bid and asked price per share of the common units on Euronext Amsterdam on March 5, 2010 and (ii) 204,902,226, the number of common units to be registered pursuant to this registration statement and based on the KKR Guernsey units outstanding.

(3) Registration fees of $38,375 have previously been paid with respect to $1,250,000,000 aggregate initial offering price of securities of the registrant under the Registration Statement on Form S-1 (No. 333-144335) of the registrant filed on July 3, 2007. Pursuant to Rule 457(p), such unutilized filing fee may be applied to the filing fee payable pursuant to this Registration Statement.

(4) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not offer these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 16, 2010

PRELIMINARY PROSPECTUS

KKR & Co. L.P.

204,902,226 Common Units

Representing Limited Partner Interests

We are registering the distribution of 204,902,226 common units representing limited partner interests in our business to holders of common units of KKR & Co. (Guernsey) L.P. and, concurrently with such distribution, listing our common units on the New York Stock Exchange under the symbol "KKR." We refer to KKR & Co. (Guernsey) L.P. as "KKR Guernsey," to the distribution of our common units to holders of KKR Guernsey units as the "In-Kind Distribution" and to the listing of our common units on the New York Stock Exchange as the "U.S. Listing."

Pursuant to the In-Kind Distribution, each KKR Guernsey unitholder will receive one of our common units for each unit of KKR Guernsey held when the U.S. Listing becomes effective. In the aggregate, the common units that will be distributed to holders of KKR Guernsey units represent a 30% interest in our business. The remaining 70% interest in our business is held by our principals, who beneficially own 478,105,194 common units through KKR Holdings L.P. On a fully diluted basis, we have an aggregate of 683,007,420 common units outstanding.

KKR Guernsey is a Guernsey limited partnership whose common units are currently listed on Euronext Amsterdam by NYSE Euronext, the regulated market of Euronext Amsterdam N.V., which we refer to as Euronext Amsterdam. The last reported sale price of KKR Guernsey units on April 15, 2010 was $12.00 per unit. Because the assets of KKR Guernsey consist solely of its limited partner interests in our business, the In-Kind Distribution will result in a dissolution of KKR Guernsey and a delisting of its units from Euronext Amsterdam. To preserve a trading market for interests in our business, the In-Kind Distribution is conditioned upon our common units being approved for listing on the New York Stock Exchange subject to official notice of issuance.

KKR Guernsey unitholders will not be required to pay any consideration for the common units they receive in the In-Kind Distribution. No vote or further action of KKR Guernsey unitholders is required in connection with the registration, listing or distribution of our common units. We are not asking you for a proxy and request that you do not send us a proxy.

In reviewing this prospectus, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 17 of this prospectus. These risks include but are not limited to the following:

- We are managed by a general partner, which we refer to as our Managing Partner, and do not have our own directors or officers. Our unitholders will have only limited voting rights and will have no right to elect or remove our Managing Partner or its directors or officers, and our Managing Partner is allowed to take into account the interests of parties other than us in resolving conflicts of interest, which has the effect of limiting its fiduciary duties to us. Through KKR Holdings, our principals generally have sufficient voting power to determine the outcome of any matters that may be submitted for a vote of our unitholders.

- We believe that we will be treated as a partnership for U.S. federal income tax purposes and you therefore will be required to take into account your allocable share of items of our income, gain, loss and deduction in computing your U.S. federal income tax liability. You may not receive sufficient cash distributions to pay your allocable share of our net taxable income or even the tax liability that results from that income.

- As a limited partnership, we will rely on exceptions from certain corporate governance requirements of the New York Stock Exchange, including the requirement to have a nominating and corporate governance committee composed entirely of independent directors and the requirement to have a compensation committee. You will not have the same protections afforded to

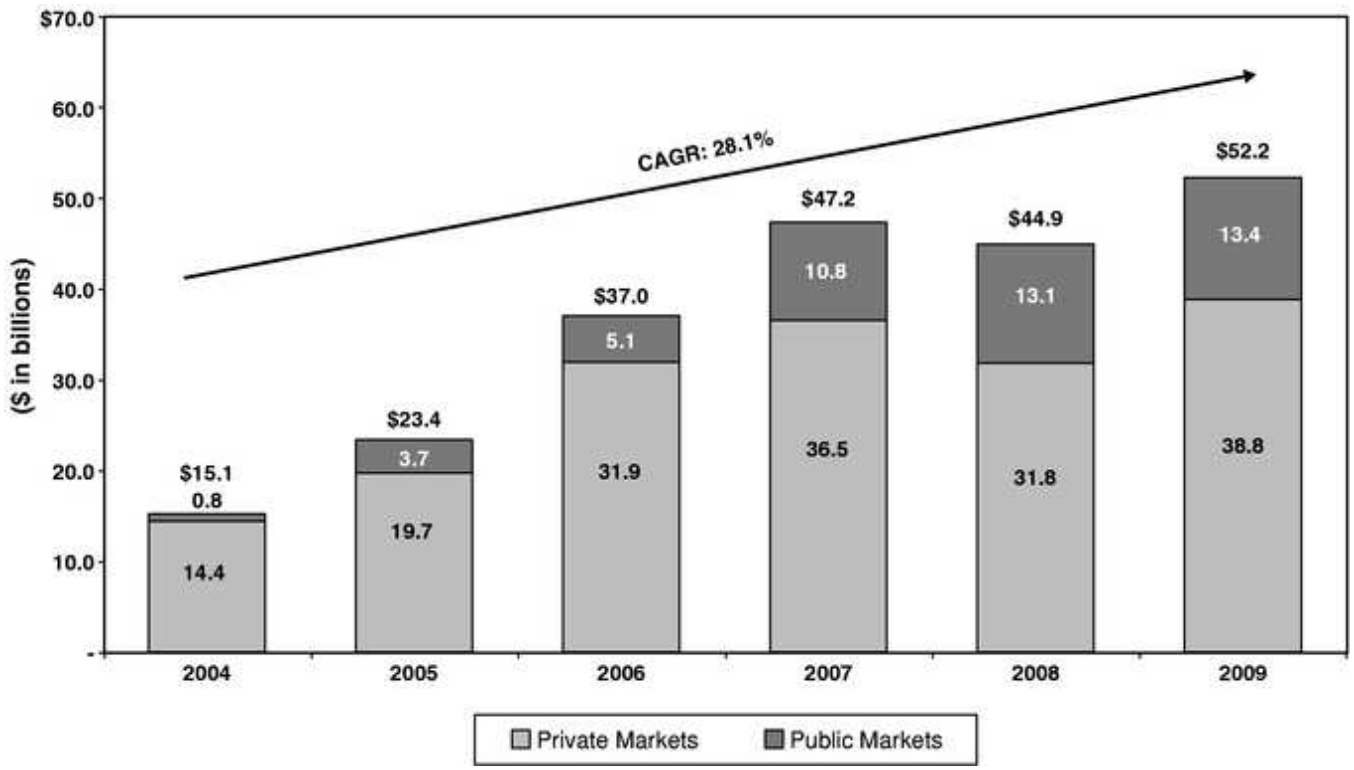
equity holders of entities that are subject to all of the corporate governance requirements of the New York Stock Exchange.

- Various forms of legislation have been introduced that could, if enacted, preclude us from qualifying as a partnership for U.S. federal income tax purposes under the rules governing publicly traded partnerships and could require that we be treated as a corporation for U.S. federal income tax purposes. If the above or any similar legislation or regulation were to be enacted and apply to us, we would incur a material increase in our tax liability that could result in a reduction in the value of our common units.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2010.

Our Assets Under Management(*)



(*) Assets under management are presented pro forma for the Combination Transaction (as defined herein) and, therefore, exclude the net asset value of KKR Guernsey and its commitments to our investment funds.

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You should rely only on the information contained in this prospectus or any free writing prospectus. We have not authorized anyone to provide you with additional or different information. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any distribution of our common units.

This prospectus has been prepared using a number of conventions, which you should consider when reading the information contained herein. Unless the context suggests otherwise:

(i) references to "KKR," "we," "us," "our" and "our partnership" refer to KKR & Co. L.P. and its subsidiaries;

(ii) references to "our Managing Partner" are to KKR Management LLC, which acts as our general partner;

(iii) references to "KKR Guernsey" are to KKR & Co. (Guernsey) L.P. (f/k/a KKR Private Equity Investors, L.P. or "KPE");

(iv) references to the "Combined Business" of KKR refer to the business of KKR that resulted from the combination of its asset management business with the assets and liabilities of KKR Guernsey on October 1, 2009;

(v) references to the "KKR Group Partnerships" are to KKR Management Holdings L.P. and KKR Fund Holdings L.P., which became holding companies for the Combined Business on October 1, 2009; and

(vi) references to the "KPE Investment Partnership" are to KKR PEI Investments, L.P., a lower tier partnership through which KPE made all of its investments.

Unless otherwise indicated, references to equity interests in the Combined Business, or to percentage interests in the Combined Business, reflect the aggregate equity of the KKR Group Partnerships and are net of amounts that have been allocated to our principals in respect of the carried interest from the Combined Business as part of our "carry pool" and certain minority interests in our business that were not acquired by the KKR Group Partnerships in connection with our reorganization into a holding company structure and our acquisition of the assets and liabilities of KKR Guernsey. See "Organizational Structure" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Impact of the Transactions." References to our "principals" are to our senior executives and operating consultants who hold interests in the Combined Business through KKR Holdings and references to our "senior principals" are to principals who also hold interests in our Managing Partner entitling them to vote for the election of its directors.

On October 1, 2009, we completed the acquisition of all of the assets and liabilities of KKR Guernsey and, in connection with such acquisition, completed a series of transactions pursuant to which the business of KKR was reorganized into a holding company structure. We refer to the acquisition of the assets and liabilities of KKR Guernsey as the "Combination Transaction," to our reorganization into a holding company structure as the "Reorganization Transactions" and to the Combination Transaction and the Reorganization Transactions collectively as the "Transactions." Our financial information for periods prior to the Transactions is based on a group, for accounting purposes, of certain combined and consolidated entities under common control of our senior principals and under the common ownership of our principals and certain other individuals who have been involved in our business, and our financial information for periods subsequent to the Transactions is based on a group, for accounting purposes, consisting of KKR & Co. L.P. and its consolidated subsidiaries.

KKR Group Holdings L.P., which we refer to as "Group Holdings," is the parent of our consolidated accounting group for periods subsequent to October 1, 2009 and is the entity through which KKR Guernsey currently holds its interests in the KKR Group Partnerships. Group Holdings serves, directly and indirectly, as the general partner of the KKR Group Partnerships. Our Managing Partner serves as the ultimate general partner of Group Holdings and the KKR Group Partnerships. KKR Guernsey, through its interest in Group Holdings, holds 30% of the outstanding KKR Group Partnership Units. See "Summary—The U.S. Listing—KKR Group Partnership Units."

In this prospectus, the terms "assets under management" or "AUM" represent the assets from which we are entitled to receive fee income or a carried interest and general partner capital. We calculate the amount of AUM as of any date as the sum of:

(i) the fair value of the investments of our investment funds plus uncalled capital commitments from these funds;

(ii) the fair value of investments in our co-investment vehicles;

(iii) the net asset value of certain of our fixed income products; and

(iv) the value of outstanding structured finance vehicles.

You should note that our calculation of AUM may differ from the calculations of other asset managers and, as a result, our measurements of AUM may not be comparable to similar measures presented by other asset managers. Our definition of AUM is not based on any definition of AUM that is set forth in the agreements governing the investment funds, vehicles or accounts that we manage.

In this prospectus, the terms "fee paying assets under management" or "FPAUM" represent only those assets under management from which we receive fees. FPAUM is the sum of all of the individual fee bases that are used to calculate our fees and differs from AUM in the following respects: (i) assets from which we do not receive a fee are excluded (i.e., assets with respect to which we receive only carried interest); and (ii) certain assets, primarily in our 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.

Unless otherwise indicated, references in this prospectus to our fully diluted common units outstanding, or to our common units outstanding on a fully diluted basis, reflect both actual common units outstanding as well as common units into which KKR Group Partnership Units not held by us are exchangeable pursuant to the terms of the exchange agreement described in this prospectus, but do not reflect common units available for issuance pursuant to our Equity Incentive Plan.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believe," "expect," "potential," "continue," "may," "should," "seek," "approximately," "predict," "intend," "will," "plan," "estimate," "anticipate" or the negative version of these words or other comparable words. Forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus. We do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

MARKET AND INDUSTRY DATA

This prospectus includes market and industry data and forecasts that we have derived from independent reports, publicly available information, various industry publications, other published industry sources and internal data and estimates. Independent reports, industry publications and other published industry sources generally indicate that the information contained therein was obtained from sources believed to be reliable. Internal data and estimates are based upon information obtained from investors in our funds, trade and business organizations and other contacts in the markets in which we operate and our understanding of industry conditions. Although we believe that such information is reliable, we have not had this information verified by any independent sources.

QUESTIONS AND ANSWERS ABOUT THE U.S. LISTING

The questions and answers below highlight only selected information with respect to the U.S. Listing. They may not contain all of the information that may be important to you. You should read carefully this entire prospectus to fully understand the U.S. Listing.

Q: ***What is the U.S. Listing?***

A: We have elected to list our common units on the New York Stock Exchange. In connection with such listing:

- KKR Guernsey will contribute its assets to us in return for our NYSE-listed common units,
- KKR Guernsey will make an in-kind distribution of our common units to its unitholders and will dissolve; and
- each KKR Guernsey unit will cease to be traded on Euronext Amsterdam and will be cancelled.

Q: ***What do I have to do to participate in the U.S. Listing and In-Kind Distribution?***

A: No action is required on your part. KKR Guernsey unitholders are not required to pay any cash or deliver any other consideration to us to receive our common units distributable to them in connection with the U.S. Listing.

Q: ***What will I receive in connection with the U.S. Listing?***

A: Each KKR Guernsey unitholder will receive one of our common units for each unit of KKR Guernsey held upon the effectiveness of the U.S. Listing. Your proportionate interest in our business will not change.

Q: ***What is being distributed in connection with the U.S. Listing?***

A: 204,902,226 of our common units will be distributed in connection with the U.S. Listing. In the aggregate, the common units that will be distributed to holders of KKR Guernsey units represent a 30% interest in our business. The remaining 70% interest in our business is held by our principals, who beneficially own 478,105,194 common units through KKR Holdings L.P. On a fully diluted basis, we have an aggregate of 683,007,420 common units outstanding.

Q: ***When will the In-Kind Distribution occur?***

A: The In-Kind Distribution will occur concurrently with the listing of our common units on the New York Stock Exchange.

Q: ***If I sell my KKR Guernsey units on or before the U.S. Listing, am I still entitled to receive common units distributable with respect to the KKR Guernsey units I sold?***

A: If you have sold KKR Guernsey units on or prior to the U.S. Listing but your transaction has not been settled on or prior to the U.S. Listing, your transaction will be required to be settled in our common units.

Q: ***How will KKR Guernsey distribute our common units?***

A: The distribution of our common units and cancellation of KKR Guernsey units will occur automatically through the clearing systems in which your bank or broker participates.

Q: ***What are the U.S. Federal income tax consequences to me of the U.S. Listing and Distribution?***

A: The U.S. Listing and In-Kind Distribution will not result in the recognition of gain or loss by U.S. unitholders. See "Material U.S. Federal Tax Considerations" in this prospectus for further details regarding the U.S. federal income tax consequences of the U.S. Listing and In-Kind Distribution.

Q: ***Are there risks associated with owning our common units?***

A: We are subject to both general and specific risks and uncertainties relating to our business. Our business is also subject to risks relating to the U.S. Listing. Following the U.S. Listing, we will also be subject to risks relating to being a publicly traded company in the United States. Accordingly, you should read carefully the information set forth in the section entitled "Risk Factors."

SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all the information you should consider in connection with your receipt of our common units. You should read this entire prospectus carefully, including the section entitled "Risk Factors" and the historical financial statements and related notes included elsewhere herein.

Overview

KKR

Led by Henry Kravis and George Roberts, we are a global alternative asset manager with $52.2 billion in AUM as of December 31, 2009 and a 34-year history of leadership, innovation and investment excellence. When our founders started our firm in 1976, they established the principles that guide our business approach today, including a patient and disciplined investment process; the alignment of our interests with those of our investors, portfolio companies and other stakeholders; and a focus on attracting world-class talent.

Our business offers a broad range of asset management services to our investors and provides capital markets services to our firm, our portfolio companies and our clients. Throughout our history, we have consistently been a leader in the private equity industry, having completed more than 170 private equity investments with a total transaction value in excess of $425 billion. In recent years, we have grown our firm by expanding our geographical presence and building businesses in new areas, such as fixed income and capital markets. Our new efforts build on our core principles, leverage synergies in our business, and allow us to capitalize on a broader range of opportunities that we source. Additionally, we have increased our focus on servicing our existing investors and have invested meaningfully in developing relationships with new investors.

With over 600 people, we conduct our business through 14 offices on four continents, providing us with a pre-eminent global platform for sourcing transactions, raising capital and carrying out capital markets activities. We have grown our AUM significantly, from $15.1 billion as of December 31, 2004 to $52.2 billion as of December 31, 2009, representing a compounded annual growth rate of 28.1%. Our growth has been driven by value that we have created through our operationally focused investment approach, the expansion of our existing businesses, our entry into new lines of business, innovation in the products that we offer investors, an increased focus on providing tailored solutions to our clients and the integration of capital markets distribution activities.

As a global alternative asset manager, we earn management, monitoring, transaction and incentive fees for providing investment management, monitoring and other services to our funds, vehicles, managed accounts, specialty finance company and portfolio companies, and we generate transaction-specific income from capital markets transactions. We earn additional investment income from investing our own capital alongside our investors and from the carried interest we receive from our funds and certain of our other investment vehicles. A carried interest entitles the sponsor of a fund to a specified percentage of investment gains that are generated on third-party capital that is invested.

On October 1, 2009, we completed our acquisition of all of the assets and liabilities of KPE and our Combined Business became listed on Euronext Amsterdam. This acquisition, which we refer to as the Combination Transaction, has provided us with a significant source of permanent capital to further grow our business and an equity currency that we may use to attract, retain and incentivize our employees and to fund opportunistic acquisitions. The Combination Transaction did not involve the payment of any cash consideration or involve an offering of any newly issued securities to the public, and our principals did not sell any interests in our Combined Business. Following the Combination Transaction, we operate our business through three business segments: Private Markets; Public Markets; and Capital Markets and Principal Activities.

Business Segments

Private Markets

Our Private Markets segment is comprised of our global private equity business, which manages and sponsors a group of investment funds and vehicles that invest capital for long-term appreciation, either through controlling ownership of a company or strategic minority positions. These funds and vehicles build on our sourcing advantage and the strong industry knowledge, operating expertise and regulatory and stakeholder management skills of our professionals, operating consultants and senior advisors to identify attractive investment opportunities and create and realize value for investors.

From our inception through December 31, 2009, we have raised 15 private equity funds with approximately $59.7 billion of capital commitments and have sponsored a number of fee and carry paying co-investment structures that allow us to commit additional capital to transactions. We have grown our AUM in this segment significantly in recent years, from $14.4 billion as of December 31, 2004 to $38.8 billion as of December 31, 2009, representing a compound annual growth rate of 22.0%. As of December 31, 2009, we had $13.7 billion of uncalled commitments to investment funds and vehicles in this segment, providing a significant source of capital that may be deployed globally.

We generate income in our Private Markets segment from the management fees and carried interest that we receive from the funds and vehicles that we manage, as well as the monitoring fees and transaction fees that are paid by portfolio companies. During the year ended December 31, 2009, the segment generated $240.1 million of fee related earnings and $1,113.6 million of economic net income, representing 89% and 75% of our total segment amounts, respectively.

Public Markets

Our Public Markets segment is comprised primarily of our fixed income businesses which manage capital in liquid credit strategies, such as leveraged loans and high yield bonds, and less liquid credit products, such as mezzanine debt, special situation assets, rescue financings, distressed assets, debtor-in-possession financings and exit financings. We implement these investment strategies through a specialty finance company and a number of investment funds, structured finance vehicles and separately managed accounts. These sources of capital leverage our global investment platform, experienced investment professionals and ability to adapt our investment strategies to different market conditions to capitalize on investment opportunities that may arise at every level of the capital structure.

We have grown our AUM in this segment significantly in recent years, from $3.7 billion as of December 31, 2005, the first full year of operations, to $13.4 billion as of December 31, 2009, representing a compound annual growth rate of 38.3%. As of December 31, 2009, the segment's AUM was comprised of $0.9 billion of assets managed in a publicly traded specialty finance company, $8.1 billion of assets managed in structured finance vehicles and $4.4 billion of assets managed in other types of investment vehicles and separately managed accounts. This AUM included $0.8 billion of uncalled commitments.

We generate income in our Public Markets segment from the management fees, incentive fees and carried interest that we receive from the companies, funds, accounts and vehicles that we manage, as well as transaction fees that may be paid by issuers in connection with specific investments. During the year ended December 31, 2009, the segment generated $10.6 million of fee related earnings and $5.3 million of economic net income, representing 4% and less than one percent of our total segment amounts, respectively.

Capital Markets and Principal Activities

Our Capital Markets and Principal Activities segment combines the assets we acquired in the Combination Transaction with our global capital markets business. Our capital markets business

supports our firm, our portfolio companies and our clients by providing services such as arranging debt and equity financing for transactions, placing and underwriting securities offerings, structuring new investment products and providing capital markets advice. To allow us to carry out these activities, we are registered or authorized to carry out certain broker-dealer activities in various countries in North America, Europe and Asia.

The assets that we acquired in the Combination Transaction have provided us with a significant source of capital to further grow and expand our business, increase our participation in our existing portfolio of businesses and further align our interests with those of our investors and other stakeholders. We believe that the market experience and skills of our capital markets professionals and the investment expertise of professionals in our Private Markets and Public Markets segments will allow us to continue to grow and diversify this asset base over time.

We generate income in our Capital Markets and Principal Activities segment from the fees that we generate through our capital markets transactions as well as the returns on the assets that we own as a principal. During the year ended December 31, 2009, the segment generated $18.7 million of fee related earnings and $367.8 million of economic net income, representing 7% and 25% of our total segment amounts, respectively.

Strengths

Over our history, we have developed a business approach that centers around three key principles:

(i) adhere to a patient and disciplined investment process;

(ii) align our interests with those of our investors and other stakeholders; and

(iii) attract world-class talent for our firm and portfolio companies.

Based on these principles, we have developed a number of strengths that we believe differentiate us as an alternative asset manager and provide additional competitive advantages that can be leveraged to grow our business and create value. These include:

Firm Culture and People

When our founders started our firm in 1976, leveraged buyouts were a novel form of corporate finance. With no financial services firm to use as a model and little interest in copying an existing formula, our founders sought to build a firm based on principles and values that would provide a proper institutional foundation for years to come. We believe that our success and industry leadership has been largely attributable to the culture of our firm and the values we live by. We believe that our experienced and talented people, who represent our culture and values, have been the key to our success and growth. These values and our "one firm" culture will not change as a result of the U.S. Listing.

Leading Brand Name

The "KKR" name is associated with: experience and success in private equity transactions worldwide; a focus on operational value creation in portfolio companies; a strong investor base; a global network of leading business relationships; a reputation for integrity and fair dealing; creativity and innovation; and superior investment performance. The strength of our brand helps us attract world-class talent, raise capital and obtain access to investment opportunities. We intend to leverage this strength as we continue to grow and expand our businesses.

Global Presence and Integrated One Firm Approach

We are a global firm. Although our operations span multiple continents and business lines, we have a common culture and are focused on sharing knowledge, resources and best practices throughout our offices and across asset classes. Our global and diversified operations are also supported by extensive local market knowledge, which provides an advantage for sourcing investments, consummating transactions and raising capital. As of December 31, 2009, 64% of our employees were based in North America, 19% were based in Europe and the Middle East, and 17% were based in Asia and Australia.

Sourcing Advantage

We believe that we have a competitive advantage for sourcing new investment opportunities as a result of our internal deal generation strategies, industry expertise and global network. Across our businesses, our investment professionals are organized into industry groups and work closely with our operating consultants and senior advisors to identify attractive businesses. These teams conduct their own primary research, develop views on industry themes and trends, and identify companies in which we may want to invest. They also maintain relationships with various industry players providing additional access to deal flow. Through our industry focus and global network, we often are able to obtain exclusive or limited access to investments that we identify.

Distinguished Track Record Across Economic Cycles

We have successfully employed our patient and disciplined investment process through all types of economic and financial conditions, developing a track record that distinguishes the firm. From our inception through December 31, 2009, our private equity funds with at least 36 months of investment activity generated a cumulative gross IRR of 25.8%, compared to the 11.5% gross IRR achieved by the S&P 500 Index over the same period. Additionally, we established our fixed income business in 2004 and, despite difficult market conditions, the returns in each of our core strategies since inception have outperformed relevant benchmarks.

Sizeable Long-Term Capital Base

As of December 31, 2009, we had $52.2 billion of AUM, making us one of the largest independent alternative asset managers in the world. Our private equity funds typically have six year investment periods and may hold an investment for a period of up to 12 years from the acquisition date. We also manage a specialty finance company and various structured finance vehicles that have capital that is either long-dated or has no fixed maturity. As of December 31, 2009, approximately 93%, or $48.6 billion, of our AUM had a contractual life at inception of at least 10 years, which has provided a stable source of long-term capital for our business.

Long-Standing Investor Relationships

We have established strong relationships with a diversified group of investors, including some of the largest public and private pension plans, global financial institutions, university endowments and other institutional and public market investors. Many of these investors have invested with us for decades in various products that we have sponsored. We continue to develop relationships with new significant investors worldwide, providing an additional source of capital for our investment vehicles. We believe that the strength, breadth, duration and diversity of our investor relationships provides a significant advantage for raising capital and growing our business.

Alignment of Interests

Since our inception, one of our fundamental philosophies has been to align the interests of the firm and our people with the interests of our investors, portfolio companies and other stakeholders. We

achieve this by putting our own capital behind our ideas. We and our principals have over $6.5 billion invested in or committed to our own funds and portfolio companies, including $4.2 billion funded through our balance sheet, $1.3 billion of additional commitments to investment funds and $1.0 billion in personal investments.

Creativity and Innovation

We pioneered the development of the leveraged buyout and have worked throughout our history to create new and innovative structures for both raising capital and making investments. Our history of innovation includes establishing permanent capital vehicles for our Public Markets and Private Markets segments and developing new capital markets and distribution capabilities in North America, Europe and Asia.

Growth Strategy

We intend to grow our business and create value for our common unitholders by:

- generating superior returns on assets that we manage and our principal assets;
- growing our assets under management;
- entering new businesses and creating new products that leverage our core competencies;
- continuing our expansion into new geographies with respect to both investing and raising capital;
- expanding our capital markets business; and
- using our principal assets to grow and invest in our business.

Why We are Undertaking the U.S. Listing

Our decision to pursue a U.S. Listing is based on our conclusion that the U.S. Listing will benefit KKR Guernsey unitholders over the long term. We view the U.S. Listing as part of our continued commitment to KKR Guernsey's unitholders, who supported us in the initial formation of KPE and its recent combination with our business. We believe that the U.S. Listing offers the opportunity to build our firm by providing new opportunities to invest in our business, attract and incentivize world-class people, and enhance the diversity, scale and capital of our business.

The Combination Transaction and Reorganization Transactions

On October 1, 2009, we completed the acquisition of all of the assets and liabilities of KKR Guernsey in the Combination Transaction. We agreed to the Combination Transaction in order to:

- create a diversified business that would benefit from the diversity, global presence, income streams, scale and franchise of KKR and the significant capital of KPE;
- provide a means for further aligning the interests of KKR's owners and KKR Guernsey unitholders by providing them equity interests in a common business that would allow them to share in the same income streams, asset base and growth potential;
- enhance access to capital markets and create a new currency for attracting and incentivizing world-class people and opportunistically funding acquisitions and growth opportunities.

Because the business of KKR prior to the Combination Transaction was conducted through a number of separate entities, we completed a series of transactions immediately prior to the Combination Transaction in which these separate entities were reorganized into a holding company structure. The purposes of the Reorganization Transactions was to create an integrated structure that

could hold the interests in KKR's asset management business and the assets and liabilities of KKR Guernsey and issue common equity representing an interest in the Combined Business.

We refer to the Reorganization Transactions and the Combination Transaction collectively as the Transactions. Following the Transactions, KKR Guernsey holds a 30% economic interest in our Combined Business through Group Holdings, and our principals hold a 70% economic interest in our Combined Business through KKR Holdings. Through KKR Holdings, our principals will further hold special voting units in our partnership that will enable them to vote alongside our common unitholders in proportion to their interests in the Combined Business with respect to any matters that are submitted to a vote of our common unitholders.

As is commonly the case with limited partnerships, our limited partnership agreement provides for the management of our business and affairs by a general partner rather than a board of directors. Our Managing Partner serves as our general partner and has a board of directors that is co-chaired by our founders, Henry Kravis and George Roberts, who also serve as our Co-Chief Executives. Our senior principals control our Managing Partner and you will not hold securities of our Managing Partner and will not be entitled to vote in the election of its directors or other matters affecting its governance. For a description of the Combination Transaction, the Reorganization Transactions, the components of our business owned by the KKR Group Partnerships and diagrams illustrating our ownership and organizational structure prior to and giving effect to the U.S. Listing and In-Kind Distribution, see "Organizational Structure."

Risks Related to Our Common Units

Holding our common units involves substantial risks and uncertainties. Some of the more significant challenges and risks related to our common units include:

- our business is materially affected by conditions in the financial markets and economic conditions, and recent disruptions in the global financial markets, including considerable declines in the valuations of debt and equity securities, have negatively impacted our financial performance, increased the cost of financing leveraged buyout transactions and limited the availability of that financing;
- we are dependent on our principals, including our founders and other key personnel;
- our net income and cash flow are volatile;
- any underperformance of our investments could adversely affect our ability to maintain or grow our AUM;
- our unitholders have limited ability to influence decisions regarding our business;
- our business is subject to extensive regulation and scrutiny, which may make our business more difficult to operate;
- the valuation methodologies for certain assets in our funds are subject to significant management judgment;
- our organizational structure may give rise to the potential for conflicts of interest among our Managing Partner, its affiliates and us;
- many of our funds focus on illiquid investments;
- there is no established trading market for our common units in the United States;
- we may be subject to substantial litigation and as a result incur significant liabilities and suffer damage to our professional reputation;

- you may be required to make tax payments in connection with your ownership of our common units in excess of the cash distributions you receive in any specific year;
- our emphasis on private equity investments, which are among the largest in the industry, involve particular risks and uncertainties; and
- our investments in companies that are based outside of the United States present potentially greater risks than similar investments in the United States.

In addition, legislation has been introduced that would tax as a corporation a publicly traded partnership, such as us, that directly or indirectly derives income from investment advisor or asset management services. Separately, legislation has been passed in the U.S. House of Representatives that would generally

- treat carried interest as non-qualifying income under the tax rules applicable to publicly traded partnerships, which could preclude us from qualifying as a partnership for U.S. federal income tax purposes; and
- tax carried interest as ordinary income for U.S. federal income taxes, which could require us to hold our interest in carried interest through taxable subsidiary corporations.

If any of these pieces of legislation or any similar legislation or regulation were to be enacted and apply to us, we would incur a material increase in our tax liability, which could result in a reduction in the value of our common units. Please see "Risk Factors" for a discussion of these and additional factors related to our common units.

The U.S. Listing

Issuer	KKR & Co. L.P., a Delaware limited partnership.
U.S. Listing	On February 24, 2010, we delivered to KKR Guernsey a notice of our intention to exercise a right to seek a listing of our common units on the New York Stock Exchange and to have KKR Guernsey make an in-kind distribution of our common units to holders of KKR Guernsey units upon completion of the U.S. Listing. Pursuant to the In-Kind Distribution, each KKR Guernsey unitholder will receive one of our common units for each KKR Guernsey unit when the U.S. Listing becomes effective. Because the assets of KKR Guernsey consist solely of its interests in our business, the In-Kind Distribution will result in the dissolution of KKR Guernsey and a delisting of its units from Euronext Amsterdam. To preserve a trading market for interests in our business, the In-Kind Distribution is conditioned upon our common units being approved for listing on the New York Stock Exchange subject to official notice of issuance.
Common units	Our common units represent limited partner interests in our partnership. The remaining 70% of our fully diluted common units are beneficially held by our principals through KKR Holdings in the form of exchangeable KKR Group Partnership Units as described below. See "KKR Group Partnership Units." On a fully diluted basis, we have an aggregate of 683,007,420 common units outstanding.
KKR Group Partnership Units	In October 2009, our Combined Business was reorganized under the KKR Group Partnerships. Each KKR Group Partnership has an identical number of partner interests and, when held together, one Class A partner interest in each of the KKR Group Partnerships together represents one "KKR Group Partnership Unit." Upon completion of the U.S. Listing and In-Kind Distribution, we will hold KKR Group Partnership Units representing a 30% interest in the Combined Business and our principals will hold KKR Group Partnership Units representing a 70% interest in the Combined Business through their interests in KKR Holdings. KKR Group Partnership Units that are held by KKR Holdings are exchangeable for our common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications and compliance with applicable lock-up, vesting and transfer restrictions. See "—Exchange Rights."
Voting Rights; Special Voting Units	Our Managing Partner, which serves as our sole general partner, will manage all of our business and affairs. You will not hold securities of our Managing Partner. Unlike the holders of common stock in a corporation, you will have only limited voting rights relating to certain matters affecting your investment and you will not have the right to elect or remove our Managing Partner or its directors, who will be appointed by our senior principals.

	Through KKR Holdings, our principals will hold special voting units in our partnership in an amount that is equal to the number of exchangeable KKR Group Partnership Units that KKR Holdings holds from time to time. These special voting units will entitle our principals to cast an equivalent number of votes on those few matters that may be submitted to a vote of our unitholders. Due to the foregoing, our principals generally will have sufficient voting power to determine the outcome of any matter that may be submitted to a unitholder vote. See "Description of Our Limited Partnership Agreement—Meetings; Voting."
Distribution Policy	We intend to make quarterly cash distributions in amounts that in the aggregate are expected to constitute substantially all of the cash earnings of our asset management business in excess of amounts determined by our Managing Partner to be necessary or appropriate to provide for the conduct of our business, to make appropriate investments in our business and our investment funds and to comply with applicable law and any of our debt instruments or other agreements. We do not intend to distribute gains on our principal assets, other than potentially certain tax distributions to the extent that distributions for the relevant tax year were otherwise insufficient to cover certain tax liabilities of our partners, as calculated by us. For the purposes of our distribution policy, our distributions are expected to consist of: • our fee related earnings net of taxes and certain other adjustments; • carry distributions received from our investment funds and certain of our other vehicles that have not been allocated as part of our carry pool; and • certain tax distributions, if any. See "Distribution Policy."
Exchange Rights	We are party to an exchange agreement pursuant to which KKR Holdings may, up to four times each year, exchange KKR Group Partnership Units held by them for our common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications and compliance with applicable lock-up, vesting and transfer restrictions. At our election, we may settle exchanges of KKR Group Partnership Units with cash in an amount equal to the fair market value of our common units that would otherwise be deliverable in such exchanges. If we elect to settle an exchange of KKR Group Partnership Units with cash, we will cancel the KKR Group Partnership Units that are acquired in the exchange, which will result in a corresponding reduction in the number of fully diluted common units and special voting units that we have outstanding following the exchange. As a result of the cancellation of the KKR Group Partnership Units that are acquired in the exchange, our percentage ownership of the KKR Group Partnerships will increase and KKR Holdings' percentage ownership will decrease. See "Organizational Structure—Exchange Agreement" and "Certain Relationships and Related Transactions—Exchange Agreement."

Tax Receivable Agreement	When KKR Holdings or its transferees transfers their interests in us, we expect, as a result, an increase in the tax basis of certain of our assets that would not otherwise have been available to us. This increase in tax basis may increase depreciation and amortization deductions for U.S. federal income tax purposes and therefore reduce the amount of tax that our corporate subsidiary would otherwise be required to pay in the future. We have entered into a tax receivable agreement with KKR Holdings pursuant to which we will be required to pay to KKR Holdings or its transferees 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize as a result of tax benefits resulting from certain exchanges made pursuant to our exchange agreement with KKR Holdings, as well as 85% of the amount of any such savings we actually realize as a result of increases in tax basis that arise due to payments under the tax receivable agreement. A termination of the agreement or a change of control could give rise to similar payments based on tax savings that we would be deemed to realize in connection with such events. In the event that other of our current or future subsidiaries become taxable as corporations and acquire KKR Group Partnership Units in the future, or if we become taxable as a corporation for U.S. federal income tax purposes, each will become subject to a tax receivable agreement with substantially similar terms. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement." Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, neither KKR Holdings nor its transferees will reimburse us for any payments previously made under the tax receivable agreement if such tax basis increase, or the benefits of such increases, were successfully challenged by the IRS. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."
NYSE symbol	We intend to list our common units on the NYSE under the symbol "KKR."
Risk factors	See "Risk Factors" for a discussion of risks you should carefully consider in connection with our common units.

In this prospectus, unless otherwise indicated, the number of fully diluted common units outstanding and other information that is based thereon does not reflect 102,451,113 additional common units that have been reserved for future issuance under our Equity Incentive Plan. The issuance of common units pursuant to awards under the Equity Incentive Plan would dilute common unitholders and KKR Holdings pro rata in accordance with their respective percentage interests in the KKR Group Partnerships.

KKR & Co. L.P. was formed as a Delaware limited partnership on June 25, 2007. Our Managing Partner was formed as a Delaware limited liability company on June 25, 2007. Our principal executive offices are located at 9 West 57th Street, Suite 4200, New York, New York 10019, and our telephone number is +1 (212) 750-8300. Our website is located at *www.kkr.com* .

Summary Historical Financial Data

The following summary historical consolidated and combined financial information, unaudited pro forma information and other data of KKR should be read together with "Organizational Structure," "Unaudited Pro Forma Financial Information," "Selected Historical Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated and combined financial statements and related notes included elsewhere in this prospectus. We derived the summary historical consolidated and combined financial data as of December 31, 2008 and 2009 and for the years ended December 31, 2007, 2008 and 2009 from the audited consolidated and combined financial statements included elsewhere in this prospectus. We derived the summary historical consolidated and combined financial data as of December 31, 2007 from audited combined financial statements that are not included in this prospectus. The unaudited pro forma financial information was prepared on substantially the same basis as the audited consolidated and combined financial statements and includes all adjustments that we consider necessary for a fair presentation of our consolidated and combined pro forma financial information as if the Transactions and certain other arrangements occurred on January 1, 2009. Because the Transactions and related arrangements were completed on October 1, 2009, their impact is fully reflected in our statement of financial condition as of December 31, 2009. Accordingly, we have not included a pro forma statement of financial condition. The summary historical consolidated and combined financial information presented below reflects the economic impact of the Transactions for periods following October 1, 2009.

	For the Years Ended December 31,			Pro Forma(1)
	2007	2008	2009	2009
Statement of Operations Data:				
Revenues				
Fees	$ 862,265	$ 235,181	$ 331,271	$ 334,377
Expenses				
Employee Compensation and Benefits(2)	212,766	149,182	838,072	1,096,821
Occupancy and Related Charges	20,068	30,430	38,013	38,013
General, Administrative and Other (2)	128,036	179,673	264,396	265,049
Fund Expenses	80,040	59,103	55,229	56,383
Total Expenses	440,910	418,388	1,195,710	1,456,266
Investment Income (Loss)				
Net Gains (Losses) from Investment Activities	1,111,572	(12,944,720)	7,505,005	7,153,044
Dividend Income	747,544	75,441	186,324	168,473
Interest Income	218,920	129,601	142,117	139,074
Interest Expense	(86,253)	(125,561)	(79,638)	(79,638)
Total Investment Income (Loss)	1,991,783	(12,865,239)	7,753,808	7,380,953
Income (Loss) Before Taxes	2,413,138	(13,048,446)	6,889,369	6,259,064
Income Taxes(3)	12,064	6,786	36,998	83,464
Net Income (Loss)	2,401,074	(13,055,232)	6,852,371	6,175,600
Less: Net Income (Loss) Attributable to Noncontrolling Interests in Consolidated Entities	1,598,310	(11,850,761)	6,119,382	5,195,086
Less: Net Income (Loss) Attributable to Noncontrolling Interests Held by KKR Holdings	—	—	(116,696)	740,580
Net Income (Loss) Attributable to Group Holdings(4)	$ 802,764	$ (1,204,471)	$ 849,685	$ 239,934

	December 31, 2007	December 31, 2008	December 31, 2009	Pro-Forma December 31, 2009
Statement of Financial Condition Data (period end):				
Total assets	$ 32,842,796	$ 22,441,030	$ 30,221,111	
Total liabilities	$ 2,575,636	$ 2,590,673	$ 2,859,630	
Noncontrolling interests in consolidated entities	$ 28,749,814	$ 19,698,478	$ 23,275,272	
Noncontrolling interests attributable to KKR Holdings	$ —	$ —	$ 3,072,360	
Total Group Holdings partners' capital(5)	$ 1,517,346	$ 151,879	$ 1,013,849	
Segment Data(6):				
Fee related earnings(7)				
Private Markets	$ 416,387	$ 156,152	$ 240,091	$ 216,952
Public Markets	$ 48,072	$ 32,576	$ 10,554	$ 11,812
Capital Markets and Principal Activities	$ —	$ 5,297	$ 18,653	$ 18,653
Economic net income(8)				
Private Markets	$ 775,014	$ (1,233,521)	$ 1,113,624	$ 661,480
Public Markets	$ 39,814	$ 36,842	$ 5,279	$ 6,444
Capital Markets and Principal Activities	$ —	$ 1,205	$ 367,751	$ 1,286,020
Partners' capital(5)				
Private Markets	$ 1,499,321	$ 97,249	$ 277,062	$ 277,062
Public Markets	$ 18,025	$ 45,867	$ 49,581	$ 49,581
Capital Markets and Principal Activities	$ —	$ 10,974	$ 3,826,241	$ 3,826,241
Other Data:				
Assets under management (period end)(9)	$ 53,215,700	$ 48,450,700	$ 52,204,200	$ 52,204,200
Fee paying assets under management (period end)(10)	$ 39,862,168	$ 43,411,800	$ 42,779,800	$ 42,779,800
Committed dollars invested(11)	$ 14,854,200	$ 3,168,800	$ 2,107,700	$ 2,107,700
Uncalled commitments (period end)(12)	$ 11,530,417	$ 14,930,142	$ 14,544,427	$ 14,544,427

(1) The financial information reported for periods prior to October 1, 2009 did not give effect to the Transactions. The unaudited pro forma financial information gives effect to the Transactions and certain other arrangements entered into in connection with the Transactions as if the Transactions and such arrangements had been completed as of January 1, 2009. See "Unaudited Pro Forma Financial Information"

(2) Includes non-cash charges arising from the issuance and vesting of interests in KKR Holdings upon and following the completion of the Transactions on October 1, 2009 in the amounts of $481.4 million recorded in employee compensation and benefits expense and $81.0 million recorded in general, administrative and other expense. In addition, allocations to our carry pool resulted in $163.1 million recorded in employee compensation and benefits expense and $4.1 million recorded in general, administrative and other expense.

(3) Prior to the Transactions, most of the entities in our consolidated group were taxed as partnerships and our income was generally allocated to, and the resulting tax liability generally was borne by, our principals at an individual level. Accordingly, the taxes they paid are not reflected in our consolidated and combined financial statements. Following the Transactions, certain of our income will be subject to corporate tax.

(4) Subsequent to the Transactions, net income (loss) attributable to Group Holdings reflects only those amounts that are allocable to KKR Guernsey's 30% interest in our Combined Business. Net

Income (Loss) that is allocable to our principals' 70% interest in our Combined Business is reflected in net income (loss) attributable to noncontrolling interests held by KKR Holdings.

(5) As of December 31, 2009, total Group Holdings partners' capital reflects only the portion of equity attributable to Group Holdings (reflecting KKR Guernsey's 30% interest in our Combined Business) and differs from partners' capital reported on a segment basis primarily as a result of the exclusion of the following items from our segment presentation: (i) the impact of income taxes; (ii) charges relating to the amortization of intangible assets; (iii) non-cash equity based charges; and (iv) allocations of equity to KKR Holdings. For a reconciliation to the $4,152.9 million of partners' capital reported on a segment basis, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Partners' Capital." KKR Holdings' 70% interest in our Combined Business is reflected as noncontrolling interests held by KKR Holdings and is not included in total Group Holdings partners' capital.

(6) Our Capital Markets and Principal Activities segment was formed by combining the assets we acquired in the Combination Transaction with our global capital markets business upon completion of the Transactions on October 1, 2009. As a result, we have reclassified the results of our capital markets business since inception into this segment. See "Unaudited Pro Forma Financial Information" for a summary of the economic impact of the Transactions.

(7) Fee related earnings ("FRE") is comprised of segment operating revenues, less segment operating expenses. The components of FRE on a segment basis differ from the equivalent U.S. GAAP amounts on a combined basis as a result of: (i) the inclusion of management fees earned from consolidated funds that were eliminated in consolidation; (ii) the exclusion of expenses of consolidated funds; (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; (vi) the exclusion of certain reimbursable expenses and (vii) the exclusion of certain non-recurring items.

(8) Economic net income ("ENI") is a measure of profitability for our reportable segments and is comprised of: (i) FRE; plus (ii) segment investment income, which is reduced for carry pool allocations and management fee refunds; less (iii) certain economic interests in our segments held by third parties. ENI differs from net income on a U.S. GAAP basis as a result of: (i) the exclusion of the items referred to in FRE above; (ii) the exclusion of investment income relating to noncontrolling interests; and (iii) the exclusion of income taxes.

(9) Assets under management ("AUM") represent the assets from which we are entitled to receive fees or a carried interest and general partner capital. We calculate the amount of AUM as of any date as the sum of: (i) the fair value of the investments of our investment funds plus uncalled capital commitments from these funds; (ii) the fair value of investments in our co-investment vehicles; (iii) the net asset value of certain of our fixed income products; and (iv) the value of outstanding structured finance vehicles. You should note that our calculation of AUM may differ from the calculations of other asset managers and, as a result, our measurements of AUM may not be comparable to similar measures presented by other asset managers. Our definition of AUM is not based on any definition of AUM that is set forth in the agreements governing the investment funds, vehicles or accounts that we manage. The AUM amounts reported as of December 31, 2007 and 2008 reflect the NAV of KPE and its commitments to our investment funds as those periods are prior to the Combination Transaction on October 1, 2009. Subsequent to the Combination Transaction, we began reporting AUM excluding the NAV of KPE and its commitments to our private equity funds. On a pro forma basis, giving effect to the exclusion of KPE, AUM as of December 31, 2007 and 2008 would have been $47.2 billion and $44.9 billion, respectively.

(10) Fee paying assets under management ("FPAUM") represents only those assets under management from which we receive fees. FPAUM is the sum of all of the individual fee bases that are used to

calculate our fees and differs from AUM in the following respects: (i) assets from which we do not receive a fee are excluded (i.e., assets with respect to which we receive only carried interest); and (ii) certain assets, primarily in our 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. The FPAUM amounts reported as of December 31, 2007 and 2008 reflect the NAV of KPE as those periods are prior to the Combination Transaction on October 1, 2009. Subsequent to the Combination Transaction, we began reporting FPAUM excluding the NAV of KPE in its entirety as fees paid by KPE to our management companies are eliminated as intersegment transactions. On a pro forma basis, giving effect to the exclusion of KPE, FPAUM as of December 31, 2007 and 2008 would have been $35.2 billion and $40.2 billion, respectively.

(11) Committed dollars invested is the aggregate amount of capital commitments that have been invested by our investment funds and carry-yielding co-investment vehicles during a given period. Such amounts include: (i) capital invested by fund investors and co-investors with respect to which we are entitled to a carried interest and (ii) capital invested by us.

(12) Uncalled commitments represent unfunded capital commitments that our investment funds and carry-paying co-investment vehicles have received from partners to contribute capital to fund future investments.

RISK FACTORS

You should carefully consider the following information about these risks, together with the other information contained in this prospectus in connection with U.S. Listing and holding our common units.

Risks Related to Our Business

Difficult market conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments that we manage or by reducing the ability of our funds to raise or deploy capital, each of which could negatively impact our net income and cash flow and adversely affect our financial condition.

Our business is materially affected by conditions in the financial markets and economic conditions or events throughout the world, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors are outside our control and may affect the level and volatility of securities prices and the liquidity and the value of our investments. In addition, we may not be able to or may choose not to manage our exposure to these conditions and/or events. The market conditions surrounding each of our businesses, and in particular our private equity business, had been quite favorable for a number of years. A significant portion of the investments of our private equity funds were made during this period. Market conditions, however, significantly deteriorated in 2008 and 2009 and generally remain at depressed levels. Global financial markets experienced considerable declines in the valuations of equity and debt securities, an acute contraction in the availability of credit and the failure of a number of leading financial institutions. Many economies around the world, including the U.S. economy, are in a period of significant decline in employment, household wealth, and lending. These events have led to a significantly diminished availability of credit and an increase in the cost of financing. The lack of credit has materially hindered the initiation of new, large-sized transactions for our private equity business and, together with declines in valuations of equity and debt securities, has adversely impacted our recent operating results reflected in our combined financial statements included in this prospectus. As of March 31, 2009, the date of the lowest aggregate valuation of our private equity funds during the most recent downturn, the investments in our contributed private equity funds were marked down to 67% of original cost. Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to scale back other costs within a time frame sufficient to match any decreases in net income relating to changes in market and economic conditions.

Our funds may be affected by reduced opportunities to exit and realize value from their investments as lack of financing makes it more difficult for potential buyers to raise sufficient capital to purchase assets in our funds' portfolios, by lower than expected returns on investments made prior to the deterioration of the credit markets, which could cause us to realise diminished or no carried interest, and by the fact that we may not be able to find suitable investments for the funds to effectively deploy capital, which could adversely affect our ability to raise new funds because we can generally only raise capital for a successor fund following the substantial deployment of capital from the existing fund. In the event of poor performance by existing funds or in the absence of improvements in market or economic conditions, fundraising conditions are likely to remain challenging and pressures by investors for lower fees, different fee sharing arrangements or fee concessions will likely continue and could increase. The outcome of such negotiations could result in our agreement to terms that are materially less favorable to us than for prior funds we have managed or funds managed by our competitors. We might also choose in such circumstances to reduce the size of any new funds so as to include only those investors willing to participate on terms we view as acceptable, which could also reduce our revenues. During 2009, we believe that certain fund sponsors decreased the amount of

fees they charge investors for fund management. Investors may also seek to redeploy capital away from certain of our fixed income vehicles, which permit redemptions on relatively short notice, in order to meet liquidity needs or invest in other asset classes.

During periods of difficult market or economic conditions or slowdowns (which may be across one or more industries, sectors or geographies), companies in which we have invested may experience decreased revenues, financial losses, credit rating downgrades, difficulty in obtaining access to financing and increased funding costs. These companies may also have difficulty in expanding their businesses and operations or be unable to meet their debt service obligations or other expenses as they become due, including expenses payable to us. Negative financial results in our funds' portfolio companies may result in lower investment returns for our investment funds, which could materially and adversely affect our operating results and cash flow. To the extent the operating performance of such portfolio companies (as well as valuation multiples) do not improve or other portfolio companies experience adverse operating performance, our funds may sell those assets at values that are less than we projected or even at a loss, thereby significantly affecting those funds' performance and consequently our operating results and cash flow. During such periods of economic difficulty, our investment funds' portfolio companies may also have difficulty expanding their businesses and operations or meeting their debt service obligations or other expenses as they become due, including amounts payable to us. Furthermore, negative market conditions or a specific market dislocation may result in lower investment returns for our funds, which would further adversely affect our net income. Adverse conditions may also increase the risk of default with respect to private equity, fixed income and other equity investments that we manage. Although market conditions have recently shown some signs of improvement, we are unable to predict whether economic and market conditions may continue to improve. Even if economic and market conditions do improve broadly and significantly over the long term, adverse conditions in particular sectors may cause our performance to suffer.

Changes in the debt financing markets have negatively impacted the ability of our private equity funds and their portfolio companies to obtain attractive financing for their investments and have increased the cost of such financing if it is obtained, which could lead to lower-yielding investments and potentially decreasing our net income.

During 2008 and 2009, the markets for debt financing contracted significantly, particularly in the area of acquisition financings for private equity and real estate transactions. Large commercial and investment banks, which have traditionally provided such financing, have demanded higher rates, higher equity requirements as part of private equity and real estate investments, more restrictive covenants and generally more onerous terms in order to provide such financing, and in some cases are refusing to provide financing for acquisitions the type of which would have been readily financed in earlier years. In the event that our funds are unable to obtain committed debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavorable terms, our funds may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in the investment income earned by us. Any failure by lenders to provide previously committed financing can also expose us to potential claims by sellers of businesses which we may have contracted to purchase. Similarly, our portfolio companies regularly utilize the corporate debt markets in order to obtain financing for their operations. To the extent that the current credit markets have rendered such financing difficult to obtain or more expensive, this may negatively impact the operating performance of those portfolio companies and, therefore, the investment returns on our funds. In addition, to the extent that the current markets make it difficult or impossible to refinance debt that is maturing in the near term, we or some of our portfolio companies may be unable to repay such debt at maturity and may be forced to sell assets, undergo a recapitalization or seek bankruptcy protection.

Recent developments in the U.S. and global financial markets have created a great deal of uncertainty for the asset management industry, and these developments may adversely affect the investments made by our funds or their portfolio companies or reduce the ability of our funds to raise or deploy capital, each of which could further materially reduce our revenue, net income and cash flow.

Recent developments in the U.S. and global financial markets have illustrated that the current environment is one of extraordinary and unprecedented uncertainty and instability for the asset management industry. With global credit markets experiencing substantial disruption (especially in the mortgage finance markets) and liquidity shortages, financial instability spread globally. In response to the financial crises affecting the banking system and financial markets and going concern threats to investment banks and other financial institutions, in October 2008, the U.S. government passed the Emergency Economic Stabilization Act of 2008, authorizing the U.S. Secretary of the Treasury to purchase up to $700 billion in distressed mortgage related assets from financial institutions, the U.S. Federal Reserve announced the creation of a special-purpose facility to buy commercial paper in order to stabilize financial markets and the U.S. Treasury Department announced a capital purchase program under the Emergency Economic Stabilization Act of 2008 pursuant to which the Treasury may purchase up to $250 billion of senior preferred shares in certain financial institutions. The U.K. government similarly announced a plan to recapitalize some of the country's largest financial institutions. In March 2009, the U.S. Department of the Treasury and the Federal Reserve announced the launch of the Term Asset-Backed Securities Loan Facility, which provides up to $200 billion of financing (which may be increased to up to $1 trillion) to certain U.S. entities to purchase qualifying asset-backed securities, and the U.S. Department of the Treasury announced plans for the Public Private Investment Partnership Program for legacy assets, which is intended to facilitate the purchase of various loans and securities held by financial institutions. In addition, there has also been substantial consolidation in the financial services industry. Although market conditions have recently shown some signs of improvement, there can be no assurances that conditions in the global financial markets will not worsen and/or further adversely affect our investments, access to leverage and overall performance.

Adverse economic and market conditions may adversely affect our liquidity position, which could adversely affect our business operations in the future.

We expect that our primary liquidity needs will consist of cash required to:

- continue to grow our business, including funding our capital commitments made to existing and future funds and any net capital requirements of our capital markets companies;
- service debt obligations, including indebtedness acquired from KKR Guernsey in connection with the Combination Transaction and any contingent liabilities that give rise to future cash payments;
- fund cash operating expenses;
- pay amounts that may become due under our tax receivable agreement with KKR Holdings; and
- make cash distributions in accordance with our distribution policy.

These liquidity requirements are significant and, in some cases, involve capital that will remain invested for extended periods of time. As of December 31, 2009, we have approximately $1,272.3 million of remaining unfunded capital commitments to our investment funds, including $827.3 million of unfunded commitments acquired from KKR Guernsey. Our commitments to our funds will require significant cash outlays over time, and there can be no assurance that we will be able to generate sufficient cash flows from realizations of investments to fund them. In addition, as of December 31, 2009, we had $733.7 million of borrowings outstanding under our credit facilities and $546.7 million of cash and cash equivalents. While we have long-term committed financings with

substantial facility limits, the terms of those facilities will expire in 2012 and 2013, respectively (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources"), and any borrowings thereunder will require refinancing or renewal, which could result in higher borrowing costs, or issuing equity. If the current credit market conditions were to worsen, we may not be able to renew all or part of these credit facilities or find alternate sources of financing on commercially reasonable terms or raise equity. In that event, our uses of cash could exceed our sources of cash, thereby potentially adversely affecting our liquidity or causing us to sell assets on unfavorable terms. In addition, the underwriting commitments for our capital markets business may require significant cash obligations, and these commitments may also put pressure on our liquidity. The holding company for our capital markets business has entered into a credit agreement that provides for revolving borrowings of up to $500 million, which can be used in connection with our ongoing business activities, including placing and underwriting securities offerings. To the extent we commit to buy and sell an issue of securities in firm commitment underwritings or otherwise, we may be required to borrow under this credit agreement to fund such obligations, which, depending on the size and timing of the obligations, may limit our ability to enter into other underwriting arrangements or similar activities, service existing debt obligations or otherwise grow our business.

The "clawback" or "net loss sharing" provisions in our governing agreements may give rise to a contingent obligation that may require us to return or contribute amounts to our funds and investors.

The partnership documents governing our traditional private equity funds generally include a "clawback" or, in certain instances, a "net loss sharing" provision that, if triggered, may give rise to a contingent obligation that may require the general partner to return or contribute amounts to the fund for distribution to investors at the end of the life of the fund. Under a "clawback" provision, upon the liquidation of a fund, the general partner is required to return, on an after-tax basis, previously distributed carry to the extent that, due to the diminished performance of later investments, the aggregate amount of carry distributions received by the general partner during the term of the fund exceed the amount to which the general partner was ultimately entitled. Excluding carried interest received by the general partners of our 1996 Fund (which was not contributed to us in the Transactions), as of December 31, 2009, the amount of carried interest we have received that is subject to this clawback obligation was $84.9 million, assuming that all applicable private equity funds were liquidated at their December 31, 2009 fair values. Had the investments in such funds been liquidated at zero value, the clawback obligation would have been $716.2 million. Under a "net loss sharing provision," upon the liquidation of a fund, the general partner is required to contribute capital to the fund, to fund 20% of the net losses on investments. In these vehicles, such losses would be required to be paid by us to the limited partners in those vehicles in the event of a liquidation of the fund regardless of whether any carried interest had previously been distributed. Based on the fair market values as of December 31, 2009, our obligation in connection with the net loss sharing provision would have been approximately $93.6 million. If the vehicles were liquidated at zero value, the contingent repayment obligation in connection with the net loss sharing provision as of December 31, 2009 would have been approximately $1,182.7 million.

Prior to the Transactions, certain of our principals who received carried interest distributions with respect to the private equity funds had personally guaranteed, on a several basis and subject to a cap, the contingent obligations of the general partners of the private equity funds to repay amounts to fund limited partners pursuant to the general partners' clawback obligations. The terms of the Transactions require that our principals remain responsible for clawback obligations relating to carry distributions received prior to the Transactions up to a maximum of $223.6 million. Carry distributions arising subsequent to the Transactions may give rise to clawback obligations that may be allocated generally to carry pool participants and the Combined Business in accordance with the terms of the instruments governing the KKR Group Partnerships. Unlike the "clawback" provisions, the Combined Business will

be responsible for amounts due under net loss sharing arrangements and will indemnify our principals for any personal guarantees that they have provided with respect to such amounts.

Our earnings and cash flow are highly variable due to the nature of our business and we do not intend to provide earnings guidance, each of which may cause the value of interests in our business to be volatile.

Our earnings are highly variable from quarter to quarter due to the volatility of investment returns of most of our funds and other investment vehicles and our principal assets and the fees earned from our funds. We recognize earnings on investments in our funds based on our allocable share of realized and unrealized gains (or losses) reported by such funds, and a decline in realized or unrealized gains, or an increase in realized or unrealized losses, would adversely affect our net income. Fee income, which we recognize when contractually earned, can vary due to fluctuations in AUM, the number of investment transactions made by our funds, the number of portfolio companies we manage and the fee provisions contained in our funds and other investment products. Fees for the years ended December 31, 2007, 2008 and 2009 were $862.3 million, $235.2 million and $331.3 million, respectively. We may create new funds or investment products or vary the terms of our funds or investment products, which may alter the composition or mix of our income from time to time. We may also experience fluctuations in our results from quarter to quarter, including our revenue and net income, due to a number of other factors, including changes in the values of our funds' investments, changes in the amount of distributions or interest earned in respect of investments, changes in our operating expenses, the degree to which we encounter competition and general economic and market conditions. Net income (loss) attributable to Group Holdings for the years ended December 31, 2007, 2008 and 2009 was $802.8 million, $(1,204.5) million and $849.7 million, respectively. Such variability may lead to variability in the value of interests in our business and cause our results for a particular period not to be indicative of our performance in future periods. It may be difficult for us to achieve steady growth in net income and cash flow on a quarterly basis, which could in turn lead to large adverse movements in the value of interests in our business.

The timing and receipt of carried interest from our private equity funds are unpredictable and will contribute to the volatility of our cash flows. Carried interest is distributed to the general partner of a vehicle with a clawback or net loss sharing provision only after all of the following are met: (i) a realization event has occurred (e.g. sale of a portfolio company, dividend, etc.); (ii) the vehicle has achieved positive overall investment returns since its inception; and (iii) all of the cost has been returned to investors with respect to investments with a fair value below remaining cost. Carried interest payments from private equity investments depend on our funds' performance and opportunities for realizing gains, which may be limited. It takes a substantial period of time to identify attractive private equity investment opportunities, to raise all the funds needed to make an investment and then to realize the cash value (or other proceeds) of an investment through a sale, public offering or other exit. To the extent a private equity investment is not profitable, no carried interest shall be received from our private equity funds with respect to that investment and, to the extent such investment remains unprofitable, we will only be entitled to a management fee on that investment. Even if a private equity investment proves to be profitable, it may be several years before any profits can be realized in cash. We cannot predict when, or if, any realization of investments will occur. In particular, since the latter half of 2007, the credit dislocation and related reluctance of many finance providers, such as commercial and investment banks, to provide financing have made it difficult for potential purchasers to secure financing to purchase companies in our investment funds' portfolio, thereby decreasing potential realization events and the potential to earn carried interest. A downturn in the equity markets also makes it more difficult to exit investments by selling equity securities. If we were to have a realization event in a particular quarter, the event may have a significant impact on our cash flows during the quarter that may not be replicated in subsequent quarters. A decline in realized or unrealized gains, or an increase in realized or unrealized losses, would adversely affect our investment income, which could further increase the volatility of our quarterly results.

A decline in the pace or size of investment by our funds or an increase in the amount of transaction fees we share with our investors would result in our receiving less revenue from transaction fees.

The transaction fees that we earn are driven in part by the pace at which our funds make investments and the size of those investments. Any decline in that pace or the size of such investments would reduce our transaction fees and could make it more difficult for us to raise capital. Many factors could cause such a decline in the pace of investment, including:

- the inability of our investment professionals to identify attractive investment opportunities;
- competition for such opportunities among other potential acquirers;
- decreased availability of capital on attractive terms; and
- our failure to consummate identified investment opportunities because of business, regulatory or legal complexities and adverse developments in the U.S. or global economy or financial markets.
- In particular, the current limited financing options for leveraged buy-outs resulting from the credit market dislocation has significantly reduced the pace and size of traditional buyout investments by our funds. Due primarily to this reduction in traditional buyout investments, the amount of committed dollars invested by our Private Markets Segment decreased to $2.1 billion for the year ended December 31, 2009, a decrease of $1.1 billion, or 33.5%, from the year ended December 31, 2008. In addition, we have confronted and expect to continue to confront requests from a variety of investors and groups representing investors to increase the percentage of transaction fees we share with our investors. To the extent we accommodate such requests, it would result in a decrease in the amount of fee revenue we earn.

The asset management business is intensely competitive, which could have a material adverse impact on our business.

We compete as an asset manager for both investors and investment opportunities. The asset management business is highly fragmented, with our competitors consisting primarily of sponsors of public and private investment funds, business development companies, investment banks, commercial finance companies and operating companies acting as strategic buyers of businesses. According to Institutional Investor, as of December 31, 2008, there were more than 100 asset managers in the United States with over $25 billion of AUM. We believe that competition for investors is based primarily on:

- investment performance;
- investor liquidity and willingness to invest;
- investor perception of investment managers' drive, focus and alignment of interest;
- business reputation;
- the duration of relationships with investors;
- the quality of services provided to investors;
- pricing;
- fund terms (including fees); and
- the relative attractiveness of the types of investments that have been or will be made.

We believe that competition for investment opportunities is based primarily on the pricing, terms and structure of a proposed investment and certainty of execution.

Due to the global economic downturn and relatively poor investment returns, institutional investors have suffered from decreasing returns, liquidity pressure, increased volatility and difficulty maintaining targeted asset allocations, and a significant number of investors have materially decreased or temporarily suspended making new fund investments during this period. As the economy begins to recover, such investors may elect to reduce their overall portfolio allocations to alternative investments such as private equity funds, resulting in a smaller overall pool of available capital in our industry. Investors may also seek to redeploy capital away from certain of our fixed income vehicles, which permit redemptions on relatively short notice in order to meet liquidity needs or invest in other asset classes.

In the event all or part of this analysis proves true, when trying to raise new capital we will be competing for less available capital in an increasingly competitive environment which could lead to terms less favorable to us as well as difficulty in raising new capital. Such changes would adversely affect our revenues and profitability.

A number of factors serve to increase our competitive risks:

- a number of our competitors in some of our businesses have greater financial, technical, marketing and other resources and more personnel than we do;
- a significant number of investors have materially decreased or temporarily suspended making new fund investments recently because of the global economic downturn and relatively poor returns in their overall alternative asset investment portfolios in 2008 and 2009;
- some of our competitors may have better expertise or be regarded by investors as having better expertise in a specific asset class or geographic region than we do;
- some of our funds may not perform as well as competitors' funds or other available investment products;
- investors may reduce their investments in our funds or not make additional investments in our funds based upon their available capital;
- several of our competitors have recently raised during a period of easier fundraising, or are expected to raise, significant amounts of capital, which fundraising efforts may occur on or around the same time as ours, and many of them have similar investment objectives and strategies to our funds, which may create additional competition for investment opportunities and may reduce the size and duration of pricing inefficiencies that many alternative investment strategies seek to exploit;
- some of these competitors may also have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to investment opportunities;
- some of our competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments;
- our competitors that are corporate buyers may be able to achieve synergistic cost savings in respect of an investment, which may provide them with a competitive advantage in bidding for an investment;

- there are relatively few barriers to entry impeding the formation of new funds, including a relatively low cost of entering these businesses, and the successful efforts of new entrants into our various lines of business, including major commercial and investment banks and other financial institutions, have resulted in increased competition;

- some investors may prefer to invest with an investment manager that is not publicly traded, is smaller, or manages fewer investment products; and

- other industry participants will from time to time seek to recruit our investment professionals and other employees away from us.

We may lose investment opportunities in the future if we do not match investment prices, structures and terms offered by competitors. Alternatively, we may experience decreased investment returns and increased risks of loss if we match investment prices, structures and terms offered by competitors. Moreover, if we are forced to compete with other alternative asset managers on the basis of price, we may not be able to maintain our current fund fee, carried interest or other terms. There is a risk that fees and carried interest in the alternative investment management industry will decline, without regard to the historical performance of a manager. Fee or carried interest income reductions on existing or future funds, without corresponding decreases in our cost structure, would adversely affect our revenues and profitability.

In addition, if interest rates were to rise or if market conditions for competing investment products improve and such products begin to offer rates of return superior to those achieved by our funds, the attractiveness of our funds relative to investments in other investment products could decrease. This competitive pressure could adversely affect our ability to make successful investments and limit our ability to raise future funds, either of which would adversely impact our business, results of operations and cash flow.

Our structure involves complex provisions of U.S. federal income tax laws for which no clear precedent or authority may be available. These structures also are subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis.

The U.S. federal income tax treatment of our unitholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax laws for which no clear precedent or authority may be available. You should be aware that the U.S. federal income tax rules are constantly under review by persons involved in the legislative process, the Internal Revenue Service, or IRS, and the U.S. Department of the Treasury frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. The present U.S. federal income tax treatment of owning our common units may be modified by administrative, legislative or judicial interpretation at any time, and any such action may affect investments and commitments previously made. For instance, changes to the U.S. federal tax laws and interpretations thereof could make it more difficult or impossible for us to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, affect the tax considerations of owning our common units, change the character or treatment of portions of our income (including, for instance, the treatment of carried interest as ordinary income rather than capital gain) and adversely impact your investment in our common units. See the discussion below under "—Legislation has been introduced in the U.S. Congress in various forms that, if enacted, (i) could preclude us from qualifying as a partnership and/or (ii) could tax carried interest as ordinary income for U.S. federal income tax purposes and require us to hold carried interest through taxable subsidiary corporations. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a material increase in our tax liability that could result in a reduction in the market price of our common units." Our organizational documents and agreements give the Managing Partner broad authority to modify the amended and restated partnership agreement from time to time as the

Managing Partner determines to be necessary or appropriate, without the consent of the unitholders, to address changes in U.S. federal state and local income tax regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all unitholders. For instance, the Managing Partner could elect at some point to treat us as an association taxable as a corporation for U.S. federal (and applicable state) income tax purposes. If the Managing Partner were to do this, the U.S. federal income tax consequences of owning our common units would be materially different. Moreover, certain assumptions and conventions will be applied in an attempt to comply with applicable rules and to report income, gain, deduction, loss and credit to unitholders in a manner that reflects such unitholders' beneficial ownership of partnership items, taking into account variation in ownership interests during each taxable year because of trading activity. However, those assumptions and conventions may not be in compliance with all aspects of applicable tax requirements. It is possible that the IRS will assert successfully that the conventions and assumptions used by us do not satisfy the technical requirements of the Internal Revenue Code and/or Treasury regulations and could require that items of income, gain, deductions, loss or credit, including interest deductions, be adjusted, reallocated or disallowed in a manner that adversely affects our unitholders.

Legislation has been introduced in the U.S. Congress in various forms that, if enacted, (i) could preclude us from qualifying as a partnership and/or (ii) could tax carried interest as ordinary income for U.S. federal income tax purposes and require us to hold carried interest through taxable subsidiary corporations. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a material increase in our tax liability that could result in a reduction in the market price of our common units.

In 2007, legislation was introduced in the U.S. Congress that would tax as corporations publicly traded partnerships that directly or indirectly derive income from investment advisor or asset management services. In 2008, the U.S. House of Representatives passed a bill that would generally (i) treat carried interest as non-qualifying income under the tax rules applicable to publicly traded partnerships, which could preclude us from qualifying as a partnership for U.S. federal income tax purposes, and (ii) tax carried interest as ordinary income for U.S. federal income taxes, rather than in accordance with the character of income derived by the underlying fund. In December 2009, the U.S. House of Representatives passed substantially similar legislation. Such legislation would tax carried interest as ordinary income starting this taxable year. In addition, the Obama administration proposed in its published revenue proposals for both 2010 and 2011 that the current law regarding the treatment of carried interest be changed to subject such income to ordinary income tax. Certain versions of the proposed legislation (including the legislation passed in December 2009) contain a transition rule that may delay the applicability of certain aspects of the legislation for a partnership that is a publicly traded partnership on the date of enactment of the legislation.

If the changes suggested by the administration or any of the proposed legislation or similar legislation were adopted, income attributable to carried interest may not meet the qualifying income requirements under the publicly traded partnership rules, and, therefore, we could either be precluded from qualifying as a partnership for U.S. federal income tax purpose or be required to hold interests in entities earning such income through a taxable U.S. corporation. If we were taxed as a corporation, our effective tax rate would increase significantly. The federal statutory rate for corporations is currently 35%. In addition, we would likely be subject to increased state and local taxes. Therefore, if any such legislation or similar legislation were to be enacted and apply to us, it would materially increase our tax liability, which could well result in a reduction in the market price of our common units.

In addition, if the proposed legislation is adopted, it could increase the amount of tax KKR's principals and other professionals would be required to pay, thereby adversely affecting KKR's ability to offer attractive incentive opportunities for key personnel.

We depend on our founders and other key personnel, the loss of whose services would have a material adverse effect on our business, results and financial condition.

We depend on the efforts, skills, reputations and business contacts of our principals, including our founders, Henry Kravis and George Roberts, and other key personnel, the information and deal flow they and others generate during the normal course of their activities and the synergies among the diverse fields of expertise and knowledge held by our professionals. Accordingly, our success depends on the continued service of these individuals, who are not obligated to remain employed with us. The loss of the services of any of them could have a material adverse effect on our revenues, net income and cash flows and could harm our ability to maintain or grow AUM in existing funds or raise additional funds in the future.

Our principals and other key personnel possess substantial experience and expertise and have strong business relationships with investors in our funds and other members of the business community. As a result, the loss of these personnel could jeopardize our relationships with investors in our funds and members of the business community and result in the reduction of AUM or fewer investment opportunities. For example, if any of our principals were to join or form a competing firm, our business, results and financial condition could suffer.

Furthermore, the agreements governing our traditional private equity funds and certain fixed income funds managed by us provide that in the event certain "key persons" in these funds (for example, both of Messrs. Kravis and Roberts, and, in the case of certain geographically or product focused funds, one or more of the executives focused on such funds) generally cease to actively manage a fund, investors in the fund will be entitled to: (i) in the case of our traditional private equity funds, reduce, in whole or in part, their capital commitments available for further investments; and (ii) in the case of certain of our fixed income funds, withdraw all or any portion of their capital accounts, in each case on an investor-by-investor basis. The occurrence of such an event would likely have a significant negative impact on our revenue, net income and cash flow.

If we cannot retain and motivate our principals and other key personnel and recruit, retain and motivate new principals and other key personnel, our business, results and financial condition could be adversely affected.

Our most important asset is our people, and our continued success is highly dependent upon the efforts of our principals and other professionals, and to a substantial degree on our ability to retain and motivate our principals and other key personnel and to strategically recruit, retain and motivate new talented personnel, including new principals. However, we may not be successful in these efforts as the market for qualified investment professionals is extremely competitive. Our ability to recruit, retain and motivate our professionals is dependent on our ability to offer highly attractive incentive opportunities. If legislation, such as the legislation proposed in April 2009 (and reproposed in 2010) were to be enacted, income and gains recognized with respect to carried interest would be treated for U.S. federal income tax purposes as ordinary income rather than as capital gain. Such legislation would materially increase the amount of taxes that we, our principals and other professionals would be required to pay, thereby adversely affecting our ability to offer such attractive incentive opportunities. See "—Risks Related to U.S. Taxation". The loss of even a small number of our investment professionals could jeopardize the performance of our funds and other investment products, which would have a material adverse effect on our results of operations. Efforts to retain or attract investment professionals may result in significant additional expenses, which could adversely affect our profitability.

Our principals hold interests in our business through KKR Holdings. These individuals receive financial benefits from our business in the form of distributions and amounts funded by KKR Holdings and through their direct and indirect participation in the value of KKR Group Partnership Units held by KKR Holdings. While all of our employees and our principals receive base salaries from us, profit-based cash amounts for certain individuals are borne by KKR Holdings. There can be no assurance that KKR Holdings will have sufficient cash available to continue to make profit-based cash payments.

In addition, we may be unwilling to grant our employees additional significant equity awards in our business, and the value of the grants and distributions they receive in respect of their existing awards may be lower than anticipated. This may limit our ability to attract, retain and motivate talented personnel. In order to recruit and retain existing and future investment professionals, we may need to increase the level of compensation that we pay to them, which may cause a higher percentage of our revenue to be paid out in the form of compensation, which would have an adverse impact on our profit margins.

In addition, there is no guarantee that the confidentiality and restrictive covenant agreements to which our principals are subject, together with our other arrangements with them, will prevent them from leaving us, joining our competitors or otherwise competing with us or that these agreements will be enforceable in all cases. These agreements will expire after a certain period of time, at which point each of our principals would be free to compete against us and solicit investors in our funds, clients and employees. Depending on which entity is a party to these agreements, we may not be able to enforce them, and these agreements might be waived, modified or amended at any time without our consent. See "Certain Relationships and Related Party Transactions—Confidentiality and Restrictive Covenant Agreements."

We strive to maintain a work environment that reinforces our culture of collaboration, motivation and alignment of interests with investors. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain our culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition and results of operations.

Operational risks may disrupt our businesses, result in losses or limit our growth.

We rely heavily on our financial, accounting and other data processing systems. If any of these systems does not operate properly or is disabled, we could suffer financial loss, a disruption of our businesses, liability to our funds, regulatory intervention or reputational damage. In addition, we operate in businesses that are highly dependent on information systems and technology. Our information systems and technology may not continue to be able to accommodate our growth, and the cost of maintaining such systems may increase from our current level. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on our business. Furthermore, we depend on our principal offices in New York City, where most of our administrative personnel are located, for the continued operation of our business. A disaster or a disruption in the infrastructure that supports our businesses, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or directly affecting our principal offices, could have a material adverse impact on our ability to continue to operate our business without interruption. Our disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all. Finally, we rely on third party service providers for certain aspects of our business, including for certain information systems, technology and administration and compliance matters. Any interruption or deterioration in the performance of these third parties could impair the quality of our and our funds' operations and could impact our reputation and adversely affect our businesses and limit our ability to grow.

The time and attention that our principals and other employees devote to assets that were not contributed to the KKR Group Partnerships as part of the Transactions will not financially benefit the KKR Group Partnerships and may reduce the time and attention these individuals devote to the KKR Group Partnerships' business.

As of December 31, 2009, the unrealized value of the investments held by the 1987 Fund, the 1993 Fund and the 1996 Fund totaled $0.8 billion, or approximately 2% of our AUM. Because we believe the general partners of these funds will not receive meaningful proceeds from further realizations, we

did not acquire general partner interests in them in connection with the Transactions. We will, however, continue to provide the funds with management and other services until their liquidation. While we will not receive meaningful fees for providing these services, our principals and other employees will be required to devote a portion of their time and attention to the management of those entities. The devotion of the time and attention of our principals and employees to those activities will not financially benefit the KKR Group Partnerships and may reduce the time and attention they devote to the KKR Group Partnerships' business.

Our organizational documents do not limit our ability to enter into new lines of businesses, and we may expand into new investment strategies, geographic markets and businesses, each of which may result in additional risks and uncertainties in our businesses.

We intend, to the extent that market conditions warrant, to seek to grow our businesses by increasing AUM in existing businesses, pursuing new investment strategies, including investment opportunities in new asset classes, developing new types of investment structures and products (such as managed accounts and structured products), and expanding into new geographic markets and businesses. We recently opened offices in Mumbai, India, Seoul, Korea and Dubai, UAE, and also developed a capital markets business in the United States, Europe and Asia, which we intend to grow and diversify. We may pursue growth through acquisitions of other investment management companies, acquisitions of critical business partners or other strategic initiatives, which may include entering into new lines of business. In addition, we expect opportunities will arise to acquire other alternative or traditional asset managers. To the extent we make strategic investments or acquisitions, undertake other strategic initiatives or enter into a new line of business, we will face numerous risks and uncertainties, including risks associated with:

- the required investment of capital and other resources;
- the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk;
- the possibility of diversion of management's attention from our core business;
- the possibility of disruption of our ongoing business;
- combining or integrating operational and management systems and controls;
- potential increase in investor concentration; and
- the broadening of our geographic footprint, including the risks associated with conducting operations in foreign jurisdictions.

Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. If a new business generates insufficient revenues or if we are unable to efficiently manage our expanded operations, our results of operations will be adversely affected. Our strategic initiatives may include joint ventures, in which case we will be subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputational damage relating to, systems, controls and personnel that are not under our control.

Extensive regulation of our businesses affects our activities and creates the potential for significant liabilities and penalties. The possibility of increased regulatory focus or legislative or regulatory changes could result in additional burdens on our business.

Our business is subject to extensive regulation. We are subject to regulation, including periodic examinations, by governmental and self-regulatory organizations in the jurisdictions in which we operate around the world. Many of these regulators, including U.S. and foreign government agencies and self-regulatory organizations, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of

cease-and-desist orders or the suspension or expulsion of applicable licenses and memberships. Even if an investigation or proceeding does not result in a sanction or the sanction imposed against us or our personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm our reputation and cause us to lose existing clients and investors or fail to gain new clients and investors.

As a result of market disruption as well as highly publicized financial scandals, regulators and investors have exhibited concerns over the integrity of the U.S. financial markets, and the businesses in which we operate both in the United States and outside the United States are likely to be subject to further regulation. There has been an active debate both nationally and internationally over the appropriate extent of regulation and oversight of private investment funds and their managers. There are proposals in the U.S. Congress and emanating from the U.S. Department of the Treasury that would identify various kinds of private funds as being potentially systemically significant and subject to increased reporting, oversight and regulation. Any changes in the regulatory framework applicable to our business may impose additional expenses on us, require the attention of senior management or result in limitations in the manner in which our business is conducted. Moreover, as calls for additional regulation have increased, there may be a related increase in regulatory investigations of the trading and other investment activities of alternative asset management funds, including our funds. Such investigations may impose additional expenses on us, may require the attention of senior management and may result in fines if any of our funds are deemed to have violated any regulations.

Recent legislative or regulatory proposals in the U.S. include designating a federal agency or representatives of several agencies as the financial system's systemic risk regulator with authority to review the activities of all financial institutions, including alternative asset managers, and to impose regulatory standards on any companies deemed to pose a threat to the financial health of the U.S. economy; authorizing federal regulatory agencies to ban compensation arrangements at financial institutions that give employees incentives to engage in conduct that could pose risks to the nation's financial system; granting the U.S. government resolution authority to take emergency measures with regard to financial institutions that fall outside the existing resolution authority of the Federal Deposit Insurance Corporation, including the authority to place an institution into conservatorship or receivership; creating a new consumer financial protection agency or a consumer financial protection bureau within the Federal Deposit Insurance Corporation or the U.S. Department of the Treasury; subjecting certain types of large financial institutions to an incremental tax based on the amount of AUM or income and the type of financial services provided; and establishing new ground rules for private equity investments in failed banks that make the acquisition of a failed bank less attractive for a private equity fund. In addition, certain constituencies have recently been advocating for greater legislative and regulatory oversight of private equity firms and transactions and to prevent pension funds from investing in private equity funds.

Members of the U.S. Senate have proposed the Hedge Fund Transparency Act, which would apply to private equity funds, venture capital funds, real estate funds and other private investment vehicles with at least $50 million in assets under management. If enacted, the bill would require such funds to register with the SEC, maintain books and records in accordance with SEC requirements and become subject to SEC examinations and information requests in order to remain exempt from the substantive provisions of the Investment Company Act. The proposed legislation also requires each fund to file annual disclosures, which would be made public, containing detailed information about the fund. The proposed legislation also requires each fund to establish anti-money laundering programs. In addition, the Obama administration delivered proposed legislation that, if enacted, would require advisors to hedge funds and other private pools of capital with over $30 million in assets under management to register as Investment Advisors with the SEC under the Investment Advisers Act of 1940. The proposed legislation would subject advisors to substantial regulatory reporting requirements and expand the SEC's examination and enforcement authority. In 2009, the U.S. House of Representatives passed legislation that would empower federal regulators to prescribe regulations to prohibit any incentive-

based payment arrangements that the regulators determine encourage financial institutions to take risks that could threaten the soundness of the financial institutions or adversely affect economic conditions and financial stability. At this time, we cannot predict what form this legislation would take, and what effect, if any, it may have on our business or the markets in which we operate. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. If enacted, the proposed legislation could negatively impact our funds in a number of ways, including increasing the funds' regulatory costs, imposing additional burdens on the funds' staff, and potentially requiring the disclosure of sensitive information. In addition, we may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. Compliance with any new laws or regulations could make compliance more difficult and expensive and affect the manner in which we conduct business.

On April 30, 2009, the European Commission published a draft of a proposed EU Directive on Alternative Investment Fund Managers, or AIFM. The Directive, if adopted in the form proposed, would apply to all AIFMs operating within the EU with more than €100 million in assets under management, including both hedge funds and private equity funds. AIFMs would be required to seek authorization from their home jurisdiction within the EU, which would require the disclosure of such information as fair valuation of assets, investment strategy, and markets in which investments are made on a regular basis. The Directive, if adopted, would also set a threshold for regulatory capital, allow regulators to set a threshold for leverage and create reporting obligations to companies in which a controlling stake is held. Such rules could have a particularly adverse effect on our investment businesses by among other things (i) imposing costly requirements to hire an independent valuation firm based in the EU to value all of our funds' assets and to hire an independent depositary based in the EU to hold all of our investments, (ii) imposing extensive disclosure obligations on our funds' portfolio companies, (iii) prohibiting us from marketing our investment funds to any investors based in a EU country for three years after enactment of the directive and significantly restricting those marketing activities thereafter, and (iv) potentially in effect restricting our funds' investments in companies based in EU countries. The Directive, if adopted in its current form, could limit, both in absolute terms and in comparison to EU-based investment managers and funds, our operating flexibility, our ability to market our funds, and our fund raising and investment opportunities, as well as expose us to conflicting regulatory requirements in the United States and the EU.

We regularly rely on exemptions in the United States from various requirements of the Securities Act, the Exchange Act, the Investment Company Act of 1940, or Investment Company Act, and the U.S. Employee Retirement Income Security Act of 1974, or ERISA, in conducting our asset management activities. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties whom we do not control. If for any reason these exemptions were to become unavailable to us, we could become subject to regulatory action or third-party claims and our business could be materially and adversely affected. See "—Risks Related to Our Organizational Structure—If we were deemed to be an "investment company" subject to regulation under the Investment Company Act, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business." Moreover, the requirements imposed by our regulators are designed primarily to ensure the integrity of the financial markets and to protect investors in our funds and are not designed to protect holders of interests in our business. Consequently, these regulations often serve to limit our activities. In addition, the regulatory environment in which our fund investors operate may affect our business. For example, changes in antitrust laws or the enforcement of antitrust laws could affect the level of mergers and acquisitions activity, and changes in state laws may limit investment activities of state pension plans. We may also be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets.

Our operations are subject to regulation and supervision in a number of domestic and foreign jurisdictions, and the level of regulation and supervision to which we are subject varies from jurisdiction to jurisdiction and is based on the type of business activity involved. See "Business—Regulation."

We are subject to substantial litigation risks and may face significant liabilities and damage to our professional reputation as a result of litigation allegations and negative publicity.

The investment decisions we make in our asset management business and the activities of our investment professionals on behalf of our portfolio companies may subject them and us to the risk of third-party litigation arising from investor dissatisfaction with the performance of our funds, the activities of our portfolio companies and a variety of other litigation claims. See "Business—Legal Proceedings." By way of example, we, our funds and certain of our employees are each exposed to the risks of litigation relating to investment activities in our funds and actions taken by the officers and directors (some of whom may be KKR employees) of portfolio companies, such as the risk of shareholder litigation by other shareholders of public companies or holders of debt instruments of companies in which our funds have significant investments. We are also exposed to risks of litigation or investigation in the event of any transactions that presented conflicts of interest that were not properly addressed.

To the extent investors in our investment funds suffer losses resulting from fraud, gross negligence, willful misconduct or other similar misconduct, investors may have remedies against us, our private equity funds, our principals or our affiliates under federal securities law and state law. Investors in our funds do not have legal remedies against us, the general partners of our funds, our funds, our principals or our affiliates solely based on their dissatisfaction with the investment performance of those funds. While the general partners and investment advisors to our private equity funds, including their directors, officers, other employees and affiliates, are generally indemnified to the fullest extent permitted by law with respect to their conduct in connection with the management of the business and affairs of our private equity funds, such indemnity generally does not extend to actions determined to have involved fraud, gross negligence, willful misconduct or other similar misconduct.

If any lawsuits were brought against us and resulted in a finding of substantial legal liability, the lawsuit could materially adversely affect our business, financial condition or results of operations or cause significant reputational harm to us, which could seriously impact our business. We depend to a large extent on our business relationships and our reputation for integrity and high-caliber professional services to attract and retain investors and to pursue investment opportunities for our funds. As a result, allegations of improper conduct by private litigants or regulators, whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us, our investment activities or the private equity industry in general, whether or not valid, may harm our reputation, which may be more damaging to our business than to other types of businesses.

In addition, with a workforce composed of many highly paid professionals, we face the risk of litigation relating to claims for compensation, which may, individually or in the aggregate, be significant in amount. The cost of settling any such claims could negatively impact our business, financial condition and results of operations.

Employee misconduct could harm us by impairing our ability to attract and retain clients and subjecting us to significant legal liability and reputational harm.

There is a risk that our principals and employees could engage in misconduct that adversely affects our business. We are subject to a number of obligations and standards arising from our business and our authority over the assets we manage. The violation of these obligations and standards by any of our employees would adversely affect our clients and us. Our business often requires that we deal with confidential matters of great significance to companies in which we may invest. If our employees were improperly to use or disclose confidential information, we could suffer serious harm to our reputation, financial position and current and future business relationships, as well as face potentially significant

litigation. It is not always possible to detect or deter employee misconduct, and the extensive precautions we take to detect and prevent this activity may not be effective in all cases. If any of our employees were to engage in misconduct or were to be accused of such misconduct, our business and our reputation could be adversely affected.

Risks Related to the Assets We Manage

As an asset manager, we sponsor and manage funds and vehicles that make investments worldwide on behalf of third-party investors and, in connection with those activities, are required to deploy our own capital in those investments. The investments of these funds and vehicles are subject to many risks and uncertainties which, to the extent they are material, are discussed below. In addition, we have principal investments and manage those assets on our own behalf. As a result, the gains and losses on such assets are reflected in our net income and the risks set forth below relating to the assets that we manage will directly affect our operating performance.

The historical returns attributable to our funds, including those presented in this prospectus, should not be considered as indicative of the future results of our funds or of our future results or of any returns on our common units.

We have presented in this prospectus net and gross IRRs, multiples of invested capital and realized and unrealized investment values for funds that we have sponsored and managed. The historical and potential future returns of the funds that we manage are not directly linked to returns on KKR Group Partnership Units.

Moreover, with respect to the historical returns of our funds:

- the rates of returns of our funds reflect unrealized gains as of the applicable valuation date that may never be realized, which may adversely affect the ultimate value realized from those funds' investments;
- the historical returns that we present in this prospectus derive largely from the performance of our earlier private equity funds, whereas future fund returns will depend increasingly on the performance of our newer funds, which may have little or no investment track record;
- the future performance of our funds will be affected by macroeconomic factors, including negative factors arising from recent disruptions in the global financial markets that were not prevalent in the periods relevant to the historical return data included in this prospectus;
- in some historical periods, the rates of return of some of our funds have been positively influenced by a number of investments that experienced a substantial decrease in the average holding period of such investments and rapid and substantial increases in value following the dates on which those investments were made; the actual or expected length of holding periods related to investments has increased in recent periods and there can be no assurance that prior trends will re-emerge;
- our newly established funds may generate lower returns during the period that they take to deploy their capital;
- our funds' returns have benefited from investment opportunities and general market conditions that may not repeat themselves, including favorable borrowing conditions in the debt markets in 2006 and 2007 that have not existed since, thereby increasing both the cost and difficulty of financing transactions, and there can be no assurance that our current or future funds will be able to avail themselves of comparable investment opportunities or market conditions; and
- we may create new funds in the future that reflect a different asset mix in terms of allocations among funds, investment strategies, geographic and industry exposure and vintage year.

In addition, future returns will be affected by the risks described elsewhere in this prospectus, including risks of the industry sectors and businesses in which a particular fund invests. See "Risk

Factors—Recent developments in the U.S. and global financial markets have created a great deal of uncertainty for the asset management industry, and these developments may adversely affect the investments made by our funds or their portfolio companies or reduce the ability of our funds to raise or deploy capital, each of which could further materially reduce our revenue, net income and cash flow."

Valuation methodologies for certain assets in our funds can be subject to significant subjectivity and the fair value of assets established pursuant to such methodologies may never be realized, which could result in significant losses for our funds.

There are no readily ascertainable market prices for a substantial majority of illiquid investments of our investment funds and our finance vehicles. When determining fair values of investments, we use the last reported market price as of the statement of financial condition date for investments that have readily observable market prices. When an investment does not have a readily available market price, the fair value of the investment represents the value, as determined by us in good faith, at which the investment could be sold in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale. There is no single standard for determining fair value in good faith and in many cases fair value is best expressed as a range of fair values from which a single estimate may be derived. When making fair value determinations, we typically use a market multiples approach that considers a specified financial measure (such as EBITDA) and/or a discounted cash flow analysis. KKR also considers a range of additional factors that we deem relevant, including the applicability of a control premium or illiquidity discount, the presence of significant unconsolidated assets and liabilities, any favorable or unfavorable tax attributes, the method of likely exit, estimates of assumed growth rates, terminal values, discount rates, capital structure and other factors. These valuation methodologies involve a significant degree of management judgment.

Because valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed. Even if market quotations are available for our investments, such quotations may not reflect the value that we would actually be able to realize because of various factors, including possible illiquidity. Our partners' capital could be adversely affected if the values of investments that we record is materially higher than the values that are ultimately realized upon the disposal of the investments and changes in values attributed to investments from quarter to quarter may result in volatility in our AUM and such changes could materially affect the results of operations that we report from period to period. There can be no assurance that the investment values that we record from time to time will ultimately be realized and that you will be able to realize the investment values that are presented in this prospectus.

Because there is significant uncertainty in the valuation of, or in the stability of the value of, illiquid investments, the fair values of investments reflected in an investment fund's or finance vehicle's NAV do not necessarily reflect the prices that would actually be obtained by us on behalf of the fund or finance vehicle when such investments are realized. Realizations at values significantly lower than the values at which investments have been reflected in prior fund NAVs would result in losses for the applicable fund and the loss of potential carried interest and other fees. Also, if realizations of our investments produce values materially different than the carrying values reflected in prior fund NAVs, investors may lose confidence in us, which could in turn result in difficulty in raising capital for future funds.

Even if market quotations are available for our investments, such quotations may not reflect the value that could actually be realized because of various factors, including the possible illiquidity associated with a large ownership position, subsequent illiquidity in the market for a company's securities, future market price volatility or the potential for a future loss in market value based on poor industry conditions or the market's view of overall company and management performance.

In addition, because we value our entire portfolio only on a quarterly basis, subsequent events that may have a material impact on those valuations may not be reflected until the next quarterly valuation date.

Dependence on significant leverage in investments by our funds could adversely affect our ability to achieve attractive rates of return on those investments.

Because many of our funds' investments rely heavily on the use of leverage, our ability to achieve attractive rates of return on investments will depend on our continued ability to access sufficient sources of indebtedness at attractive rates. For example, our fixed income funds use varying degrees of leverage when making investments. Similarly, in many private equity investments, indebtedness may constitute up to 70% or more of a portfolio company's total debt and equity capitalization, including debt that may be incurred in connection with the investment, and a portfolio company's indebtedness may also increase in recapitalization transactions subsequent to the company's acquisition. The absence of available sources of sufficient debt financing for extended periods of time could therefore materially and adversely affect our funds and our portfolio companies. Also, an increase in either the general levels of interest rates or in the risk spread demanded by sources of indebtedness such as we experienced during 2009 would make it more expensive to finance those investments. In addition, increases in interest rates could decrease the value of fixed-rate debt investments that our specialty finance company or our funds make. Increases in interest rates could also make it more difficult to locate and consummate private equity investments because other potential buyers, including operating companies acting as strategic buyers, may be able to bid for an asset at a higher price due to a lower overall cost of capital or their ability to benefit from a higher amount of cost savings following the acquisition of the asset. In addition, a portion of the indebtedness used to finance private equity investments often includes high-yield debt securities issued in the capital markets. Capital markets are volatile, and there may be times when we might not be able to access those markets at attractive rates, or at all, when completing an investment.

Investments in highly leveraged entities are also inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. The incurrence of a significant amount of indebtedness by an entity could, among other things:

- subject the entity to a number of restrictive covenants, terms and conditions, any violation of which would be viewed by creditors as an event of default and could materially impact our ability to realize value from our investment;
- allow even moderate reductions in operating cash flow to render it unable to service its indebtedness;
- give rise to an obligation to make mandatory prepayments of debt using excess cash flow, which might limit the entity's ability to respond to changing industry conditions to the extent additional cash is needed for the response, to make unplanned but necessary capital expenditures or to take advantage of growth opportunities;
- limit the entity's ability to adjust to changing market conditions, thereby placing it at a competitive disadvantage compared to its competitors who have relatively less debt;
- limit the entity's ability to engage in strategic acquisitions that might be necessary to generate attractive returns or further growth; and
- limit the entity's ability to obtain additional financing or increase the cost of obtaining such financing, including for capital expenditures, working capital or other general corporate purposes.

A leveraged company's income and equity also tend to increase or decrease at a greater rate than would otherwise be the case if money had not been borrowed. As a result, the risk of loss associated with a leveraged company is generally greater than for companies with comparatively less debt. For

example, leveraged companies could default on their debt obligations due to a decrease in revenues and cash flow precipitated by the ongoing economic downturn or by poor relative performance at such a company.

When our funds' existing portfolio investments reach the point when debt incurred to finance those investments matures in significant amounts and must be either repaid or refinanced, those investments may materially suffer if they have generated insufficient cash flow to repay maturing debt and there is insufficient capacity and availability in the financing markets to permit them to refinance maturing debt on satisfactory terms, or at all. If the current limited availability of financing for such purposes were to persist for several years, when significant amounts of the debt incurred to finance our funds' existing portfolio investments start to come due, these investments could be materially and adversely affected.

The majority owned subsidiaries of KFN, the publicly traded specialty finance company managed by us, regularly use and have used significant leverage to finance their assets. An inability by such subsidiaries to continue to raise or utilize leverage or to maintain adequate levels of collateral under the terms of their collateralized loan obligations could limit their ability to grow their business, reinvest principal cash, distribute cash to KFN or fully execute their business strategy, and KFN's results of operations may be adversely affected. In addition, the debt that KFN has incurred will mature in significant amounts in 2011 and 2012 and there can be no assurance that KFN will be able to refinance any of its indebtedness on commercially reasonable terms or at all. In the absence of improved operating results and access to capital resources, KFN could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations.

Among the sectors particularly challenged by the current crisis in the global credit markets are the CLO and leveraged finance markets. KFN has significant exposure to these markets through its CLO subsidiaries, each of which is a Cayman Islands incorporated special purpose company that issued to KFN and other investors notes secured by a pool of collateral consisting primarily of corporate leveraged loans. In most cases, KFN's CLO holdings are deeply subordinated, representing the CLO subsidiary's substantial leverage, which increases both the opportunity for higher returns as well as the magnitude of losses when compared to holders or investors that rank more senior to KFN in right of payment. As a result, during the current continuing economic downturn, KFN and its investors are at greater risk of suffering losses related to the CLO subsidiaries. KFN's CLO subsidiaries have experienced an increase in downgrades, depreciations in market value and defaults in respect of leveraged loans in their collateral. There can be no assurance that market conditions giving rise to these types of consequences will not occur, subsist or become more acute in the future. Because KFN's CLO structures involve complex collateral and other arrangements, the documentation for such structures is complex, is subject to differing interpretations and involves legal risk. In July 2009, KFN surrendered for cancellation approximately $298.4 million in aggregate of notes issued to it by certain of its CLOs. The surrendered notes were cancelled and the obligations due under such notes were deemed extinguished. Certain holders of KFN's securities issued by one of KFN's CLOs challenged the surrender for cancellation and KFN subsequently reached a settlement agreement with such holders that restricts KFN's ability to restructure certain CLO debt obligations in the future, which may reduce KFN's financial flexibility in the event of future adverse market or credit conditions. In addition, certain noteholders of one of KFN's other CLOs recently notified KFN of a similar dispute and it may become a party to similar disputes with other noteholders of its CLOs in the future.

Any of the foregoing circumstances could have a material adverse effect on our financial condition, results of operations and cash flow.

The due diligence process that we undertake in connection with our investments may not reveal all facts that may be relevant in connection with an investment.

Before making our investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. The objective of the due diligence process is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment, to identify possible risks associated with that investment and, in the case of private equity investments, to prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. When conducting due diligence, we typically evaluate a number of important business, financial, tax, accounting, environmental and legal issues in determining whether or not to proceed with an investment. Outside consultants, legal advisors, accountants and investment banks are involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence process may at times be subjective with respect to newly organized companies for which only limited information is available. Accordingly, we cannot be certain that the due diligence investigation that we will carry out with respect to any investment opportunity will reveal or highlight all relevant facts (including fraud) that may be necessary or helpful in evaluating such investment opportunity, including the existence of contingent liabilities. We also cannot be certain that our due diligence investigations will result in investments being successful or that the actual financial performance of an investment will not fall short of the financial projections we used when evaluating that investment.

Our asset management activities involve investments in relatively high-risk, illiquid assets, and we may fail to realize any profits from these activities for a considerable period of time or lose some or all of the capital invested.

Many of our funds hold investments in securities that are not publicly traded. In many cases, our funds may be prohibited by contract or by applicable securities laws from selling such securities for a period of time. Our funds will generally not be able to sell these securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration is available. The ability of many of our funds to dispose of investments is heavily dependent on the public equity markets. For example, the ability to realize any value from an investment may depend upon the ability to complete an initial public offering of the portfolio company in which such investment is made. Even if the securities are publicly traded, large holdings of securities can often be disposed of only over a substantial length of time, exposing our investment returns to risks of downward movement in market prices during the intended disposition period. Accordingly, under certain conditions, our funds may be forced to either sell securities at lower prices than they had expected to realize or defer sales that they had planned to make, potentially for a considerable period of time. We have made and expect to continue to make significant capital investments in our current and future funds. Contributing capital to these funds is risky, and we may lose some or all of the principal amount of our investments.

The investments of our funds are subject to a number of inherent risks.

Our results are highly dependent on our continued ability to generate attractive returns from our investments. Investments made by our private equity and fixed income funds involve a number of significant risks inherent to private equity and fixed income investing, including the following:

- companies in which private equity and fixed income investments are made may have limited financial resources and may be unable to meet their obligations under their securities, which

may be accompanied by a deterioration in the value of their equity securities or any collateral or guarantees provided with respect to their debt;

- companies in which private equity and fixed income investments are made are more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of those persons could have a material adverse impact on their business and prospects;

- companies in which private equity and fixed income investments are made may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position;

- instances of fraud and other deceptive practices committed by senior management of portfolio companies in which our funds invest may undermine our due diligence efforts with respect to such companies, and if such fraud is discovered, negatively affect the valuation of a fund's investments as well as contribute to overall market volatility that can negatively impact a fund's investment program;

- our funds may make investments that they do not advantageously dispose of prior to the date the applicable fund is dissolved, either by expiration of such fund's term or otherwise, resulting in a lower than expected return on the investments and, potentially, on the fund itself;

- our funds generally establish the capital structure of portfolio companies on the basis of financial projections based primarily on management judgments and assumptions, and general economic conditions and other factors may cause actual performance to fall short of these financial projections, which could cause a substantial decrease in the value of our equity holdings in the portfolio company and cause our funds' performance to fall short of our expectations; and

- executive officers, directors and employees of an equity sponsor may be named as defendants in litigation involving a company in which a private equity investment is made or is being made, and we or our funds may indemnify such executive officers, directors or employees for liability relating to such litigation.

We often pursue investment opportunities that involve business, regulatory, legal or other complexities.

As an element of our investment style, we often pursue complex investment opportunities. This can often take the form of substantial business, regulatory or legal complexity that would deter other investment managers. Our tolerance for complexity presents risks, as such transactions can be more difficult, expensive and time-consuming to finance and execute; it can be more difficult to manage or realize value from the assets acquired in such transactions; and such transactions sometimes entail a higher level of regulatory scrutiny or a greater risk of contingent liabilities. We may cause our funds to acquire an investment that is subject to contingent liabilities, which could be unknown to us at the time of acquisition or, if they are known to us, we may not accurately assess or protect against the risks that they present. Acquired contingent liabilities could thus result in unforeseen losses for our funds. In addition, in connection with the disposition of an investment in a portfolio company, a fund may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. A fund may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities by a fund, even after the disposition of an investment. Any of these risks could harm the performance of our funds.

Our private equity investments are typically among the largest in the industry, which involves certain complexities and risks that are not encountered in small- and medium-sized investments.

Our private equity funds make investments primarily in companies with large capitalizations, which involves certain complexities and risks that are not encountered in small-and medium-sized investments. For example, larger transactions may be more difficult to finance and exiting larger deals may present incremental challenges. In addition, larger transactions may pose greater challenges in implementing changes in the company's management, culture, finances or operations, and may entail greater scrutiny by regulators, interest groups and other third parties. Recently, these constituencies have been more active in opposing some larger investments by certain private equity firms.

In some transactions, the amount of equity capital that is required to complete a large capitalization private equity transaction has increased significantly, which has resulted in some of the largest private equity transactions being structured as "consortium transactions." A consortium transaction involves an equity investment in which two or more other private equity firms serve together or collectively as equity sponsors. While we have sought to limit where possible the amount of consortium transactions in which we have been involved, we have participated in a significant number of those transactions. Consortium transactions generally entail a reduced level of control by our firm over the investment because governance rights must be shared with the other consortium investors. Accordingly, we may not be able to control decisions relating to a consortium investment, including decisions relating to the management and operation of the company and the timing and nature of any exit, which could result in the risks described in "—Our funds have made investments in companies that we do not control, exposing us to the risk of decisions made by others with which we may not agree." Any of these factors could increase the risk that our larger investments could be less successful. The consequences to our investment funds of an unsuccessful larger investment could be more severe given the size of the investment.

Our funds and accounts have made investments in companies that we do not control, exposing us to the risk of decisions made by others with which we may not agree.

Our funds and accounts hold investments that include debt instruments and equity securities of companies that we do not control. Such instruments and securities may be acquired by our funds and accounts through trading activities or through purchases of securities from the issuer. In addition, our funds and accounts may acquire minority equity interests, particularly when sponsoring investments as part of a large investor consortium, and may also dispose of a portion of their majority equity investments in portfolio companies over time in a manner that results in the funds or accounts retaining a minority investment. Those investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the value of investments by our funds or accounts could decrease and our financial condition, results of operations and cash flow could be adversely affected. Approximately 40% of the investments in our private equity portfolio consist of structured minority investments or investments in portfolio companies in which we share substantive control rights with two or more other private equity sponsors.

We expect to make investments in companies that are based outside of the United States, which may expose us to additional risks not typically associated with investing in companies that are based in the United States.

Many of our funds and accounts invest a significant portion of their assets in the equity, debt, loans or other securities of issuers that are based outside of the United States. A substantial amount of these investments consist of private equity investments made by our private equity funds. For example, as of December 31, 2009, approximately 39.7% of the unrealized value of the investments of those funds and accounts was attributable to foreign investments. Investing in companies that are based in

countries outside of the United States and, in particular, in emerging markets such as China, India and Turkey, involves risks and considerations that are not typically associated with investments in companies established in the United States. These risks may include the following:

- the possibility of exchange control regulations, restrictions on repatriation of profit on investments or of capital invested, political and social instability, nationalization or expropriation of assets;
- the imposition of non-U.S. taxes;
- differences in the legal and regulatory environment or enhanced legal and regulatory compliance;
- limitations on borrowings to be used to fund acquisitions or dividends;
- political hostility to investments by foreign or private equity investors;
- less liquid markets;
- reliance on a more limited number of commodity inputs, service providers and/or distribution mechanisms;
- adverse fluctuations in currency exchange rates and costs associated with conversion of investment principal and income from one currency into another;
- higher rates of inflation;
- less available current information about an issuer;
- higher transaction costs;
- less government supervision of exchanges, brokers and issuers;
- less developed bankruptcy and other laws;
- difficulty in enforcing contractual obligations;
- lack of uniform accounting, auditing and financial reporting standards;
- less stringent requirements relating to fiduciary duties;
- fewer investor protections; and
- greater price volatility.

Certain legislation has recently been adopted in Australia, Denmark, Germany, and Italy, among other countries, that limits the tax deductibility of interest expense incurred by companies in those countries. These measures will most likely adversely affect Danish and German portfolio companies in which our private equity funds have investments and limit the benefits of additional investments in those countries.

Although we expect that most of our funds' and accounts' capital commitments will be denominated in U.S. dollars, investments that are denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, levels of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that such strategies will be effective. If we engage in hedging transactions, we may be exposed to additional risks associated with such transactions. See "—Risk management activities may adversely affect the return on our investments."

Third party investors in our funds with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested by us, which could adversely affect a fund's operations and performance.

Investors in certain of our funds make capital commitments to those funds that the funds are entitled to call from those investors at any time during prescribed periods. We depend on investors fulfilling their commitments when we call capital from them in order for such funds to consummate investments and otherwise pay their obligations (for example, management fees) when due. To date, we have not had investors fail to honor capital calls to any meaningful extent. Any investor that did not fund a capital call would generally be subject to several possible penalties, including having a significant amount of existing investment forfeited in that fund. However, the impact of the penalty is directly correlated to the amount of capital previously invested by the investor in the fund and if an investor has invested little or no capital, for instance early in the life of the fund, then the forfeiture penalty may not be as meaningful. Investors may in the future also negotiate for lesser or reduced penalties at the outset of the fund, thereby inhibiting our ability to enforce the funding of a capital call. If investors were to fail to satisfy a significant amount of capital calls for any particular fund or funds, the operation and performance of those funds could be materially and adversely affected.

Our equity investments and many of our debt investments often rank junior to investments made by others, exposing us to greater risk of losing our investment.

In many cases, the companies in which our funds invest have, or are permitted to have, outstanding indebtedness or equity securities that rank senior to our fund's investment. By their terms, such instruments may provide that their holders are entitled to receive payments of distributions, interest or principal on or before the dates on which payments are to be made in respect of our investment. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which an investment is made, holders of securities ranking senior to our investment would typically be entitled to receive payment in full before distributions could be made in respect of its investment. After repaying senior security holders, the company may not have any remaining assets to use for repaying amounts owed in respect of our investment. To the extent that any assets remain, holders of claims that rank equally with our investment would be entitled to share on an equal and ratable basis in distributions that are made out of those assets. Also, during periods of financial distress or following an insolvency, the ability of our funds to influence a company's affairs and to take actions to protect their investments may be substantially less than that of the senior creditors.

Risk management activities may adversely affect the return on our investments.

When managing exposure to market risks, we employ hedging strategies or certain forms of derivative instruments to limit our exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates and currency exchange rates. The scope of risk management activities undertaken by us varies based on the level and volatility of interest rates, prevailing foreign currency exchange rates, the types of investments that are made and other changing market conditions. The use of hedging transactions and other derivative instruments to reduce the effects of a decline in the value of a position does not eliminate the possibility of fluctuations in the value of the position or prevent losses if the value of the position declines. However, such activities can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of the position. Such transactions may also limit the opportunity for gain if the value of a position increases. Moreover, it may not be possible to limit the exposure to a market development that is so generally anticipated that a hedging or other derivative transaction cannot be entered into at an acceptable price.

The success of any hedging or other derivative transactions that we enter into generally will depend on our ability to correctly predict market changes. As a result, while we may enter into such

transactions in order to reduce our exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the hedging or other derivative transaction had not been executed. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. Moreover, for a variety of reasons, we may not seek or be successful in establishing a perfect correlation between the instruments used in hedging or other derivative transactions and the positions being hedged. An imperfect correlation could prevent us from achieving the intended result and could give rise to a loss. In addition, it may not be possible to fully or perfectly limit our exposure against all changes in the value of its investments, because the value of investments is likely to fluctuate as a result of a number of factors, some of which will be beyond our control or ability to hedge.

Certain of our funds may make a limited number of investments, or investments that are concentrated in certain geographic regions or asset types, which could negatively affect their performance to the extent those concentrated investments perform poorly.

The governing agreements of our funds contain only limited investment restrictions and only limited requirements as to diversification of fund investments, either by geographic region or asset type. Our private equity funds generally permit up to 20% of the fund to be invested in a single company. Our most recent fully invested private equity fund focused primarily in North America, the Millennium Fund, made investments in approximately 30 portfolio companies with the largest single investment representing 8.6% of invested capital. During periods of difficult market conditions or slowdowns in these sectors or geographic regions, decreased revenues, difficulty in obtaining access to financing and increased funding costs may be exacerbated by this concentration of investments, which would result in lower investment returns. Because a significant portion of a fund's capital may be invested in a single investment or portfolio company, a loss with respect to such investment or portfolio company could have a significant adverse impact on such fund's capital. Accordingly, a lack of diversification on the part of a fund could adversely affect a fund's performance and therefore, our financial condition and results of operations.

Our funds and accounts may make investments that could give rise to a conflict of interest.

Our funds and accounts invest in a broad range of asset classes throughout the corporate capital structure. These investments include investments in corporate loans and debt securities, preferred equity securities and common equity securities. In certain cases, we may manage separate funds or accounts that invest in different parts of the same company's capital structure. For example, our fixed income funds may invest in different classes of the same company's debt and may make debt investments in a company that is owned by one of our private equity funds. In those cases, the interests of our funds and accounts may not always be aligned, which could create actual or potential conflicts of interest or the appearance of such conflicts. For example, one of our private equity funds could have an interest in pursuing an acquisition, divestiture or other transaction that, in its judgment, could enhance the value of the private equity investment, even though the proposed transaction would subject one of our fixed income fund's debt investments to additional or increased risks. Similarly, a decision to acquire material non-public information about a company while pursuing an investment opportunity for a particular fund or account may give rise to a potential conflict of interest when it results in our having to restrict the ability of other funds or accounts to take any action. Finally, our ability to effectively implement a public securities strategy may be limited to the extent that contractual obligations entered into in the ordinary course of our traditional private equity business impose restrictions on our engaging in transactions that we may be interested in otherwise pursuing.

We may also cause different private equity funds to invest in a single portfolio company, for example where the fund that made an initial investment no longer has capital available to invest. Conflicts may also arise where we make principal investments for our own account. In certain cases, we will require that a transaction or investment be approved by an independent valuation expert, be

subject to a fairness opinion, be based on arms-length pricing data or be calculated in accordance with a formula provided for in a fund's governing documents prior to the completion of the relevant transaction to address potential conflicts of interest. Such instances include principal transactions where we or our affiliates warehouse an investment in a portfolio company for the benefit of one or more of our funds or accounts pending the contribution of committed capital by the investors in such funds or accounts, follow-on investments by a fund other than a fund which made an initial investment in a company or transactions in which we arrange for one of our funds or accounts to buy a security from, or sell a security to, another one of our funds or accounts. In addition, we or our affiliates may receive fees or other compensation in connection with specific transactions that may give rise to conflicts. Appropriately dealing with conflicts of interest is complex and difficult and we could suffer reputational damage or potential liability if we fail, or appear to fail, to deal appropriately with conflicts as they arise. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation which could in turn materially adversely affect our business in a number of ways, including as a result of an inability to raise additional funds and a reluctance of counterparties to do business with us.

If KFN were deemed to be an "investment company" subject to regulation under the Investment Company Act, applicable restrictions could have an adverse effect on our business.

Our business would be adversely affected if KFN, the publicly traded specialty finance company managed by us, was to be deemed to be an investment company under the Investment Company Act. A person will generally be deemed to be an "investment company" for purposes of the Investment Company Act if, absent an available exception or exemption, it (i) is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or (ii) owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We believe KFN is not and does not propose to be primarily engaged in the business of investing, reinvesting or trading in securities, and we do not believe that KFN has held itself out as such. KFN conducts its operations primarily through its majority owned subsidiaries, each of which is excepted from the definition of an investment company under the Investment Company Act. KFN monitors its holdings regularly to confirm its continued compliance with the 40% test described in clause (ii) above, and restricts its subsidiaries with respect to the assets in which each of them can invest and/or the types of securities each of them may issue in order to ensure conformity with exceptions provided by, and rules and regulations promulgated under, the Investment Company Act. If the SEC were to disagree with KFN's treatment of one or more of its subsidiaries as being excepted from the Investment Company Act, with its determination that one or more of its other holdings are not investment securities for purposes of the 40% test, or with its determinations as to the nature of its business or the manner in which it holds itself out, KFN and/or one or more of its subsidiaries could be required either (i) to change substantially the manner in which it conducts its operations to avoid being subject to the Investment Company Act or (ii) to register as an investment company. Either of these would likely have a material adverse effect on KFN, its ability to service its indebtedness and to make distributions on its shares, and on the market price of its shares and securities, and could thereby materially adversely affect our business, financial condition and results of operations.

Risks Related to the U.S. Listing and Our Common Units

The requirements of being a public entity and sustaining growth may strain our resources.

Following a U.S. Listing, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act, and requirements of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. These requirements may place a strain on our systems and resources. The Exchange Act will require that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act will require that we maintain effective

disclosure controls and procedures and internal controls over financial reporting, which are discussed below. In order to maintain and improve the effectiveness of our disclosure controls and procedures, significant resources and management oversight will be required. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. In addition, sustaining our growth will also require us to commit additional management, operational and financial resources to identify new professionals to join the firm and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may also incur costs that we have not previously incurred for expenses for compliance with the Sarbanes-Oxley Act and rules of the SEC and the New York Stock Exchange, hiring additional accounting, legal and administrative personnel, and various other costs related to being a public company.

We have not evaluated our internal controls over financial reporting for purposes of compliance with Section 404 of the Sarbanes-Oxley Act.

We have not previously been required to comply with the requirements of the Sarbanes-Oxley Act, including the internal control evaluation and certification requirements of Section 404 of that statute, and we will not be required to comply with all of those requirements until after we have been subject to the reporting requirements of the Exchange Act for a specified period of time. Accordingly, we have not determined whether or not our existing internal controls over financial reporting systems comply with Section 404. The internal control evaluation required by Section 404 will divert internal resources and will take a significant amount of time, effort and expense to complete. If it is determined that we are not in compliance with Section 404, we will be required to implement remedial procedures and re-evaluate our internal control over financial reporting. We may experience higher than anticipated operating expenses as well as higher independent auditor and consulting fees during the implementation of these changes and thereafter. Further, we may need to hire additional qualified personnel in order for us to comply with Section 404. If we are unable to implement any necessary changes effectively or efficiently, our operations, financial reporting or financial results could be adversely affected and we could obtain an adverse report on internal controls from our independent registered public accountants. In particular, if we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, our independent registered public accountants may not be able to certify as to the effectiveness of our internal control over financial reporting. Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if our independent registered public accounting firm reports a material weakness in our internal control over financial reporting. This could materially adversely affect us and lead to a decline in the market price of our units.

As a limited partnership, we would qualify for some exemptions from the corporate governance and other requirements of the New York Stock Exchange.

We are a limited partnership and as a result would qualify for exceptions from certain corporate governance and other requirements of the rules of the New York Stock Exchange. Pursuant to these exceptions, limited partnerships may, and we intend to, elect not to comply with certain corporate governance requirements of the New York Stock Exchange, including the requirements: (i) that the listed company have a nominating and corporate governance committee that is composed entirely of independent directors; and (ii) that the listed company have a compensation committee that is composed entirely of independent directors. In addition, as a limited partnership, we will not be

required to hold annual unitholder meetings. Accordingly, you will not have the same protections afforded to equity holders of entities that are subject to all of the corporate governance requirements of the New York Stock Exchange.

Our founders are able to determine the outcome of any matter that may be submitted for a vote of our limited partners.

KKR Holdings owns 70% of the KKR Group Partnership Units and our principals generally have sufficient voting power to determine the outcome of those few matters that may be submitted for a vote of the holders of our common units, including a merger or consolidation of our business, a sale of all or substantially all of our assets and amendments to our partnership agreement that may be material to holders of our common units. In addition, our limited partnership agreement contains provisions that enable us to take actions that would materially and adversely affect all holders of our common units or a particular class of holders of common units upon the majority vote of all outstanding voting units, and since more than a majority of our voting units are controlled by our principals, our principals have the ability to take actions that could materially and adversely affect the holders of our common units either as a whole or as a particular class.

The voting rights of holders of our common units are further restricted by provisions in our limited partnership agreement stating that any of our common units held by a person that beneficially owns 20% or more of any class of our common units then outstanding (other than our Managing Partner or its affiliates, or a direct or subsequently approved transferee of our Managing Partner or its affiliates) cannot be voted on any matter. Our limited partnership agreement also contains provisions limiting the ability of the holders of our common units to call meetings, to acquire information about our operations, and to influence the manner or direction of our management. Our limited partnership agreement does not restrict our Managing Partner's ability to take actions that may result in our partnership being treated as an entity taxable as a corporation for U.S. federal (and applicable state) income tax purposes. Furthermore, holders of our common units would not be entitled to dissenters' rights of appraisal under our limited partnership agreement or applicable Delaware law in the event of a merger or consolidation, a sale of substantially all of our assets or any other transaction or event.

Our limited partnership agreement contains provisions that reduce or eliminate duties (including fiduciary duties) of our Managing Partner and limit remedies available to unitholders for actions that might otherwise constitute a breach of duty. It will be difficult for unitholders to successfully challenge a resolution of a conflict of interest by Managing Partner or by its conflicts committee.

Our limited partnership agreement contains provisions that require holders of our common units to waive or consent to conduct by our Managing Partner and its affiliates that might otherwise raise issues about compliance with fiduciary duties or applicable law. For example, our limited partnership agreement provides that when our Managing Partner is acting in its individual capacity, as opposed to in its capacity as our Managing Partner, it may act without any fiduciary obligations to holders of our common units, whatsoever. When our Managing Partner, in its capacity as our general partner, or our conflicts committee is permitted to or required to make a decision in its "sole discretion" or "discretion" or that it deems "necessary or appropriate" or "necessary or advisable," then our Managing Partner or the conflicts committee will be entitled to consider only such interests and factors as it desires, including its own interests, and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting us or any holder of our common units and will not be subject to any different standards imposed by our limited partnership agreement, the Delaware Revised Uniform Limited Partnership Act, which is referred to as the Delaware Limited Partnership Act, or under any other law, rule or regulation or in equity.

The above modifications of fiduciary duties are expressly permitted by Delaware law. Hence, we and holders of our common units will only have recourse and be able to seek remedies against our

Managing Partner if our Managing Partner breaches its obligations pursuant to our limited partnership agreement. Unless our Managing Partner breaches its obligations pursuant to our limited partnership agreement, we and holders of our common units will not have any recourse against our Managing Partner even if our Managing Partner were to act in a manner that was inconsistent with traditional fiduciary duties. Furthermore, even if there has been a breach of the obligations set forth in our limited partnership agreement, our limited partnership agreement provides that our Managing Partner and its officers and directors will not be liable to us or holders of our common units, for errors of judgment or for any acts or omissions unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that our Managing Partner or its officers and directors acted in bad faith or engaged in fraud or willful misconduct. These provisions are detrimental to the holders of our common units because they restrict the remedies available to unitholders for actions that without such limitations might constitute breaches of duty including fiduciary duties.

Whenever a potential conflict of interest exists between us and our Managing Partner, our Managing Partner may resolve such conflict of interest. If our Managing Partner determines that its resolution of the conflict of interest is on terms no less favorable to us than those generally being provided to or available from unrelated third parties or is fair and reasonable to us, taking into account the totality of the relationships between us and our Managing Partner, then it will be presumed that in making this determination, our Managing Partner acted in good faith. A holder of our common units seeking to challenge this resolution of the conflict of interest would bear the burden of overcoming such presumption. This is different from the situation with Delaware corporations, where a conflict resolution by an interested party would be presumed to be unfair and the interested party would have the burden of demonstrating that the resolution was fair.

Also, if our Managing Partner obtains the approval of the conflicts committee of our Managing Partner, the resolution will be conclusively deemed to be fair and reasonable to us and not a breach by our Managing Partner of any duties it may owe to us or holders of our common units. This is different from the situation with Delaware corporations, where a conflict resolution by a committee consisting solely of independent directors may, in certain circumstances, merely shift the burden of demonstrating unfairness to the plaintiff. If you receive a common unit, you will be treated as having consented to the provisions set forth in our limited partnership agreement, including provisions regarding conflicts of interest situations that, in the absence of such provisions, might be considered a breach of fiduciary or other duties under applicable state law. As a result, unitholders will, as a practical matter, not be able to successfully challenge an informed decision by the conflicts committee. See "Conflicts of Interest and Fiduciary Responsibilities."

There may not be an active U.S. market for our common units, which may cause our common units to trade at a discounted price and make it difficult to sell the common units you receive.

Prior to the U.S. Listing our units were not listed on a U.S. securities exchange. It is possible that an active market for our common units will not develop, which would make it difficult for you to sell your common units at an attractive price or at all. As no current holders of our common units are obligated to sell any units, volume of trading in our common units may be very limited.

The market price and trading volume of our common units may be volatile, which could result in rapid and substantial losses for our common unitholders.

Even if an active U.S. trading market for our common units develops, the market price of our common units may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our common units may fluctuate and cause significant price variations to occur. If the market price of our common units declines significantly, you may be unable to sell your common units at an attractive price, if at all. The market price of our common units may fluctuate or decline significantly in

the future. Some of the factors that could negatively affect the price of our common units or result in fluctuations in the price or trading volume of our common units include:

- variations in our quarterly operating results or distributions, which may be substantial;
- our policy of taking a long-term perspective on making investment, operational and strategic decisions, which is expected to result in significant and unpredictable variations in our quarterly returns;
- failure to meet analysts' earnings estimates;
- publication of research reports about us or the investment management industry or the failure of securities analysts to cover our common units after this offering;
- additions or departures of our principals and other key management personnel;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- changes in market valuations of similar companies;
- speculation in the press or investment community;
- changes or proposed changes in laws or regulations or differing interpretations thereof affecting our business or enforcement of these laws and regulations, or announcements relating to these matters;
- a lack of liquidity in the trading of our common units;
- adverse publicity about the asset management industry generally or individual scandals, specifically; and
- general market and economic conditions.

An investment in our common units is not an investment in any of our funds, and the assets and revenues of our funds are not directly available to us.

This prospectus solely relates to our common units, and is not an offer directly or indirectly of any securities of any of our funds. Our common units are securities of KKR & Co. L.P. only. While our historical consolidated and combined financial information includes financial information, including assets and revenues, of certain funds on a consolidated basis, and our future financial information will continue to consolidate certain of these funds, such assets and revenues are available to the fund and not to us except to a limited extent through management fees, carried interest or other incentive income, distributions and other proceeds arising from agreements with funds, as discussed in more detail in this prospectus.

Our common unit price may decline due to the large number of common units eligible for future sale and for exchange, and issuable pursuant to our equity incentive plan.

The market price of our common units could decline as a result of sales of a large number of common units in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell common units in the future at a time and at a price that we deem appropriate. Following the U.S. Listing, we expect to have 204,902,226 common units outstanding, excluding common units beneficially owned by KKR Holdings in the form of KKR Group Partnership Units discussed below and common units available for future issuance under the KKR & Co. L.P. Equity Incentive Plan, which we refer to as our Equity Incentive Plan. All of the common units distributed to KKR Guernsey Unitholders in the In-Kind Distribution will be freely tradable without restriction or further registration under the Securities Act by persons other than our "affiliates." See "Common Units Eligible for Future Sale."

KKR Holdings owns 478,105,194 KKR Group Partnership Units that may be exchanged, up to four times each year, for our common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. Except for interests held by our founders and certain interests held by other executives that were vested upon grant, interests in KKR Holdings that are held by our principals are subject to time based vesting over a 5-year period or performance based vesting and, following such vesting, additional restrictions on exchange for a period of one or two years. The common units issued upon such exchanges would be "restricted securities," as defined in Rule 144 under the Securities Act, unless we register such issuances. However, we will enter into a registration rights agreement with KKR Holdings that will require us to register these common units under the Securities Act. The market price of our common units could decline as a result of the exchange or the perception that an exchange may occur of a large number of KKR Group Partnership Units for our common units. These exchanges, or the possibility that these exchanges may occur, also might make it more difficult for holders of our common units to sell our common units in the future at a time and at a price that they deem appropriate.

As discussed above, we may issue additional common units pursuant to our Equity Incentive Plan. The total number of common units which may initially be issued under our Equity Incentive Plan is equivalent to 15% of the number of fully diluted common units outstanding as of the effective date of the plan. See "Management—KKR & Co. L.P. Equity Incentive Plan." The amount may be increased each year to the extent that we issue additional equity. In addition, our limited partnership agreement authorizes us to issue an unlimited number of additional partnership securities and options, rights, warrants and appreciation rights relating to partnership securities for the consideration and on the terms and conditions established by our Managing Partner in its sole discretion without the approval of our unitholders, including awards representing our common units under the Equity Incentive Plan. In accordance with the Delaware Limited Partnership Act and the provisions of our partnership agreement, we may also issue additional partner interests that have designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to our common units.

Risks Related to Our Organizational Structure

Potential conflicts of interest may arise among our Managing Partner, our affiliates and us. Our Managing Partner and our affiliates have limited fiduciary duties to us and the holders of KKR Group Partnership Units, which may permit them to favor their own interests to our detriment and that of the holder of KKR Group Partnership Units.

Our Managing Partner, which is our general partner, will manage the business and affairs of our business, and will be governed by a board of directors that is co-chaired by our founders, who also serve as our Co-Chief Executive Officers. Conflicts of interest may arise among our Managing Partner and its affiliates, on the one hand, and us and our unitholders, on the other hand. As a result of these conflicts, our Managing Partner may favor its own interests and the interests of its affiliates over us and our unitholders. These conflicts include, among others, the following:

- Our Managing Partner determines the amount and timing of the KKR Group Partnership's investments and dispositions, indebtedness, issuances of additional partner interests, tax liabilities and amounts of reserves, each of which can affect the amount of cash that is available for distribution to holders of KKR Group Partnership Units;
- Our Managing Partner is allowed to take into account the interests of parties other than us in resolving conflicts of interest, which has the effect of limiting its duties, including fiduciary duties, to us. For example, our affiliates that serve as the general partners of our funds have fiduciary and contractual obligations to our fund investors, and such obligations may cause such affiliates to regularly take actions that might adversely affect our near-term results of operations or cash flow. Our Managing Partner will have no obligation to intervene in, or to notify us of, such actions by such affiliates;

- Because our principals will indirectly hold their KKR Group Partnership Units through entities that are not subject to corporate income taxation and we will hold some of the KKR Group Partnership Units through a wholly owned subsidiary that is taxable as a corporation, conflicts may arise between our principals and us relating to the selection and structuring of investments, declaring distributions and other matters;

- As discussed above, our Managing Partner has limited its liability and reduced or eliminated its duties, including fiduciary duties, under our partnership agreement, while also restricting the remedies available to holders of KKR Group Partnership Units for actions that, without these limitations, might constitute breaches of duty, including fiduciary duties. In addition, we have agreed to indemnify our Managing Partner and its affiliates to the fullest extent permitted by law, except with respect to conduct involving bad faith, fraud or willful misconduct. By receiving our common units, you will have agreed and consented to the provisions set forth in our partnership agreement, including the provisions regarding conflicts of interest situations that, in the absence of such provisions, might constitute a breach of fiduciary or other duties under applicable law;

- Our partnership agreement does not restrict our Managing Partner from paying us or our affiliates for any services rendered, or from entering into additional contractual arrangements with any of these entities on our behalf, so long as the terms of any such additional contractual arrangements are fair and reasonable to us as determined under our partnership agreement. The conflicts committee will be responsible for, among other things, enforcing our rights and those of our unitholders under certain agreements, against KKR Holdings and certain of its subsidiaries and designees, a general partner or limited partner of KKR Holdings, or a person who holds a partnership or equity interest in the foregoing entities;

- Our Managing Partner determines how much debt we incur and that decision may adversely affect any credit ratings we receive;

- Our Managing Partner determines which costs incurred by it and its affiliates are reimbursable by us;

- Other than as set forth in the confidentiality and restrictive covenant agreements to which our principals are subject, which may not be enforceable by KKR or otherwise waived, modified or amended, affiliates of our Managing Partner and existing and former personnel employed by our Managing Partner are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with us;

- Our Managing Partner controls the enforcement of obligations owed to the KKR Group Partnerships by us and our affiliates; and

- Our Managing Partner or our Managing Partner conflicts committee decides whether to retain separate counsel, accountants or others to perform services for us.

See "Certain Relationships and Related Party Transactions" and "Conflicts of Interest and Fiduciary Responsibilities."

Certain actions by our Managing Partner's board of directors require the approval of the Class A shares of our Managing Partner, all of which are held by our senior principals.

All of our Managing Partner's outstanding Class A shares are held by our senior principals. Although the affirmative vote of a majority of the directors of our Managing Partner is required for any action to be taken by our Managing Partner's board of directors, certain specified actions approved

by our Managing Partner's board of directors will also require the approval of a majority of the Class A shares of our Managing Partner. These actions consist of the following:

- the entry into a debt financing arrangement by us in an amount in excess of 10% of our existing long-term indebtedness (other than the entry into certain intercompany debt financing arrangements);
- the issuance by our partnership or our subsidiaries of any securities that would (i) represent, after such issuance, or upon conversion, exchange or exercise, as the case may be, at least 5% on a fully diluted, as converted, exchanged or exercised basis, of any class of our or their equity securities or (ii) have designations, preferences, rights, priorities or powers that are more favorable than those of KKR Group Partnership Units;
- the adoption by us of a shareholder rights plan;
- the amendment of our limited partnership agreement or the limited partnership agreements of the KKR Group Partnerships;
- the exchange or disposition of all or substantially all of our assets or the assets of any KKR Group Partnership;
- the merger, sale or other combination of the partnership or any KKR Group Partnership with or into any other person;
- the transfer, mortgage, pledge, hypothecation or grant of a security interest in all or substantially all of the assets of the KKR Group Partnerships;
- the appointment or removal of a Chief Executive Officer or a Co-Chief Executive Officer of our Managing Partner or our partnership;
- the termination of the employment of any of our officers or the officers of any of our subsidiaries or the termination of the association of a partner with any of our subsidiaries, in each case, without cause;
- the liquidation or dissolution of the partnership, our Managing Partner or any KKR Group Partnership; and
- the withdrawal, removal or substitution of our Managing Partner as our general partner or any person as the general partner of a KKR Group Partnership, or the transfer of beneficial ownership of all or any part of a general partner interest in our partnership or a KKR Group Partnership to any person other than one of its wholly owned subsidiaries.

Messrs. Kravis and Roberts collectively hold Class A shares representing a majority of the total voting power of the outstanding Class A shares. While neither of them acting alone will be able to control the voting of the Class A shares, they will be able to control the voting of such shares if they act together.

Our common unitholders do not elect our Managing Partner or vote on our Managing Partner's directors and have limited ability to influence decisions regarding our business.

Our common unitholders do not elect our Managing Partner or its board of directors and, unlike the holders of common stock in a corporation, have only limited voting rights on matters affecting our business and therefore limited ability to influence decisions regarding our business. Furthermore, if our common unitholders are dissatisfied with the performance of our Managing Partner, they have no ability to remove our Managing Partner, with or without cause.

The control of our Managing Partner may be transferred to a third party without our consent.

Our Managing Partner may transfer its general partner interest to a third party in a merger or consolidation or in a transfer of all or substantially all of its assets without our consent or the consent of our common unitholders. Furthermore, the members of our Managing Partner may sell or transfer all or part of their limited liability company interests in our Managing Partner without our approval, subject to certain restrictions as described elsewhere in this prospectus. A new general partner may not be willing or able to form new funds and could form funds that have investment objectives and governing terms that differ materially from those of our current funds. A new owner could also have a different investment philosophy, employ investment professionals who are less experienced, be unsuccessful in identifying investment opportunities or have a track record that is not as successful as our track record. If any of the foregoing were to occur, we could experience difficulty in making new investments, and the value of our existing investments, our business, our results of operations and our financial condition could materially suffer.

We intend to pay periodic distributions to the holders of our common units, but our ability to do so may be limited by our holding company structure and contractual restrictions.

We intend to pay cash distributions on a quarterly basis. We are a holding company and will have no material assets other than the KKR Group Partnership Units that we will hold through wholly-owned subsidiaries and will have no independent means of generating income. Accordingly, we intend to cause the KKR Group Partnerships to make distributions on the KKR Group Partnership Units, including KKR Group Partnership Units that we directly or indirectly hold, in order to provide us with sufficient amounts to fund distributions we may declare. If the KKR Group Partnerships make such distributions, other holders of KKR Group Partnership Units, including KKR Holdings, will be entitled to receive equivalent distributions pro rata based on their KKR Group Partnership Units, as described under "Distribution Policy."

The declaration and payment of any future distributions will be at the sole discretion of our Managing Partner, which may change our distribution policy at any time. Our Managing Partner will take into account general economic and business conditions, our strategic plans and prospects, our business and investment opportunities, our financial condition and operating results, compensation expense, working capital requirements and anticipated cash needs, contractual restrictions and obligations (including payment obligations pursuant to the tax receivable agreement), legal, tax and regulatory restrictions, restrictions or other implications on the payment of distributions by us to the holders of KKR Group Partnership Units or by our subsidiaries to us and such other factors as our Managing Partner may deem relevant. Under the Delaware Limited Partnership Act, we may not make a distribution to a partner if after the distribution all our liabilities, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of our assets. If we were to make such an impermissible distribution, any limited partner who received a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Limited Partnership Act would be liable to us for the amount of the distribution for three years. Furthermore, by paying cash distributions rather than investing that cash in our businesses, we risk slowing the pace of our growth, or not having a sufficient amount of cash to fund our operations, new investments or unanticipated capital expenditures, should the need arise.

Our ability to characterize such distributions as capital gains or qualified dividend income may be limited, and you should expect that some or all of such distributions may be regarded as ordinary income.

We will be required to pay our principals for most of the benefits relating to any additional tax depreciation or amortization deductions we may claim as a result of the tax basis step-up we receive in connection with subsequent exchanges of our common units and related transactions.

We and our intermediate holding company may be required to acquire KKR Group Partnership Units from time to time pursuant to our exchange agreement with KKR Holdings. To the extent this occurs, the exchanges are expected to result in an increase in our intermediate holding company's share of the tax basis of the tangible and intangible assets of KKR Management Holdings L.P., primarily attributable to a portion of the goodwill inherent in our business, that would not otherwise have been available. This increase in tax basis may increase (for tax purposes) depreciation and amortization and therefore reduce the amount of income tax our intermediate holding company would otherwise be required to pay in the future. This increase in tax basis may also decrease gain (or increase loss) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

We are party to a tax receivable agreement with KKR Holdings requiring our intermediate holding company to pay to KKR Holdings or transferees of its KKR Group Partnership Units 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that the intermediate holding company actually realizes as a result of this increase in tax basis, as well as 85% of the amount of any such savings the intermediate holding company actually realizes as a result of increases in tax basis that arise due to future payments under the agreement. A termination of the agreement or a change of control could give rise to similar payments based on tax savings that we would be deemed to realize in connection with such events. This payment obligation will be an obligation of our intermediate holding company and not of either KKR Group Partnership. In the event that any of our current or future subsidiaries become taxable as corporations and acquire KKR Group Partnership Units in the future, or if we become taxable as a corporation for U.S. federal income tax purposes, we expect that each such entity will become subject to a tax receivable agreement with substantially similar terms. While the actual increase in tax basis, as well as the amount and timing of any payments under this agreement, will vary depending upon a number of factors, including the timing of exchanges, the price of our common units at the time of the exchange, the extent to which such exchanges are taxable and the amount and timing of our taxable income, we expect that as a result of the size of the increases in the tax basis of the tangible and intangible assets of the KKR Group Partnerships, the payments that we may be required to make to our existing owners will be substantial. The payments under the tax receivable agreement are not conditioned upon our existing owners' continued ownership of us. We may need to incur debt to finance payments under the tax receivable agreement to the extent our cash resources are insufficient to meet our obligations under the tax receivable agreement as a result of timing discrepancies or otherwise. In particular, our intermediate holding company's obligations under the tax receivable agreement would be effectively accelerated in the event of an early termination of the tax receivable agreement by our intermediate holding company or in the event of certain mergers, asset sales and other forms of business combinations or other changes of control. In these situations, our obligations under the tax receivable agreement could have a substantial negative impact on our liquidity.

Payments under the tax receivable agreement will be based upon the tax reporting positions that our Managing Partner will determine. We are not aware of any issue that would cause the IRS to challenge a tax basis increase. However, neither KKR Holdings nor its transferees will reimburse us for any payments previously made under the tax receivable agreement if such tax basis increase, or the tax benefits we claim arising from such increase, is successfully challenged by the IRS. As a result, in certain circumstances, payments to KKR Holdings or its transferees under the tax receivable agreement could be in excess of the intermediate holding company's cash tax savings. The intermediate holding company's ability to achieve benefits from any tax basis increase, and the payments to be made under this agreement, will depend upon a number of factors, as discussed above, including the timing and amount of our future income.

If we were deemed to be an "investment company" subject to regulation under the Investment Company Act, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

A person will generally be deemed to be an "investment company" for purposes of the Investment Company Act if:

- it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or
- absent an applicable exemption, it owns or proposes to acquire investment securities having a value exceeding 40% of the value of our total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

We believe that we are engaged primarily in the business of providing asset management services and not in the business of investing, reinvesting or trading in securities. We regard ourselves as an asset management firm and do not propose to engage primarily in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe that we are an "orthodox" investment company as defined in Section 3(a)(1)(A) of the Investment Company Act and described in the first bullet point above.

With regard to the provision described in the second bullet point above, we have no material assets other than our equity interest as general partner of one of the KKR Group Partnerships and our equity interest in a wholly owned subsidiary, which in turn has no material assets other than the equity interest as general partner of the other KKR Group Partnership. Through these interests, we will directly or indirectly be the sole general partners of the KKR Group Partnerships and will be vested with all management and control over the KKR Group Partnerships. We do not believe our equity interest in our wholly owned subsidiary or our equity interests directly or through our wholly owned subsidiary in the KKR Group Partnerships are investment securities. Moreover, because we believe that the capital interests of the general partners of our funds in their respective funds are neither securities nor investment securities, we believe that if other exemptions to registration under the Investment Company Act were to cease to apply, then less than 40% of the partnership's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis would be comprised of assets that could be considered investment securities. In this regard, as a result of the Combination Transaction, we succeeded to a significant number of investment securities previously held by KPE and now held by our KKR Group Partnerships. We monitor these holdings regularly to confirm our continued compliance with the 40% test described in the second bullet point above. The need to comply with this 40% test may cause us to restrict our business and subsidiaries with respect to the assets in which we can invest and/or the types of securities we may issue, sell investment securities, including on unfavorable terms, acquire assets or businesses that could change the nature of our business or potentially take other actions which may be viewed as adverse by the holders of our common units, in order to ensure conformity with exceptions provided by, and rules and regulations promulgated under, the Investment Company Act.

The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operation of investment companies. Among other things, the Investment Company Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, generally prohibit the issuance of options and impose certain governance requirements. We intend to conduct our operations so that we will not be deemed to be an investment company under the Investment Company Act. If anything were to happen which would cause the partnership to be deemed to be an investment company under the Investment Company Act, requirements imposed by the Investment Company Act, including limitations on our capital structure, ability to transact business with affiliates (including us) and ability to compensate key employees, could make it impractical for us to continue our business as currently conducted, impair the agreements and

arrangements between and among the partnership, the KKR Group Partnerships and KKR Holdings, or any combination thereof, and materially adversely affect our business, financial condition and results of operations. In addition, we may be required to limit the amount of investments that we make as a principal, potentially divest assets acquired in the Combination Transaction or otherwise conduct our business in a manner that does not subject it to the registration and other requirements of the Investment Company Act.

We are a Delaware limited partnership, and there are certain provisions in our limited partnership agreement regarding exculpation and indemnification of our officers and directors that differ from the Delaware General Corporation Law (DGCL) in a manner that may be less protective of the interests of our common unitholders.

Our limited partnership agreement provides that to the fullest extent permitted by applicable law our directors or officers will not be liable to us. However, under the DGCL, a director or officer would be liable to us for (i) breach of duty of loyalty to us or our shareholders, (ii) intentional misconduct or knowing violations of the law that are not done in good faith, (iii) improper redemption of shares or declaration of dividend, or (iv) a transaction from which the director derived an improper personal benefit. In addition, our limited partnership agreement provides that we indemnify our directors and officers for acts or omissions to the fullest extent provided by law. However, under the DGCL, a corporation can only indemnify directors and officers for acts or omissions if the director or officer acted in good faith, in a manner he reasonably believed to be in the best interests of the corporation, and, in criminal action, if the officer or director had no reasonable cause to believe his conduct was unlawful. Accordingly, our limited partnership agreement may be less protective of the interests of our common unitholders, when compared to the DGCL, insofar as it relates to the exculpation and indemnification of our officers and directors.

Risks Related to U.S. Taxation

If we were treated as a corporation for U.S. federal income tax or state tax purposes, then our distributions to you would be substantially reduced and the value of our common units could be adversely affected.

The value of your investment in us depends in part on our being treated as a partnership for U.S. federal income tax purposes, which requires that 90% or more of our gross income for every taxable year consist of qualifying income, as defined in Section 7704 of the Internal Revenue Code, and that our partnership not be registered under the Investment Company Act. Qualifying income generally includes dividends, interest, capital gains from the sale or other disposition of stocks and securities and certain other forms of investment income. We may not meet these requirements or current law may change so as to cause, in either event, us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to U.S. federal income tax. We have not requested, and do not plan to request, a ruling from the IRS, on this or any other matter affecting us.

If we were treated as a corporation for U.S. federal income tax purposes, we would pay U.S. federal, state and local income tax on our taxable income at the applicable tax rates. Distributions to you would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would otherwise flow through to you. Because a tax would be imposed upon us as a corporation, our distributions to you would be substantially reduced which could cause a reduction in the value of our common units.

Current law may change, causing us to be treated as a corporation for U.S. federal or state income tax purposes or otherwise subjecting us to entity level taxation. See "—Risks Related to KKR's Business—Legislation has been introduced in the U.S. Congress in various forms that, if enacted, (i) could preclude us from qualifying as a partnership and/or (ii) could tax carried interest as ordinary income for U.S. federal income tax purposes and require us to hold carried interest through taxable

subsidiary corporations. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a material increase in our tax liability that could result in a reduction in the market price of our common units." Because of widespread state budget deficits, several states are evaluating ways to subject partnerships to entity level taxation through the imposition of state income, franchise or other forms of taxation. If any state were to impose a tax upon us as an entity, our distributions to you would be reduced.

You will be subject to U.S. federal income tax on your share of our taxable income, regardless of whether you receive any cash distributions, and may recognize income in excess of cash distributions.

As long as 90% of our gross income for each taxable year constitutes qualifying income as defined in Section 7704 of the Internal Revenue Code and we are not required to register as an investment company under the Investment Company Act on a continuing basis, and assuming there is no change in law, we will be treated, for U.S. federal income tax purposes, as a partnership and not as an association or a publicly traded partnership taxable as a corporation. As a result, a U.S. unitholder will be subject to U.S. federal, state, local and possibly, in some cases, foreign income taxation on its allocable share of our items of income, gain, loss, deduction and credit (including its allocable share of those items of any entity in which we invest that is treated as a partnership or is otherwise subject to tax on a flow through basis) for each of our taxable years ending with or within the unitholder's taxable year, regardless of whether or when such unitholder receives cash distributions. See "—Risks Related to KKR's Business—Legislation has been introduced in the U.S. Congress in various forms that, if enacted, (i) could preclude us from qualifying as a partnership and/or (ii) could tax carried interest as ordinary income for U.S. federal income tax purposes and require us to hold carried interest through taxable subsidiary corporations. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a material increase in our tax liability that could result in a reduction in the market price of our common units."

You may not receive cash distributions equal to your allocable share of our net taxable income or even the tax liability that results from that income. In addition, certain of our holdings, including holdings, if any, in a controlled foreign corporation, or a CFC, a passive foreign investment company, or a PFIC, or entities treated as partnerships for U.S. federal income tax purposes, may produce taxable income prior to the receipt of cash relating to such income, and holders of our common units that are U.S. taxpayers may be required to take such income into account in determining their taxable income. In the event of an inadvertent termination of the partnership status for which the IRS has granted limited relief, each holder of our common units may be obligated to make such adjustments as the IRS may require to maintain our status as a partnership. Such adjustments may require the holders of our common units to recognize additional amounts in income during the years in which they hold such units. In addition, because of our methods of allocating income and gain among holders of our common units, you may be taxed on amounts that accrued economically before you became a unitholder. Consequently, you may recognize taxable income without receiving any cash.

Although we expect that distributions we make should be sufficient to cover a holder's tax liability in any given year that is attributable to its investment in us, no assurances can be made that this will be the case. However, we will be under no obligation to make any such distribution and, in certain circumstances, may not be able to make any such distributions. Accordingly, each holder should ensure that it has sufficient cash flow from other sources to pay all tax liabilities.

Our interests in certain of our businesses will be held through an intermediate holding company, which will be treated as a corporation for U.S. federal income tax purposes; such corporation will be liable for significant taxes and may create other adverse tax consequences, which could potentially adversely affect the value of our common units.

In light of the publicly traded partnership rules under U.S. federal income tax laws and other requirements, we will hold our interest in certain of our businesses through an intermediate holding company, which will be treated as a corporation for U.S. federal income tax purposes. This intermediate holding company will be liable for U.S. federal income taxes on all of its taxable income and applicable state, local and other taxes. These taxes would reduce the amount of distributions available to be made on our common units. In addition, these taxes could be increased if the IRS were to successfully reallocate deductions or income of the related entities conducting our business.

Complying with certain tax-related requirements may cause us to invest through foreign or domestic corporations subject to corporate income tax or enter into acquisitions, borrowings, financings or arrangements we may not have otherwise entered into.

In order for us to be treated as a partnership for U.S. federal income tax purposes and not as an association or publicly traded partnership taxable as a corporation, we must meet the qualifying income exception discussed above on a continuing basis and we must not be required to register as an investment company under the Investment Company Act. In order to effect such treatment, we or our subsidiaries may be required to invest through foreign or domestic corporations subject to corporate income tax, or enter into acquisitions, borrowings, financings or other transactions we may not have otherwise entered into.

We may hold or acquire certain investments through an entity classified as a PFIC or CFC for U.S. federal income tax purposes.

Certain of our investments may be in foreign corporations or may be acquired through a foreign subsidiary that would be classified as a corporation for U.S. federal income tax purposes. Such an entity may be PFIC for U.S. federal income tax purposes. In addition, we may hold certain investments in foreign corporations that are treated as CFCs. Unitholders may experience adverse U.S. tax consequences as a result of holding an indirect interest in a PFIC or CFC. These investments may produce taxable income prior to the receipt of cash relating to such income, and unitholders that are U.S. taxpayers will be required to take such income into account in determining their taxable income. In addition, gain on the sale of a PFIC or CFC may be taxable at ordinary income rates. See "Material U.S. Federal Income Tax Considerations—U.S. Taxes—Consequences to U.S. Holders of Common Units—Passive Foreign Investment Companies" and "Material U.S. Federal Income Tax Considerations—Consequences to U.S. Holders of Common Units—Controlled Foreign Corporations."

Tax gain or loss on disposition of our common units could be more or less than expected.

If you sell your common units, you will recognize a gain or loss equal to the difference between the amount realized and your adjusted tax basis allocated to those common units. Prior distributions to you in excess of the total net taxable income allocated to you will have decreased the tax basis in your common units. Therefore, such excess distributions will increase your taxable gain, or decrease your taxable loss, when the common units are sold and may result in a taxable gain even if the sale price is less than the original cost. A portion of the amount realized, whether or not representing gain, may be ordinary income to you.

Unitholders may be allocated taxable gain on the disposition of certain assets, even if they did not share in the economic appreciation inherent in such assets.

We and our intermediate holding company will be allocated taxable gains and losses recognized by the KKR Group Partnerships based upon our percentage ownership in each KKR Group Partnership. Our share of such taxable gains and losses generally will be allocated pro rata to our unitholders. In some circumstances, under the U.S. federal income tax rules affecting partners and partnerships, the taxable gain or loss allocated to a unitholder may not correspond to that unitholder's share of the economic appreciation or depreciation in the particular asset. This is primarily an issue of the timing of the payment of tax, rather than a net increase in tax liability, because the gain or loss allocation would generally be expected to be offset as a unitholder sold units.

Non-U.S. persons face unique U.S. tax issues from owning our common units that may result in adverse tax consequences to them.

We may be, or may become, engaged in a U.S. trade or business for U.S. federal income tax purposes, including by reason of investments in U.S. real property holding corporations, in which case some portion of its income would be treated as effectively connected income with respect to non-U.S. holders, or ECI. To the extent our income is treated as ECI, non-U.S. unitholders generally would be subject to withholding tax on their allocable share of such income, would be required to file a U.S. federal income tax return for such year reporting their allocable share of income effectively connected with such trade or business and any other income treated as ECI, and would be subject to U.S. federal income tax at regular U.S. tax rates on any such income (state and local income taxes and filings may also apply in that event). Non-U.S. unitholders that are corporations may also be subject to a 30% branch profits tax on their distributions of such income. In addition, distributions to non-U.S. unitholders that are attributable to the sale of a U.S. real property interest may also be subject to 30% withholding tax. Also, non-U.S. unitholders may be subject to 30% withholding on allocations of our income that are U.S. source fixed or determinable annual or periodic income under the Internal Revenue Code, unless an exemption from or a reduced rate of such withholding applies and certain tax status information is provided.

Tax-exempt entities face unique tax issues from owning common units that may result in adverse tax consequences to them.

Generally, a tax-exempt partner of a partnership would be treated as earning unrelated business taxable income, or UBTI, if the partnership regularly engages in a trade or business that is unrelated to the exempt function of the tax-exempt partner, if the partnership derives income from debt-financed property or if the partner interest itself is debt-financed. As a result of incurring acquisition indebtedness we will derive income that constitutes UBTI. Consequently, a holder of common units that is a tax-exempt organization will likely be subject to unrelated business income tax to the extent that its allocable share of our income consists of UBTI. In addition, a tax-exempt investor may be subject to unrelated business income tax on a sale of their common units.

We cannot match transferors and transferees of common units, and we will therefore adopt certain income tax accounting conventions that may not conform with all aspects of applicable tax requirements. The IRS may challenge this treatment, which could adversely affect the value of our common units.

Because we cannot match transferors and transferees of common units, we will adopt depreciation, amortization and other tax accounting positions that may not conform with all aspects of existing Treasury regulations. For example, a transferee may bear the cost of withholding tax imposed with respect to income allocated to a transferor through a reduction in the cash distributed to the transferee. Similarly, due to the application of a simplifying convention, a transferee may be allocated income for tax purposes that is attributable to periods prior to the transferee's acquisition of its

common units. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain on the sale of common units and could have a negative impact on the value of our common units or result in audits of and adjustments to our unitholders' tax returns.

The sale or exchange of 50% or more of our capital and profit interests will result in the termination of our partnership for U.S. federal income tax purposes.

We will be considered to have been terminated for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a 12-month period. A termination of our partnership would, among other things, result in the closing of our taxable year for all unitholders. See "Material U.S. Federal Tax Considerations" for a description of the consequences of our termination for U.S. federal income tax purposes.

Holders of our common units may be subject to state and local taxes and return filing requirements as a result of owning such units.

In addition to U.S. federal income taxes, holders of our common units may be subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property now or in the future, even if the holders of our common units do not reside in any of those jurisdictions. Holders of our common units may be required to file state and local income tax returns and pay state and local income taxes in some or all of these jurisdictions. Further, holders of our common units may be subject to penalties for failure to comply with those requirements. It is the responsibility of each unitholder to file all U.S. federal, state and local tax returns that may be required of such unitholder. Our counsel has not rendered an opinion on the state or local tax consequences of owning our units.

We do not expect to be able to furnish to each unitholder specific tax information within 90 days after the close of each calendar year, which means that holders of common units who are U.S. taxpayers should anticipate the need to file annually a request for an extension of the due date of their income tax return.

As a publicly traded partnership, our operating results, including distributions of income, dividends, gains, losses or deductions, and adjustments to carrying basis, will be reported on Schedule K-1 and distributed to each unitholder annually. It may require longer than 90 days after the end of our fiscal year to obtain the requisite information from all lower-tier entities so that K-1s may be prepared for the unitholders. For this reason, holders of common units who are U.S. taxpayers should anticipate the need to file annually with the IRS (and certain states) a request for an extension past April 15 or the otherwise applicable due date of their income tax return for the taxable year. See "Material U.S. Federal Tax Considerations—U.S. Taxes—Administrative Matters—Information Returns."

DISTRIBUTION POLICY

We intend to make quarterly cash distributions to holders of our common units in amounts that in the aggregate are expected to constitute substantially all of the cash earnings of our asset management business each year in excess of amounts determined by our Managing Partner to be necessary or appropriate to provide for the conduct of our business, to make appropriate investments in our business and our investment funds and to comply with applicable law and any of our debt instruments or other agreements. For the purposes of our distribution policy, our cash earnings from our asset management business is expected to consist of (i) our fee related earnings net of taxes and certain other adjustments and (ii) carry distributions received from our investment funds and certain of our other investment vehicles that have not been allocated as part of our carry pool. We do not intend to distribute gains on principal investments, other than, potentially, certain tax distributions as discussed below.

Our distribution policy reflects our belief that distributing substantially all of the cash earnings of our asset management business will provide transparency for holders of our common units and impose on us an investment discipline with respect to the businesses and strategies that we pursue.

Because we make our investment in our business through a holding company structure and the applicable holding companies do not own any material cash-generating assets other than their direct and indirect holdings in KKR Group Partnership Units, distributions are expected to be funded in the following manner:

- First, the KKR Group Partnerships will make distributions to holders of KKR Group Partnership Units, including the holding companies through which we invest, in proportion to their percentage interests in the KKR Group Partnerships;
- Second, the holding companies through which we invest will distribute to us the amount of any distributions that they receive from the KKR Group Partnerships, after deducting any applicable taxes, and
- Third, we will distribute to holders of our units the amount of any distributions that we receive from our holding companies through which we invest.

The partnership agreements of the KKR Group Partnerships provide for cash distributions, which are referred to as tax distributions, to the partners of such partnerships if our Managing Partner determines that the taxable income of the relevant partnership will give rise to taxable income for its partners. We expect that the KKR Group Partnerships will make tax distributions only to the extent distributions from such partnerships for the relevant year were otherwise insufficient to cover such tax liabilities. Generally, these tax distributions are expected to be computed based on an estimate of the net taxable income of the relevant partnership allocable to a partner multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident in New York, New York (taking into account the non-deductibility of certain expenses and the character of our income). A portion of any such tax distributions received by us, net of amounts used by our subsidiaries to pay their tax liability, is expected to be distributed by us. Such amounts are generally expected to be sufficient to permit U.S. holders of KKR Group Partnership Units to fund their estimated U.S. tax obligations (including any federal, state and local income taxes) with respect to their distributive shares of net income or gain, after taking into account any withholding tax imposed on us. There can be no assurance that, for any particular unitholder, such distributions will be sufficient to pay the unitholder's actual U.S. or non-U.S. tax liability.

The actual amount and timing of distributions are subject to the sole discretion of the board of directors of our Managing Partner, and there can be no assurance that distributions will be made as intended or at all. In particular, the amount and timing of distributions will depend upon a number of factors, including, among others, our available cash and current and anticipated cash needs, including funding of investment commitments and debt service and future debt repayment obligations; general economic and business conditions; our strategic plans and prospects; our results of operations and financial condition; our capital requirements; legal, contractual and regulatory restrictions on the payment of distributions by us or our subsidiaries, including restrictions contained in our debt agreements, and such other factors as the board of directors of our Managing Partner considers relevant. We are not currently restricted by any contract from making distributions to our unitholders, although certain of our subsidiaries are bound by credit agreements that contain certain restricted payment and/or other covenants, which may have the effect of limiting the amount of distributions that we receive from our subsidiaries. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity—Sources of Cash". In addition, under Section 17-607 of the Delaware Limited Partnership Act, we will not be permitted to make a distribution if, after giving effect to the distribution, our liabilities would exceed the fair value of our assets.

Prior to the Transactions, we made cash distributions to our principals when we received significant distributions from our funds. In addition, we made cash distributions to our senior principals annually in connection with the income received by our management companies. These distributions were not made pursuant to any agreement. For the fiscal years ended December 31, 2008 and 2009, we made cash distributions of $250.4 million and $211.1 million, respectively, to our principals.

CAPITALIZATION

The following table presents our consolidated cash and cash equivalents and capitalization as of December 31, 2009. You should read this information together with the information included elsewhere in this prospectus, including the information set forth under "Organizational Structure," "Unaudited Pro Forma Financial Information," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the accompanying financial statements and related notes thereto.

	December 31, 2009 ($ in thousands)
Cash and Cash Equivalents	$ 546,739
Cash and Cash Equivalents Held at Consolidated Entities	282,091
Restricted Cash and Cash Equivalents	72,298
Total Cash, Cash Equivalents and Restricted Cash	$ 901,128
Debt Obligations	$ 2,060,185
Noncontrolling Interests in Consolidated Entities	$ 23,275,272
Noncontrolling Interests Attributable to KKR Holdings	3,072,360
Group Holdings Partners' Capital	1,012,656
Accumulated Other Comprehensive Income	1,193
Total Group Holdings Partners' Capital(1)	$ 1,013,849
Total Capitalization	$ 29,421,666

(1) Total Group Holdings partners' capital reflects only the portion of equity attributable to Group Holdings (reflecting KKR Guernsey's 30% interest in our Combined Business) and differs from partners' capital reported on a segment basis primarily as a result of the exclusion of the following items from our segment presentation: (i) the impact of income taxes; (ii) charges relating to the amortization of intangible assets; (iii) non-cash equity based charges; and (iv) allocations of equity to KKR Holdings. For a reconciliation to the $4,152.9 million of partners' capital reported on a segment basis, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Partners' Capital." KKR Holdings' 70% interest in our Combined Business is reflected as noncontrolling interests held by KKR Holdings and is not included in total Group Holdings partners' capital.

THE U.S. LISTING

On August 4, 2009, we announced that the conditions precedent to the Combination Transaction had been deemed satisfied and entered an investment agreement among us and certain of our affiliates, on the one hand, and KKR Guernsey and certain of its affiliates, on the other hand. Pursuant to the investment agreement, we delivered a notice to KKR Guernsey on February 24, 2010 electing to seek a U.S. Listing and subsequently prepared and filed a registration statement with the SEC relating to the proposed U.S. Listing and concurrent In-Kind Distribution of our common units to holders of KKR Guernsey units. The investment agreement requires us and KKR Guernsey to use our reasonable best efforts to have the registration statement declared effective and complete the U.S. Listing and matters ancillary thereto in the manner contemplated by the investment agreement, provided that neither of us will be required to take any action that would reasonably be expected to have a material adverse effect on our business.

The investment agreement contemplates, among other things, that KKR Guernsey will contribute its interests in our Combined Business to us in exchange for our common units and distribute those common units to holders of KKR Guernsey units pursuant to the In-Kind Distribution. The interests in our Combined Business that are currently held by KKR Guernsey consist of partner interests in Group Holdings, which owns 30% of the KKR Group Partnership Units that are currently outstanding. Upon the contribution of those partner interests to us, we will hold KKR Group Partnership Units representing a 30% interest in the Combined Business. The remaining KKR Group Partnership Units will continue to be held by our principals through KKR Holdings. KKR Group Partnership Units that are held by KKR Holdings are exchangeable for our common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications and compliance with applicable lock-up, vesting and transfer restrictions.

In-Kind Distribution

Following the date on which the registration statement of which this prospectus forms a part is declared effective and our common units have been approved for listing and trading on the New York Stock Exchange, subject in each case to applicable laws, rules and regulations, holders of KKR Guernsey units will receive one of our common units for each KKR Guernsey unit they hold. Upon completion of the In-Kind Distribution, KKR Guernsey will be dissolved and delisted from Euronext Amsterdam.

You should note that holders of KKR Guernsey units will receive our common units in the In-Kind Distribution only if they hold KKR Guernsey units when the U.S. Listing becomes effective. If you have sold your KKR Guernsey units at or prior to the distribution but your transaction has not been settled at or prior to such distribution, your transaction will be required to be settled in our common units. Because the assets of KKR Guernsey consist solely of its interests in our Combined Business, the In-Kind Distribution will result in the dissolution of KKR Guernsey and a delisting of its units from Euronext Amsterdam. To preserve a trading market for interests in our Combined Business, the In-Kind Distribution is conditioned upon our common units being approved for listing on the New York Stock Exchange subject to official notice of issuance.

Material U.S. Federal Income Tax Consequences of the Distribution

The U.S. Listing and In-Kind Distribution will not result in the recognition of gain or loss by U.S. unitholders. See "Material U.S. Federal Tax Considerations" in this prospectus for further details regarding the U.S. federal income tax consequences of the U.S. Listing and In-Kind Distribution.

Listing and Trading of our Common Units

We are seeking to list our common units on the New York Stock Exchange under the symbol "KKR." Our common units are not currently listed or traded on a national securities exchange in the United States and we cannot provide any assurance to you as to the trading price they will have after the U.S. Listing. The trading price of our common units may fluctuate significantly following the U.S. Listing. See "Risk Factors—Risks Related to the U.S. Listing and to Our Common Units." Common units distributed to holders of KKR Guernsey units will be freely transferable.

Conditions to the U.S. Listing and In-Kind Distribution

Under the investment agreement, each party's obligation to consummate the U.S. Listing is subject to the satisfaction or waiver of each of the following conditions:

- the common units to be issued to KKR Guernsey and distributed in the In-Kind Distribution shall have been approved for listing on the New York Stock Exchange subject to official notice of issuance;
- the registration statement relating to the common units to be issued to KKR Guernsey and distributed in the In-Kind Distribution shall have become effective under the Securities Act and/or Exchange Act, provided (i) there is not any requirement that we or any of our affiliates become subject to regulation under the Investment Company Act and (ii) no stop order suspending the effectiveness of the registration statement has been issued and no proceedings for a similar purpose shall have been initiated or threatened by the SEC;
- no order, injunction, judgment, award or decree issued by any governmental entity or other legal restraint or prohibition preventing the consummation of the U.S. Listing and/or the In-Kind Distribution to the KKR Guernsey unitholders shall be in effect;
- KKR Guernsey shall have contributed its interests in the Combined Business to us in exchange for our common units; and
- KKR Guernsey shall have received a customary comfort letter and negative assurance letter relating to information contained in the registration statement relating to the common units to be issued to KKR Guernsey and distributed in the In-Kind Distribution.

KKR Guernsey Units

Pursuant to the In-Kind Distribution, KKR Guernsey unitholders will receive one of our common units for each KKR Guernsey unit they own. Upon completion of the In-Kind Distribution, KKR Guernsey will be dissolved and delisted from Euronext Amsterdam and all KKR Guernsey units will be cancelled.

Trading Price

The table below shows the closing prices of KKR Guernsey units on Euronext Amsterdam at the close of the regular trading session on (i) July 17, 2009, the last trading day before our public announcement of the Combination Transaction, (ii) October 1, 2009, the date of the completion of the Combination Transaction, and (iii) April 15, 2010, the most recent trading day for which closing prices were available.

Date	KKR Guernsey Closing Price
July 17, 2009	$ 5.38
October 1, 2009	$ 9.43
April 15, 2010	$ 12.00

The table below shows the historical high and low intraday sale prices of KKR Guernsey units as reported on Euronext Amsterdam.

	KKR Guernsey Units ($)	
Calendar Quarter	**High**	**Low**
2007		
First Quarter	24.95	21.90
Second Quarter	24.60	21.90
Third Quarter	22.89	18.16
Fourth Quarter	20.15	17.04
2008		
First Quarter	18.40	11.45
Second Quarter	15.51	12.11
Third Quarter	15.33	8.85
Fourth Quarter	9.80	2.00
2009		
First Quarter	3.85	1.93
Second Quarter	6.20	2.66
Third Quarter	9.46	5.10
Fourth Quarter	10.20	8.16
2010		
First Quarter	11.97	8.48
Second Quarter (through April 15, 2010)	12.00	11.40

Distribution History

On February 24, 2010, a distribution of $0.08 per KKR Guernsey unit, subject to applicable withholding taxes, was declared to KKR Guernsey unitholders of record as of the close of business on March 11, 2010. The $0.08 per KKR Guernsey unit, subject to applicable withholding taxes, was paid to KKR Guernsey unitholders on or about March 25, 2010. On August 10, 2007, a distribution of $0.24 per unit was declared to KPE unitholders of record as of the close of business on August 31, 2007. The $0.24 per unit distribution was paid to unitholders on or about September 17, 2007. On November 15, 2006, a distribution of $0.19 per unit was declared to KPE unitholders of record immediately prior to the opening of business in Amsterdam on December 1, 2006. The $0.19 per unit distribution was paid to unitholders on or about December 15, 2006.

Holders

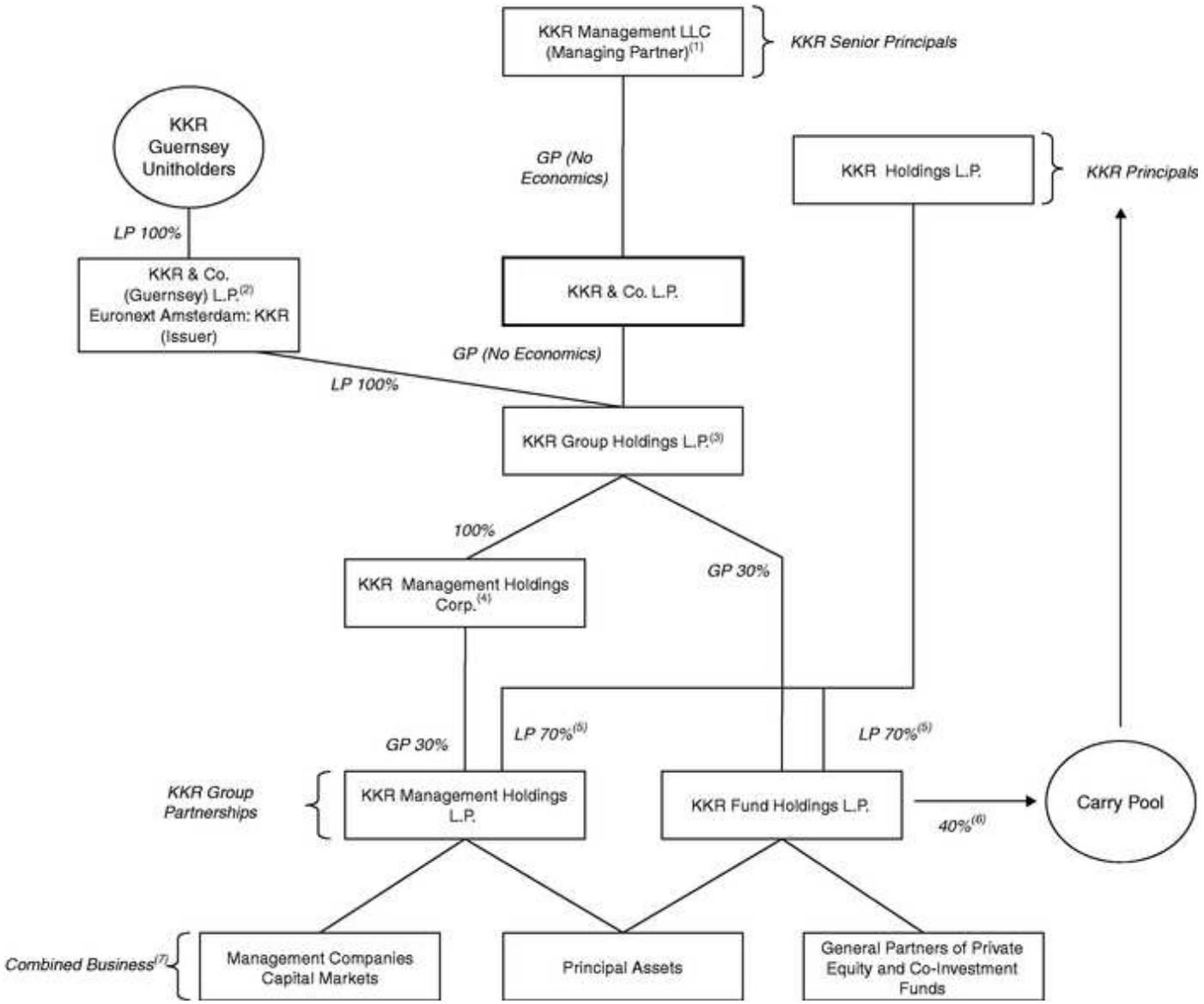
We estimate that as of December 31, 2009, there were approximately 2,000 holders of KKR Guernsey units. Because the laws and regulations applicable to KKR Guernsey do not require KKR Guernsey holders to file regulatory disclosure reports regarding their beneficial ownership of KKR Guernsey units, we are unable to determine with reasonable certainty which holders currently beneficially own more than five percent of its units.

As of March 31, 2010, our principals held approximately 1.4% of KKR Guernsey's outstanding units through two affiliated holding vehicles. In addition, as of such date an investment fund managed by us held approximately 2.3% of KKR Guernsey's outstanding units. No other director of KKR Guernsey beneficially owns any KKR Guernsey units. Upon completion of the U.S. Listing, these vehicles and funds will receive our common units in exchange for the KKR Guernsey units they hold on the same terms as the other KKR Guernsey unitholders.

ORGANIZATIONAL STRUCTURE

Ownership and Organizational Structure Before the U.S. Listing

The following diagram illustrates our current ownership and organizational structure and does not give effect to the U.S. Listing and In-Kind Distribution. See page 66 for a diagram illustrating the ownership and organizational structure that we will have upon the completion of the U.S. Listing and In-Kind Distribution.



Notes:

(1) KKR Management LLC serves as the ultimate general partner of KKR Group Holdings L.P. As a result, it indirectly controls the Combined Business. KKR Management LLC does not hold any economic interests in KKR Group Holdings L.P.

(2) KKR & Co. (Guernsey) L.P. is the current listing vehicle for the Combined Business. KKR Guernsey owns 100% of the limited partnership interests of KKR Group Holdings L.P., which holds 204,902,226 KKR Group Partnership Units, representing a 30% interest in our Combined Business.

(3) KKR Group Holdings L.P. is a holding vehicle for the KKR Group Partnership Units before and after the U.S. Listing and In-Kind Distribution. KKR Group Holdings L.P. is a disregarded entity for U.S. federal income tax purposes.

(4) KKR Guernsey unitholders hold the KKR Group Partnership Units in KKR Management Holdings L.P. through KKR Management Holdings Corp., which is subject to taxation as a corporation for U.S. federal income tax purposes. Accordingly, our allocable share of the taxable income of KKR Management Holdings L.P. is subject to taxation at a corporate rate. Except for KKR Management Holdings Corp. and certain of our foreign subsidiaries that are taxable as corporations for U.S. federal income tax purposes, all of our subsidiaries are treated as partnerships or disregarded entities for U.S. federal income tax purposes.

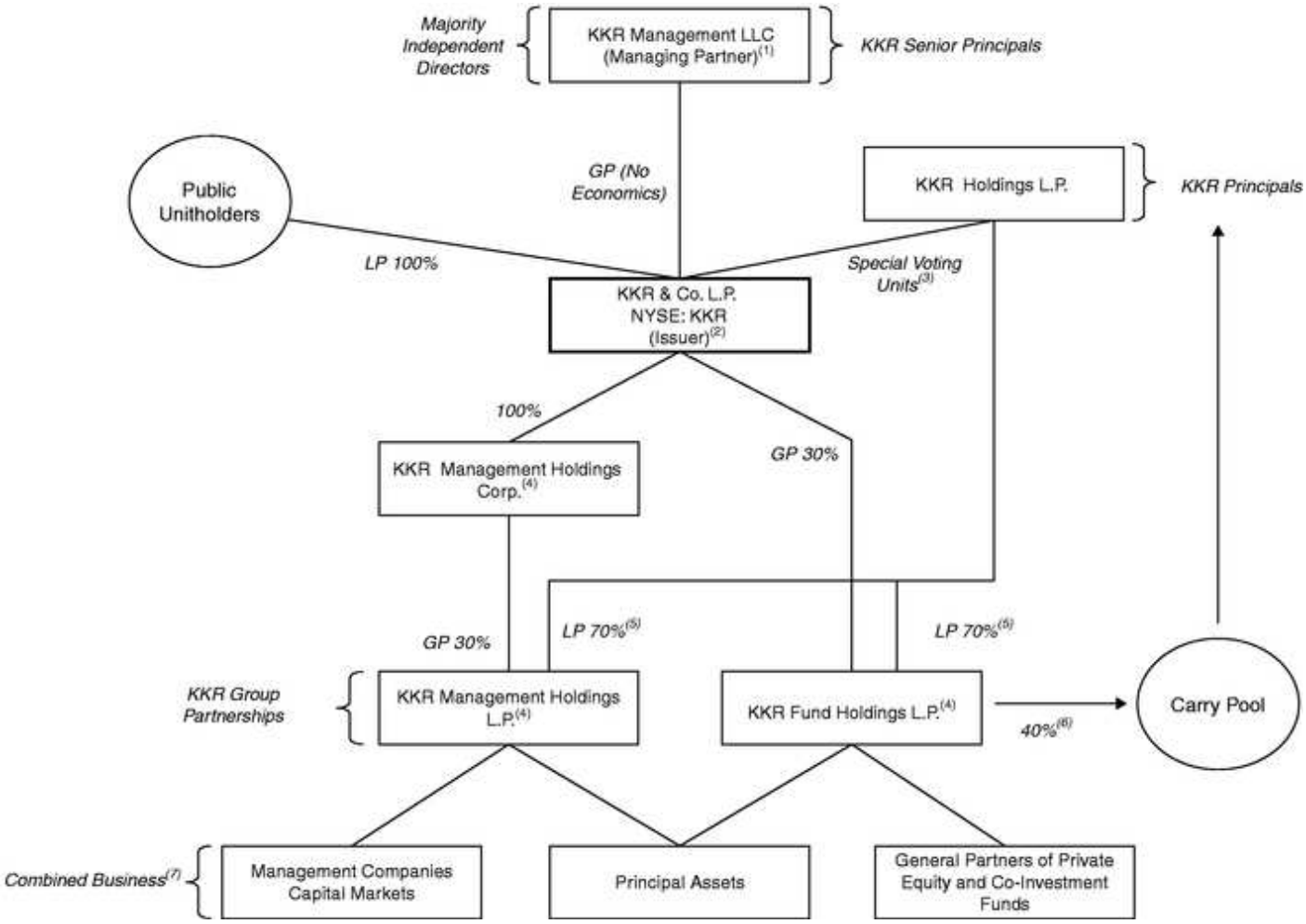
(5) KKR Holdings is the holding vehicle through which our principals indirectly own their interest in the Combined Business. It is treated as a partnership for U.S. federal income tax purposes. KKR Holdings holds 478,105,194 KKR Group Partnership Units, representing a 70% interest in our Combined Business. KKR Group Partnership Units that are held by KKR Holdings are exchangeable for KKR Guernsey common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications and compliance with applicable lock-up, vesting and transfer restrictions. As limited partner interests, these KKR Group Partnership Units are non-voting and do not entitle KKR Holdings to participate in the management of our business and affairs.

(6) Carry pool allocations represent allocations of a portion of the carried interest earned in relation to our investment funds and carry paying co-investment vehicles to our principals, other professionals and selected other individuals who work in these operations. No carried interest has been allocated with respect to co-investments and privately negotiated investments acquired from KPE in the Combination Transaction.

(7) Our Combined Business includes (i) all of our fee-generating management companies and capital markets companies, (ii) all of the entities that are entitled to receive carried interest from investment funds and co-investment vehicles formed subsequent to the 1996 Fund and (iii) the net assets acquired from KPE in the Combination Transaction. For additional information concerning the interests in KKR that are owned by the KKR Group Partnerships or held by minority investors, see "—Components of our Business Owned by the KKR Group Partnerships."

Ownership and Organizational Structure Upon Completion of the U.S. Listing and In-Kind Distribution

The following diagram illustrates the ownership and organizational structure that we will have upon the completion of the U.S. Listing and In-Kind Distribution. The diagram reflects the contribution by KKR Guernsey of its interests in our Combined Business to our partnership in exchange for our common units, and our partnership becoming the entity through which public unitholders own a 30% economic interest in our Combined Business.



Notes:

(1) KKR Management LLC serves as the general partner of KKR & Co. L.P. As a result, it indirectly controls the Combined Business. KKR Management LLC does not hold any economic interests in KKR & Co. L.P.

(2) KKR & Co. L.P. serves as the holding company and listing vehicle for the Combined Business. Upon completion of the U.S. Listing and In-Kind Distribution, public unitholders will hold 204,902,226 of our common units, representing a 30% interest in our Combined Business.

(3) Upon completion of the U.S. Listing and In-Kind Distribution, KKR Holdings will hold special voting units in our partnership that will entitle it to cast, with respect to those limited matters that may be submitted to a vote of our unitholders, a number of votes equal to the number of KKR Group Partnership Units that it holds from time to time. See also Note 5 below.

(4) Because the income of KKR Management Holdings L.P. is likely to be primarily non-qualifying income for purposes of the qualifying income exception to the publicly traded partnership rules, we formed KKR Management Holdings Corp., which is subject to taxation as a corporation for U.S. federal income tax purposes to hold our KKR Group Partnership Units in KKR Management Holdings L.P. Accordingly, our allocable share of the taxable income of KKR Management Holdings L.P. will be subject to taxation at a corporate rate. KKR Management Holdings L.P., which is treated as a partnership for U.S. federal income tax purposes, was formed to hold interests in our fee generating businesses and primarily other assets that may not generate qualifying income for purposes of the qualifying income exception to the publicly traded partnership rules. KKR Fund Holdings L.P., which is also treated as a partnership for U.S. federal income tax purposes, was formed to hold interests in our businesses and assets that will generate qualifying income for purposes of the qualifying income exception to the publicly traded partnership rules. A portion of the assets held by KKR Fund Holdings L.P. and certain other assets that may generate qualifying income are also owned by KKR Management Holdings L.P. Except for KKR Management Holdings Corp. and certain of our foreign subsidiaries that are taxable as corporations for U.S. federal income tax purposes, all of our subsidiaries are treated as partnerships or disregarded entities for U.S. federal income tax purposes.

(5) KKR Holdings is the holding vehicle through which our principals indirectly own their interest in the Combined Business. It is treated as a partnership for U.S. federal income tax purposes. KKR Holdings holds 478,105,194 KKR Group Partnership Units, representing a 70% interest in our Combined Business. KKR Group Partnership Units that are held by KKR Holdings are exchangeable for our common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications and compliance with applicable lock-up, vesting and transfer restrictions. As limited partner interests, these KKR Group Partnership Units are non-voting and do not entitle to KKR Holdings to participate in the management of our business and affairs.

(6) Carry pool allocations represent allocations of a portion of the carried interest earned in relation to our investment funds and carry paying co-investment vehicles to our principals, other professionals and selected other individuals who work in these operations. No carried interest has been allocated with respect to co-investments and privately negotiated investments acquired from KPE in the Combination Transaction.

(7) Our Combined Business includes (i) all of our fee-generating management companies and capital markets companies, (ii) all of the entities that are entitled to receive carried interest from investment funds and co-investment vehicles formed subsequent to the 1996 Fund and (iii) the net assets acquired from KPE in the Combination Transaction. For additional information concerning the interests in KKR that are owned by the KKR Group Partnerships or held by minority investors, see "—Components of our Business Owned by the KKR Group Partnerships."

Our Combined Business

On October 1, 2009, we completed the Transactions pursuant to which we reorganized our asset management business into a holding company structure and acquired all of the assets and liabilities of KKR Guernsey. We refer to our business that resulted from the Transactions as our Combined Business.

Reorganization Transactions

The reorganization of our asset management business into a holding company structure involved a contribution of equity interests in our business that were held by our principals to the KKR Group Partnerships in exchange for newly issued KKR Group Partnership Units that are held by KKR

Holdings. The KKR Group Partnership Units received by KKR Holdings represent a 70% interest in our Combined Business. Our principals did not receive any cash in connection with their contribution of equity interests to the KKR Group Partnerships.

Prior to the reorganization, our business was conducted through a number of entities that included our management companies and capital markets companies, the general partners of certain of our funds and the consolidated subsidiaries of the foregoing. In order to facilitate the Combination Transaction and the U.S. Listing we reorganized these entities into an integrated structure pursuant to which KKR Guernsey unitholders and our principals hold interests in our business.

Combination Transaction

Concurrently with the Reorganization Transactions, we completed our acquisition of the assets and liabilities of KKR Guernsey in the Combination Transaction. Pursuant to the Combination Transaction, KKR Guernsey contributed all of its assets and liabilities to the KKR Group Partnerships in exchange for newly issued KKR Group Partnership Units that are held by KKR Guernsey through Group Holdings. These KKR Group Partnership Units represent a 30% interest in our Combined Business. Upon completion of the Combination Transaction, KKR Guernsey changed its name from KKR Private Equity Investors, L.P. to KKR & Co. (Guernsey) L.P. and, effective on October 2, 2009, changed the ticker symbol for its units on Euronext Amsterdam from "KPE" to "KKR."

Prior to the Transactions, KKR Guernsey focused primarily on making private equity investments in our portfolio companies and funds with the flexibility to make other types of investments, including in fixed income and public equity. It made all of its investments through a lower-tier partnership, which we refer to as the KPE Investment Partnership, of which KKR Guernsey was the sole limited partner. Prior to the Transactions, KKR Guernsey's only material assets were its interests in the KPE Investment Partnership, which held partner interests in a number of our private equity funds, co-investments in portfolio companies, negotiated equity investments, cash, cash equivalents and other assets. In connection with the Transactions, KKR Guernsey contributed its limited partnership interests in the KPE Investment Partnership, cash and other net liabilities to the KKR Group Partnerships in exchange for newly issued KKR Group Partnership Units. The assets we acquired from KKR Guernsey provide us with capital to further grow and expand our business, increase our participation in our existing portfolio of businesses and further align our interests with those of our investors and other stakeholders. The Combination Transaction also provides a means to enhance access to capital markets and create a new currency to incentivize our professionals and fund potential acquisitions and growth opportunities.

The Combination Transaction did not involve the payment of any cash consideration or involve an offering of any newly issued securities to the public, and KKR Guernsey unitholders' continued to hold KKR Guernsey units. Until the U.S. Listing and In-Kind Distribution, KKR Guernsey units will remain subject to the same restrictions on ownership and transfers that applied prior to the completion of the Combination Transaction.

U.S. Listing and In-Kind Distribution

On February 24, 2010, we delivered to KKR Guernsey a notice of our intention to exercise a right to seek to have our common units listed and traded on the New York Stock Exchange and to have KKR Guernsey make an In-Kind Distribution of our common units to holders of KKR Guernsey units upon completion of the U.S. Listing. Our election to seek a U.S. Listing was made pursuant to an investment agreement among us and certain of our affiliates, on the one hand, and KKR Guernsey and certain of its affiliates, on the other hand. The investment agreement contemplates, among other things, that KKR Guernsey will contribute its interests in our Combined Business to us in exchange for

our common units and distribute those common units to holders of KKR Guernsey units pursuant to the In-Kind Distribution.

If the U.S. Listing and In-Kind Distribution occur, holders of KKR Guernsey units will receive one of our common units for each KKR Guernsey unit. Because the assets of KKR Guernsey consist solely of its interests in our business, the In-Kind Distribution will result in the dissolution of KKR Guernsey and a delisting of its units from Euronext Amsterdam. To preserve a trading market for interests in our business, the In-Kind Distribution will be conditioned upon our common units being approved for listing on the New York Stock Exchange subject to official notice of issuance.

Our Managing Partner

As is commonly the case with limited partnerships, our limited partnership agreement provides for the management of our business and affairs by a general partner rather than a board of directors. Our Managing Partner serves as the ultimate general partner of us and the KKR Group Partnerships. Our Managing Partner has a board of directors that is co-chaired by our founders Henry Kravis and George Roberts, who also serve as our Co-Chief Executive Officers and, in such positions, are authorized to appoint other officers of our Managing Partner.

You will not hold securities of our Managing Partner and will not be entitled to vote in the election of its directors or other matters affecting its governance. Only those persons holding Class A shares in our Managing Partner will be entitled to vote in the election or removal of its directors, on proposed amendments to its charter documents or on other matters that require approval of its equity holders. Our senior principals hold all such interests. See "Management—Our Managing Partner."

Group Holdings

Group Holdings is the entity through which KKR Guernsey owns KKR Group Partnership Units representing a 30% economic interest in our Combined Business. KKR Guernsey's interest in Group Holdings consists of a limited partner interest that is non-voting. We hold a non-economic general partner interest in Group Holdings and, through such interest, exercise control over the KKR Group Partnerships and the Combined Business. Our Managing Partner controls us and exercises this control. In connection with the U.S. Listing and In-Kind Distribution, we will acquire all of KKR Guernsey's interests in Group Holdings and, as result of such acquisition, both control the KKR Group Partnerships and hold KKR Group Partnership Units representing a 30% economic interest in the Combined Business.

KKR Group Partnerships

Each KKR Group Partnership has an identical number of partner interests and, when held together, one Class A partner interest in each of the KKR Group Partnerships together represents one KKR Group Partnership Unit. Upon completion of the U.S. Listing and In-Kind Distribution, we will hold KKR Group Partnership Units representing a 30% economic interest in the Combined Business and our principals will hold KKR Group Partnership Units representing a 70% economic interest in the Combined Business. KKR Group Partnership Units that are held by KKR Holdings are exchangeable for our common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications and compliance with applicable lock-up, vesting and transfer restrictions.

Components of Our Business Owned by the KKR Group Partnerships

Following the completion of the Transactions, except for interests described below, the KKR Group Partnerships own:

- all of the controlling and economic interests in our fee-generating management companies and capital markets companies, which allows our unitholders to share ratably in the management, monitoring, transaction and other fees earned from all of our funds, managed accounts, portfolio companies, capital markets transactions, specialty finance company, structured finance vehicles and other investment products;

- controlling and economic interests in the general partners of our funds and the entities that are entitled to receive carry from our co-investment vehicles, which allows our unitholders to share in our carried interest, as well as any returns on investments made by or on behalf of the general partners of our funds on or after October 1, 2009, the date of the completion of the Combination Transaction; and

- all of the controlling and economic interests in our principal assets, including the assets formerly owned by KPE, which allows us to share ratably in the returns that our principal assets generate.

With respect to our active and future funds and vehicles that provide for carried interest, we intend to continue to allocate to our principals, other professionals and selected other individuals who work in these operations a portion of the carried interest earned in relation to these funds as part of our carry pool. We expect to allocate approximately 40% of the carry we receive from these funds and vehicles to our carry pool, although this percentage may fluctuate over time. Allocations to the carry pool may not exceed 40% without the approval of a majority of the independent directors of our Managing Partner.

Certain minority investors retain additional interests in our business and such interests were not acquired by the KKR Group Partnerships in the Transactions:

- controlling and economic interests in the general partners of the 1996 Fund, which interests were not contributed to the KKR Group Partnerships due to the fact that the general partners are not expected to receive meaningful carried interest proceeds from further realizations;

- noncontrolling economic interests that allocate to a former principal and such person's designees an aggregate of 1% of the carried interest received by general partners of our funds and 1% of our other profits until a future date;

- noncontrolling economic interests that allocate to certain of our former principals and their designees a portion of the carried interest received by the general partners of our private equity funds that was allocated to them with respect to private equity investments made during such former principals' previous tenure with our firm;

- noncontrolling economic interests that allocate to certain of our current and former principals all of the capital invested by or on behalf of the general partners of our private equity funds before the completion of the Transactions on October 1, 2009 and any returns thereon as well as any realized carried interest distributions that had actually been received but not distributed by the general partners prior to the Transactions; and

- a noncontrolling economic interest that allocates to a third party an aggregate of 2% of the equity in our capital markets business.

The interests described in the immediately preceding bullets (other than interests in the general partners of the 1996 Fund) are referred to as the Retained Interests. The Retained Interests are reflected in our financial statements as noncontrolling interests even though these interests are not part of the Combined Business. Except for the Retained Interest in our capital markets business, these

interests generally are expected to run-off over time, thereby increasing the interests of the KKR Group Partnerships in the entities that comprise our business.

KKR Holdings

Our principals hold interests in our business through KKR Holdings, which owns all of the outstanding KKR Group Partnership Units that are not allocable to KKR Guernsey. These individuals receive financial benefits from our business in the form of distributions and other amounts funded by KKR Holdings and through their direct and indirect participation in the value of KKR Group Partnership Units held by KKR Holdings.

Amounts funded by KKR Holdings include annual cash bonuses that are paid to certain of our most senior employees as well as equity and equity based grants that were made to our principals and other employees in connection with the Transactions. Because these amounts are funded by KKR Holdings, we do not bear the economic costs associated with them, although we are required to record certain non-cash charges in our financial statements relating to these items.

The interests that these individuals hold in KKR Holdings are subject to transfer restrictions and, except for interests held by our founders and certain interests that were vested when granted, time and/or performance based vesting requirements. The transfer restriction period lasts for a minimum of (i) one year with respect to one-half of the interests vesting on a vesting date and (ii) two years with respect to the other one-half of the interests vesting on such vesting date. While employed by our firm, our personnel are also subject to minimum retained ownership rules that require them to continuously hold at least 25% of their cumulatively vested interests.

Interests that time vest will vest in installments over a 5 year period from the grant date. Interests that are subject to performance based criteria may be subject to additional time based vesting requirements that begin when performance criteria have been met. Vesting of certain transfer restricted interests will be subject to the holder not being terminated for cause and complying with the terms of his or her confidentiality and restrictive covenant agreement during the transfer restrictions period. See "Certain Related Party Transactions—Confidentiality and Restrictive Covenant Agreements." The transfer and vesting restrictions applicable to these interests may not be enforceable in all cases and can be waived, modified or amended by KKR Holdings at any time without the consent of KKR.

Equity Incentive Plan

In connection with the U.S. Listing, we intend to adopt our Equity Incentive Plan for our employees, directors, officers, consultants and senior advisors. The plan will contain customary terms for equity incentive plans for U.S. publicly traded asset managers and will allow for the issuance of various forms of awards, including restricted equity awards, unit appreciation rights, options and other equity based awards. The plan will be administered by the board of directors of our Managing Partner. See "Management—KKR & Co. L.P. Equity Incentive Plan."

Exchange Agreement

We are a party to an exchange agreement with KKR Holdings pursuant to which KKR Holdings and certain of the transferees of its KKR Group Partnership Units may, up to four times each year, exchange KKR Group Partnership Units held by them (together with corresponding special voting units in our partnership) for our common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. At our election, we may settle exchanges of KKR Group Partnership Units with cash in an amount equal to the fair market value of the common units that would otherwise be deliverable in such exchanges. If we elect to settle an exchange of KKR Group Partnership Units with cash, the net assets of the KKR Group Partnerships will decrease and we will cancel the KKR Group Partnership Units that are acquired in the exchange,

which will result in a corresponding reduction in the number of fully diluted common units and special voting units that we have outstanding following the exchange. As a result of the cancellation of the KKR Group Partnership Units that are acquired in the exchange, our percentage ownership of the KKR Group Partnerships will increase and KKR Holdings' percentage ownership will decrease.

Tax Receivable Agreement

The acquisition by our intermediate holding company, KKR Management Holdings Corp., of KKR Group Partnership Units from KKR Holdings or transferees pursuant to the exchange agreement is expected to result in an increase in our intermediate holding company's share of the tax basis of the tangible and intangible assets of KKR Management Holdings L.P., primarily attributable to a portion of the goodwill inherent in our business, that would not otherwise have been available. This increase in tax basis may increase depreciation and amortization deductions for U.S. federal tax purposes and therefore reduce the amount of tax that we would otherwise be required to pay in the future. This increase in tax basis may also decrease gain (or increase loss) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

We are a party to a tax receivable agreement with KKR Holdings requiring our intermediate holding company to pay to KKR Holdings or transferees of its KKR Group Partnership Units 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that the intermediate holding company actually realizes as a result of this increase in tax basis as well as 85% of the amount of any such savings the intermediate holding company actually realizes as a result of increases in tax basis that arise due to future payments under the agreement. A termination of the agreement or a change of control could give rise to similar payments based on tax savings that we would be deemed to realize in connection with such events. Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, neither KKR Holdings nor its transferees will reimburse us for any payments previously made under the tax receivable agreement if such tax basis increase, or the benefits of such increases, were successfully challenged by the IRS. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement." In the event that other of our current or future subsidiaries become taxable as corporations and acquire KKR Group Partnership Units in the future, or if we become taxable as a corporation for U.S. federal income tax purposes, each will become subject to a tax receivable agreement with substantially similar terms.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma statement of operations for the year ended December 31, 2009 gives effect to the Transactions and certain other arrangements entered into in connection with the Transactions as if the Transactions and such arrangements had been completed as of January 1, 2009. Because the Transactions and related arrangements were completed on October 1, 2009, their impact is fully reflected in our statement of financial condition as of December 31, 2009. Accordingly, we have not included a pro forma statement of financial condition.

The unaudited pro forma statement of operations is based on the historical consolidated and combined financial statements included elsewhere in this prospectus. The pro forma adjustments are described in the accompanying notes and are based on available information and assumptions that management believes are reasonable in order to reflect, on a pro forma basis, the impact of the Transactions and related arrangements described above on our historical financial information.

You should read this information in conjunction with "Organizational Structure," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this prospectus.

Consolidation

Our consolidated and combined financial statements include the accounts of our management and capital markets companies, the general partners of our investment funds and carry-yielding co-investment vehicles and a number of investment funds that we are required to consolidate in our financial statements in accordance with GAAP. We refer to these consolidated funds as "the KKR Funds." Prior to the Transactions, the KKR Funds include the 1996 Fund, the European Fund, the Millennium Fund, the European Fund II, the 2006 Fund, the Asian Fund, the European Fund III, E2 Investors and the KPE Investment Partnership. Following the completion of the Transactions, we continue to consolidate most of the KKR Funds and reflect interests in those entities that are held by third party investors as noncontrolling interests in consolidated entities. Interests in the KPE Investment Partnership that were previously owned by KKR Guernsey and reflected as noncontrolling interests in consolidated entities are now included in partners' capital as a result of our acquisition of those assets.

Reorganization Transactions

On October 1, 2009, we completed the Reorganization Transactions pursuant to which we reorganized our asset management business into a holding company structure as part of our acquisition of all of the assets and liabilities of KKR Guernsey. The reorganization of our asset management business into a holding company structure involved a contribution to the KKR Group Partnerships of equity interests in our business that were held by our principals in exchange for newly issued KKR Group Partnership Units that are held by KKR Holdings. The KKR Group Partnership Units received by KKR Holdings represent a 70% interest in our Combined Business. Our principals did not receive any cash in connection with their contribution of equity interests to the KKR Group Partnerships.

Other Adjustments

In connection with the Reorganization Transactions, we also recorded certain other adjustments relating to:

- the compensation and equity ownership of our principals, and certain operating consultants and other personnel, who hold interests in KKR Holdings that are subject to vesting and may receive distributions or payments that are borne by KKR Holdings;

- the allocation of carried interest to our principals, other professionals and selected other individuals as part of our carry pool; and
- the retention by our principals of responsibility for clawback obligations relating to carry distributions received prior to the Transactions up to a maximum of $223.6 million.

We have made adjustments relating to these arrangements in the following unaudited pro forma financial information to the extent that information relating to such matters is currently available and objectively determinable as if such arrangements had been completed as of January 1, 2009.

Combination Transaction

Concurrently with the Reorganization Transactions, we completed our acquisition of the assets and liabilities of KKR Guernsey in the Combination Transaction. Pursuant to the Combination Transaction, KKR Guernsey contributed all of its assets and liabilities to the KKR Group Partnerships in exchange for newly issued KKR Group Partnership Units that are held by KKR Guernsey through KKR Group Holdings. These KKR Group Partnership Units represent a 30% interest in our Combined Business.

In-Kind Distribution

Upon listing our units on the New York Stock Exchange and pursuant to the In-Kind Distribution, each KKR Guernsey unitholder will receive one of our common units for each KKR Guernsey unit when the U.S. Listing becomes effective. Because the assets of KKR Guernsey consist solely of its interests in our business, the In-Kind Distribution will result in the dissolution of KKR Guernsey and a delisting of its units from Euronext Amsterdam. There will be no accounting consequences for this In-Kind Distribution and therefore no pro forma adjustment has been made.

Public Company Expenses

Following the U.S. Listing, we will incur costs associated with being a U.S. publicly traded company. Such costs will include new or increased expenses for such items as insurance, directors' fees, accounting work, legal advice and compliance with applicable U.S. regulatory and stock exchange requirements, including costs associated with compliance with the Sarbanes-Oxley Act and periodic or current reporting obligations under the Exchange Act. No pro forma adjustments have been made to reflect such costs due to the fact that they currently are not objectively determinable.

KKR Group Holdings L.P.

Unaudited Pro Forma Consolidated and Combined Statement of Operations

For the Year Ended December 31, 2009

(Amounts in thousands, except per unit data)

	Historical	Reorganization Adjustments	Other Adjustments	Adjustments for Combination Transaction	Allocation to KKR Holdings	Pro Forma
Revenues						
Fees	$ 331,271	$ 3,106(b)	$ —	$ —	$ —	$ 334,377
Expenses						
Employee Compensation and Benefits	838,072	—	(c) (e) (f) (g) 258,749(h)	—	—	1,096,821
Occupancy and Related Charges	38,013	—	—	—	—	38,013
General, Administrative and Other	264,396	) (222(b)	(d) (e) 875(i)	—	—	265,049
Fund Expenses	55,229	—	1,154(e)	—	—	56,383
Total Expenses	**1,195,710**	**(222)**	**260,778**	**—**	**—**	**1,456,266**
Investment Income (Loss)						
Net Gains (Losses) from Investment Activities	7,505,005	) (251,701(b)	(100,260)(j)	—	—	7,153,044
Dividend Income	186,324	) (17,851(b)	—	—	—	168,473
Interest Income	142,117	) (3,043(b)	—	—	—	139,074
Interest Expense	(79,638)	—	—	—	—	(79,638)
Total Investment Income (Loss)	**7,753,808**	**(272,595)**	**(100,260)**	**—**	**—**	**7,380,953**
Income (Loss) Before Taxes	**6,889,369**	**(269,267)**	**(361,038)**	**—**	**—**	**6,259,064**
Income Taxes	36,998	—	46,466(k)			83,464
Net Income (Loss)	**6,852,371**	**(269,267)**	**(407,504)**	**—**		**6,175,600**
Less: Net Income (Loss) Attributable to Noncontrolling Interests in Consolidated Entities	6,119,382	) (a) (42,158(b)		(882,138)(l)	—	5,195,086
Less: Net Income (Loss) Attributable to Noncontrolling Interests held by KKR Holdings L.P.	(116,696)	—	—	—	857,276(m)	740,580
Net Income (Loss) Attributable to KKR Group Holdings L.P .	**$ 849,685**	**$ (227,109)**	**$ (407,504)**	**$ 882,138**	**$ (857,276)**	**$ 239,934**
Net Income Per Common Unit						
Basic						$ 1.17(n)
Diluted						$ 1.17(n)
Weighted Average Common Units						
Basic						204,902,226(n)
Diluted						204,902,226(n)

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

(All Dollars in Thousands)

Reorganization Adjustments

The Reorganization Adjustments give effect to the elimination of the controlling and economic interests in the general partners of the 1996 Fund and the elimination of the financial results of the following "Retained Interests:"

(i) economic interests that allocate to a former principal and such person's designees an aggregate of 1% of the carried interest received by the general partners of our private equity funds and 1% of our other profits (losses);

(ii) economic interests that allocate to certain of our former principals and their designees a portion of the carried interest received by the general partners of our private equity funds that was allocated to them with respect to private equity investments made during such former principals' previous tenure with us; and

(iii) economic interests that allocate to certain of our current and former principals all of the capital invested by or on behalf of the general partners of our private equity funds before the completion of the Transactions and any returns thereon.

(a) The elimination of the financial results of these Retained Interests increased net income (loss) attributable to noncontrolling interests in consolidated entities by $8,012, $65,484, and $86,451, respectively. Because capital investments made by or on behalf of the general partners of our private equity funds following the completion of the Reorganization Transactions are held by the KKR Group Partnerships, no pro forma adjustments have been made to the pro forma statement of operations to exclude the financial results of any capital investments made on or after January 1, 2009.

(b) Reflects the elimination of the financial results of the general partners of the 1996 Fund, because the KKR Group Partnerships did not acquire an interest in those general partners in connection with the Reorganization Transactions. Those general partners are entitled to carried interests that allocate to them a percentage of the net profits generated on the fund's investments, subject to certain requirements. The funds also pay management fees to us in exchange for management and other services.

The elimination of the financial results of the general partners of the 1996 Fund resulted in (i) the recognition of $3,106 of fees from management fees paid by the 1996 Fund that had been eliminated in consolidation as an inter-company transaction, (ii) elimination of $222 of expenses, (iii) elimination of $251,701 of net gains (losses) from investment activities (iv) elimination of $17,851 of dividend income, (v) elimination of $3,043 of interest income and (vi) elimination of $202,105 of net income attributable to noncontrolling interests in consolidated entities, because those items are no longer reflected in our consolidated financial statements.

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

(All Dollars in Thousands)

Reorganization Adjustments (Continued)

The following table illustrates the line items in the statement of operations affected by the exclusion of the 1996 Fund:

	For the Year ended December 31, 2009
Fees	$ 3,106
General, Administrative and Other	(222)
Net Gains (Losses) from Investment Activities	(251,701)
Dividend Income	(17,851)
Interest Income	(3,043)
Net Income (Loss) Attributable to noncontrolling interests in consolidated entities	(202,105)
Net Income (Loss) Attributable to Group Holdings	$ (67,162)

Other Adjustments

Equity-based Payments

In connection with the Transactions, our principals and certain operating consultants received interests in KKR Holdings, which owns KKR Group Partnership Units representing a 70% interest in our Combined Business. These interests are subject to minimum retained ownership requirements and transfer restrictions, and allow for the ability to exchange into units of KKR & Co. L.P. on a one-for-one basis.

Except for any interests in KKR Holdings that vested on the date of grant, interests in KKR Holdings that time vest will vest in installments over five years from the grant date. The fair value of units is based on the closing price of KKR Guernsey's common units on the date of grant for principal awards and on the reporting date for operating consultant awards. This was determined to be the best evidence of fair value as it is an observable market price of an equivalent instrument with similar terms and conditions which is traded in an active market. Specifically, units in both KKR Holdings and KKR Guernsey represent KKR Group Partnership units and each KKR Holdings unit is exchangeable into a KKR Group Partnership unit on a one-for-one basis. Interests that are subject to performance based vesting criteria may be subject to additional time based vesting requirements that begin when performance criteria have been met. The transfer restriction period will last for a minimum of (i) one year with respect to one-half of the interests vesting on any vesting date and (ii) two years with respect to the other one-half of the interests vesting on such vesting date.

(c) **KKR Holdings Principal Units** —406,489,829 units were granted to KKR Holdings principals. Of these, 256,915,430 units vested immediately upon grant. All of the units granted to Henry Kravis and George Roberts were vested immediately upon grant and are included in this vested number. The remaining unvested units vest in installments over five years from the grant date. Interests in KKR Holdings received by principals give rise to periodic employee compensation charges in our statement of operations based on the grant-date fair value of $9.35 per unit. For interests that vested on the grant date, compensation expense is recognized on the date of grant based on the fair value of a unit (determined using the closing price of KKR Guernsey units) on the grant date multiplied by the number of vested interests.

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

(All Dollars in Thousands)

Other Adjustments (Continued)

Compensation expense recognized on unvested interests in KKR Holdings is calculated based on the fair value of a unit (determined using the closing price of KKR Guernsey units) on the grant date, discounted for the lack of participation rights in the expected distributions on unvested interests, which ranges from 1% to 32%, multiplied by the number of unvested interests on the grant date. Additionally, the calculation of compensation expense on unvested interests assumes a forfeiture rate of up to 3% annually based upon expected turnover by employee class.

The pro forma adjustment to employee compensation and benefits was calculated based on the number of units that would have vested on a graded basis during the first nine months of the year and valued as described above. In conjunction with the Transactions, certain principals received vested units in excess of the fair value of their contributed ownership interests in our historical business. To the extent the fair value of vested units received in the Transactions exceeded the fair value of such principals' contributed interests, a non-recurring grant date compensation charge was recorded in our historical statements of operations.

The net pro forma adjustment to employee compensation and benefits relating to KKR Holdings principal units was $190,411, comprised of the inclusion of $465,206 of recurring periodic vesting charges and the exclusion of $274,795 of non-recurring grant date vesting charges.

(d) **KKR Holdings Operating Consultant Units** —27,234,069 units were granted to KKR Holdings operating consultants. Of these, 8,935,867 vested immediately upon grant. The remaining units vest in installments over five years from the grant date. Interests in KKR Holdings granted to operating consultants give rise to periodic general, administrative and other charges in our statement of operations. For interests that vested on the grant date, expense is recognized on the date of grant based on the fair value of a unit (determined using the closing price of KKR Guernsey units) on the grant date multiplied by the number of vested interests.

General, administrative and other expense recognized on unvested units is calculated based on the fair value of an interest in KKR Holdings (determined using the closing price of KKR Guernsey's units) on each reporting date and subsequently adjusted for the actual fair value of the award at each vesting date. Accordingly, the measured value of these interests will not be finalized until each vesting date. Additionally, the calculation of the compensation expense assumes a forfeiture rate of up to 3% annually based upon expected turnover by class of operating consultant.

The pro forma adjustment to general administrative and other expense was calculated based on the number of units that would have vested on a graded basis during the first nine months of the year and valued as described above. In conjunction with the Transactions, certain operating consultants received vested units in excess of the fair value of their contributed ownership interests in our historical business. To the extent the fair value of vested units received in the Transactions exceeded the fair value of such consultants contributed interests, a non-recurring grant date vesting charge was recorded in our historical statements of operations.

The net pro forma adjustment to general, administrative and other expense relating to KKR Holdings Operating Consultant Units was $(2,994) comprised of the inclusion of $56,477 of recurring periodic vesting charges and the exclusion of $59,471 of non-recurring grant date vesting charges.

(e) **Profit Sharing Charges** —We have implemented profit sharing arrangements for our principals and certain operating consultants working in our businesses and across our different operations that are

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

(All Dollars in Thousands)

Other Adjustments (Continued)

designed to appropriately align performance and compensation. Subsequent to the Transactions, with respect to our active and future funds and vehicles that provide for carried interest, we will allocate to our principals, and certain operating consultants a portion of the carried interest earned in relation to these funds as part of our carry pool. As it relates to the profit sharing arrangement with our employees, these amounts are accounted for as compensatory in conjunction with the related carried interest income and recorded as compensation expense. As it relates to the profit sharing arrangement with certain operating consultants, these amounts are accounted for in the same manner, but classified as general administrative and other expense.

Allocations to our carry pool represent 40% of carried interest earned in funds eligible to receive carry distributions. No carry pool allocations are made in funds that are in either a clawback position or a net loss sharing position.

On a pro forma basis, the total expense associated with carry pool allocations was estimated by determining the increase in the amount of carry eligible for distribution from December 31, 2008 to 2009, and then allocating 40% of such increase to the carry pool. On a pro forma basis, this expense totaled $101,983 and $2,549 for the year ended December 31, 2009 for amounts allocable to our principals and operating consultants, respectively, as compared to $127,071 and $3,176 on an actual basis. Accordingly, adjustments of $(25,088) and $(627) have been recorded to employee compensation and benefits and general administrative and other, respectively.

In addition, we have historically allocated a percentage of carry to a profit sharing plan for our other employees and advisors. These charges have historically been borne by us and have been recorded in employee compensation and benefits for amounts due to employees and general administrative and other expense or fund expenses for amounts due to advisors. Subsequent to the Transactions, the costs associated with this plan will be borne pro-rata by the respective parties receiving the carried interest. As such, a non-recurring benefit related to the pro rata share of the liability not borne by us was recorded in the corresponding line items in the statement of financial condition and statement of operations.

The net pro forma adjustment related to this profit sharing plan was (i) a charge of $4,269 to employee compensation and benefits expense; (ii) a charge of $608 to general, administrative and other expense; and (iii) a charge of $1,154 to fund expense.

(f) **Discretionary compensation and discretionary allocations** —Prior to the Transactions, payments made to our senior principals included distributions which were accounted for as capital distributions. In addition, certain other principals received bonuses which were paid by us and accounted for as employee compensation and benefits expense.

Subsequent to the completion of the Transactions, our senior principals and certain other principals who hold interests in KKR Holdings are expected to be allocated, on a discretionary basis, distributions received on unvested KKR Holdings units. These discretionary amounts are expected to be made annually and result in principals receiving amounts in excess of their vested equity interests.

Even though these amounts are borne only by KKR Holdings, any amounts in excess of a principal's vested equity interests are reflected as employee compensation and benefits expense due to the fact that unvested interests do not carry distribution participation rights.

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

(All Dollars in Thousands)

Other Adjustments (Continued)

An adjustment of $36,464 was made to reflect charges associated with discretionary allocations which would previously have been accounted for as capital distributions for the year ended December 31, 2009. This amount was determined utilizing a distribution calculation for the nine months ended September 30, 2009 that is consistent with the calculation used for the three months ended December 31, 2009. The amounts recognized in expense for the discretionary allocation are equal to the amount of the distribution that would have been allocable to KKR Holdings, less any distributions that would have been paid on vested KKR Holdings units as of the date of the distribution. See "Distribution Policy." Amounts for the three months ended December 31, 2009 are included in the historical financial statements for the year ended December 31, 2009 and therefore no adjustment was necessary for this period.

(g) **Other compensation adjustments** —Historically, our employee compensation and benefits expense consisted of base salaries and bonuses paid to employees who were not our senior principals. Following the completion of the Transactions, all of our senior principals and other employees receive a base salary that is paid by us and accounted for as employee compensation and benefits expense. An adjustment to include base salaries that would have been paid by us to our senior principals in the amount of $7,266 was recorded in the pro forma financial information for the year ended December 31, 2009. Our employees are also eligible to receive discretionary cash bonuses based on performance criteria, our overall profitability and other matters.

(h) **KKR Holdings Restricted Equity Units** —In connection with the Transactions, 10,245,057 restricted equity units were made available by KKR Holdings to our employees and advisors. The vesting of these equity units is contingent on our common units becoming listed and traded on the New York Stock Exchange or another U.S. exchange. As of December 31, 2009, this contingency had not occurred and accordingly, no compensation expense was recorded in our historical financial statements.

Had the contingency been satisfied as of January 1, 2009, the vesting of restricted equity units would have given rise to periodic employee compensation charges in the statement of operations. The pro forma adjustment related to the vesting of restricted equity units allocated to employees was accounted for as an equity award, assumes a year of vesting on a graded basis and assumes a 3% annual forfeiture rate. Further, the fair value of a restricted equity unit was determined to be $9.35, based on the value of a KKR Guernsey common unit on the grant date. No other discounts have been utilized in determining the fair value of a restricted unit as all vested and unvested units are distribution participating. This adjustment amounted to $45,427.

(i) Reflects the inclusion of general, administrative and other expenses incurred by KKR Guernsey in the amount of $3,888.

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

(All Dollars in Thousands)

Other Adjustments (Continued)

The following table summarizes the effects of the other pro forma adjustments described in notes (c)—(i) above on employee compensation and benefits expense, general, administrative and other expense, and fund expense in the statement of operations:

Employee Compensation and Benefits Adjustments	
(c) Net impact of vesting of employee units in KKR Holdings	$ 190,411
(e) Net impact of allocation to carry pool	(25,088)
(e) Net impact of profit sharing adjustments	4,269
(f) Discretionary compensation and discretionary allocation of distributions on Group Partnership Units received by KKR Holdings	36,464
(g) Inclusion of senior principals' salaries	7,266
(h) Non-cash charges related to vesting of restricted equity units	45,427
Total pro forma adjustment to employee compensation and benefits expense	$ 258,749
General Administrative and Other Adjustments	
(d) Net impact of vesting of operating consultant units in KKR Holdings	$ (2,994)
(e) Net impact of allocation to carry pool	(627)
(e) Net impact of profit sharing adjustments	608
(i) Addition of KKR Guernsey expenses	3,888
Total pro forma adjustment to general administrative and other expense	$ 875
Fund Expenses Adjustments	
(e) Net impact of profit sharing adjustments	$ 1,154

(j) **Contingent Repayment Guarantees** —The instruments governing our private equity funds generally include a "clawback" provision that, if triggered, may give rise to a contingent obligation of the general partners to return or contribute amounts to the fund for distribution to the limited partners at the end of the life of the fund. Under a "clawback" provision, upon the liquidation of a fund, the general partner is required to return, on an after-tax basis, previously distributed carry to the extent that, due to the diminished performance of later investments, the aggregate amount of carry distributions received by the general partner during the term of the fund exceeds the amount to which the general partner was ultimately entitled. Changes in the underlying value of the KKR Funds impact the clawback amounts due.

Prior to the Transactions, certain of our principals who received carried interest distributions with respect to our private equity funds had personally guaranteed, on a several basis and subject to a cap, the contingent obligations of the general partners of certain private equity funds to repay amounts to fund limited partners pursuant to the general partners' clawback obligations. The terms of the Transactions require that KKR principals remain individually responsible for any clawback obligations relating to carry distributions received by them prior to the Transactions up to a maximum for all such principals of $223.6 million in the aggregate. This obligation of our principals is independent of any interest in KKR Holdings and is independent of any carry pool allocations to which our principals may be entitled.

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

(All Dollars in Thousands)

Other Adjustments (Continued)

Further, this arrangement ensures that equity holders of the KKR Group Partnerships will not be responsible for carried interest paid out to the general partners of certain private equity funds prior to the Transactions up to the maximum of $223.6 million. Any amounts above the maximum would be the responsibility of the equity holders of the KKR Group Partnerships on a pro rata basis.

To the extent a fund is in a clawback position, the KKR Group Partnerships will record a benefit to reflect the amounts due from our principals related to the clawback up to the maximum. By recording this benefit, the clawback obligation has been reduced to an amount that represents the obligation of the KKR Group Partnerships.

Generally, amounts owed under this arrangement will fluctuate with changes in the underlying value of our funds and accordingly, fluctuations to amounts owed under this arrangement are recorded through net gains (losses) from investment activities as an offset to movements in the underlying value of our funds. As a result of this arrangement, we have recorded an adjustment of $(100,260) to record these fluctuations in the amounts owed by our principals to the KKR Group Partnerships. This amount represents the change in the contingent repayment guarantee from what would have been recorded on January 1, 2009 on a pro-forma basis compared to what was recorded on September 30, 2009 on a historical basis. Amounts for the three months ended December 31, 2009 are included in the historical financial statements for the year ended December 31, 2009 and therefore no adjustment was necessary for this period.

(k) We have historically operated as a group of partnerships for U.S. federal income tax purposes and, in the case of certain entities located outside the United States, corporate entities for foreign income tax purposes. Because most of the entities in our consolidated group are taxed as partnerships, our income is generally allocated to, and the resulting tax liability is generally borne by, our partners and we generally are not taxed at the entity level.

Following the Transactions, the KKR Group Partnerships and their subsidiaries continue to operate as partnerships for U.S. federal income tax purposes and, in the case of certain entities located outside the United States, corporate entities for foreign income tax purposes. Accordingly, those entities will continue to be subject to New York City unincorporated business taxes ("UBT") or foreign income taxes. Certain of the KKR Group Partnership Units owned by us, however, are held through an intermediate holding company that is taxable as a corporation for U.S. federal income tax purposes and subject to additional entity level taxes. As a result of this holding structure, we will record an additional provision for corporate income taxes that will reflect our current and deferred tax liability relating to the taxable earnings allocated to such entity.

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

(All Dollars in Thousands)

Other Adjustments (Continued)

The table below reflects our calculation of the pro forma income tax provision for the periods presented and the corresponding assumptions:

Income (Loss) before Taxes—Group Holdings—Pro Forma	$ 6,259,064
Less: Income (Loss) before Taxes—Attributable to KKR Fund Holdings L.P.	6,593,144
Income (Loss) before Taxes—Attributable to KKR Management Holdings L.P.	(334,080)
Permanent Items Excluded from Taxable Income	953,193
Income (Loss) Before Taxes after Permanent Items	619,113
Adjusted Percentage Allocable to KKR Management Holdings Corp.	30%
Income (Loss) Before Taxes after Permanent Items—Allocated to Management Holdings Corp.	185,734
Federal Tax Expense at Statutory Rate (35%)	65,007
State and Local Expense(a)	18,457
Income Tax Expense	$ 83,464

(a) State and Local Tax Expense was calculated at a blended rate of 9.93%

The amount of the adjustment reflects the difference between the actual tax provision for the historical organizational structure and the estimated tax provision that would have resulted had the Transactions been effected on January 1, 2009. This amounted to $(2,783) of foreign and unincorporated business taxes and $49,249 of state and federal taxes.

For a discussion of pending legislation that may preclude us from qualifying for treatment as a partnership for U.S. federal income tax purposes, see "Risk Factors—Risks Related to Our Business—Legislation has been introduced in the U.S. Congress in various forms that, if enacted, (i) could preclude us from qualifying as a partnership and/or (ii) could tax carried interest as ordinary income for U.S. federal income tax purposes and require us to hold carried interest through taxable subsidiary corporations. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a material increase in our tax liability that could result in a reduction in the market price of our common units."

The acquisition by our intermediate holding company of Group Partnership units from KKR Holdings or transferees of its Group Partnership units is expected to result in an increase in our intermediate holding company's share of the tax basis of the tangible and intangible assets of KKR Management Holdings L.P., primarily attributable to a portion of the goodwill inherent in our business, that would not otherwise have been available. This increase in tax basis may increase depreciation and amortization for U.S. federal income tax purposes and therefore reduce the amount of income tax that our intermediate holding company would otherwise be required to pay in the future.

In connection with the Transactions, we have entered into a tax receivable agreement with KKR Holdings pursuant to which our intermediate holding company will be required to pay to KKR Holdings or transferees of its Group Partnership units 85% of the amount of cash savings, if any,

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

(All Dollars in Thousands)

Other Adjustments (Continued)

in U.S. federal, state and local income tax that the intermediate holding company actually realizes as a result of this increase in tax basis, as well as 85% of the amount of any such savings the intermediate holding company actually realizes as a result of increases in tax basis that arise due to payments under the tax receivable agreement. Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, neither KKR Holdings nor its transferees will reimburse us for any payments previously made under the tax receivable agreement if such tax basis increase, or the benefits of such increases, were successfully challenged.

Interests in KKR Holdings are subject to vesting and transfer restrictions and, therefore, exchanges for our common units generally cannot be effected for a stated period of time. Furthermore, certain information necessary to calculate the financial statement impact of the tax receivable agreement once these restrictions have expired is currently not determinable.

Adjustments for the Combination Transaction

(l) Reflects the exclusion of noncontrolling interests in consolidated entities representing interests in the KPE Investment Partnership, which became wholly owned by the KKR Group Partnerships beginning on October 1, 2009. For the year ended December 31, 2009, on a pro forma basis, the exclusion of these non-controlling interests resulted in net benefits accounted for as noncontrolling interests in income (loss) of consolidated entities of $882,138.

Allocation to KKR Holdings

(m) In order to reflect the Transactions as if they occurred on January 1, 2009, an adjustment has been made to reflect the inclusion of noncontrolling interests in consolidated entities representing KKR Group Partnership Units that are held by KKR Holdings. The following table reflects the calculation of Net Income (Loss) Attributable to Noncontrolling Interests held by KKR Holdings L.P. on a pro forma basis for the year ended December 31, 2009:

Income before Taxes	$ 6,259,064
Less: Net Income Attributable to Noncontrolling Interests in Consolidated Entities	5,195,086
Less: Local and Foreign Taxes	6,006
Net Income Attributable to KKR Group Partnerships	1,057,972
Amount Allocable to KKR Holdings L.P. (70%)	70.00%
Net Income Attributable to Noncontrolling Interests held by KKR Holdings L.P.	$ 740,580

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

(All Dollars in Thousands)

Determination of Earnings Per Common Unit

(n) Pro forma basic and diluted net income per common unit were computed in the following manner.

	Year Ended December 31, 2009 Basic and Diluted
Net income available to holders of common units	$ 239,934
Total common units outstanding	204,902,226
Net income per common unit	$ 1.17

We are party to an exchange agreement with KKR Holdings in connection with the Reorganization Transactions pursuant to which KKR Holdings or certain transferees of its KKR Group Partnership Units may, up to four times each year, exchange KKR Group Partnership Units held by them (together with corresponding special voting units) for our common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications and compliance with applicable lock-up, vesting and transfer restrictions. If the Group Partnership Units held by KKR Holdings were to be exchanged for common units, fully diluted common units outstanding would be 683,007,420. In computing the dilutive effect, if any, that the exchange of KKR Group Partnership Units would have on earnings per unit, we consider that net income available to holders of common units would increase due to the elimination of the noncontrolling interests in consolidated entities associated with the KKR Group Partnership Units (including any tax impact).

For the year ended December 31, 2009, we have presented identical basic and fully diluted earnings per unit as the assumed exchange was anti-dilutive.

Pro Forma Segment Results

We operate through three reportable business segments. These segments are differentiated primarily by their investment focuses and strategies and consist of Private Markets, Public Markets, and

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

(All Dollars in Thousands)

Pro Forma Segment Results (Continued)

Capital Markets and Principal Activities. The following table presents the financial data for our reportable segments on a pro forma basis for the year ended December 31, 2009:

	Private Markets Segment	Public Markets Segment	Capital Markets and Principal Activities Segment	Total Reportable Segments
Fees				
Management and incentive fees:				
Management fees	$ 387,112	$ 50,604	$ —	$ 437,716
Incentive fees	—	4,472	—	4,472
Management and incentive fees	387,112	55,076	—	442,188
Monitoring and transaction fees:				
Monitoring fees	158,243	—	—	158,243
Transaction fees	57,699	—	34,129	91,828
Fee credits(1)	(73,901)	—	—	(73,901)
Net monitoring and transaction fees	142,041	—	34,129	176,170
Total fees	529,153	55,076	34,129	618,358
Expenses				
Employee compensation and benefits	136,465	22,677	9,455	168,597
Other operating expenses	175,736	20,587	6,021	202,344
Total expenses	312,201	43,264	15,476	370,941
Fee Related Earnings	**216,952**	**11,812**	**18,653**	**247,417**
Investment income (loss)				
Gross carried interest	602,427	—	—	602,427
Less: allocation to our carry pool(2)	(153,827)	—	—	(153,827)
Less: management fee refunds(3)	(22,720)	—	—	(22,720)
Net carried interest	425,880	—	—	425,880
Other investment income (loss)	20,621	(5,259)	1,267,976	1,283,338
Total investment income	446,501	(5,259)	1,267,976	1,709,218
Income (Loss) before noncontrolling interests in Income of consolidated entities	663,453	6,553	1,286,629	1,956,635
Income (Loss) attributable to noncontrolling interests(4)	1,973	109	609	2,691
Economic Net Income (Loss)	**$ 661,480**	**$ 6,444**	**$ 1,286,020**	**$ 1,953,944**

(1) Our agreements with the limited partners of certain investment funds require us to share with such limited partners a portion of any monitoring and transaction fees received from portfolio companies and allocable to their funds ("Fee Credits"). Fee Credits exclude fees that are not attributable to a fund's interest in a portfolio company and generally amount to 80% of monitoring and transaction fees allocable to the fund after related expenses are recovered.

(2) With respect to our active and future investment funds and vehicles that provide for carried interest, we will allocate to our principals, other professionals and selected other individuals who

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

(All Dollars in Thousands)

Pro Forma Segment Results (Continued)

work in these operations a portion of the carried interest earned in relation to these funds as part of our carry pool.

(3) Certain of our investment funds require that we refund up to 20% of any cash management fees earned from limited partners in the event that the funds recognize a carried interest. At such time as the fund recognizes a carried interest in an amount sufficient to cover 20% of the management fees earned or a portion thereof, carried interest is reduced, not to exceed 20% of management fees earned.

(4) Represents economic interests that will (i) allocate to a former principal an aggregate of 1% of profits and losses of our management companies until a future date and (ii) allocate to a third party investor an aggregate of 2% of the equity in our capital markets business.

The reconciliation of pro forma fee related earnings and pro forma economic net income (loss) to net income (loss) attributable to Group Holdings as reported in the unaudited pro forma statement of operations consists of the following:

	Year Ended December 31, 2009
Pro forma fee related earnings	$ 247,417
Investment income	1,709,218
Income attributable to noncontrolling interests	(2,691)
Pro forma economic net income (loss)	$ 1,953,944
Income taxes	(83,464)
Amortization of intangibles	(3,788)
Costs relating to the Transactions(a)	(34,846)
Non-cash share based charges	(851,697)
Allocations to former principals	365
Allocation to noncontrolling interests held by KKR Holdings	(740,580)
Pro forma net income (loss) attributable to Group Holdings	$ 239,934

(a) During the year ended December 31, 2009, other operating expenses in our Private Markets segment excluded $34.8 million incurred in connection with the Transactions. We have excluded this charge from our segment financial information as such amount will be not be considered when assessing the performance of, or allocating resources to, each of its business segments and is non-recurring in nature. In the statement of operations, this charge is included in general, administrative and other expenses.

SELECTED HISTORICAL FINANCIAL AND OTHER DATA

The following tables set forth our selected historical consolidated and combined financial data as of and for the years ended December 31, 2005, 2006, 2007, 2008 and 2009 and unaudited pro forma financial information for the year ended December 31, 2009. We derived the selected historical consolidated and combined data as of December 31, 2008 and 2009 and for the years ended December 31, 2007, 2008 and 2009 from the audited combined financial statements included elsewhere in this prospectus. We derived the selected historical combined data as of December 31, 2005, 2006 and 2007 and for the years ended December 31, 2005 and 2006 from our audited combined financial statements which are not included in this prospectus. The unaudited pro forma financial information was prepared on substantially the same basis as the audited consolidated and combined financial statements and includes all adjustments that we consider necessary for a fair presentation of our consolidated and combined financial information as if the Transactions occurred on January 1, 2009. Because the Transactions and related arrangements were completed on October 1, 2009, their impact is fully reflected in our statement of financial condition as of December 31, 2009. Accordingly, we have not included a pro forma statement of financial condition. You should read the following data together with the "Organizational Structure," "Unaudited Pro Forma Financial Information," "Management's

Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated and combined financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,					
	2005	2006	2007	2008	2009	Pro Forma(1) 2009
Statement of Operations Data:						
Fees	$ 232,945	$ 410,329	$ 862,265	$ 235,181	$ 331,271	$ 334,377
Less: Total Expenses	168,291	267,466	440,910	418,388	1,195,710	1,456,266
Total Investment Income (Loss)	3,740,899	4,000,922	1,991,783	(12,865,239)	7,753,808	7,380,953
Income (Loss) Before Taxes	3,805,553	4,143,785	2,413,138	(13,048,446)	6,889,369	6,259,064
Income Taxes	2,900	4,163	12,064	6,786	36,998	83,464
Net Income (Loss)	3,802,653	4,139,622	2,401,074	(13,055,232)	6,852,371	6,175,600
Less: Net Income (Loss) Attributable to Noncontrolli Interests in Consolidated Entities	2,870,035	3,039,677	1,598,310	(11,850,761)	6,119,382	5,195,086
Less: Net Income (Loss) Attributable to Noncontrolli Interests Held by KKR Holdings	—	—	—	—	(116,696)	740,580
Net Income (Loss) Attributable to Group Holdings(2)	$ 932,618	$ 1,099,945	$ 802,764	$ (1,204,471)	$ 849,685	239,934
Statement of Financial Condition Data (period end):						
Total assets	$13,369,412	$23,292,783	$32,842,796	$ 22,441,030	$30,221,111	
Total liabilities	$ 418,778	$ 1,281,923	$ 2,575,636	$ 2,590,673	$ 2,859,630	
Noncontrolling interests in consolidated entities	$11,518,013	$20,318,440	$28,749,814	$ 19,698,478	$23,275,272	
Noncontrolling interests held by KKR Holdings	$ —	$ —	$ —	$ —	$ 3,072,360	
Total Group Holdings partners' capital(3)	$ 1,432,621	$ 1,692,420	$ 1,517,346	$ 151,879	$ 1,013,849	

(1) The financial information reported for periods prior to October 1, 2009 does not give effect to the Transactions. The unaudited pro forma financial information gives effect to the Transactions and certain other arrangements entered into in connection with the Transaction as if the Transactions and such arrangements had been completed as of January 1, 2009. For a complete description of these adjustments please see "Unaudited Pro Forma Financial Information."

(2) Subsequent to the Transactions, net income (loss) attributable to Group Holdings reflects only those amounts that are allocable to KKR Guernsey's 30% interest in our Combined Business. Net income (loss) that is allocable to our principals' 70% interest in our Combined Business is reflected in net income (loss) attributable to noncontrolling interests held by KKR Holdings.

(3) Total Group Holdings partners' capital reflects only the portion of equity attributable to Group Holdings (reflecting KKR Guernsey's 30% interest in our Combined Business) and differs from partners' capital reported on a segment basis primarily as a result of the exclusion of the following items from our segment presentation: (i) the impact of income taxes; (ii) charges relating to the amortization of intangible assets; (iii) non-cash equity based charges; and (iv) allocations of equity to KKR Holdings. For a reconciliation to the $4,152.9 million of partners' capital reported on a segment basis, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Partners' Capital." KKR Holdings' 70% interest in our Combined Business is reflected as noncontrolling interests held by KKR Holdings and is not included in total Group Holdings partners' capital.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the consolidated and combined financial statements of Group Holdings and the related notes included elsewhere in this prospectus. The historical combined financial data discussed below reflects the historical results and financial position of KKR. While the historical combined financial statements of KKR are the historical financial statements of the Combined Business following the completion of the Transactions, the data does not give effect to the Transactions and is not necessarily representative of our results and financial condition. See "Organizational Structure" and "Unaudited Pro Forma Financial Information." In addition, this discussion and analysis contains forward-looking statements and involves numerous risks and uncertainties, including those described under "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors." Actual results may differ materially from those contained in any forward-looking statements.

Overview

Led by Henry Kravis and George Roberts, we are a global alternative asset manager with $52.2 billion in AUM as of December 31, 2009 and a 34-year history of leadership, innovation and investment excellence. When our founders started our firm in 1976, they established the principles that guide our business approach today, including a patient and disciplined investment process; the alignment of our interests with those of our investors, portfolio companies and other stakeholders; and a focus on attracting world-class talent.

Our business offers a broad range of asset management services to our investors and provides capital markets services to our firm, our portfolio companies and our clients. Throughout our history, we have consistently been a leader in the private equity industry, having completed more than 170 private equity investments with a total transaction value in excess of $425 billion. In recent years, we have grown our firm by expanding our geographical presence and building businesses in new areas, such as fixed income and capital markets. Our new efforts build on our core principles, leverage synergies in our business, and allow us to capitalize on a broader range of opportunities that we source. Additionally, we have increased our focus on servicing our existing investors and have invested meaningfully in developing relationships with new investors.

With over 600 people, we conduct our business through 14 offices on four continents, providing us with a pre-eminent global platform for sourcing transactions, raising capital and carrying out capital markets activities. We have grown our AUM significantly, from $15.1 billion as of December 31, 2004 to $52.2 billion as of December 31, 2009, representing a compounded annual growth rate of 28.1%. Our growth has been driven by value that we have created through our operationally focused investment approach, the expansion of our existing businesses, our entry into new lines of business, innovation in the products that we offer investors, an increased focus on providing tailored solutions to our clients and the integration of capital markets distribution activities.

As a global alternative asset manager, we earn management, monitoring, transaction and incentive fees for providing investment management, monitoring and other services to our funds, vehicles, managed accounts, specialty finance company and portfolio companies, and we generate transaction-specific income from capital markets transactions. We earn additional investment income from investing our own capital alongside our investors and from the carried interest we receive from our funds and certain of our other investment vehicles. A carried interest entitles the sponsor of a fund to a specified percentage of investment gains that are generated on third-party capital that is invested.

Business Segments

Private Markets

Our Private Markets segment is comprised of our global private equity business, which manages and sponsors a group of investment funds and vehicles that invest capital for long-term appreciation, either through controlling ownership of a company or strategic minority positions. These funds and vehicles build on our sourcing advantage and the strong industry knowledge, operating expertise and regulatory and stakeholder management skills of our professionals, operating consultants and senior advisors to identify attractive investment opportunities and create and realize value for investors.

From our inception through December 31, 2009, we have raised 15 private equity funds with approximately $59.7 billion of capital commitments and have sponsored a number of fee and carry paying co-investment structures that allow us to commit additional capital to transactions. We have grown our AUM in this segment significantly in recent years, from $14.4 billion as of December 31, 2004 to $38.8 billion as of December 31, 2009, representing a compound annual growth rate of 22.0%. As of December 31, 2009, we had $13.7 billion of uncalled commitments to investment funds and vehicles in this segment, providing a significant source of capital that may be deployed globally.

Public Markets

Our Public Markets segment is comprised primarily of our fixed income businesses which manage capital on behalf of third party investors in liquid credit strategies, such as leveraged loans and high yield bonds, and less liquid credit products, such as mezzanine debt, special situations assets, rescue financing, distressed assets, debtor-in-possession financings and exit financings.

As of December 31, 2009, the segment had $13.4 billion of AUM, including $0.9 billion of assets managed in a publicly traded specialty finance company, $8.1 billion of assets managed in structured finance vehicles and $4.4 billion of assets managed in other types of investment vehicles and separately managed accounts. This AUM includes $0.8 billion of uncalled commitments to this segment.

Capital Markets and Principal Activities

Our Capital Markets and Principal Activities segment combines the assets we acquired in the Combination Transaction with our global capital markets business. Our capital markets business supports our firm, our portfolio companies and our clients by providing services such as arranging debt and equity financing for transactions, placing and underwriting securities offerings, structuring new investment products and providing capital markets advice.

The assets that we acquired in the Combination Transaction have provided us with a significant source of capital to further grow and expand our business, increase our participation in our existing portfolio of businesses and further align our interests with those of our investors and other stakeholders. We believe that the market experience and skills of our capital markets professionals and the investment expertise of professionals in our Private Markets and Public Markets segments will allow us to continue to grow and diversify this asset base over time.

Business Environment

As a global alternative asset manager, we are affected by financial and economic conditions in the United States, Europe, Asia and elsewhere in the world. Although the diversity of our operations and product lines has allowed us to generate attractive returns in different business climates, business conditions characterized by low or declining interest rates and strong equity markets generally provide a more positive environment for us to generate attractive returns on existing investments. We may benefit, however, from periods of market volatility and disruption which allow us to use our large

capital base and experience with troubled companies to make investments at attractive prices and on favorable terms.

Beginning in the second half of 2007 and throughout 2008 and the first half of 2009, global financial markets experienced significant disruptions and the United States and many other economies experienced a prolonged economic downturn, resulting in heightened credit risk, reduced valuation of investments and decreased economic activity. Concerns over the availability and cost of credit, the mortgage market, a declining real estate market, inflation, energy costs and geopolitical issues contributed to increased volatility and diminished expectations for the economy and the financial markets.

Market conditions began to show initial signs of recovery in the last several months of 2009. Most global equity and debt markets moved higher in the second half of 2009 in anticipation of sustained economic recovery. Emerging markets experienced the greatest increase consistent with their generally more favorable economic growth prospects as compared with the United States and Europe. Credit markets experienced similar significant improvement, fueled by improving economic data and a significant increase in demand and liquidity, as credit spreads tightened and implied default rates declined. Recent U.S. economic data have been improving and stabilizing in part, as unemployment rates began to stabilize since October 2009 and the gross domestic product has returned to growth in the latter part of 2009.

While economic conditions have recently improved, that trend may not continue and the extent of the current economic improvement is unknown. Equity values still remain below the values achieved in 2007 and there currently is less debt and equity capital available in the market relative to the levels available in the past. Even if growth continues, it may be at a slow rate for an extended period of time and other economic conditions, such as the residential and commercial real estate environment and employment rates, may continue to be weak. In addition, some economists believe that steps taken by national governments to stabilize financial markets and improve economic conditions could lead to an inflationary environment. Furthermore, financial markets, while somewhat less volatile than in early 2009, may again experience significant disruption.

Market Conditions

Our ability to grow our revenue and net income depends on our ability to continue to attract capital and investors, secure investment opportunities, obtain financing for transactions, consummate investments and deliver attractive investment returns. These factors are impacted by a number of market conditions, including:

- The strength and competitive dynamics of the alternative asset management industry, including the amount of capital invested in, and withdrawn from, alternative investments. Our share of the capital that is allocated to alternative assets depends on the strength of our investment performance relative to the investment performance of our competitors. The amount of capital that we attract and our investment returns directly affect the level of our AUM, which in turn affects the fees, carried interest and other amounts that we earn in connection with our asset management activities.

- The strength and liquidity of debt markets. Our private equity funds use debt financing to fund portfolio company acquisitions, while our fixed income funds make significant investments in debt instruments and, in some cases, use varying degrees of leverage to enhance returns and fund working capital. As a result, our business generally benefits from strong and liquid debt markets that support our funds' investment activities, although periods of market volatility and disruption may create attractive investment opportunities, particularly for fixed income funds.

  As discussed above, significant deterioration in the debt markets that began in the third quarter of 2007 and continued through 2009 has had a negative impact on our business. Among other

effects, these developments increased the cost and difficulty of financing leveraged buyout transactions—thereby significantly reducing private equity activity—and impacted valuations and returns of fixed income funds. Increases in rates and spreads along with restrictive covenants, could further impact returns by making debt financing less readily available and more expensive for private equity investments. However, during this period, our portfolio companies have also had opportunities to refinance and in several cases have refinanced certain tranches of their debt. We have also had opportunities to make attractive investments for our fixed income business.

- The strength and liquidity of equity markets. Strong equity market conditions enable our private equity funds to increase the value and effect realizations of their portfolio company investments. Equity market conditions also affect the carried interest that we receive. After a prolonged period of positive performance and liquidity, equity markets experienced considerable declines and volatility in the United States and in other markets in the second half of 2007 and throughout 2008. The U.S., European and Asian economies experienced significant declines in employment, household wealth, and lending, which has further negatively impacted equity markets until recently. Negative market conditions make it more difficult for us to exit private equity investments profitably through offerings in the public markets. Equity markets, however, stabilized and showed signs of recovery in the latter half of 2009, allowing us to partially exit two investments through the public markets, though it is uncertain whether such markets will remain accessible. We monitor the performance of our private equity investments and exit an investment when we believe the strategic and operational objectives with respect to that investment have been accomplished. The governing documents of our private equity funds do not obligate us to return amounts to our investors at their request or require that the fund sell assets to generate returns.

- Market volatility within the debt and equity markets increases both the opportunities and risks within our segments and directly affects the performance of our funds. Similarly, fluctuations in interest rates and foreign currency exchange rates, if not suitably hedged, may affect the performance of our funds. Historical trends in these markets are not necessarily indicative of our future performance. While conditions in the United States and global economies have begun to improve recently, continued volatility in the equity markets and uncertainty in the debt markets have made it more challenging to profit from investments. If these conditions continue, their negative impact on our business may become more pronounced.

For a more detailed description of the manner in which economic and financial market conditions may materially affect the results of operations and financial condition of the Combined Business, see "Risk Factors—Risks Related to Our Business."

The Combination Transaction and Reorganization Transactions

On October 1, 2009, we completed the acquisition of all of the assets and liabilities of KKR Guernsey and, in connection with such acquisition, completed a series of transactions pursuant to which the business of KKR was reorganized into a holding company structure. We refer to these transactions as the "Transactions." Following the Transactions, KKR Guernsey holds a 30% economic interest in our Combined Business through Group Holdings and our principals hold a 70% economic interest in our Combined Business through KKR Holdings. Our senior principals also control us through their control of our Managing Partner. The Combination Transaction did not involve the payment of any cash consideration or involve an offering of any newly issued securities to the public, and it did not change KKR Guernsey unitholders' holdings of KKR Guernsey units.

Pro Forma Information

Due to the differences described above, our consolidated and combined financial statements and related historical data included in this prospectus are not necessarily representative of our future results of operations and financial condition. To provide additional information illustrating the impact that the changes described above have on our results of operations, we have presented elsewhere in this prospectus unaudited pro forma financial information for the year ended December 31, 2009. This data gives pro forma effect to the Transactions and certain other arrangements entered into in connection therewith as if such transactions and arrangements had been completed as of January 1, 2009.

Basis of Financial Presentation

The consolidated and combined financial statements include the accounts of our management and capital markets companies, the general partners of certain unconsolidated co-investment vehicles and the general partners of its private equity and fixed income funds and their respective consolidated funds, where applicable. As of December 31, 2009, our private markets segment included seven consolidated investment funds and six unconsolidated co-investment vehicles. Our public markets segment included three consolidated investment funds and four unconsolidated vehicles comprised of one investment fund, two separately managed accounts and one specialty finance company.

In accordance with GAAP, a substantial number of our funds are consolidated notwithstanding the fact that we hold only a minority economic interest in those funds. The majority of our consolidated funds consist of those funds in which we hold a general partner or managing member interest that gives us substantive controlling rights over such funds. With respect to our consolidated funds, we generally have operational discretion and control over the funds and investors do not hold any substantive rights that would enable them to impact the funds' ongoing governance and operating activities.

When a fund is consolidated, we reflect the assets, liabilities, fees, expenses, investment income and cash flows of the consolidated fund on a gross basis. The majority of the economic interests in the consolidated fund, which are held by third party investors, are reflected as noncontrolling interests. While the consolidation of a consolidated fund does not have an effect on the amounts of net income attributable to Group Holdings' or Group Holdings' partners' capital that Group Holdings reports, the consolidation does significantly impact the financial statement presentation. This is due to the fact that the assets, liabilities, fees, expenses and investment income of the consolidated funds are reflected on a gross basis while the allocable share of those amounts that are attributable to noncontrolling interests are reflected as single line items. The single line items in which the assets, liabilities, fees, expenses and investment income attributable to noncontrolling interests are recorded are presented as noncontrolling interests in consolidated entities on the statements of financial condition and net income attributable to noncontrolling interests in consolidated entities on the statements of operations.

Historically, the noncontrolling interests attributable to the ownership of the KPE Investment Partnership by KPE were included in our financial statements. These noncontrolling interests were removed from the financial statements on October 1, 2009, because these interests were contributed to the KKR Group Partnerships in the Transactions. Subsequent to the Transactions, the KKR Group Partnerships hold 100% of the economic and controlling interests in the KPE Investment Partnership. Therefore, we continue to consolidate the KPE Investment Partnership and its economic interests are no longer reflected as noncontrolling interests as of the date of the Transactions.

Key Financial Measures

Fees

Fees consist primarily of (i) monitoring and transaction fees from providing advisory and other services to our portfolio companies, (ii) management and incentive fees from providing investment

management services to unconsolidated funds, a specialty finance company, structured finance vehicles, and separately managed accounts, and (iii) fees from capital markets activities. These fees are based on the contractual terms of the governing agreements. A substantial portion of monitoring and transaction fees earned in connection with managing portfolio companies are shared with fund investors.

Reported fees do not include the management fees that we earn from consolidated funds, because those fees are eliminated in consolidation. However, because those management fees are earned from, and funded by, third-party investors who hold noncontrolling interests in the consolidated funds, net income attributable to Group Holdings is increased by the amount of the management fees that are eliminated in consolidation. Accordingly, while the consolidation of funds impacts the amount of fees that are recognized in our financial statements, it does not affect the ultimate amount of net income attributable to Group Holdings or Group Holdings' partners' capital.

Expenses

Employee Compensation and Benefits Expense

Employee compensation and benefits expense includes salaries, bonuses, equity-based compensation and profit sharing plans as described below.

Historically, our employee compensation and benefits expense has consisted of base salaries and bonuses paid to employees who were not our senior principals. Payments made to our senior principals included partner distributions that were paid to our senior principals and accounted for as capital distributions rather than employee compensation and benefits expense. Accordingly, we did not record any employee compensation and benefits charges for payments made to our senior principals for periods prior to the completion of the Transactions.

Following the completion of the Transactions, all of our senior principals and other employees receive a base salary that is paid by us and accounted for as employee compensation and benefits expense. Our employees are also eligible to receive discretionary cash bonuses based on performance criteria, our overall profitability and other matters. While cash bonuses paid to most employees are funded by us and result in customary employee compensation and benefits charges, cash bonuses that are paid to certain of our most senior employees are funded by KKR Holdings with distributions that it receives on its KKR Group Partnership Units. To the extent that distributions received by these individuals exceed the amounts that they are otherwise entitled to through their vested interests in KKR Holdings, this excess will be funded by KKR Holdings and reflected in compensation expense in the statement of operations. KKR Holdings has also funded all of the equity and equity-based awards that have been granted to our employees to date.

In connection with the Transactions, our principals received equity and equity-based awards in KKR Holdings. These awards were issued in exchange for interests in the Combined Business that they contributed to our holding companies as part of our internal reorganization as well as to promote broad ownership of our firm among our personnel and further align their interests with those of our investors. We believe that these grants, which include vested and unvested interests in the Combined Business, provide an additional means for allowing us to incentivize, motivate and retain qualified professionals that will help us continue to grow our business over the long-term. For the fourth quarter of 2009, non-cash employee compensation and benefits recognized for the initial equity grants amounted to $274.8 million.

While we do not bear the economic costs associated with the equity and equity-based grants that KKR Holdings has made to our employees or the cash bonuses that it pays to any of our executives with distributions received on its KKR Group Partnership Units, we are required to recognize employee compensation and benefits expense with respect to a significant portion of these items.

Because these amounts are funded by KKR Holdings and not by us, these expenses represent non-cash charges for us and do not impact our distributable earnings.

We recognize non-cash charges relating to equity and equity-based grants that are funded by KKR Holdings based on the grant-date fair value of the award. Awards that do not require the satisfaction of future service or performance criteria (vested awards) are expensed immediately. Awards that require the satisfaction of future service or performance criteria are expensed over the relevant service period, adjusted for the lack of distribution participation and estimated forfeitures of awards not expected to vest. Because a portion of the awards that were granted by KKR Holdings were vested upon issuance, we incurred a significant one-time, non-cash employee compensation and benefits charge in our financial statements during the fourth quarter of 2009 relating to initial equity grants. We expect to record additional non-cash charges in future periods as and when interests in KKR Holdings vest.

In addition, we are permitted to allocate to our principals, other professionals and selected other individuals a portion of the carried interest that we earn from our current and future funds that provide for carried interest payments. As and when investment income is recognized with respect to this carried interest, we record a corresponding amount of employee compensation and benefits expense. See "Organizational Structure—Components of Our Business Owned by the KKR Group Partnerships."

General, Administrative and Other Expense

General, administrative and other expense consists primarily of professional fees paid to legal advisors, accountants, advisors and consultants, insurance costs, travel and related expenses, communications and information services, depreciation and amortization charges and other general and operating expenses.

In addition, interests in KKR Holdings were granted to our operating consultants in connection with the Transactions. The vesting of these interests gives rise to periodic general, administrative and other expense in the statements of operations. General, administrative and other expense recognized on unvested units is calculated based on the fair value of an interest in KKR Holdings (determined using the closing price of KKR Guernsey's units) on each reporting date and subsequently adjusted for the actual fair value of the award at each vesting date. Accordingly, the measured value of these interests will not be finalized until each vesting date. Additionally, the calculation of the compensation expense assumes a forfeiture rate of up to 3% annually based upon expected turnover. For the fourth quarter of 2009, general, administrative and other expense recognized for the initial equity grants amounted to $59.5 million. General, administrative and other expense is not borne by fund investors and is not offset by credits attributable to fund investors' noncontrolling interests in consolidated funds.

Fund Expenses

Fund expenses consist primarily of costs incurred in connection with pursuing potential investments that do not result in completed transactions (such as travel expenses, professional fees and research costs) and other costs associated with administering our private equity funds. A substantial portion of fund expenses are borne by fund investors.

Investment Income (Loss)

Net Gains (Losses) from Investment Activities

Net gains (losses) from investment activities consists of realized gains and losses and unrealized gains and losses arising from our investment activities. The majority of our net gains (losses) from investment activities are related to our private equity investments. Fluctuations in net gains (losses) from investment activities between reporting periods is driven primarily by changes in the fair value of

our investment portfolio as well as the realization of investments. Upon the disposition of an investment, previously recognized unrealized gains and losses are reversed and an offsetting realized gain or loss is recognized in the current period. Since our investments are carried at fair value, fluctuations between periods could be significant due to changes to the inputs to our valuation process over time. For a further discussion of our fair value measurements and fair value of investments, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Fair Value of Investments."

Dividend Income

Dividend income consists primarily of distributions that private equity funds receive from portfolio companies in which they invest. Private equity funds recognize dividend income primarily in connection with (i) dispositions of operations by portfolio companies, (ii) distributions of excess cash generated from operations from portfolio companies and (iii) other significant refinancings undertaken by portfolio companies.

Interest Income

Interest income consists primarily of interest that is paid on our cash balances, principal assets and fixed income instruments in which consolidated funds invest.

Interest Expense

Interest expense is incurred from three primary sources: (i) credit facilities outstanding at the KPE Investment Partnership, (ii) credit facilities outstanding at the firm's management companies and capital markets companies for working capital purposes, and (iii) debt outstanding at our consolidated funds entered into with the objective of enhancing returns, which are not direct obligations of the general partners of our private equity funds or management companies. In addition to these interest costs, we capitalize debt financing costs incurred in connection with new debt arrangements. Such costs are amortized into interest expense using either the interest method or the straight-line method, as appropriate.

Income Taxes

Prior to the completion of the Transactions, we operated as a partnership for U.S. federal income tax purposes and mainly as a corporate entity in non-U.S. jurisdictions. As a result, income was not subject to U.S. federal and state income taxes. Historically, the tax liability related to income earned by us represented obligations of our principals and has not been reflected in the historical financial statements. Income taxes shown on the statements of operations prior to the Transactions are attributable to the New York City unincorporated business tax and other income taxes on certain entities located in non-U.S. jurisdictions.

Following the Transactions, the KKR Group Partnerships and certain of their subsidiaries will continue to operate in the United States as partnerships for U.S. federal income tax purposes and as corporate entities in non-U.S. jurisdictions. Accordingly, these entities, in some cases, will continue to be subject to New York City unincorporated business taxes, or non-U.S. income taxes. However, we hold our interest in one of the KKR Group Partnerships through KKR Management Holdings Corp., which is treated as a corporation for U.S. federal income tax purposes, and certain other wholly owned subsidiaries of the KKR Group Partnerships are treated as corporations for U.S. federal income tax purposes. Accordingly, such wholly owned subsidiaries of Group Holdings, including KKR Management Holdings Corp., and the KKR Group Partnerships, are subject to federal, state and local corporate income taxes at the entity level and the related tax provision attributable to Group Holdings' share of this income is reflected in the financial statements.

Subsequent to the Transactions, we use the liability method to account for income taxes in accordance with GAAP. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis using currently enacted tax rates. The effect on deferred assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all the deferred tax assets will not be realized.

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

Net Income (Loss) Attributable to Noncontrolling Interests

Net income (loss) attributable to noncontrolling interests represents the ownership interests that third parties hold in entities that are consolidated in the financial statements. The allocable share of income and expense attributable to those interests is accounted for as net income (loss) attributable to noncontrolling interests. Historically, the amount of net income (loss) attributable to noncontrolling interests has been substantial and has resulted in significant charges and credits in the statements of operations. For periods prior to the Transactions, noncontrolling interests consisted primarily of:

- noncontrolling interests that third party investors held in consolidated funds;
- noncontrolling interests attributable to the ownership of the KPE Investment Partnership by KPE's unitholders;
- a noncontrolling interest that allocated to a third party an aggregate of 2% of the equity in our capital markets business; and
- noncontrolling interests that allocated 35% of the net income (loss) generated by the manager of our Public Markets segment to certain of its principals on an annual basis through May 30, 2008.

On May 30, 2008, we acquired all outstanding noncontrolling interests of the manager of our Public Markets segment and now own 100% of this business. In connection with the Transactions, we acquired all outstanding noncontrolling interests in the KPE Investment Partnership, which is a wholly owned subsidiary of our firm.

For periods subsequent to the completion of the Transactions, noncontrolling interests include:

- noncontrolling interests that allocate to a former principal and such person's designees an aggregate of 1% of the carried interest received by general partners of our funds and 1% of our other profits until a future date;
- noncontrolling interests that allocate to certain of our former principals and their designees a portion of the carried interest received by the general partners of the private equity funds with respect to private equity investments made during such former principals' tenure with us;
- noncontrolling interests that allocate to certain of its current and former principals all of the capital invested by or on behalf of the general partners of the private equity funds before the completion of the Transactions and any returns thereon; and
- noncontrolling interests representing the KKR Group Partnership Units that KKR Holdings holds in the KKR Group Partnerships, which interests allocate to KKR Holdings 70% of the equity in the combined business.

Assets Under Management ("AUM")

AUM represents the assets from which we are entitled to receive fees or a carried interest and general partner capital. The AUM reported prior to the Transactions reflected the NAV of KPE and its commitments to our investment funds. Subsequent to the Transactions, the NAV of KPE and its commitments to our investment funds are excluded from our calculation of AUM. We calculate the amount of AUM as of any date as the sum of: (i) the fair value of the investments of our investment funds plus uncalled capital commitments from these funds; (ii) the fair value of investments in our co-investment vehicles; (iii) the net asset value of certain of our fixed income products; and (iv) the value of outstanding structured finance vehicles. You should note that our calculation of AUM may differ from the calculations of other asset managers and, as a result, our measurements of AUM may not be comparable to similar measures presented by other asset managers. Our definition of AUM is not based on any definition of AUM that is set forth in the agreements governing the investment funds, vehicles or accounts that we manage.

Fee Paying Assets Under Management ("FPAUM")

FPAUM represents only those assets under management from which we receive fees. FPAUM is the sum of all of the individual fee bases that are used to calculate our fees and differs from AUM in the following respects: (i) assets from which we do not receive a fee are excluded (i.e., assets with respect to which we receive only carried interest); and (ii) certain assets, primarily in our private equity funds, are reflected based on capital commitments or invested capital as opposed to fair value because fees are not impacted by changes in the fair value of underlying investments.

Segment Results

We present the results of our reportable business segments in accordance with FASB Accounting Standards Codification Section 280, *Segment Reporting* . This guidance is based on a management approach, which requires segment presentation based on internal organization and the internal financial reporting used by management to make operating decisions, assess performance and allocate resources. All inter-segment transactions are eliminated in the segment presentation.

Our management makes operating decisions, assesses performance and allocates resources based on financial and operating data and measures that are presented without giving effect to the consolidation of any of the funds that we manage. In addition, there are other components of our reportable segment results that differ from the equivalent GAAP results on a consolidated basis. These differences are described below. We believe such adjustments are meaningful because management makes operating decisions and assesses the performance of our business based on financial and operating metrics and data that are presented without the consolidation of any funds.

Segment Operating and Performance Measures

Fee Related Earnings

Fee related earnings ("FRE") is a profit measure that is reported by our three reportable business segments. FRE is comprised of segment operating revenues, less segment operating expenses. The components of FRE on a segment basis differ from the equivalent U.S. GAAP amounts on a combined basis as a result of: (i) the inclusion of management fees earned from consolidated funds that were eliminated in consolidation; (ii) the exclusion of expenses of consolidated funds; (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; (vi) the exclusion of certain reimbursable expenses and (vii) the exclusion of certain non-recurring items.

Economic Net Income

Economic net income ("ENI") is a key performance measure used by management when making operating decisions, assessing operating performance and allocating resources. ENI is comprised of: (i) FRE; plus (ii) segment investment income, which is reduced for carry pool allocations and management fee refunds; less (iii) certain economic interests in our segments held by third parties. ENI differs from net income on a U.S. GAAP basis as a result of: (i) the exclusion of the items referred to in FRE above; (ii) the exclusion of investment income relating to noncontrolling interests; and (iii) the exclusion of income taxes.

Committed Dollars Invested

Committed dollars invested is the aggregate amount of capital commitments that have been invested by our investment funds and carry-yielding co-investment vehicles during a given period. Such amounts include: (i) capital invested by fund investors and co-investors with respect to which we are entitled to a carried interest and (ii) capital invested by us.

Uncalled Commitments

Uncalled commitments represent unfunded capital commitments by partners of our investment funds and carry-yielding co-investment vehicles to contribute capital to make investments in portfolio companies and other investment alternatives.

Consolidated and Combined Results of Operations

The following is a discussion of our consolidated and combined results of operations for the years ended December 31, 2007, 2008 and 2009. You should read this discussion in conjunction with the consolidated and combined financial statements and related notes included elsewhere in this document. For a more detailed discussion of the factors that affected the results of operations of our three business segments in these periods, see "—Segment Analysis."

The following tables set forth information regarding our results of operations for the years ended December 31, 2007, 2008 and 2009.

	Year Ended December 31,		
	2007	2008	2009
Revenues			
Fees	$ 862,265	$ 235,181	$ 331,271
Expenses			
Employee Compensation and Benefits	212,766	149,182	838,072
Occupancy and Related Charges	20,068	30,430	38,013
General, Administrative and Other	128,036	179,673	264,396
Fund Expenses	80,040	59,103	55,229
Total Expenses	440,910	418,388	1,195,710
Investment Income (Loss)			
Net Gains (Losses) from Investment Activities	1,111,572	(12,944,720)	7,505,005
Dividend Income	747,544	75,441	186,324
Interest Income	218,920	129,601	142,117
Interest Expense	(86,253)	(125,561)	(79,638)
Total Investment Income (Loss)	1,991,783	(12,865,239)	7,753,808
Income (Loss) Before Taxes	2,413,138	(13,048,446)	6,889,369
Income Taxes	12,064	6,786	36,998
Net Income (Loss)	2,401,074	(13,055,232)	6,852,371
Less: Net Income (Loss) Attributable to Noncontrolling Interests in Consolidated Entities	1,598,310	(11,850,761)	6,119,382
Less: Net Income (Loss) Attributable to Noncontrolling Interests held by KKR Holdings	—	—	(116,696)
Net Income (Loss) Attributable to KKR Group	$ 802,764	$ (1,204,471)	$ 849,685
Assets under management (period end)	$ 53,215,700	$ 48,450,700	$ 52,204,200
Fee paying assets under management (period end)	$ 39,862,168	$ 43,411,800	$ 42,779,800
Uncalled Commitments (period end)	$ 11,530,417	$ 14,930,142	$ 14,544,427

Year ended December 31, 2009 compared to year ended December 31, 2008

Fees

Fees were $331.3 million for the year ended December 31, 2009, an increase of $96.1 million, or 40.9%, from the year ended December 31, 2008. The increase was primarily due to a $50.5 million increase in transaction fees, from $41.3 million to $91.8 million for the years ended December 31, 2008 and 2009, respectively reflecting an increase in transaction-fee generating private equity investments during the period. During the year ended December 31, 2009, we completed twelve transaction-fee generating transactions compared to four transaction-fee generating transactions in 2008. Monitoring fees increased $39.2 million reflecting the net impact of (i) an increase of $72.2 million relating to fees received for the termination of monitoring fee contracts in connection with public equity offerings of two of our portfolio companies, (ii) a decrease relating to the receipt in the prior period of a non-recurring $15.0 million advisory fee from one of our portfolio companies in connection with equity raised by that company, (iii) a $6.8 million net decrease in reimbursable expenses and (iv) a net decrease of $11.2 million in fees received from certain portfolio companies due primarily to a decline in the number of portfolio companies paying a fee and to a lesser extent lower average fees received. During the year ended December 31, 2009, excluding one-time fees received from the termination of monitoring fee contracts, we had 30 portfolio companies that were paying an average fee of $2.9 million compared with 33 portfolio companies that were paying an average fee of $3.0 million during the year ended December 31, 2008. In addition, during 2009 fees were increased by a third quarter incentive fee of $4.5 million earned from KFN as a result of KFN's financial performance exceeding certain required benchmarks. No such fee was earned in the prior period.

Expenses

Expenses were $1,195.7 million for the year ended December 31, 2009, an increase of $777.3 million, as compared to expenses of $418.4 million for the year ended December 31, 2008. The increase was primarily due to non-cash charges associated with the issuance of interests in KKR Holdings to our principals and operating consultants. For the year ended December 31, 2009, non-cash employee compensation and benefits relating to principals amounted to $644.5 million, and non-cash charges recorded in general and administrative expenses relating to operating consultants amounted to $85.0 million. In addition, other employee compensation and benefits expenses increased $44.4 million due to (i) a $26.9 million increase in profit sharing costs in connection with an increase in the value of our private equity portfolio, (ii) an $11.7 million increase in salaries and other benefits reflecting the hiring of additional personnel in connection with the expansion of our business, and (iii) a $5.8 million increase in incentive compensation in connection with higher bonuses in 2009 reflecting improved overall financial performance of our management companies when compared to the prior period. The remainder of the net increase in expenses is the result of the net impact of the following: (i) a $34.8 million non-recurring charge associated with the closing of the Transactions, (ii) an increase in occupancy costs of $7.6 million primarily reflecting the opening of new offices subsequent to December 31, 2008 as well as an increase in existing office space, (iii) a decrease in transaction related expenses attributable to unconsummated transactions during the period of $14.0 million, from $28.2 million to $14.2 million for the years ended December 31, 2008 and 2009, respectively, and (iv) decreases in other operating expenses of $25.0 million reflecting expense reductions across the majority of our businesses.

Net Gains (Losses) from Investment Activities

Net gains from investment activities were $7.5 billion for the year ended December 31, 2009, an increase of $20.4 billion compared to net losses from investment activities of $12.9 billion for the year ended December 31, 2008. The increase in net gains (losses) from investment activities from the prior period was primarily attributable to net unrealized gains of $7.8 billion resulting primarily from increases in the market value of our investment portfolio during 2009 compared to net unrealized losses of $13.2 billion during 2008. This change in net unrealized gains and losses resulted in a net favorable variance in unrealized investment activity from the prior period of $21.0 billion. Offsetting the increase in unrealized gains (losses) was realization activity that represented a net loss for 2009 of $0.3 billion compared with a net gain of $0.3 billion for 2008, which resulted in a net unfavorable variance in realization activity from the prior period of $0.6 billion. The majority of our net gains (losses) from investment activities are related to our private equity investments. The following is a summary of the components of net gains (losses) from investment activities:

	Year Ended December 31,	
	2009	2008
	($ in thousands)	
Realized Gains	$ 393,310	$ 446,856
Unrealized Losses from Sales of Investments and Realization of Gains	(498,839)	(345,477)
Realized Losses	(707,717)	(193,446)
Unrealized Gains from Sales of Investments and Realization of Losses	683,696	101,402
Unrealized Gains from Changes in Fair Value	9,831,344	2,681,711
Unrealized Losses from Changes in Fair Value	(2,196,789)	(15,635,766)
Net Gains (Losses) from Investment Activities	$ 7,505,005	$ (12,944,720)

Dividend Income

Dividend income was $186.3 million for the year ended December 31, 2009, an increase of $110.9 million compared to dividend income of $75.4 million for the year ended December 31, 2008. Our dividends are generally earned in connection with sales of significant operations undertaken by our portfolio companies resulting in available cash that is distributed to our private equity funds. During the year ended December 31, 2009, we received $179.2 million of dividends from two portfolio companies and an aggregate of $7.1 million of comparatively smaller dividends from other investments.

Interest Income

Interest income was $142.1 million for the year ended December 31, 2009, an increase of $12.5 million, or 9.7%, from the year ended December 31, 2008. The increase primarily reflects an increase of $38.1 million at one of our fixed income vehicles resulting from a higher average level of debt investments during the period. Offsetting this increase was (i) a decrease of $19.9 million at the KPE Investment Partnership due to a decrease in interest income-yielding investments, (ii) a $2.0 million decrease as a result of the exclusion of the general partners of the 1996 Fund in the fourth quarter of 2009, which interests were not contributed to the KKR Group Partnerships in connection with the Transactions, and (iii) a $3.7 million decrease at our management companies and private equity funds resulting from lower average cash balances.

Interest Expense

Interest expense was $79.6 million for the year ended December 31, 2009 a decrease of $45.9 million, or 36.6%, from the year ended December 31, 2008. Average outstanding borrowings remained unchanged from the year ended December 31, 2008, however the weighted average interest rate was lower during the year ended December 31, 2009 as compared to the prior year period.

Income (Loss) Before Taxes

Due to the factors described above, income before taxes was $6.9 billion for the year ended December 31, 2009, an increase of $19.9 billion compared to loss before taxes of $13.0 billion for the year ended December 31, 2008.

Net Income (Loss) Attributable to Noncontrolling Interests in Consolidated Entities

Net income attributable to noncontrolling interests in consolidated entities was $6.1 billion for the year ended December 31, 2009, an increase of $18.0 billion compared to net loss attributable to noncontrolling interests in consolidated entities of $11.9 billion for the year ended December 31, 2008. The increase primarily reflects higher income attributable to noncontrolling interests, which were driven by the overall changes in the components of net gains (losses) from investment activities described above.

Assets Under Management

The following table reflects the changes in our assets under management from December 31, 2008 to December 31, 2009:

December 31, 2008 AUM	$ 48,450,700
Exclusion of KPE(a)	(3,577,000)
New Capital Raised	2,099,600
Distributions	(2,808,600)
Investor Redemptions	(634,700)
Change in Value	8,674,200
December 31, 2009 AUM	$ 52,204,200

(a) The assets under management reported prior to the Transactions reflected the NAV of KPE and its commitments to our investment funds. Subsequent to the Transactions, the NAV of KPE and its commitments to our investment funds are excluded from our calculation of assets under management as fees and carried interest paid by KPE are eliminated in consolidation.

AUM was $52.2 billion at December 31, 2009, an increase of $3.7 billion, or 7.6%, compared to $48.5 billion at December 31, 2008. The increase was primarily attributable to $8.7 billion in net unrealized gains resulting from changes in the market value of our private equity portfolio companies and fixed income investment vehicles, as well as $2.1 billion of new capital raised in our private equity funds and separately managed accounts. This increase was partially offset by distributions totaling $2.8 billion, which included $2.0 billion from our fixed income investment vehicles due to the restructuring of a structured finance vehicle and $0.8 billion from our private equity funds (comprised of $0.5 billion of realized gains and $0.3 billion of return of original cost), as well as $0.6 billion of capital returned to investors in redemptions from one of our fixed income funds. In addition, the change in AUM from December 31, 2008 included a $3.6 billion reduction representing the exclusion of the NAV of KPE and its commitments to our funds.

Fee Paying Assets Under Management

The following table reflects the changes in our fee paying assets under management from December 31, 2008 to December 31, 2009:

December 31, 2008 FPAUM	$ 43,411,800
Exclusion of KPE(a)	(3,238,500)
New Capital Raised	2,009,000
European Fund III/E2 Investors	(571,600)
Distributions	(325,058)
Investor Redemptions	(634,700)
Change in Value	2,128,858
December 31, 2009 FPAUM	$ 42,779,800

(a) The fee paying assets under management reported prior to the Transactions reflected the NAV of KPE. Subsequent to the Transactions, the NAV of KPE is excluded from our calculation of fee paying assets under management as fees paid by KPE are eliminated in consolidation.

FPAUM was $42.8 billion at December 31, 2009, a decrease of $0.6 billion, or 1.4%, compared to $43.4 billion at December 31, 2008. The decrease was primarily attributable to a $3.2 billion reduction representing the exclusion of the NAV of KPE and its commitments to our investment funds. In addition, the change in FPAUM included investor redemptions from one of our fixed income funds of $0.6 billion, distributions of $0.3 billion primarily representing the reduction of fee paying invested capital associated with realization activity in our private equity funds, and $0.6 billion related to capital that was transferred from a fee paying private equity fund (European Fund III) to a non-fee paying private equity fund (E2 Investors). These decreases were partially offset by $2.1 billion in net unrealized gains primarily resulting from changes in the market value of our fixed income investment vehicles, and to a lesser extent foreign exchange adjustments on foreign denominated committed and invested capital, as well as new capital raised of $2.0 billion in our private equity funds and separately managed accounts. For additional discussion of our funds and other investment vehicles, please see "Business."

Uncalled Commitments

As of December 31, 2009, our investment funds had $14.5 billion of remaining uncalled commitments that could be called for investment in new transactions.

Year ended December 31, 2008 Compared to Year ended December 31, 2007

Fees

Fees were $235.2 million for the year ended December 31, 2008, a decrease of $627.1 million, or 72.7%, from the year ended December 31, 2007. The decrease was primarily due to a $641.8 million decrease in transaction fees, from $683.1 million to $41.3 million for the years ended December 31, 2007 and 2008, respectively, reflecting a decrease in transaction-fee generating private equity investments during the period. During the year ended December 31, 2008, we completed four transaction-fee generating transactions compared to thirteen transaction-fee generating transactions during the year ended December 31, 2007. In addition, management and incentive fees relating to KFN decreased $27.9 million primarily as a result of adverse credit market conditions. During the first, second and third quarters of 2007, we earned incentive fees from KFN totaling $17.5 million whereas in 2008 no such fees were earned due to KFN's financial performance not exceeding certain required benchmarks. Offsetting these decreases was a $41.8 million increase in monitoring fees primarily reflecting an increase in the average monitoring fee received as well as the receipt of a non-recurring $15.0 million advisory fee from one of our portfolio companies. During the year ended December 31, 2008, we had 33 portfolio companies that were paying an average fee of $3.0 million, compared with 40 portfolio companies that were paying an average fee of $1.7 million during the year ended December 31, 2007.

Expenses

Expenses were $418.4 million for the year ended December 31, 2008, a decrease of $22.5 million, or 5.1%, from the year ended December 31, 2007. The decrease was primarily due to a $63.6 million decrease in employee compensation and benefits resulting from a decrease in incentive compensation in connection with lower bonuses in 2008 reflecting less favorable overall financial performance of our management companies when compared to the prior period, offset by increases relating to the hiring of additional personnel after December 31, 2007 in connection with the expansion of our business. Offsetting this decrease is the net impact of the following: (i) an increase in other operating expenses of $43.2 million primarily as a result of an increase in expenses in connection with the overall growth of our existing businesses; (ii) an increase in occupancy charges of $10.4 million reflecting the opening of new offices in Beijing, Sydney, Houston and Washington, D.C. subsequent to December 31, 2007 as well as an increase in existing office space, and (iii) a decrease in transaction related expenses of

$12.5 million attributable to unconsummated transactions during the period, from $40.7 million to $28.2 million for the years ended December 31, 2007 and 2008, respectively, reflecting a slowdown in the overall level of investment activity during the period.

Net Gains (Losses) from Investment Activities

Net losses from investment activities were $12.9 billion for the year ended December 31, 2008, a decrease of $14.1 billion compared to net gains from investment activities of $1.1 billion for the year ended December 31, 2007. The overall decrease in net gains (losses) from investment activities from the prior period was primarily attributable to a net decrease in changes in unrealized gains (losses) of $12.8 billion resulting primarily from decreases in the market value of our investment portfolio and to a lesser extent a decline in net realized gains of $1.3 billion resulting primarily from a lower level of realization activity during the period. Substantially all of our net gains (losses) from investment activities are related to our private equity investments. The following is a summary of the components of net gains (losses) from investment activities:

	Year Ended December 31,	
	2008	2007
	($ in thousands)	
Realized Gains	$ 446,856	$ 1,885,562
Unrealized Losses from Sales of Investments and Realization of Gains	(345,477)	(1,709,601)
Realized Losses	(193,446)	(328,461)
Unrealized Gains from Sales of Investments and Realization of Losses	101,402	255,720
Unrealized Gains from Changes in Fair Value	2,681,711	4,732,096
Unrealized Losses from Changes in Fair Value	(15,635,766)	(3,723,744)
Net Gains (Losses) from Investment Activities	$ (12,944,720)	$ 1,111,572

Dividend Income

Dividend income was $75.4 million for the year ended December 31, 2008, a decrease of $672.1 million, or 89.9%, from the year ended December 31, 2007. Our dividends are generally earned in connection with sales of significant operations undertaken by our portfolio companies resulting in available cash that is distributed to our private equity funds. During the year ended December 31, 2008, we received $74.2 million of dividends from two portfolio companies and an aggregate of $1.2 million of comparatively smaller dividends from other investments. During the year ended December 31, 2007, we received $717.7 million of dividends from eight portfolio companies and an aggregate of $29.8 million of comparatively smaller dividends from four portfolio companies.

Interest Income

Interest income was $129.6 million for the year ended December 31, 2008, a decrease of $89.3 million, or 40.8%, from the year ended December 31, 2007. The decrease primarily reflects a $63.7 million decrease in interest income earned in our Public Markets segment that was attributable to the deconsolidation, during the second quarter of 2007, of one of the structured finance vehicles that we manage as well as a decrease of $66.6 million in interest income earned from cash management activities at the KPE Investment Partnership following the deployment of a greater percentage of its cash to investments. Cash management activities resulting in lower cash balances at our management companies resulted in a decrease in interest income of $7.3 million. Offsetting these decreases were increases in income earned from cash management activities at our private equity funds of $48.3 million.

Interest Expense

Interest expense was $125.6 million for the year ended December 31, 2008, an increase of $39.3 million, or 45.6%, from the year ended December 31, 2007 and average outstanding borrowings were $2.2 billion and $1.5 billion for the years ended December 31, 2008 and 2007, respectively. The increase was primarily attributable to increased borrowings at the KPE Investment Partnership and leveraged structures used by the KPE Investment Partnership and our private equity funds to enhance returns on certain assets which collectively resulted in the recognition of $61.2 million of additional interest expense. In addition, interest expense increased at our management company and capital markets business by $9.8 million. This increase was due primarily to an increase in borrowings at the management company resulting in an additional $5.1 million in interest expense as well as the amortization of deferred financing costs incurred in connection with credit agreements entered into in early 2008 of $4.7 million. These increases were offset by a decrease of $31.7 million in our Public Markets segment resulting primarily from the deconsolidation, during the second quarter of 2007, of one of the structured finance vehicles that we manage.

Income (Loss) before Taxes

Due to the factors described above, loss before taxes was $13.0 billion for the year ended December 31, 2008, a decrease of $15.5 billion compared to income before taxes of $2.4 billion for the year ended December 31, 2007.

Net (Loss) Income Attributable to Noncontrolling Interests

Net (loss) income attributable to noncontrolling interests was $11.9 billion for the year ended December 31, 2008, a decrease of $13.4 billion compared to income attributable to noncontrolling interests of $1.6 billion for the year ended December 31, 2007. The decrease primarily reflects net loss attributable to noncontrolling interests, which were driven by the overall changes in the components of net gains (losses) from investment activities described above.

Assets Under Management

The following table reflects the changes in our assets under management from December 31, 2007 to December 31, 2008:

December 31, 2007 AUM	$ 53,215,700
New Capital Raised	11,075,000
Distributions	(605,531)
Change in Value	(15,234,469)
December 31, 2008 AUM	$ 48,450,700

AUM was $48.5 billion as of December 31, 2008, a decrease of $4.7 billion, or 8.8%, from December 31, 2007. The decrease was due primarily to $12.7 billion of net unrealized losses resulting from changes in the market values of the portfolio companies in our Private Markets segment, a $2.5 billion decrease in capital relating to one fixed income fund and certain structured finance vehicles that we manage, and $0.6 billion of distributions from our traditional private equity funds comprised of $0.5 billion of realized gains and $0.1 billion of original cost. These decreases were offset by the formation of the European Fund III, which received $6.4 billion of capital commitments from fund investors during 2008 and a $4.6 billion increase associated with capital managed on behalf of third party investors in our Public Markets segment.

Fee Paying Assets Under Management

The following table reflects the changes in our fee paying assets under management from December 31, 2007 to December 31, 2008:

December 31, 2007 FPAUM	$ 39,862,168
New Capital Raised	8,775,000
Distributions	(755,387)
Change in European Fund II Fee Base	(272,659)
Change in Value	(4,197,322)
December 31, 2008 FPAUM	$ 43,411,800

FPAUM was $43.4 billion as of December 31, 2008, an increase of $3.5 billion, or 8.8%, from December 31, 2007. The increase was due primarily to capital commitments from the formation of our European Fund III, which received $6.1 billion of fee paying capital commitments from fund investors during 2008, as well as $2.6 billion associated with capital managed on behalf of third party investors in our Public Markets segment. This increase was partially offset by $1.7 billion of net unrealized losses resulting primarily from changes in the NAV of KPE due to changes in the market value of our underlying private equity portfolio companies, a $2.4 billion decrease resulting from changes in the market value of our fixed income investment vehicles, distributions of $0.8 billion primarily representing the reduction of fee paying invested capital associated with realization activity in our private equity funds, and a $0.3 billion reduction in our fee base due to the European II Fund moving from investment period to post-investment period. For additional discussion of our funds and other investment vehicles, please see "Business."

Segment Analysis

The following is a discussion of the results of our three reportable business segments for the years ended December 31, 2007, 2008 and 2009. You should read this discussion in conjunction with the information included under "—Basis of Financial Presentation—Segment Results" and the consolidated and combined financial statements and related notes included elsewhere in this document.

Private Markets Segment

The following tables set forth information regarding the results of operations and certain key operating metrics for our Private Markets segment for the years ended December 31, 2007, 2008 and 2009.

	Year Ended December 31,		
	2007	2008	2009
Fees			
Management and Incentive Fees:			
Management Fees	$ 258,325	$ 396,394	$ 415,207
Incentive Fees	—	—	—
Total Management and Incentive Fees	258,325	396,394	415,207
Net Monitoring and Transaction Fees:			
Monitoring Fees	70,370	97,256	158,243
Transaction Fees	683,100	23,096	57,699
Total Fee Credits	(230,640)	(12,698)	(73,900)
Net Transaction and Monitoring Fees	522,830	107,654	142,042
Total Fees	781,155	504,048	557,249
Expenses			
Employee Compensation and Benefits	177,957	135,204	147,801
Other Operating Expenses	186,811	212,692	169,357
Total Expenses	364,768	347,896	317,158
Fee Related Earnings	416,387	156,152	240,091
Investment Income			
Gross Carried interest	305,656	(1,197,387)	826,193
Less: Allocation to KKR carry pool	(18,176)	8,156	(57,971)
Less: Management fee refunds	(26,798)	29,611	(22,720)
Net carried interest	260,682	(1,159,620)	745,502
Other investment income (loss)	97,945	(230,053)	128,528
Total Investment Income	358,627	(1,389,673)	874,030
Income (Loss) before Income (Loss) Attributable to Noncontrolling Interests	775,014	(1,233,521)	1,114,121
Income (Loss) Attributable to Noncontrolling Interests	—	—	497
Economic Net Income	$ 775,014	$ (1,233,521)	$ 1,113,624
Assets Under Management (period end)	$ 42,234,800	$ 35,283,700	$ 38,842,900
Fee paying assets under management (period end)	$ 35,881,268	$ 39,244,700	$ 36,484,400
Committed Dollars Invested	$ 14,854,200	$ 3,168,800	$ 2,107,700
Uncalled Commitments (period end)	$ 11,530,417	$ 14,930,142	$ 13,728,100

Year ended December 31, 2009 Compared to Year ended December 31, 2008

Fees

Fees in our Private Markets segment were $557.2 million for the year ended December 31, 2009, an increase of $53.2 million, or 10.6%, from the year ended December 31, 2008. The increase was primarily due to a $34.4 million increase in net transaction and monitoring fees. The increase in net transaction and monitoring fees was primarily the result of (i) an increase in gross transaction fees of $34.6 million reflecting an increase in transaction-fee generating private equity investments during the period (we completed twelve transaction-fee generating transactions in 2009 compared to four transaction-fee generating transactions in 2008); (ii) an increase in gross monitoring fees of $61.0 million reflecting the net impact of an increase of $72.2 million relating to fees received for the termination of monitoring fee contracts in connection with public equity offerings of two of our portfolio companies and a net $11.2 million decrease in fees received from certain portfolio companies due primarily to a decline in the number of portfolio companies paying a monitoring fee and a lower average fee received; and (iii) an increase in credits earned by limited partners under fee sharing arrangements in our private equity funds of $61.2 million due to the increase in transaction and monitoring fees. During the year ended December 31, 2009, excluding one-time fees received from the termination of monitoring fee contracts, we had 30 portfolio companies that were paying an average monitoring fee of $2.9 million, compared with 33 portfolio companies that were paying an average fee of $3.0 million during the year ended December 31, 2008. In addition there was an $18.8 million increase in management fees which was primarily the result of a full year of fees associated with the European III fund which began earning fees in the second quarter of 2008.

Expenses

Expenses were $317.2 million for the year ended December 31, 2009, a decrease of $30.7 million, or 8.8%, from the year ended December 31, 2008. The decrease was primarily due to the net impact of the following: (i) a decrease in transaction related expenses of $14.0 million attributable to unconsummated transactions during the period, from $28.2 million to $14.2 million for the years ended December 31, 2008 and 2009, respectively; (ii) decreases in operating expenses of $36.4 million (excluding the non-recurring charge described below) primarily as a result of a reduction in professional and other service provider fees; (iii) an increase in occupancy costs of $7.1 million reflecting the opening of new offices subsequent to December 31, 2008 as well as an increase in existing office space; and (iv) an increase in employee compensation and benefits expense of $12.6 million resulting from an increase in salaries reflecting the hiring of additional personnel in connection with the expansion of our business as well as an increase in incentive compensation in connection with higher bonuses in 2009 reflecting improved overall financial performance of our private markets management company when compared to the prior period. Our Private Markets expenses exclude a $34.8 million charge incurred in connection with the Transactions. Management has excluded this charge from our segment financial information as such amount will be not be considered when assessing the performance of or allocating resources to, each of our business segments, and is non-recurring in nature. On a consolidated basis, this charge is included in general, administrative and other expenses.

Fee Related Earnings

Due primarily to the increase in fees described above, fee related earnings in our Private Markets segment were $240.1 million for the year ended December 31, 2009, an increase of $83.9 million, or 53.7%, from the year ended December 31, 2008.

Investment Income (Loss)

Investment income is composed of net carried interest and other investment income (loss). Carried interests entitle the general partner of our private equity funds to a greater allocable share of the fund's earnings from investments relative to the capital contributed by the general partner and correspondingly reduces third party investors' share of those earnings. Carried interests are earned on realized and unrealized gains (losses) on fund investments as well as dividends received by our funds. Gross carried interest is reduced for carry pool allocations and refunds of management fees payable upon the recognition of carried interest. Other investment income (loss) is comprised of realized and unrealized gains (losses) and dividends on capital invested by the general partners of our funds, interest income and interest expense. Investment income was $874.0 million for the year ended December 31, 2009, an increase of $2.3 billion compared to investment losses of $1.4 billion for the year ended December 31, 2008. For the year ended December 31, 2009, investment income (loss) was comprised of (i) net carried interest of $745.5 million, which includes gross carried interest of $826.2 million, allocations to our carry pool of ($58.0) million and management fee refunds of ($22.7) million and (ii) other investment income (loss) of $128.5 million, which includes net gains from investment activities of $106.4 million, dividends of $23.7 million and net interest expense of $1.6 million. Allocations to our carry pool represent 40% of carried interest earned in funds and vehicles eligible to receive carry distributions to be allocated to our principals plus any allocation of carried interest to our other employees as part of our profit sharing plan. No carry pool allocations are recorded in funds and vehicles that are in either a clawback position or a net loss sharing position and therefore carry pool allocations may not always equal 40% of gross carried interest. Prior to October 1, 2009, allocations to our carry pool consisted only of allocations to our employee profit sharing plan. The amount of carried interest earned during the fourth quarter of fiscal year 2009 for those funds and vehicles eligible to receive carried interest amounted to $92,253 of which the carry pool will be allocated 40% and the remaining 60% allocated to KKR Group Holdings and KKR Holdings based on their respective ownership percentages. The increase in investment income of $2.3 billion from the year ended December 31, 2008 is primarily due to an increase in net unrealized gains of $2.4 billion resulting primarily from increases in the market value of our private equity portfolio. Offsetting this increase was realization activity that represented a net loss during the year ended December 31, 2009 of $39.1 million and a net gain during the year ended December 31, 2008 of $72.8 million which resulted in a net unfavorable variance in realization activity from the prior period of $111.9 million.

Economic Net Income (Loss)

Economic net income in our Private Markets segment was $1.1 billion for the year ended December 31, 2009, an increase of $2.3 billion compared to economic net loss of $1.2 billion for the year ended December 31, 2008. The increased investment income described above was the main contributor to the period over period increase in economic net income.

Assets Under Management

The following table reflects the changes in our Private Markets assets under management from December 31, 2008 to December 31, 2009:

December 31, 2008 AUM	$ 35,283,700
Exclusion of KPE(a)	(3,514,400)
New Capital Raised	683,300
Distributions	(808,600)
Change in Value	7,198,900
December 31, 2009 AUM	$ 38,842,900

(a) The assets under management reported prior to the Transactions reflected the NAV of KPE and its commitments to our investment funds. Subsequent to the Transactions, the NAV of KPE and its commitments to our investment funds are excluded from our calculation of assets under management as fees and carried interest paid by KPE are eliminated in consolidation.

AUM in our Private Markets segment was $38.8 billion at December 31, 2009, an increase of $3.5 billion, or 9.9%, compared to $35.3 billion at December 31, 2008. The increase was primarily attributable to $7.2 billion of net unrealized gains resulting from changes in the market values of our portfolio companies, as well as $0.7 billion in new capital raised in our European III Fund, E2 Investors and separately managed accounts. This increase was partially offset by distributions from our funds totaling $0.8 billion comprised of $0.5 billion of realized gains and $0.3 billion of return of original cost. In addition, the change in AUM included a $3.5 billion reduction representing the exclusion of the NAV of KPE and its commitments to our investment funds.

Fee Paying Assets Under Management

The following table reflects the changes in our Private Markets fee paying assets under management from December 31, 2008 to December 31, 2009:

December 31, 2008 FPAUM	$ 39,244,800
Exclusion of KPE(a)	(3,175,900)
New Capital Raised	609,000
European Fund III/E2 Investors	(571,600)
Distributions	(325,058)
Change in Value	703,158
December 31, 2009 FPAUM	$ 36,484,400

(a) The fee paying assets under management reported prior to the Transactions reflected the NAV of KPE. Subsequent to the Transactions, the NAV of KPE is excluded from our calculation of fee paying assets under management as fees paid by KPE are eliminated in consolidation.

FPAUM in our Private Markets segment was $36.5 billion at December 31, 2009, a $2.7 billion decrease, or 6.9%, compared to $39.2 billion at December 31, 2008. The decrease was primarily attributable to a $3.2 billion reduction representing the exclusion of the NAV of KPE and its commitments to our investment funds. In addition, the decrease was attributable to distributions of $0.3 billion primarily representing the reduction of capital associated with realization activity and $0.6 billion related to capital that was transferred from a fee paying private equity fund (European Fund III) to a non-fee paying private equity fund (E2 Investors). These decreases were partially offset

by new capital raised of $0.6 billion in our European III Fund and separately managed accounts and $0.7 billion of foreign exchange adjustments on foreign denominated committed and invested capital. For additional discussion of our private equity funds and private equity fund vehicles, please see "Business."

Committed Dollars Invested

Committed dollars invested were $2.1 billion for the year ended December 31, 2009, a decrease of $1.1 billion, or 33.5%, from the year ended December 31, 2008. The decrease was due primarily to a decrease in both the size and transaction volume of private equity investments closed during 2009 as compared with 2008.

Uncalled Commitments

As of December 31, 2009, our private equity funds had $13.7 billion of remaining uncalled capital commitments that could be called to make investments.

Year ended December 31, 2008 Compared to Year ended December 31, 2007

Fees

Fees in our Private Markets segment were $504.0 million for the year ended December 31, 2008, a decrease of $277.1 million, or 35.5%, from the year ended December 31, 2007. The decrease was primarily due to a decrease in gross transaction fees earned in our Private Markets segment of $660.0 million reflecting a decrease in transaction-fee generating private equity investments during the period. We completed four transaction-fee generating transactions in 2008 compared to thirteen transaction-fee generating transactions in 2007. Offsetting this decrease was an increase in management fees relating to our private equity funds of $138.1 million. The increase was primarily due to an increase of $100.6 million relating to the formation of the European III fund which began earning fees in the second quarter of 2008 as well as a full year of fees in 2008 relating to the Asian Fund formed in mid-2007. Gross monitoring fees increased $26.9 million in our Private Markets segment primarily reflecting an increase in the average monitoring fee received. During the year ended December 31, 2008, we had 33 portfolio companies that were paying an average fee of $3.0 million, compared with 40 portfolio companies that were paying an average fee of $1.7 million during the year ended December 31, 2007. In addition, a $217.9 increase was related to a decrease in fee credits earned by limited partners under fee sharing arrangements in our private equity funds primarily as a result of reduced transaction fees partially offset by the increase in monitoring fees.

Expenses

Expenses in our Private Markets segment were $347.9 million for the year ended December 31, 2008, a decrease of $16.9 million, or 4.6%, from the year ended December 31, 2007. The decrease was primarily due to a $42.8 million decrease in employee compensation and benefits resulting from a decrease in incentive compensation in connection with lower bonuses in 2008 reflecting the lower income of our private markets management company when compared to the prior period, offset by increases relating to the hiring of additional personnel after December 31, 2007 in connection with the expansion of our business. Offsetting this decrease is the net impact of the following: (i) an increase in other operating expenses of $29.1 million primarily as a result of an increase in expenses in connection with the overall growth of our existing businesses; (ii) an increase in occupancy charges of $9.3 million reflecting the opening of new offices in Beijing, Sydney, Houston and Washington, D.C. subsequent to December 31, 2007 as well as an increase in existing office space and (iii) a decrease in transaction related expenses of $12.5 million attributable to unconsummated transactions, from $40.7 million to

$28.2 million for the years ended December 31, 2007 and 2008, respectively, reflecting a slowdown in the overall level of investment activity during the period.

Fee Related Earnings

Fee related earnings in our Private Markets segment were $156.2 million for the year ended December 31, 2008, a decrease of $260.2 million, or 62.5%, from the year ended December 31, 2007. The significant decrease in fees, as described above, was the main contributor to the year over year decrease in fee related earnings.

Investment Income (Loss)

Investment income is comprised of net carried interest and other investment income (loss). Carried interests entitle the general partner of our funds to a greater allocable share of the fund's earnings from investments relative to the capital contributed by the general partner and correspondingly reduces third party investors share of those earnings. Carried interests are earned on realized and unrealized gains (losses) on fund investments as well as dividends received by our funds. Gross carried interest is reduced for carry pool allocations and refunds of management fees payable upon the recognition of carried interest. Other investment income (loss) is comprised of realized and unrealized gains (losses) and dividends on capital invested by the general partners of our funds, interest income and interest expense. Investment losses were $1.4 billion for the year ended December 31, 2008, a decrease of $1.8 billion compared to investment income of $358.6 million for the year ended December 31, 2007. Investment income was comprised of net losses from investment activities of $1.4 billion, dividends of $18.7 million and net interest expense of $1.8 million. The overall decrease in net gains from investment activities compared to the prior period was primarily attributable to a net decrease in changes in unrealized gains (losses) of $1.4 billion resulting primarily from net decreases in the market value of our investment portfolio and to a lesser extent a decline in net realized gains of $279.1 million resulting primarily from a lower level of sales activity during the period. Dividends decreased $144.0 million as a result of fewer dividends as well as a lower average dividend received during 2008 while net interest expense increased $16.3 million primarily as a result of increased borrowings as well as the amortization of deferred financing costs incurred in connection with credit agreements entered into in early 2008 at our management company and capital markets business. Carried interest represented $(1.2) billion of total investment losses for the year ended December 31, 2008 and $0.3 billion of total investment income for the year ended December 31, 2007.

Economic Net Income (Loss)

Economic net loss in our Private Markets segment was $1.2 billion for the year ended December 31, 2008, a decrease of $2.0 billion compared to economic net income of $0.8 billion for the year ended December 31, 2007. The investment losses described above were the main contributors to the period over period decrease in economic net income.

Assets Under Management

The following table reflects the changes in our Private Markets assets under management from December 31, 2007 to December 31, 2008:

December 31, 2007 AUM	$ 42,234,800
New Capital Raised	6,441,000
Distributions	(605,531)
Change in Value	(12,786,569)
December 31, 2008 AUM	$ 35,283,700

AUM in our Private Markets segment were $35.3 billion as of December 31, 2008, a decrease of $6.9 billion, or 16.4%, from December 31, 2007. The decrease was due primarily to $12.8 billion of net unrealized losses resulting from changes in the market values of our portfolio companies in our Private Markets segment and $0.6 billion of distributions from our traditional private equity funds comprised of $0.5 billion of realized gains and $0.1 billion of original cost. Offsetting these decreases were increases associated with the formation of our European Fund III, which received $6.4 billion of capital commitments from fund investors during the year ended December 31, 2008.

Fee Paying Assets Under Management

The following table reflects the changes in our Private Markets fee paying assets under management from December 31, 2007 to December 31, 2008:

December 31, 2007 FPAUM	$ 35,881,268
New Capital Raised	6,141,000
Distributions	(755,387)
Change in European Fund II Fee Base	(272,659)
Change in Value	(1,749,422)
December 31, 2008 FPAUM	$ 39,244,800

FPAUM in our Private Markets segment was $39.2 billion at December 31, 2008, an increase of $3.3 billion, or 9.2%, compared to $35.9 billion at December 31, 2007. This increase was due primarily to capital commitments from the formation of our European Fund III, which received $6.1 billion of fee paying capital commitments from fund investors during 2008. This increase was partially offset by $1.7 billion of net unrealized losses resulting primarily from changes in the NAV of KPE due to changes in the market value of its underlying private equity portfolio companies, distributions of $0.8 billion primarily representing the reduction of fee paying invested capital associated with realization activity, as well as $0.3 billion reduction in fee base due to the European II Fund moving from investment period to post-investment period. For additional discussion of our private equity funds and private equity fund vehicles, please see "Business."

Committed Dollars Invested

Committed dollars invested were $3.2 billion for the year ended December 31, 2008, a decrease of $11.7 billion, or 78.7%, from the year ended December 31, 2007. The decrease was due primarily to a decrease in the number of private equity transactions closed during the year ended December 31, 2008.

Uncalled Commitments

As of December 31, 2008, our private equity funds had $14.9 billion of remaining unused capital commitments that could be called for investment in new private equity transactions.

Public Markets Segment

The following tables set forth information regarding the results of operations and certain key operating metrics for our Public Markets segment for the years ended December 31, 2007, 2008 and 2009.

	Year Ended December 31,		
	2007	2008	2009
Fees			
Management and Incentive Fees:			
Management Fees	$ 53,183	$ 59,342	$ 50,754
Incentive Fees	23,335	—	4,472
Total Management and Incentive Fees	76,518	59,342	55,226
Expenses			
Employee Compensation and Benefits	23,518	20,566	24,086
Other Operating Expenses	4,928	6,200	20,586
Total Expenses	28,446	26,766	44,672
Fee Related Earnings	48,072	32,576	10,554
Investment Income (Loss)	15,006	10,687	(5,260)
Income (Loss) before Income (Loss) Attributable to Noncontrolling Interests	63,078	43,263	5,294
Income (Loss) Attributable to Noncontrolling Interests	23,264	6,421	15
Economic Net Income	$ 39,814	$ 36,842	$ 5,279
Assets Under Management (period end)	$ 10,980,900	$ 13,167,000	$ 13,361,300
Fee paying assets under management (period end)	$ 3,980,900	$ 4,167,000	$ 6,295,400
Uncalled Commitments (period end)	$ —	$ —	$ 816,327

Year ended December 31, 2009 Compared to Year ended December 31, 2008

Fees

Our Public Markets segment earned fees of $55.2 million for the year ended December 31, 2009, a decrease of $4.1 million, or 6.9%, from the year ended December 31, 2008. The decrease is primarily the result of a $15.2 million decrease in management fees received from the Strategic Capital Funds due to reduced management fee rates for all investor classes and a lower average net asset value during the year ended December 31, 2009. In addition, there was a $10.2 million decrease in fees received from KFN due primarily to a lower average equity value during the year ended December 31, 2009, offset by an incentive fee received in 2009. These decreases were offset by increases primarily resulting from an increase of $7.3 million in management fees resulting from an increase in capital managed on behalf of third party investors and an increase in management fees from structured finance vehicles totaling $14.0 million. Beginning in 2009 we elected to temporarily receive management fees from structured finance vehicles in lieu of being reimbursed $13.0 million of expenses by KFN and the Strategic Capital Funds, thereby providing incremental cash flow, which otherwise would have been unavailable, to the investors in these entities. The election to receive management fees in lieu of expense reimbursements had an insignificant cash flow impact on us.

Expenses

Expenses in our Public Markets segment were $44.7 million for the year ended December 31, 2009, an increase of $17.9 million, or 66.9% from the year ended December 31, 2008. The increase was primarily attributable to our waiving of $13.0 million of expense reimbursements during 2009 from KFN and the Strategic Capital Funds, as noted above. Additionally, employee compensation and benefits expense increased by $3.5 million, which was primarily due to increased headcount.

Investment Income (Loss)

Our Public Markets segment had an investment loss of $5.3 million for the year ended December 31, 2009, a decrease of $15.9 million, or 149.2%, from the year ended December 31, 2008. This decrease was primarily driven by an increase in non-cash stock based compensation expense associated with equity grants received from KFN.

Fee Related Earnings

Due primarily to the increase in expenses described above, fee related earnings in our Public Markets segment were $10.6 million for the year ended December 31, 2009, a decrease of $22.0 million compared to fee related earnings of $32.6 million for the year ended December 31, 2008.

Economic Net Income

Economic net income in our Public Markets segment was $5.3 million for the year ended December 31, 2009, a decrease of $31.6 million compared to economic net income of $36.8 million for the year ended December 31, 2008. The decrease in fee related earnings described above was the main contributor to the period over period decrease in economic net income.

Assets Under Management

The following table reflects the changes in our Public Markets assets under management from December 31, 2008 to December 31, 2009:

December 31, 2008 AUM	$ 13,167,000
Exclusion of KPE(a)	(62,600)
New Capital Raised	1,416,300
Distributions	(2,000,000)
Investor Redemptions	(634,700)
Change in Value	1,475,300
December 31, 2009 AUM	$ 13,361,300

(a) The assets under management reported prior to the Transactions reflected the NAV of KPE and its commitments to our investment funds. Subsequent to the Transactions, the NAV of KPE and its commitments to our investment funds are excluded from our calculation of assets under management as fees and carried interest paid by KPE are eliminated in consolidation.

AUM in our Public Markets segment were $13.4 billion at December 31, 2009, an increase of $0.2 billion, or 1.5%, compared to $13.2 billion at December 31, 2008. The increase was driven by $1.5 billion of net unrealized gains resulting from improvement in the overall credit markets, as well as $1.4 billion in new capital raised in our separately managed accounts. Offsetting these increases were distributions totaling $2.0 billion due to the restructuring of a structured finance vehicle, as well as $0.6 billion of investor redemptions from one of our fixed income funds.

Fee Paying Assets Under Management

The following table reflects the changes in our Public Markets fee paying assets under management from December 31, 2008 to December 31, 2009:

December 31, 2008 FPAUM	$ 4,167,000
Exclusion of KPE(a)	(62,600)
New Capital Raised	1,400,000
Distributions	—
Investor Redemptions	(634,700)
Change in Value	1,425,700
December 31, 2009 FPAUM	$ 6,295,400

(a) The fee paying assets under management reported prior to the Transactions reflected the NAV of KPE. Subsequent to the Transactions, the NAV of KPE is excluded from our calculation of fee paying assets under management as fees paid by KPE are eliminated in consolidation.

FPAUM in our Public Markets segment was $6.3 billion at December 31, 2009, an increase of $2.1 billion, or 50.0%, compared to $4.2 billion at December 31, 2008. This increase was driven primarily by $1.4 billion of net unrealized gains resulting from improvement in the overall credit markets, as well as $1.4 billion in new capital raised in our separately managed accounts. Offsetting these increases was a decrease of $0.6 billion due to investor redemptions from one of our fixed income funds. For additional discussion of our investment funds, structured finance vehicles and separately managed accounts, please see "Business."

Uncalled Commitments

As of December 31, 2009, our Public Markets segment had $816.3 million of remaining uncalled capital commitments that could be called to make investments.

Year ended December 31, 2008 Compared to Year ended December 31, 2007

Fees

Our Public Markets segment earned fees of $59.3 million for the year ended December 31, 2008, a decrease of $17.2 million, or 22.4%, from the year ended December 31, 2007. This decrease was primarily due to the absence of incentive fees from KFN and the Strategic Capital Funds in 2008 due to unfavorable financial performance. For the year ended December 31, 2007, our Public Markets segment earned incentives fees from KFN and the Strategic Capital Funds of $17.5 million and $5.8 million, respectively. This decrease was partially offset by an increase of $4.5 million in management fees from incremental capital managed on behalf of third party investors.

Expenses

Expenses in our Public Markets segment were $26.8 million for the year ended December 31, 2008, a decrease of $1.7 million, or 5.9%, from the year ended December 31, 2007. This decrease was driven by a decrease in employee compensation and benefits expense of $3.0 million as a result of lower incentive compensation driven by lower bonuses in 2008 reflecting less favorable overall financial performance of our public markets management company when compared to the prior period.

Investment Income (Loss)

Our Public Markets segment had investment income of $10.7 million for the year ended December 31, 2008, a decrease of $4.3 million, or 28.8%, from the year ended December 31, 2007. This decrease was primarily driven by a decrease in non-cash stock based compensation fees from equity grants received from KFN in exchange for management services rendered by us.

Fee Related Earnings

Fee related earnings in our Public Markets segment were $32.6 million for the year ended December 31, 2008, a decrease of $15.5 million, or 32.2%, from the year ended December 31, 2007. The decrease in fees, as described above, was the main contributor to the year over year decrease in fee related earnings.

Noncontrolling Interests in Income of Consolidated Entities

Noncontrolling interests in income of consolidated entities were $6.4 million for the year ended December 31, 2008, a decrease of $16.8 million, or 72.4%, from the year ended December 31, 2007. The decrease reflects a lower level of fee related earnings in the current period as well as the purchase of the noncontrolling interests in the manager of our Public Markets segment on May 30, 2008.

Economic Net Income

Due primarily to the reduction in fees described above, offset by the purchase of noncontrolling interests in the manager of our Public Markets segment on May 30, 2008, economic net income for our Public Markets segment was $36.8 million for the year ended December 31, 2008, a decrease of $3.0 million, or 7.5%, from the year ended December 31, 2007.

Assets Under Management

The following table reflects the changes in our Public Markets assets under management from December 31, 2007 to December 31, 2008:

December 31, 2007 AUM	$ 10,980,900
New Capital Raised	4,634,000
Distributions	—
Change in Value	(2,447,900)
December 31, 2008 AUM	$ 13,167,000

AUM in our Public Markets segment were $13.2 billion as of December 31, 2008, an increase of $2.2 billion, or 20.0%, from December 31, 2007. The increase was due primarily to a $4.6 billion increase associated with newly raised capital managed on behalf of third party investors offset by a $2.4 billion decrease in the capital relating to changes in the market value of certain of the fixed income funds and structured finance vehicles that we manage.

Fee Paying Assets Under Management

The following table reflects the changes in our Public Markets fee paying assets under management from December 31, 2007 to December 31, 2008:

December 31, 2007 FPAUM	$ 3,980,900
New Capital Raised	2,634,000
Distributions	—
Change in Value	(2,447,900)
December 31, 2008 FPAUM	$ 4,167,000

FPAUM in our Public Markets segment was $4.2 billion at December 31, 2008, an increase of $0.2 billion, or 5.0%, from December 31, 2007. New capital raised of $2.6 billion in our fixed income funds and separately managed accounts was largely offset by a $2.4 billion decrease resulting from changes in the market value of our fixed income investment vehicles. For additional discussion of our investment funds, structured finance vehicles and separately managed accounts, please see "Business."

Capital Markets and Principal Activities Segment

The following table sets forth information regarding the results of operations and certain key operating metrics for our Capital Markets and Principal Activities segment for the years ended December 31, 2008 and 2009. The Capital Markets and Principal Activities segment was formed upon completion of the Transactions by combining our capital markets business with the assets and liabilities

of KPE. As a result, we have reclassified the results of our capital markets business since inception into this segment.

	Year Ended December 31, 2008	2009
Fees		
Management and Incentive Fees:		
Management Fees	$ —	$ —
Incentive Fees	—	—
Total Management and Incentive Fees	—	—
Net Monitoring and Transaction Fees:		
Monitoring Fees	—	—
Transaction Fees	18,211	34,129
Total Fee Credits	—	—
Net Transaction and Monitoring Fees	18,211	34,129
Total Fees	18,211	34,129
Expenses		
Employee Compensation and Benefits	7,094	9,455
Other Operating Expenses	5,820	6,021
Total Expenses	12,914	15,476
Fee Related Earnings	5,297	18,653
Investment Income		
Gross Carried interest	—	—
Less: Allocation to KKR carry pool	—	—
Less: Management fee refunds	—	—
Net carried interest	—	—
Other investment income (loss)	(4,129)	349,679
Total Investment Income	(4,129)	349,679
Income (Loss) before Income (Loss) Attributable to Noncontrolling Interests	1,168	368,332
Income (Loss) Attributable to Noncontrolling Interests	(37)	581
Economic Net Income	$ 1,205	$ 367,751

Year ended December 31, 2009 Compared to Year ended December 31, 2008

Fees

Fees in our Capital Markets and Principal Activities segment were $34.1 million for the year ended December 31, 2009, an increase of $15.9 million, or 87.4%, from the year ended December 31, 2008. The increase was due to an increase in the number of capital markets transactions during the period. We completed 11 capital markets transactions in 2009, as compared to 9 transactions in 2008. These transactions generated $34.1 million of underwriting, syndication and other capital markets services fees in 2009, compared to $18.2 million in 2008.

Expenses

Expenses were $15.5 million for the year ended December 31, 2009, an increase of $2.6 million, or 19.8%, from the year ended December 31, 2008. Substantially all of the increase was comprised of an increase in employee compensation and benefits expense resulting from an increase in salaries and

bonuses in 2009 in connection with increased revenues when compared to the prior period and, to a lesser extent, an increase in headcount.

Fee Related Earnings

Due primarily to the increases in fees as mentioned above, fee related earnings in our Capital Markets and Principal Activities segment were $18.7 million for the year ended December 31, 2009, an increase of $13.4 million, as compared to fee related earnings of $5.3 during the year ended December 31, 2008.

Investment Income (Loss)

Investment income was $349.7 million for the year ended December 31, 2009, an increase of $353.8 million as compared to investment loss of $4.1 million for the year ended December 31, 2008. The 2009 amounts primarily reflect income earned on our principal assets acquired from KPE and were comprised of $24.5 million of net realized gains, $333.6 million of net unrealized gains, $0.5 million of dividend income and $8.9 million of net interest expense. Net realized gains were comprised of $14.1 million from the partial sale of certain private equity co-investments, $7.9 million from the partial sale of certain private equity fund investments and $2.5 million from the sale of other investments. The net unrealized gains were comprised of $196.0 million of net unrealized appreciation of private equity co-investments, $98.1 million of net appreciation of private equity fund investments and $39.5 million of net appreciation of other investments. The 2008 amounts primarily reflect interest expense at our capital markets business.

Economic Net Income (Loss)

Economic net income in our Capital Markets and Principal Activities segment was $367.8 million for the year ended December 31, 2009 as compared to $1.2 million for the year ended December 31, 2008. The increase in fee related earnings as described above was the main contributor to the increase in economic net income.

Segment Partners' Capital

The following table presents our segment statement of financial condition as of December 31, 2009:

	As of December 31, 2009			
	Private Markets Segment	Public Markets Segment	Capital Markets and Principal Activities Segment	Total Reportable Segments
Cash and cash equivalents	$ 51,015	$ 9,089	$ 496,554	$ 556,658
Investments	—	—	4,108,359	4,108,359
Unrealized Carry	156,149	—	—	156,149
Other Assets	154,964	53,319	55,219	263,502
Total Assets	$ 362,128	$ 62,408	$ 4,660,132	$ 5,084,668
Debt Obligations	$ —	$ —	$ 733,697	$ 733,697
Other Liabilities	84,936	12,300	85,802	183,038
Total Liabilities	$ 84,936	$ 12,300	$ 819,499	$ 916,735
Noncontrolling interests	$ 130	$ 527	$ 14,392	$ 15,049
Partners' Capital	$ 277,062	$ 49,581	$ 3,826,241	$ 4,152,884

The following table reconciles Total Reportable Segments Partners' Capital to total Group Holdings Partners' Capital:

	As of December 31, 2009
Total Reportable Segments Partners' Capital	4,152,884
Current and Deferred Income Taxes	(60,566)
Accumulated Amortization of Intangible Assets	(5,999)
Allocations to former principals	(110)
Total Consolidated Partners' Capital	4,086,209
Current and Deferred Income Taxes Allocable to Group Holdings	64,756
Non-cash equity based compensation allocable to KKR Holdings	(562,373)
Distributions to KKR Holdings	6,760
Total KKR Group Partnership Partners' Capital	3,595,352
KKR Guernsey's Interest in Our Combined Business	30%
Subtotal	1,078,605
Current and Deferred Income Taxes Allocable to Group Holdings	(64,756)
Total Group Holdings Partners' Capital	$ 1,013,849

Liquidity

We have managed our historical liquidity and capital requirements by focusing on our cash flows before the consolidation of our funds and the effect of normal changes in short term assets and liabilities, which we anticipate will be settled for cash within one year. Our primary cash flow activities on an unconsolidated basis involve: (i) generating cash flow from operations; (ii) generating income from investment activities; (iii) funding capital commitments that we have made to our funds; (iv) funding our growth initiatives; (v) distributing cash flow to our owners; and (vi) borrowings and repayments under credit agreements.

Sources of Cash

Our principal source of cash consists of cash and cash equivalents contributed to the KKR Group Partnerships as part of the Transactions. We will also receive cash from time to time from: (i) our operating activities, including the fees earned from our funds, managed accounts, portfolio companies, capital markets transactions and other investment products; (ii) realizations on carried interest from our investment funds; (iii) realizations from principal investments; and (iv) borrowings under our credit facilities described below.

Carried interest is distributed to the general partner of a vehicle with a clawback or net loss sharing provision only after all of the following are met: (i) a realization event has occurred (e.g. sale of a portfolio company, dividend, etc.); (ii) the vehicle has achieved positive overall investment returns since its inception; and (iii) all of the cost has been returned to investors with respect to investments with a fair value below remaining cost.

We have access to funding under various credit facilities that we have entered into with major financial institutions. The following is a summary of the principal terms of these facilities:

- In February 2008, the management company for our private equity funds entered into a credit agreement with a major financial institution providing for revolving borrowings of up to $1.0 billion with a $50.0 million sublimit for swingline notes and a $25.0 million sublimit for letters of credit. This facility has a term of three years that expires in February 2011, which may be extended through February 2013 at our option. As of December 31, 2009, $25.0 million was outstanding under this facility and the interest rate on such borrowings was approximately 0.7% as of December 31, 2009. Subsequent to December 31, 2009, the outstanding principal and accrued interest as of December 31, 2009 were repaid.

- In February 2008, the holding company for our capital markets business entered into a credit agreement with a major financial institution. The credit agreement provides for revolving borrowings of up to $500.0 million. This facility has a term of five years that expires in February 2013. As of December 31, 2009, there were no borrowings outstanding under this agreement. Borrowings under this facility may only be used for our capital markets business.

- In June 2007, the KPE Investment Partnership entered into a five-year revolving credit agreement with a syndicate of lenders. The credit agreement provides for up to $925.0 million of senior secured credit, subject to availability under a borrowing base determined by the value of certain investments pledged as collateral security for obligations under the agreement. The borrowing base is subject to certain investment concentration limitations and the value of the investments constituting the borrowing base is subject to certain advance rates based on type of investment. As of December 31, 2009, the interest rates on borrowings under the credit agreement ranged from 1.0% to 1.5%. As of December 31, 2009, we had $708.7 million of borrowings outstanding. Subsequent to December 31, 2009, $404.1 million of revolving borrowings were repaid.

From time to time, we may borrow amounts to satisfy general short-term needs of our business by opening short-term lines of credit with established financial institutions. These amounts are generally

repaid within 30 days, at which time such short-term lines of credit would close. There were no such borrowings as of December 31, 2009.

Liquidity Needs

We expect that our primary liquidity needs will consist of cash required to: (i) continue to grow our business, including funding our capital commitments made to existing and future funds and any net capital requirements of our capital markets companies; (ii) service debt obligations, including any contingent liabilities that give rise to future cash payments; (iii) fund cash operating expenses; (iv) pay amounts that may become due under our tax receivable agreement with KKR Holdings; and (v) make cash distributions in accordance with our distribution policy. See "Distribution Policy." We may also require cash to fund contingent obligations under clawback and net-loss sharing arrangements. See "—Liquidity—Contractual Obligations, Commitments and Contingencies on an Unconsolidated Basis." We believe that the sources of liquidity described below will be sufficient to fund our working capital requirements for the next 12 months.

As described under "Business," the agreements governing our active investment funds generally require the general partners of the funds to make minimum capital commitments to the funds, which usually range from 2% to 4% of a fund's total capital commitments at final closing. In addition, as a result of the Transactions, we are now responsible for the uncalled commitments once attributable to the KPE Investment Partnership as a partner in our private equity funds. The following table presents our uncalled commitments to our active investment funds as of December 31, 2009:

	Uncalled Commitments		
	General Partner	Acquired from KPE	Total
Private Markets			
2006 Fund	$ 89,508	$ 371,243	$ 460,751
Asian Fund	59,659	170,023	229,682
European III Fund	259,076	270,184	529,260
E2 Investors (Annex Fund)	20,399	15,875	36,274
Total Private Markets Commitments	428,642	827,325	1,255,967
Public Markets			
Separately Managed Accounts	16,327	—	16,327
Total Uncalled Commitments	$ 444,969	$ 827,325	$ 1,272,294

Historically, we have funded commitments with cash from operations that otherwise would be distributed to our owners. We expect to fund future commitments with available cash, proceeds from realizations of principal assets and other sources of liquidity available to us.

We and our intermediate holding company, a taxable corporation for U.S. federal income tax purposes, may be required to acquire KKR Group Partnership Units from time to time pursuant to our exchange agreement with KKR Holdings. KKR Management Holdings L.P. intends to make an election under Section 754 of the Internal Revenue Code in effect for each taxable year in which an exchange of KKR Group Partnership Units for common units occurs, which may result in an increase in our intermediate holding company's share of the tax basis of the assets of the KKR Group Partnerships at the time of an exchange of KKR Group Partnership Units. These exchanges are expected to result in an increase in our intermediate holding company's share of the tax basis of the tangible and intangible assets of the KKR Group Partnerships, primarily attributable to a portion of the goodwill inherent in our business, that would not otherwise have been available. This increase in tax basis may increase depreciation and amortization deductions for tax purposes and therefore reduce the amount of income tax our intermediate holding company would otherwise be required to pay in the future. This increase

in tax basis may also decrease gain (or increase loss) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

We have entered into a tax receivable agreement with KKR Holdings requiring our intermediate holding company to pay to KKR Holdings or transferees of its KKR Group Partnership Units 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that the intermediate holding company actually realizes as a result of this increase in tax basis, as well as 85% of the amount of any such savings the intermediate holding company actually realizes as a result of increases in tax basis that arise due to future payments under the agreement. A termination of the agreement or a change of control could give rise to similar payments based on tax savings that we would be deemed to realize in connection with such events. This payment obligation is an obligation of our intermediate holding company and not of either KKR Group Partnership. As such, the cash distributions to common unitholders may vary from holders of KKR Group Partnership Units (held by KKR Holdings and others) to the extent payments are made under the tax receivable agreements to selling holders of KKR Group Partnership Units. As the payments reflect actual tax savings received by KKR entities, there may be a timing difference between the tax savings received by KKR entities and the cash payments to selling holders of KKR Group Partnership Units.

We expect our intermediate holding company to benefit from the remaining 15% of cash savings, if any, in income tax that it realizes. In the event that other of our current or future subsidiaries become taxable as corporations and acquire KKR Group Partnership Units in the future, or if we become taxable as a corporation for U.S. federal income tax purposes, we expect that each will become subject to a tax receivable agreement with substantially similar terms. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

We intend to make quarterly cash distributions in amounts that in the aggregate are expected to constitute substantially all of the cash earnings of our asset management business in excess of amounts determined by our Managing Partner to be necessary or appropriate to provide for the conduct of our business, to make appropriate investments in our business and our investment funds and to comply with applicable law and any of our debt instruments or other agreements. We do not intend to distribute gains on principal assets, other than potentially certain tax distributions to the extent that distributions for the relevant tax year were otherwise insufficient to cover tax liabilities of our partners, as calculated by us. See "Distribution Policy."

Contractual Obligations, Commitments and Contingencies on an Unconsolidated Basis

In the ordinary course of business, we enter into contractual arrangements that may require future cash payments. The following table sets forth information relating to anticipated future cash payments as of December 31, 2009 on an unconsolidated basis.

	Payments due by Period				
Types of Contractual Obligations	**<1 Year**	**1-3 Years**	**3-5 Years**	**>5 Years**	**Total**
			($ in millions)		
Uncalled commitments to investment funds(1)	$ 1,272.3	$ —	$ —	$ —	$ 1,272.3
Debt payment obligations(2)	350.0	733.7	—	—	1,083.7
Interest obligations on debt(3)	53.6	11.6	—	—	65.2
Lease obligations	30.4	52.6	47.9	93.9	224.8
Total	$ 1,706.3	$ 797.9	$ 47.9	$ 93.9	$ 2,646.0

(1) These uncalled commitments represent dollars committed by us to fund a portion of the purchase price paid for each investment made by our investment funds. Because capital contributions are due on demand, the above commitments have been presented as falling due within one year. However, given the size of such commitments and the rates at which our investment funds make

investments, we expect that the capital commitments presented above will be called over a period of several years. See "—Liquidity—Liquidity Needs."

(2) Subsequent to December 31, 2009, the $350.0 million of obligations due within 1 year were repaid in connection with the settlement of an investment underlying these obligations and $429.1 million of other obligations were repaid.

(3) These interest obligations on debt represent estimated interest to be paid over the maturity of the related debt obligation, which has been calculated assuming no prepayments are made and the related debt is held until its final maturity date. Future interest rates have been calculated using rates in effect as of December 31, 2009, including both variable and fixed rates provided for by the relevant debt agreements. The amounts presented above include accrued interest on outstanding indebtedness.

In the normal course of business, we also enter into contractual arrangements that contain a variety of representations and warranties and that include general indemnification obligations. Our maximum exposure under such arrangements is unknown due to the fact that the exposure would relate to claims that may be made against us in the future. Accordingly, no amounts have been included in our consolidated and combined financial statements as of December 31, 2009 relating to indemnification obligations.

The partnership documents governing our private equity funds generally include a "clawback" provision that, if triggered, may give rise to a contingent obligation that may require the general partner to return amounts to the fund for distribution to investors at the end of the life of the fund. The terms of the Transactions require that our principals remain responsible for any clawback obligation relating to carry distributions received prior to the Transactions up to a maximum of $223.6 million. Carry distributions arising subsequent to the Transactions may give rise to clawback obligations that will be allocated generally to carry pool participants and the Combined Business in accordance with the terms of the instruments governing the KKR Group Partnerships.

The instruments governing certain of our private equity funds may also include a "net loss sharing provision," that, if triggered, may give rise to a contingent obligation that may require the general partners to contribute capital to the fund, to fund 20% of the net losses on investments attributed to the limited partners of such fund. In connection with the "net loss sharing provisions," certain of our private equity vehicles allocate a greater share of their investment losses to us relative to the amounts contributed by us to those vehicles. In these vehicles, such losses would be required to be paid by us to the limited partners in those vehicles in the event of a liquidation of the fund regardless of whether any carried interest had been previously distributed. Based on the fair market values as of December 31, 2009, our contingent repayment obligation would have been approximately $93.6 million. If the vehicles were liquidated at zero value, the contingent repayment obligation would have been approximately $1,182.7 million as of December 31, 2009.

Unlike the "clawback" provisions, the Combined Business will be responsible for amounts due under net loss sharing arrangements and will indemnify our principals for personal guarantees that they have provided with respect to such amounts. See "Certain Relationships and Related Party Transactions—Guarantee of Contingent Obligations to Fund Partners; Indemnification."

Contractual Obligations, Commitments and Contingencies on a Consolidated Basis

In the ordinary course of business, we and our consolidated funds enter into contractual arrangements that may require future cash payments. The following table sets forth information relating to anticipated future cash payments as of December 31, 2009. This table differs from the

earlier table setting forth contractual commitments on an unconsolidated basis principally because this table includes the obligations of our consolidated funds.

Types of Contractual Obligations	Payments due by Period				
	<1 Year	1-3 Years	3-5 Years	>5 Years	Total
	($ in millions)				
Uncalled commitment to investment funds(1)	$ 14,544.4	$ —	$ —	$ —	$ 14,544.4
Debt payment obligations(2)	350.0	905.1	180.1	625.0	2,060.2
Interest obligations on debt(3)	135.2	39.0	19.7	72.0	265.9
Lease obligations	30.4	52.6	47.9	93.9	224.8
Total	$ 15,060.0	$ 996.7	$ 247.7	$ 790.9	$ 17,095.3

(1) These uncalled commitments represent dollars committed by us and our fund investors to fund a portion of the purchase price paid for each investment made by our investment funds. Because capital contributions are due on demand, the above commitments have been presented as falling due within one year. However, given the size of such commitments and the rates at which our investment funds make investments, we expect that the capital commitments presented above will be called over a period of several years. See "—Liquidity—Liquidity Needs."

(2) Certain of our consolidated funds have entered into financing arrangements in connection with specific investments with the objective of enhancing returns. Such financing arrangements include $796.4 million of financing provided through total return swaps and $180.1 million of financing provided through a term loan and revolving credit facility. These financing arrangements have been entered into with the objective of enhancing returns and are not direct obligations of the general partners of our private equity funds or our management companies.

Subsequent to December 31, 2009, the $350.0 million of obligations due within 1 year were repaid in connection with the settlement of an investment underlying these obligations. Also subsequent to December 31, 2009, $429.1 million of other obligations were repaid.

(3) These interest obligations on debt represent estimated interest to be paid over the maturity of the related debt obligation, which has been calculated assuming no prepayments are made and the related debt is held until its final maturity date. Future interest rates have been calculated using rates in effect as of December 31, 2009, including both variable and fixed rates provided for by the relevant debt agreements. The amounts presented above include accrued interest on outstanding indebtedness.

Off Balance Sheet Arrangements

Other than contractual commitments and other legal contingencies incurred in the normal course of our business, we do not have any off-balance sheet financings or liabilities.

Consolidated Statement of Cash Flows

The accompanying combined statements of cash flows include the cash flows of our consolidated funds despite the fact that we have only a minority economic interest in those funds. The assets of consolidated funds, on a gross basis, are substantially larger than the assets of our business and, accordingly, have a substantial effect on the cash flows reflected in our combined statements of cash flows. The primary cash flow activities of our consolidated funds involve: (i) raising capital from fund investors; (ii) using the capital of fund investors to make investments; (iii) financing certain investments with indebtedness; (iv) generating cash flows through the realization of investments; and (v) distributing cash flows from the realization of investments to fund investors. Because our consolidated funds are treated as investment companies for accounting purposes, these cash flow amounts are included in our cash flows from operations.

Net Cash Used in Operating Activities

Our net cash used in operating activities was $0.3 billion, $2.4 billion and $8.5 billion during the years ended December 31, 2009, 2008 and 2007, respectively. These amounts primarily included: (i) purchases of investments by our funds, net of proceeds from sales of investments, of $1.2 billion, $1.9 billion and $11.8 billion during the years ended December 31, 2009, 2008 and 2007, respectively; (ii) net realized gains (losses) on investments of the consolidated funds of $(0.3) billion, $0.3 billion and $1.6 billion during the years ended December 31, 2009, 2008 and 2007, respectively; (iii) change in unrealized gains (losses) on investments of $7.8 billion, $(13.2) billion and $(0.4) billion for the years ended December 31, 2009, 2008 and 2007, respectively; and (iv) income (loss) attributable to noncontrolling interests of $6.0 billion, $(11.9) billion and $1.6 billion during the years ended December 31, 2009, 2008 and 2007, respectively. These amounts are reflected as operating activities in accordance with investment company accounting.

Net Cash Used in Investing Activities

Our net cash used in investing activities was $43.0 million, $61.7 million and $112.5 million during the years ended December 31, 2009, 2008 and 2007, respectively. Our investing activities included the purchases of furniture, equipment and leasehold improvements of $21.1 million, $13.1 million and $17.1 million, as well as an increase in restricted cash and cash equivalents to fund collateral requirements of $21.9 million, $4.5 million and $95.4 million for the years ended December 31, 2009, 2008 and 2007, respectively. In addition, for the year ended December 31, 2008, $44.2 million was used to purchase the noncontrolling interest in our Public Markets segment.

Net Cash Provided by Financing Activities

Our net cash provided by financing activities was $0.7 billion, $2.4 billion and $8.8 billion during the years ended December 31, 2009, 2008 and 2007, respectively. Our financing activities primarily included: (i) contributions, net of distributions made to noncontrolling interests, of $0.8 billion, $2.8 billion and $7.1 billion during the years ended December 31, 2009, 2008 and 2007, respectively; (ii) repayment of debt obligations net of proceeds received of $(0.3) billion, $(0.2) billion and $2.6 billion for the years ended December 31, 2009, 2008 and 2007, respectively; and (iii) distributions to, net of contributions by, our equity holders of $0.2 billion, $0.1 billion and $0.9 billion during the years ended December 31, 2009, 2008 and 2007, respectively.

Critical Accounting Policies

The preparation of our consolidated and combined financial statements in accordance with GAAP requires our management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues, income and expense. Our management bases these estimates and judgments on available information, historical experience and other assumptions that we believe are reasonable under the circumstances. However, these estimates, judgments and assumptions are often subjective and may be impacted negatively based on changing circumstances or changes in our analyses. If actual amounts are ultimately different from those estimated, judged or assumed, revisions are included in the consolidated and combined financial statements in the period in which the actual amounts become known. We believe the following critical accounting policies could potentially produce materially different results if we were to change underlying estimates, judgments or assumptions. Please see the notes to the consolidated and combined financial statements included elsewhere in this document for further detail regarding our critical accounting policies.

Principles of Consolidation

Our policy is to consolidate (i) those entities in which we hold a majority voting interest or have majority ownership and control over significant operating, financial and investing decisions of the entity including those KKR Funds in which the general partner is presumed to have control or (ii) entities determined to be variable interest entities ("VIEs") for which we are considered the primary beneficiary and absorb a majority of the expected losses or a majority of the expected residual returns, or both.

The majority of the entities consolidated by us are comprised of: (i) those entities in which we have majority ownership and have control over significant operating, financial and investing decisions and (ii) the consolidated KKR Funds, which are those entities in which we hold substantive, controlling general partner or managing member interests. With respect to the consolidated KKR Funds, we generally have operational discretion and control, and limited partners have no substantive rights to impact ongoing governance and operating activities of the fund.

The consolidated KKR funds do not consolidate their majority-owned and controlled investments in portfolio companies. Rather, those investments are accounted for as investments and carried at fair value as described below.

The KKR funds are consolidated notwithstanding the fact that we have only a minority economic interest in those funds. The consolidated and combined financial statements reflect the assets, liabilities, revenues, expenses, investment income and cash flows of the consolidated KKR Funds on a gross basis, and the majority of the economic interests in those funds, which are held by third-party investors, are attributed to noncontrolling interests in the accompanying consolidated and combined financial statements. Substantially all of the management fees and certain other amounts earned by us from those funds are eliminated in consolidation. However, because the eliminated amounts are earned from, and funded by, noncontrolling interests, our attributable share of the net income from those funds is increased by the amounts eliminated. Accordingly, the elimination in consolidation of such amounts has no effect on net income (loss) attributable to the Group Holdings or Group Holdings' partners' capital.

Noncontrolling interests represent the ownership interests held by entities or persons other than Group Holdings.

Fair Value of Investments

Our consolidated funds are treated as investment companies under investment company accounting guidance for the purposes of GAAP and, as a result, reflect their investments on the consolidated and combined statement of financial condition at fair value, with unrealized gains or losses resulting from changes in fair value reflected as a component of investment income in the consolidated and combined statements of operations. We have retained the specialized accounting of the consolidated funds.

We measure and report our investments in accordance with fair value accounting guidance, which establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I—Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include publicly listed equities and publicly listed

derivatives. In addition, securities sold, but not yet purchased and call options are included in Level I. We do not adjust the quoted price for these investments, even in situations where we hold a large position and a sale could reasonably affect the quoted price. We classified 22.6% of total investments measured and reported at fair value as Level I at December 31, 2009.

Level II—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. In certain cases, debt and equity securities are valued on the basis of prices from an orderly transaction between market participants provided by reputable dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices, market transactions in comparable investments and various relationships between investments. Investments which are generally included in this category include corporate bonds and loans, convertible debt indexed to publicly listed securities and certain over-the-counter derivatives. We classified 10.4% of total investments measured and reported at fair value as Level II at December 31, 2009.

Level III—Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include private portfolio companies held through our private equity funds. We classified 67.0% of total investments measured and reported at fair value as Level III at December 31, 2009. The valuation of our Level III investments at December 31, 2009 represents management's best estimate of the amounts that we would anticipate realizing on the sale of these investments at such date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and we consider factors specific to the investment.

When determining fair values of investments, we use the last reported market price as of the statement of financial condition date for investments that have readily observable market prices. If no sales occurred on such day, we use the "bid" price at the close of business on that date and, if sold short, the "asked" price at the close of business on that date day. Forward contracts are valued based on market rates or prices obtained from recognized financial data service providers.

The majority of our private equity investments are valued utilizing unobservable pricing inputs. Management's determination of fair value is based upon the best information available for a given circumstance and may incorporate assumptions that are management's best estimates after consideration of a variety of internal and external factors. We generally employ two valuation methodologies when determining the fair value of a private equity investment. The first methodology is typically a market multiples approach that considers a specified financial measure (such as EBITDA) and recent public market and private transactions and other available measures for valuing comparable companies. Other factors such as the applicability of a control premium or illiquidity discount, the presence of significant unconsolidated assets and liabilities and any favorable or unfavorable tax attributes are also considered in arriving at a market multiples valuation. The second methodology utilized is typically a discounted cash flow approach. In this approach, we will incorporate significant assumptions and judgments in determining the most likely buyer, or market participant for a hypothetical sale, which might include an initial public offering, private equity investor, strategic buyer or a transaction consummated through a combination of any of the above. Estimates of assumed growth rates, terminal values, discount rates, capital structure and other factors are employed in this approach. The ultimate fair value recorded for a particular investment will generally be within the range suggested by the two methodologies, adjusted for issues related to achieving liquidity including

size, registration process, corporate governance structure, timing, an initial public offering discount and other factors, if applicable. As discussed above, we utilize several unobservable pricing inputs and assumptions in determining the fair value of our private equity investments. These unobservable pricing inputs and assumptions may differ by investment and in the application of our valuation methodologies. Our reported fair value estimates could vary materially if we had chosen to incorporate different unobservable pricing inputs and other assumptions.

Approximately 22.6%, or $6.6 billion, and 9.9%, or $2.1 billion, of the value of our investments were valued using quoted market prices, which have not been adjusted, as of December 31, 2009 and 2008, respectively.

Approximately 77.4%, or $22.4 billion, and 90.1%, or $18.8 billion, of the value of our investments were valued in the absence of readily observable market prices as of December 31, 2009 and 2008, respectively. The majority of these investments were valued using internal models with significant unobservable market parameters and our determinations of the fair values of these investments may differ materially from the values that would have resulted if readily observable market prices had existed. Additional external factors may cause those values, and the values of investments for which readily observable market prices exist, to increase or decrease over time, which may create volatility in our earnings and the amounts of assets and partners' capital that we report from time to time.

Our calculations of the fair values of private company investments were reviewed by an independent valuation firm, who provided third-party valuation assistance to us, which consisted of certain limited procedures that we identified and requested it to perform. Upon completion of such limited procedures, the independent valuation firm concluded that the fair value, as determined by us, of those investments subjected to their limited procedures did not appear to be unreasonable. The limited procedures did not involve an audit, review, compilation or any other form of examination or attestation under generally accepted auditing standards. The general partners of our funds are responsible for determining the fair value of investments in good faith, and the limited procedures performed by the independent valuation firm are supplementary to the inquiries and procedures that the general partner of each fund is required to undertake to determine the fair value of the investments.

Changes in the fair value of the investments of our consolidated private equity funds may impact the net gains (losses) from investment activities of our private equity funds as described under "—Key Financial Measures—Investment Income—Net Gains (Losses) from Investment Activities." Based on the investments of our private equity funds as of December 31, 2009, we estimate that an immediate 10% decrease in the fair value of the funds' investments generally would result in a 10% immediate change in net gains (losses) from the funds' investment activities (including carried interest when applicable), regardless of whether the investment was valued using observable market prices or management estimates with significant unobservable pricing inputs. However, we estimate the impact that the consequential decrease in investment income would have on net income attributable to Group Holdings would be significantly less than the amount described above, given that a majority of the change in fair value would be attributable to noncontrolling interests.

Substantially all of the value of the investments in our consolidated fixed income funds were valued using observable market parameters, which may include quoted market prices, as of December 31, 2009 and 2008. Quoted market prices, when used, are not adjusted.

Revenue Recognition

Fees consist primarily of (i) monitoring and transaction fees that we receive from our portfolio companies and capital markets activities and (ii) management and incentive fees that we receive directly from our unconsolidated funds. These fees are based upon the contractual terms of the management and other agreements that we enter into with the applicable funds, portfolio companies and third parties. We recognize fees in the period during which the related services are performed and the amounts have been contractually earned in accordance with the relevant management or other agreements. Incentive fees are accrued either annually or quarterly after all contingencies have been removed.

Our consolidated private equity funds require the management company to refund up to 20% of any cash management fees earned from limited partners in the event that the funds recognize a carried interest. At such time as the fund recognizes a carried interest in an amount sufficient to cover 20% of the management fees earned or a portion thereof, a liability to the fund's limited partners is recorded and revenue is reduced for the amount of the carried interest recognized, not to exceed 20% of the management fees paid. As of December 31, 2009, the amount subject to refund for which no liability has been recorded totaled $148.9 million as a result of certain funds not yet recognizing sufficient carried interests. The refunds to the limited partners are paid, and the liabilities relieved, at such time that the underlying investments are sold and the associated carried interests are realized. In the event that a fund's carried interest is not sufficient to cover all or a portion of the amount that represents 20% of the earned management fees, these fees will not be refunded to the funds' limited partners, in accordance with the respective agreements.

Recognition of Investment Income

Investment income consists primarily of the unrealized and realized gains (losses) on investments (including the impacts of foreign currency on non-dollar denominated investments), dividend and interest income received from investments and interest expense incurred in connection with investment activities. Unrealized gains or losses result from changes in the fair value of our funds' investments during a period as well as the reversal of unrealized gains or losses in connection with realization events. Upon disposition of an investment, previously recognized unrealized gains or losses are reversed and a corresponding realized gain or loss is recognized in the current period. While this reversal generally does not significantly impact the net amounts of gains (losses) that we recognize from investment activities, it affects the manner in which we classify our gains and losses for reporting purposes.

Due to the consolidation of the majority of our funds, the share of our funds' investment income that is allocable to our carried interests and capital investments is not shown in the consolidated and combined financial statements. Instead, the investment income that Group Holdings retains in its net income, after allocating amounts to noncontrolling interests, represents the portion of its investment income that is allocable to us. Because the substantial majority of our funds are consolidated and because we hold only a minority economic interest in our funds' investments, our share of the investment income generated by our funds' investment activities is significantly less than the total amount of investment income presented in its consolidated and combined financial statements.

We recognize investment income with respect to our carried interests in investments of our private equity funds and co-investment vehicles, the capital invested by or on behalf of the general partners of our private equity funds and the noncontrolling interests that third-party fund investors hold in our consolidated funds.

Recognition of Carried Interests in Statement of Operations

Carried interests entitle the general partner of a fund to a greater allocable share of the fund's earnings from investments relative to the capital contributed by the general partner and correspondingly reduce noncontrolling interests' attributable share of those earnings. Amounts earned pursuant to carried interests in the KKR Funds are included as investment income in Net Gains (Losses) from Investment Activities and are earned by the general partner of those funds to the extent that cumulative investment returns are positive. If these investment returns decrease or turn negative in subsequent periods, recognized carried interest will be reduced and reflected as investment losses. Carried interest is recognized based on the contractual formula set forth in the instruments governing the fund as if the fund was terminated at the reporting date with the then estimated fair values of the investments realized. Due to the extended durations of our private equity funds, management believes that this approach results in income recognition that best reflects our periodic performance in the management of those funds.

The instruments governing our private equity funds generally include a "clawback" or, in certain instances, a "net loss sharing" provision that, if triggered, may give rise to a contingent obligation that may require the general partner to return or contribute amounts to the fund for distribution to investors at the end of the life of the fund.

Clawback Provision

Under a "clawback" provision, upon the liquidation of a private equity fund, the general partner is required to return, on an after-tax basis, previously distributed carry to the extent that, due to the diminished performance of later investments, the aggregate amount of carry distributions received by the general partner during the term of the fund exceed the amount to which the general partner was ultimately entitled.

Prior to the Transactions, certain KKR principals who received carried interest distributions with respect to the private equity funds had personally guaranteed, on a several basis and subject to a cap, the contingent obligations of the general partners of the private equity funds to repay amounts to fund limited partners pursuant to the general partners' clawback obligations. The terms of the Transactions require that KKR principals remain responsible for clawback obligations relating to carry distributions received prior to the Transactions up to a maximum of $223.6 million.

Carry distributions arising subsequent to the Transactions will be allocated generally to carry pool participants and the Combined Business in accordance with the terms of the instruments governing the KKR Group Partnerships.

Net Loss Sharing Provision

The instruments governing certain of our private equity funds may also include a "net loss sharing provision," that, if triggered, may give rise to a contingent obligation that may require the general partners to contribute capital to the fund, to fund 20% of the net losses on investments. In connection with the "net loss sharing provisions," certain of our private equity funds allocate a greater share of their investment losses to us relative to the amounts contributed by us to those vehicles. In these vehicles, such losses would be required to be paid by our to the limited partners in those vehicles in the event of a liquidation of the fund regardless of whether any carried interest had previously been distributed. Unlike the "clawback" provisions, we will be responsible for amounts due under net loss sharing arrangements and will indemnify our principals for personal guarantees that they have provided with respect to such amounts.

Recent Accounting Pronouncements

Effective January 2009, we adopted guidance on the accounting and financial statement presentation of noncontrolling (minority) interests. The guidance requires reporting entities to present non-redeemable noncontrolling interests as equity (as opposed to a liability or mezzanine equity) and provides guidance on the accounting for transactions between an entity and noncontrolling interest holders. As a result, (i) with respect to the statements of financial condition, noncontrolling interests have been reclassified as a component of Equity, (ii) with respect to the statements of operations, Net Income (Loss) is presented before noncontrolling interests and the statements of operations net to Net Income (Loss) Attributable to Group Holdings, and (iii) with respect to the statements of changes in equity, a roll forward column has been included for noncontrolling interests. The presentation and disclosure requirements have been applied retrospectively for all periods presented in accordance with the issued guidance. The guidance also clarifies the scope of accounting and reporting for decreases in ownership of a subsidiary to include groups of assets that constitute a business. The scope clarification did not have a material impact on the financial statements.

Effective January 1, 2009, we adopted guidance issued by the FASB regarding disclosures about derivative instruments and hedging activities. The purpose of the guidance is to improve financial reporting of derivative instruments and hedging activities. The guidance requires enhanced disclosures to enable investors to better understand how those instruments and activities are accounted for, how and why they are used and their effects on an entity's financial position, financial performance and cash flows. The adoption resulted in additional required disclosures relating to derivative instruments, which have been reflected in the accompanying financial statements.

Effective January 1, 2009, we adopted guidance on the determination of the useful life of intangible assets. The guidance amends the factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets. The new guidance applies prospectively to (a) intangible assets that are acquired individually or with a group of other assets and (b) both intangible assets acquired in business combinations and asset acquisitions. We did not acquire any intangible assets during the year ended December 31, 2009.

In April 2009, the Financial Accounting Standards Board ("FASB") updated Accounting Standards Codification Section 820 ("ASC 820") in order to help constituents estimate fair value when the volume and level of activity have significantly decreased for an asset or liability recorded at fair value, as well as including guidance on identifying circumstances that indicate a transaction is not orderly. The updated accounting guidance was effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. Early adoption is permitted for periods ending after March 15, 2009. The adoption of this ASC 820 update did not have a material impact on our financial statements.

In April 2009, the FASB updated Accounting Standards Codification Section 320 ("ASC 320") to provide new guidance on the recognition of other-than-temporary impairments of investments in debt securities and provide new presentation and disclosure requirements for other-than-temporary impairments of investments in debt and equity securities. The updated accounting guidance is effective for financial statements issued for interim or annual periods ending after June 15, 2009. The adoption of this ASC 320 update did not have a material impact on our financial statements.

In April 2009, the FASB updated Accounting Standards Codification Section 825 ("ASC 825") to require disclosures about fair value of financial instruments in interim reporting periods. Such disclosures were previously required only in annual financial statements. The updated disclosure guidance was effective for financial statements issued for interim or annual periods ending after June 15, 2009. The adoption of this ASC 825 update did not have a material impact on our financial statements.

In June 2009, the FASB issued Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*, and the FASB subsequently codified it as ASU 2009-17, updating ASC Section 810 *Consolidations* . The objective of ASU 2009-17 is to improve financial reporting by enterprises involved with variable interest entities. The FASB undertook this project to address (1) the effects on certain provisions of FASB Interpretation No. 46, *Consolidation of Variable Interest Entities—an Interpretation of ARB No. 51, as revised* ("FIN 46(R)"), as a result of the elimination of the qualifying special-purpose entity concept in ASU 2009-16, and (2) constituent concerns about the application of certain key provisions of FIN 46(R), including those in which the accounting and disclosures under the interpretation do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. ASU 2009-17 shall be effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. During February 2010, the scope of the ASU was modified to indefinitely exclude certain entities from the requirement to be assessed for consolidation. We are currently evaluating the potential impacts of the adoption of ASU 2009-17 on our statements of operations and financial condition.

In July 2009, the FASB issued *The FASB Accounting Codification and the Hierarchy of Generally Accepted Accounting Principles* , as defined in Accounting Standards Codification Section 105 ("Codification"). Codification will become the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of U.S. federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this Statement, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-SEC accounting literature not included in the Codification will become nonauthoritative. The Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. We adopted the guidance effective with the issuance of its December 31, 2009 financial statements. As the guidance is limited to disclosure in the financial statements and the manner in which we refer to GAAP authoritative literature, there was no material impact on our financial statements.

In September 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-06, *Income Taxes (Topic 740)—Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities* ("ASU 2009-06") which amended Accounting Standards Codification Subtopic 740-10, *Income Taxes—Overall* . The updated guidance considers an entity's assertion that it is a tax-exempt not for profit or a pass through entity as a tax position that requires evaluation under Subtopic 740-10. In addition, ASU 2009-06 provided implementation guidance on the attribution of income taxes to entities and owners. The revised guidance is effective for periods ending after September 15, 2009. The adoption of ASU 2009-06 did not have a material impact on the financial statements.

In September 2009, the FASB issued ASU No. 2009-12, Fair Value Measurements and Disclosures (Topic 820)— *Investments in Certain Entities That Calculate Net Asset Value per Share* (or Its Equivalent) ("ASU 2009-12") which amended Accounting Standards Codification Subtopic 820-10, *Fair Value Measurements and Disclosures—Overall* . The guidance permits, as a practical expedient, an entity holding investments in certain entities that calculate net asset value per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that net asset value per share or its equivalent without adjustment. The guidance also requires disclosure of the attributes of investments within the scope of the guidance by major category of investment. Such disclosures include the nature of any restrictions on an investor's ability to redeem its investments at the measurement date, any unfunded commitments and the investment strategies of the investee. The guidance is effective for interim and annual periods ending after December 15, 2009 with early adoption permitted. The adoption of ASU 2009-12 did not have a material impact on the fair value determination of applicable investments; however, it will result in additional required disclosures.

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures About Fair Value Measurements* which amended ASC 820, *Fair Value Measurements and Disclosures* . The updated guidance requires an entity to present detailed disclosures about transfers to and from Level 1 and 2 of the Valuation Hierarchy effective January 1, 2010 and requires an entity to present purchases, sales, issuances, and settlements on a "gross" basis within the Level 3 (of the Valuation Hierarchy) reconciliation effective January 1, 2011. We will adopt the guidance during 2010 and 2011, as required, and the adoption will have no material impact on our financial position or results of operations; however, it will result in additional required disclosures.

In February 2010, the FASB updated Accounting Standards Codification Section 855 ("ASC 855"), *Subsequent Events* , which addresses certain implementation issues related to an entity's requirement to perform and disclose subsequent event procedures. The updated guidance requires SEC filers and conduit debt obligors for conduit debt securities that are traded in a public market to evaluate subsequent events through the date the financials are issued. All other entities are required to "evaluate subsequent events through the date the financial statements are available to be issued." This guidance also exempts SEC filers from disclosing the date through which subsequent events have been evaluated. The guidance is effective immediately. We have taken into consideration this guidance when evaluating subsequent events and have included in the financial statements the required disclosures.

Qualitative and Quantitative Disclosures About Market Risk

Our exposure to market risks primarily relates to its role as general partner or manager of our funds and sensitivities to movements in the fair value of their investments, including the effect that those movements have on the management fees and carried interests that we receive. We have an increased exposure to market risks as a result of the principal assets. The fair value of investments may fluctuate in response to changes in the value of securities, foreign currency exchange rates and interest rates.

Market Risk

Our funds hold investments that are reported at fair value. Net changes in the fair value of investments impact the net gains from investments in our combined statements of operations. Based on the investments of our funds as of December 31, 2009, we estimate that a 10% decrease in the fair value of our funds' investments would result in a corresponding reduction in investment income. However, we estimate the impact that the consequential decrease in investment income would have on our reported income attributable to Group Holdings would be significantly less than the amount presented above, given that a substantial majority of the change in fair value would be attributable to noncontrolling interests.

Our base management fees in our private equity funds are calculated based on the amount of capital committed or invested by a fund, as described under "Business—Our Segments—Private Markets." In the case of our Public Markets business, management fees are often calculated based on the average NAV of the fund, vehicle, or specialty finance company, for that particular period. To the extent that base management fees are calculated based on the NAV of the fund's investments, the amount of fees that we may charge will be increased or decreased in direct proportion to the effect of changes in the fair value of the fund's investments. The proportion of our management and other amounts that are based on NAV depends on the number and type of funds in existence. Currently, a majority of our private equity funds are based on a percentage of committed or invested capital.

Securities Market Risk

Our investment funds make certain investments in portfolio companies whose securities are publicly traded. The market prices of securities may be volatile and are likely to fluctuate due to a number of factors beyond our control. These factors include actual or anticipated fluctuations in the

quarterly and annual results of such companies or of other companies in the industries in which they operate, market perceptions concerning the availability of additional securities for sale, general economic, social or political developments, industry conditions, changes in government regulation, shortfalls in operating results from levels forecasted by securities analysts, the general state of the securities markets and other material events, such as significant management changes, re-financings, acquisitions and dispositions. In addition, although our private equity funds primarily hold investments in portfolio companies whose securities are not publicly traded, the value of these investments may also fluctuate due to similar factors beyond our control.

Exchange Rate Risk

Our private equity funds make investments from time to time in currencies other than those in which their capital commitments are denominated. Those investments expose us and our fund investors to the risk that the value of the investments will be affected by changes in exchange rates between the currency in which the capital commitments are denominated and the currency in which the investments are made. Our policy is to minimize these risks by employing hedging techniques, including using foreign currency options and foreign exchange contracts to reduce exposure to future changes in exchange rates when our funds have invested a meaningful amount of capital in currencies other than the currencies in which their capital commitments are denominated.

Because most of the capital commitments to our funds are denominated in U.S. dollars, our primary exposure to exchange rate risk relates to movements in the value of exchange rates between the U.S. dollar and other currencies in which our investments are denominated (primarily euro, British pound and Australian dollars). We estimate that a simultaneous parallel movement by 10% in the exchange rates between the U.S. dollar and all of the major foreign currencies in which our funds' investments were denominated as of December 31, 2009 would result in net gains or losses from investment activities of our funds of $391.1 million. However, we estimate that the effect on its income before taxes and its net income from such a change would be significantly less than the amount presented above, because a substantial majority of the gain or loss would be attributable to noncontrolling interests in our funds.

Credit Risk

We are party to agreements providing for various financial services and transactions that contain an element of risk in the event that the counterparties are unable to meet the terms of such agreements. In these agreements, we depend on these counterparties to make payment or otherwise perform. We generally endeavor to minimize our risk of exposure by limiting the counterparties with which we enter into financial transactions to reputable financial institutions. In addition, availability of financing from financial institutions may be uncertain due to market events, and we may not be able to access these financing markets.

Interest Rate Risk

We have debt obligations that include revolving credit agreements and certain investment financing arrangements structured through the use of total return swaps which effectively convert third party capital contributions into our borrowings. These debt obligations accrue interest at variable rates, and changes in these rates would affect the amount of interest payments that we would have to make, impacting future earnings and cash flows. Based on our debt obligations payable at December 31, 2009 (inclusive of debt obligations of our consolidated funds), we estimate that interest expense relating to variable rates would increase on an annual basis by $20.6 million in the event interest rates were to increase by 100 basis points. The estimated impact on interest expense, excluding the debt obligations of our consolidated funds, is $10.8 million.

BUSINESS

Overview

Led by Henry Kravis and George Roberts, we are a global alternative asset manager with $52.2 billion in AUM as of December 31, 2009 and a 34-year history of leadership, innovation and investment excellence. When our founders started our firm in 1976, they established the principles that guide our business approach today, including a patient and disciplined investment process; the alignment of our interests with those of our investors, portfolio companies and other stakeholders; and a focus on attracting world-class talent.

Our business offers a broad range of asset management services to our investors and provides capital markets services to our firm, our portfolio companies and our clients. Throughout our history, we have consistently been a leader in the private equity industry, having completed more than 170 private equity investments with a total transaction value in excess of $425 billion. In recent years, we have grown our firm by expanding our geographical presence and building businesses in new areas, such as fixed income and capital markets. Our new efforts build on our core principles, leverage synergies in our business, and allow us to capitalize on a broader range of opportunities that we source. Additionally, we have increased our focus on servicing our existing investors and have invested meaningfully in developing relationships with new investors.

With over 600 people, we conduct our business through 14 offices on four continents, providing us with a pre-eminent global platform for sourcing transactions, raising capital and carrying out capital markets activities. We have grown our AUM significantly, from $15.1 billion as of December 31, 2004 to $52.2 billion as of December 31, 2009, representing a compounded annual growth rate of 28.1%. Our growth has been driven by value that we have created through our operationally focused investment approach, the expansion of our existing businesses, our entry into new lines of business, innovation in the products that we offer investors, an increased focus on providing tailored solutions to our clients and the integration of capital markets distribution activities.

As a global alternative asset manager, we earn management, monitoring, transaction and incentive fees for providing investment management, monitoring and other services to our funds, vehicles, managed accounts and portfolio companies, and we generate transaction-specific income from capital markets transactions. We earn additional investment income from investing our own capital alongside our investors and from the carried interest we receive from our funds and certain of our other investment vehicles. A carried interest entitles the sponsor of a fund to a specified percentage of investment gains that are generated on third-party capital that is invested.

We seek to consistently generate attractive investment returns by employing world-class people, following a patient and disciplined investment approach and driving growth and value creation in our portfolio. Our investment teams have deep industry knowledge and are supported by a substantial and diversified capital base, an integrated global investment platform, the expertise of operating consultants and senior advisors and a worldwide network of business relationships that provide a significant source of investment opportunities, specialized knowledge during due diligence and substantial resources for creating and realizing value for stakeholders. We believe that these aspects of our business will help us continue to expand and grow our business and deliver strong investment performance in a variety of economic and financial conditions.

Strengths

Over our history, we have developed a business approach that centers around three key principles: (i) adhere to a patient and disciplined investment process; (ii) align our interests with those of our investors and other stakeholders; and (iii) attract world-class talent for our firm and portfolio companies. Based on these principles, we have developed a number of strengths that we believe

differentiate us as an alternative asset manager and provide additional competitive advantages that can be leveraged to grow our business and create value. These include:

Firm Culture and People

When our founders started our firm in 1976, leveraged buyouts were a novel form of corporate finance. With no financial services firm to use as a model and little interest in copying an existing formula, our founders sought to build a firm based on principles and values that would provide a proper institutional foundation for years to come. We believe that our success and industry leadership has been largely attributable to the culture of our firm and the values we live by. We believe that our experienced and talented people, who represent our culture and values, have been the key to our success and growth. These values and our "one firm" culture will not change as a result of the U.S. Listing.

Leading Brand Name

The "KKR" name is associated with: experience and success in private equity transactions worldwide; a focus on operational value creation in portfolio companies; a strong investor base; a global network of leading business relationships; a reputation for integrity and fair dealing; creativity and innovation; and superior investment performance. The strength of our brand helps us attract world-class talent, raise capital and obtain access to investment opportunities. It has also provided the firm with a foundation to expand and diversify into new business lines. We intend to leverage this strength as we continue to grow and expand our businesses.

Global Presence and Integrated One Firm Approach

We are a global firm. Although our operations span multiple continents and business lines, we have a common culture and are focused on sharing knowledge, resources and best practices throughout our offices and across asset classes. With offices in 14 major cities on four continents, we have created an integrated global platform for sourcing and making investments in multiple asset classes and throughout the capital structure. Our global and diversified operations are supported by extensive local market knowledge, which provides an advantage for sourcing investments, consummating transactions and raising capital from a broad base of investors globally.

Our investment processes are overseen by investment committees that operate globally and a portfolio management committee monitors our private equity investments. Where appropriate, investment professionals across our various businesses work together and with our capital markets team to source and execute investment opportunities. We believe that operating as an integrated firm enhances the growth and stability of our business and helps optimize the decisions we make across asset classes and geographies.

Sourcing Advantage

We believe that we have a competitive advantage for sourcing new investment opportunities as a result of our internal deal generation strategies, industry expertise and global network. Across our businesses, our investment professionals are organized into industry groups and work closely with our operating consultants and senior advisors to identify attractive businesses. These teams conduct their own primary research, develop views on industry themes and trends, and identify companies in which we may want to invest.

We also maintain relationships with leading executives from major companies, commercial and investment banks and other investment and advisory institutions. Through our industry focus and global network, we often are able to obtain exclusive or limited access to investments that we identify. Our reputation as a patient and long-term investor also makes us an attractive source of capital for

companies and, through our relationships with major financial institutions, we generate additional transaction opportunities.

Distinguished Track Record Across Economic Cycles

We have successfully employed our patient and disciplined investment process through all types of economic and financial conditions, developing a track record that distinguishes the firm. From our inception through December 31, 2009, our private equity funds with at least 36 months of investment activity generated a cumulative gross IRR of 25.8%, compared to the 11.5% gross IRR achieved by the S&P 500 Index over the same period. Additionally, we established our fixed income business in 2004 and, despite difficult market conditions, the returns in each of our core strategies since inception have outperformed relevant benchmarks.

Sizeable Long-Term Capital Base

As of December 31, 2009, we had $52.2 billion of AUM, making us one of the largest independent alternative asset managers in the world. Our private equity funds and certain of our co-investment vehicles receive capital commitments from investors that may be called for during an investment period that typically lasts for six years and may remain invested for up to approximately 12 years from the acquisition date. In addition, our specialty finance company as well as our structured finance vehicles include capital that is either long-dated or has no fixed maturity. As of December 31, 2009, approximately 93%, or $48.6 billion, of our AUM had a contractual life at inception of at least 10 years, which has provided a stable source of long-term capital for our business.

Long-Standing Investor Relationships

We have established strong relationships with our investors, which has allowed us to raise significant amounts of capital for investment across a broad range of asset classes. We have a diversified group of investors, including some of the largest public and private pension plans, global financial institutions, university endowments and other institutional and public market investors. Many of these investors have invested with us for decades in various products that we have sponsored. We continue to develop relationships with new significant investors worldwide, providing an additional source of capital for our investment vehicles. We believe that the strength, breadth, duration and diversity of our investor relationships provides us with a significant advantage for raising capital from existing and new sources and will help us continue to grow our business.

Alignment of Interests

Since our inception, one of our fundamental philosophies has been to align the interests of the firm and our people with the interests of our investors, portfolio companies and other stakeholders. We achieve this by putting our own capital behind our ideas. We and our principals have over $6.5 billion invested in or committed to our own funds and portfolio companies, including $4.2 billion funded through our balance sheet, $1.3 billion of additional commitments to investment funds and $1.0 billion in personal investments.

Creativity and Innovation

We pioneered the development of the leveraged buyout and have worked throughout our history to create new and innovative structures for both raising capital and making investments. Our history of innovation includes establishing permanent capital vehicles for our Public Markets and Private Markets segments and developing new capital markets and distribution capabilities in North America, Europe and Asia.

Growth Strategy

We intend to grow our business and create value for our common unitholders by:

- generating superior returns on assets that we manage and our principal assets;
- growing our assets under management;
- entering new businesses and creating new products that leverage our core competencies;
- continuing our expansion into new geographies with respect to both investing and raising capital;
- expanding our capital markets business; and
- using our principal assets to grow and invest in our business.

Our Firm

Global Operations

With offices in New York, Menlo Park, San Francisco, Houston, Washington, D.C., London, Paris, Hong Kong, Tokyo, Beijing, Seoul, Mumbai, Dubai and Sydney, we have established ourselves as a leading global alternative asset manager. Our expansion outside of the United States began in 1995 when we made our first investment in Canada. Since that time, we have taken a long-term strategic approach to investing globally and have multilingual and multicultural investment teams that have local market knowledge and significant business, investment and operational experience in the countries in which we invest. We believe that our global capabilities have assisted us in raising capital and capturing a greater number of investment opportunities, while enabling us to diversify our operations.

While our operations span multiple continents and asset classes, our investment professionals are supported by an integrated infrastructure and operate under a common set of principles and business practices that are monitored by global committees. The firm operates with a single culture that rewards investment discipline, creativity, determination and patience and the sharing of information, resources, expertise and best practices across offices and asset classes. When appropriate, we staff transactions across multiple offices and businesses in order to take advantage of the industry-specific expertise of our investment professionals, and we hold regular meetings in which investment professionals throughout our offices share their knowledge and experiences. We believe that the ability to draw on the local cultural fluency of our investment professionals while maintaining a centralized and integrated global infrastructure distinguishes us from other alternative asset managers and has been a substantial contributing factor to our ability to raise funds, invest internationally and expand our businesses.

Global Committees

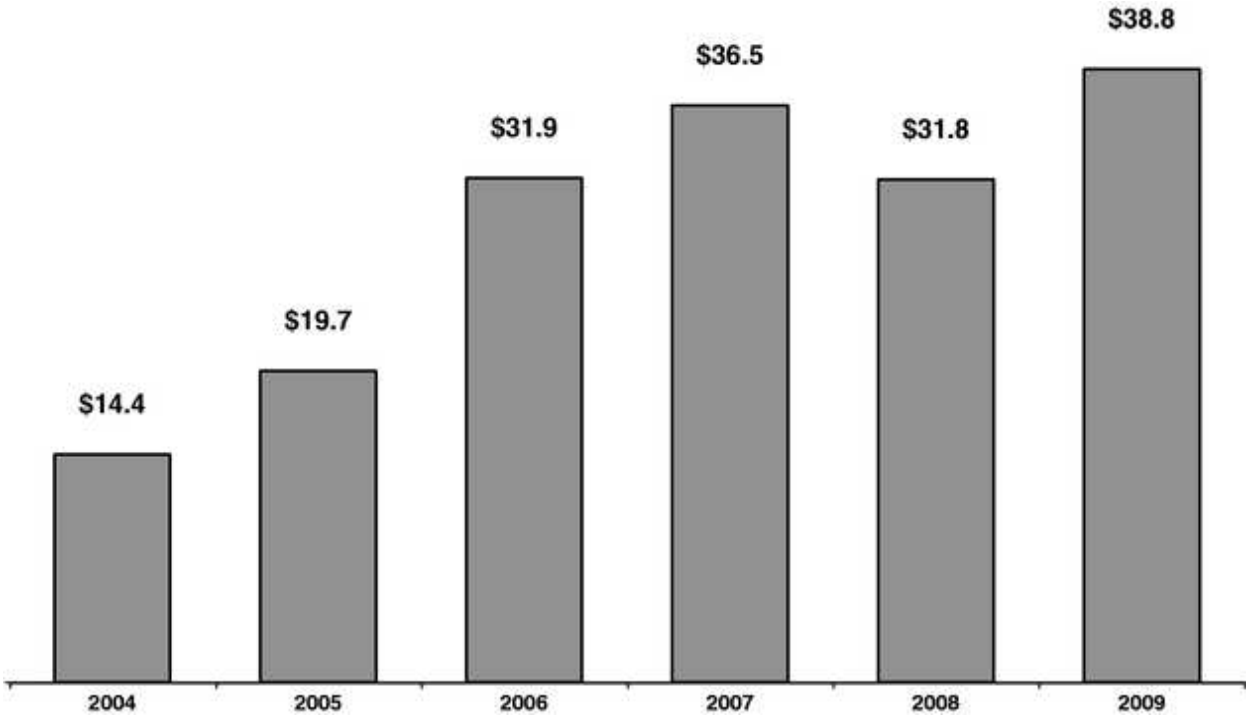
Our investment processes are overseen by investment and portfolio management committees that operate globally. Our investment committees are responsible for reviewing and approving all investments made by their business segments monitoring due diligence practices and providing advice in connection with the structuring, negotiation, execution and pricing of investments. Our portfolio management function is responsible for working with our investment professionals from the date on which a private equity or fixed income investment is made until the time the investment is exited in order to ensure that strategic and operational objectives are accomplished and that the performance of the investment is closely monitored.

Our Segments

Private Markets

Through our Private Markets segment, we manage and sponsor a group of investment funds and co-investment vehicles that invest capital for long-term appreciation, either through controlling ownership of a company or strategic minority positions. These investment funds and co-investment vehicles are managed by Kohlberg Kravis Roberts & Co. L.P., a registered investment advisor, and currently consist of a number of private equity funds that have a finite life and investment period, which are referred to as traditional private equity funds. As of December 31, 2009, the segment had $38.8 billion of AUM and our actively investing funds included geographically differentiated investment funds and vehicles with over $13.7 billion of unused capital commitments, providing a significant source of capital that may be deployed globally.

Private Markets Assets Under Management(1)
($ in billions)



(1) Assets under management are presented pro forma for the Combination Transaction and, therefore, exclude the net asset value of KKR Guernsey and its commitments to our investment funds.

Throughout our history, we have consistently been a leader in the private equity industry. We consistently look for opportunities to leverage our private equity experience to enter complementary businesses. We recognize the important role that infrastructure plays in the growth of both developed and developing economies, and believe that the global infrastructure market provides an opportunity for the firm's combination of private investment, operational improvement, and regulatory stakeholder management skills. We began building out our infrastructure operations as a complementary business in 2008 in order to capitalize on the growing demand for global infrastructure investment and provide investors with an opportunity to invest in infrastructure assets as a distinct asset class.

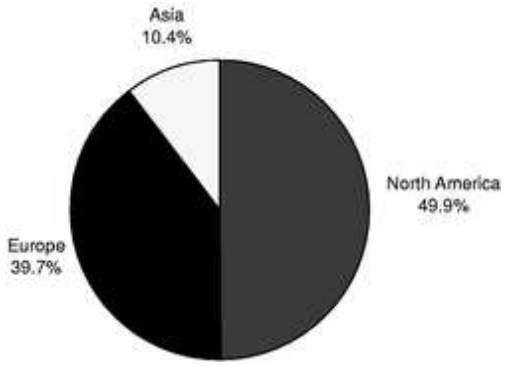
Experience

We are a world leader in private equity, having raised 15 traditional private equity funds with approximately $59.7 billion of capital commitments through December 31, 2009. We invest in industry-leading franchises and attract world-class management teams. Our investment approach leverages our capital base, sourcing advantage, global network, industry knowledge, and unique access to operating consultants and senior advisors, which we believe sets us apart from other private equity firms.

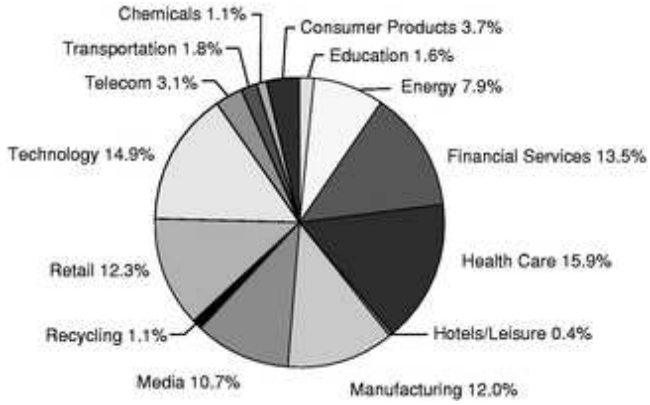
Portfolio

The following charts present information concerning the amount of capital invested by traditional private equity funds by geography and industry through December 31, 2009. We believe that this data illustrates the benefits of our business approach and our ability to source and invest in deals in multiple industries and geographies.

Dollars Invested by Geography (European Fund and Subsequent Funds as of December 31, 2009)



Dollars Invested by Industry (European Fund and Subsequent Funds as of December 31, 2009)



Our current private equity portfolio held among our European Fund and subsequent funds consists of approximately 50 companies with more than $200 billion of annual revenues and more than 900,000 employees worldwide. These companies are headquartered in 13 countries and operate in 14 general industries which take advantage of our broad and deep industry and operating expertise. Many of these companies are leading franchises with global operations, strong management teams and attractive growth prospects, which we believe will provide benefits through a broad range of business conditions, including the current economic cycle.

The following table presents information concerning the portfolio companies in our private equity portfolio as of December 31, 2009.

Company Name	Year of Investment	Industry	Country
TASC, Inc.	2009	Technology	United States
Far Eastern Leasing Co., Ltd.	2009	Financial Services	China
Eastman Kodak Company	2009	Technology	United States
BMG Rights Management GmbH	2009	Media	Germany
Oriental Brewery	2009	Consumer Products	South Korea
East Resources, Inc.	2009	Energy	United States
Ma Anshan Modern Farming	2008	Consumer Products	China
KKR Debt Investors S.à r.l.	2008	Financial Services	United States
Legg Mason, Inc.	2008	Financial Services	United States
Unisteel	2008	Technology	Singapore

Company Name	Year of Investment	Industry	Country
Northgate Information Solutions Limited	2008	Technology	United Kingdom
Bharti Infratel Limited	2008	Telecom	India
Harman International Industries, Inc.	2007	Consumer Products	United States
Laureate Education, Inc.	2007	Education	United States
Energy Future Holdings Corp.	2007	Energy	United States
First Data Corporation	2007	Financial Services	United States
Alliance Boots GmbH	2007	Health Care	United Kingdom
Biomet, Inc.	2007	Health Care	United States
Tarkett S.A.	2007	Manufacturing	France
Tianrui Group Cement Co., Ltd.	2007	Manufacturing	China
ProSiebenSat.1 Media AG	2007	Media	Germany
Dollar General Corporation	2007	Retail	United States
U.S. Foodservice, Inc.	2007	Retail	United States
MMI Holdings Limited	2007	Technology	Singapore
Yageo Corporation	2007	Technology	Taiwan
U.N. Ro-Ro Isletmeleri A.S.	2007	Transportation	Turkey
Capmark Financial Group Inc.	2006	Financial Services	United States
HCA Inc.	2006	Health Care	United States
BIS Cleanaway	2006	Recycling	Australia
KION Group GmbH	2006	Manufacturing	Germany
The Nielsen Company B.V.	2006	Media	United States
PagesJaunes Groupe S.A.	2006	Media	France
Seven Media Group	2006	Media	Australia
AVR Bedrijven N.V.	2006	Recycling	The Netherlands
Aricent Inc.	2006	Technology	India
NXP B.V.	2006	Technology	The Netherlands
TDC A/S	2006	Telecom	Denmark
Accellent Inc.	2005	Health Care	United States
Duales System Deutschland AG	2005	Recycling	Germany
Toys 'R' Us, Inc.	2005	Retail	United States
Avago Technologies Limited	2005	Technology	Singapore
SunGard Data Systems, Inc.	2005	Technology	United States
Sealy Corporation	2004	Consumer Products	United States
Jazz Pharmaceuticals, Inc.	2004	Health Care	United States
Visant Corporation	2004	Media	United States
A.T.U. Auto-Teile-Unger Holding GmbH	2004	Retail	Germany
Maxeda B.V.	2004	Retail	The Netherlands
Rockwood Holdings, Inc.	2004	Chemicals	United States
KSL Holdings—Hotel del Coronado	2003	Hotel Leisure	United States
Legrand Holdings S.A.	2002	Manufacturing	France

The table below presents information as of December 31, 2009 relating to our traditional private equity funds. This data does not reflect acquisitions or disposals of investments, changes in investment values or distributions occurring after December 31, 2009.

	As of December 31, 2009								
	Investment Period		Amount						
	Commence-ment Date(1)	End Date(1)	Commit-ment(2)	Uncalled Commit-ments	Percentage Committed by General Partner	Invested	Realized	Remaining Cost(3)	Fair Value (4)
	(Amounts in millions, except percentages)								
Private Markets									
E2 Investors (Annex Fund)	8/2009	11/2011	$ 555.1	$ 499.7	4.1%	$ 55.4	$ —	$ 55.4	$ 59.3
European Fund III	3/2008	3/2014	6,215.2	5,948.3	4.4%	266.9	—	266.9	194.9
Asian Fund	7/2007	7/2013	4,000.0	2,399.1	2.5%	1,600.9	—	1,600.9	1,713.2
2006 Fund	9/2006	9/2012	17,642.2	4,618.5	2.1%	13,023.6	215.1	12,813.4	12,252.3
European Fund II	11/2005	10/2008	5,750.8	—	2.1%	5,750.8	606.1	5,491.3	3,418.7
Millennium Fund	12/2002	12/2008	6,000.0	—	2.5%	6,000.0	5,141.7	4,766.5	5,261.9
European Fund	12/1999	12/2005	3,085.4	—	3.2%	3,085.4	5,913.6	705.0	1,936.1
Co-Investme Vehicles	Various	Various	1,662.8	262.5	0.2%	1,400.3	71.2	1,378.3	1,706.3
Total			44,911.5	13,728.1		31,183.3	11,947.7	27,077.7	26,542.7

(1) The commencement date represents the date on which the general partner of the applicable fund commenced investment of the fund's capital. The end date represents the earlier of the date on which the general partner of the applicable fund was or will be required by the fund's governing agreement to cease making investments on behalf of the fund, unless extended by a vote of the fund investors, or the date on which the last investment was made.

(2) The amount committed represents the aggregate capital commitments to the fund, including capital commitments by third-party fund investors and the general partner. Foreign currency commitments have been converted into U.S. dollars based on (i) the foreign exchange rate at the date of purchase for each investment and (ii) the exchange rate that prevailed on December 31, 2009, in the case of unfunded commitments.

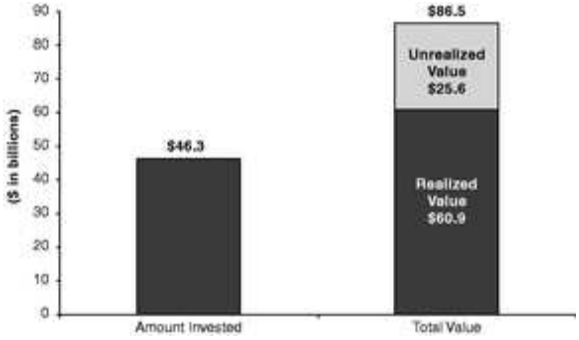
(3) The remaining cost represents investors' initial investment adjusted for any return of capital in assets still held by the fund.

(4) Fair value refers to the value determined by us in accordance with U.S. GAAP.

Performance

We take a long-term approach to private equity investments and measure the success of our investments over a period of years rather than months. Given the duration of our private equity investments, the firm focuses on realized multiples of invested capital and IRRs when deploying capital in private equity transactions. Since our inception, we have completed more than 170 private equity investments involving an aggregate transaction value of more than $425 billion. We have nearly doubled the value of capital that we have invested in private equity, turning $46.3 billion of capital into $86.5 billion of value.

Amount Invested and Total Value
Private Equity Investments
As of December 31, 2009



From our inception in 1976 through December 31, 2009, our investment funds with at least 36 months of investment activity generated a cumulative gross IRR of 25.8%, compared to the 11.5% gross IRR achieved by the S&P 500 Index over the same period, despite the cyclical and sometimes challenging environments in which we have operated. The S&P 500 Index is an unmanaged index and our returns assume reinvestment of distributions and do not reflect any fees or expenses.

The table below presents information as of December 31, 2009 relating to the historical performance of each of our traditional private equity funds since inception, which we believe illustrates the benefits of our private equity approach. This data does not reflect additional capital raised since December 31, 2009 or acquisitions or disposals of investments, changes in investment values or distributions occurring after that date. You are encouraged to review the cautionary note below for a description of reasons why the future results of our private equity funds may differ from the historical results of our private equity funds.

	Amount		Fair Value of Investments					Multiple of
Private Equity Funds	Commitment	Invested	Realized	Unrealized	Total	Gross IRR*	Net IRR*	Invested Capital**
			($ in millions)					
Legacy Funds(1)								
1976 Fund	$ 31	$ 31	$ 537	$ —	$ 537	39.5%	35.5%	17.1
1980 Fund	$ 357	$ 357	$ 1,828	$ —	$ 1,828	29.0%	25.8%	5.1
1982 Fund	$ 328	$ 328	$ 1,291	$ —	$ 1,291	48.1%	39.2%	3.9
1984 Fund	$ 1,000	$ 1,000	$ 5,963	$ —	$ 5,963	34.5%	28.9%	6.0
1986 Fund	$ 672	$ 672	$ 9,081	$ —	$ 9,081	34.4%	28.9%	13.5
1987 Fund	$ 6,130	$ 6,130	$ 14,787	$ 61	$ 14,848	12.1%	8.9%	2.4
1993 Fund	$ 1,946	$ 1,946	$ 4,129	$ 8	$ 4,137	23.6%	16.8%	2.1
1996 Fund	$ 6,012	$ 6,012	$ 11,402	$ 703	$ 12,105	17.9%	13.1%	2.0
Included Funds								
European Fund (1999)(2)	$ 3,085	$ 3,085	$ 5,914	$ 1,936	$ 7,850	26.8%	19.9%	2.5
Millennium Fund (2002)	$ 6,000	$ 6,000	$ 5,142	$ 5,262	$ 10,404	25.0%	17.7%	1.7
European Fund II (2005)(2)	$ 5,751	$ 5,751	$ 606	$ 3,419	$ 4,025	(13.0)%	(13.4)%	0.7
2006 Fund	$ 17,642	$ 13,024	$ 215	$ 12,252	$ 12,467	(2.0)%	(2.8)%	1.0
Asian Fund (2007)(3)	$ 4,000	$ 1,601	$ —	$ 1,713	$ 1,713	*	*	1.1
European Fund III (2008)(2)(3)	$ 6,215	$ 267	$ —	$ 195	$ 195	*	*	0.7
Annex Fund (2009)(3)	$ 555	$ 55	$ —	$ 59	$ 59	*	*	1.1
All Funds	$ 59,724	$ 46,259	$ 60,895	$ 25,608	$ 86,503	25.8%	19.2%	1.9

(1) The last investment for each of the 1976 Fund, 1980 Fund, the 1982 Fund, the 1984 Fund and the 1986 Fund was liquidated on May 14, 2003, July 11, 2003, December 11, 1997, July 17, 1998 and December 29, 2004, respectively. The 1987 Fund and the 1993 Fund currently hold two investments, and it is not known when those investments will be liquidated. In the case of the 1976 Fund and the 1980 Fund, the last distributions made to fund investors occurred on May 17, 2002 and December 14, 1999, respectively.

(2) The capital commitments of the European Fund, the European Fund II, the European Fund III and the Annex Fund include euro-denominated commitments of €196.5 million, €2,597.2 million, €2,788.8 million and €165.5 million, respectively. Such amounts have been converted into U.S. dollars based on (i) the foreign exchange rate at the date of purchase for each investment and (ii) the exchange rate prevailing on December 31, 2009 in the case of unfunded commitments.

(3) The gross IRR, net IRR and multiple of invested capital are calculated based on our first twelve traditional private equity funds, which represent all of our private equity funds that have invested for at least 36 months prior to December 31, 2009. None of the Asian Fund, the European Fund III and the Annex Fund had invested for at least 36 months as of December 31, 2009. We

therefore have not calculated gross IRRs, net IRRs and multiples of invested capital with respect to those funds.

* IRRs measure the aggregate annual compounded returns generated by a fund's investments over a holding period. Net IRRs are calculated after giving effect to the allocation of realized and unrealized carried interest and the payment of any applicable management fees. Gross IRRs are calculated before giving effect to the allocation of carried interest and the payment of any applicable management fees. Past performance is not a guarantee of future results.

** The multiples of invested capital measure the aggregate returns generated by a fund's investments in absolute terms. Each multiple of invested capital is calculated by adding together the total realized and unrealized values of a fund's investments and dividing by the total amount of capital invested by the fund. Such amounts do not give effect to the allocation of any realized and unrealized returns on a fund's investments to the fund's general partner pursuant to a carried interest or the payment of any applicable management fees. Past performance is not a guarantee of future results.

Cautionary Note Regarding Historical Fund Performance

The historical results for our funds described in this prospectus may not be indicative of the future results that you should expect from us, which could negatively impact the fees and incentive amounts received by us from such funds. In particular, our funds' future results may differ significantly from their historical results for the following reasons:

- the rates of returns of our funds reflect unrealized gains as of the applicable valuation date that may never be realized, which may adversely affect the ultimate value realized from those funds' investments;
- you will not benefit from any value that was created in our funds prior to the Transactions to the extent such value has been realized and we may be required to repay excess amounts previously received in respect of carried interest in our funds if, upon liquidation of the fund, we have received carried interest distributions in excess of the amount to which we were entitled;
- future performance of our funds will be affected by macroeconomic factors, including negative factors arising from recent disruptions in the global financial markets that were not prevalent in the periods relevant to certain return data described in this prospectus;
- in recent historical periods, the rates of returns of some of our funds have been positively influenced by a number of investments that experienced a substantial decrease in the average holding period of such investments and rapid and substantial increases in value following the dates on which those investments were made; those trends and rates of return may not be repeated in the future, especially given that recent disruptions in the global financial markets have increased the difficulty of successfully exiting private equity investments;
- our funds' returns have benefited from investment opportunities and general market conditions that may not repeat themselves, including favorable borrowing conditions in the debt markets that have since deteriorated, thereby increasing both the cost and difficulty of financing transactions, and there can be no assurance that our current or future funds will be able to avail themselves of comparable investment opportunities or market conditions or that such market conditions will continue;
- the rates of return reflect our historical cost structure, which may vary in the future due to various factors described elsewhere in this prospectus and other factors beyond our control, including changes in laws; and

- we may create new funds and investment products in the future that reflect a different asset mix in terms of allocations among funds, investment strategies, and geographic and industry exposure.

Investment Approach

Our approach to making private equity investments focuses on achieving multiples of invested capital and attractive risk-adjusted IRRs by selecting high-quality investments that may be made at attractive prices, applying rigorous standards of due diligence when making investment decisions, implementing strategic and operational changes that drive value creation in acquired businesses, carefully monitoring investments and making informed decisions when developing investment exit strategies.

We believe that we have achieved a leading position in the private equity industry by applying a disciplined investment approach and by building strong partnerships with highly motivated management teams who put their own capital at risk. When making private equity investments, we seek out strong business franchises, attractive growth prospects, leading market positions and the ability to generate attractive returns. We do not participate in "hostile" transactions that are not supported by a target company's board of directors.

Sourcing and Selecting Investments

We have access to significant opportunities for making private equity investments as a result of our sizeable capital base, global platform and relationships with leading executives from major companies, commercial and investment banks and other investment and advisory institutions. Members of our global network frequently contact us with new investment opportunities, including a substantial number of exclusive investment opportunities and opportunities that are made available to only a very limited number of other firms. We also proactively pursue business development strategies that are designed to generate deals internally based on the depth of our industry knowledge and our reputation as a leading financial sponsor.

To enhance our ability to identify and consummate private equity investments, we have organized our investment professionals in industry-specific teams. Our industry teams work closely with our operating consultants and senior advisors to identify businesses that can be grown and improved. These teams conduct their own primary research, develop a list of industry themes and trends, identify companies and assets in need of operational improvement and seek out businesses and assets that will benefit from our involvement. They possess a detailed understanding of the economic drivers, opportunities for value creation and strategies that can be designed and implemented to improve companies across the industries in which we invest.

Due Diligence and the Investment Decision

When an investment team determines that an investment proposal is worth consideration, the proposal is formally presented to the private equity investment committee and the due diligence process commences. The objective of the due diligence process is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment and to prepare a framework that may be used from the date of an acquisition to drive operational improvement and value creation. When conducting due diligence, investment teams evaluate a number of important business, financial, tax, accounting, environmental and legal issues in order to determine whether an investment is suitable. In connection with the due diligence process, investment professionals spend significant amounts of time meeting with a company's management and operating personnel, visiting plants and facilities and where appropriate speaking with customers and suppliers in order to understand the opportunities and risks associated with the proposed investment. Our investment

professionals also use the services of outside accountants, consultants, lawyers, investment banks and industry experts as appropriate to assist them in this process. The private equity investment committee monitors all due diligence practices and must approve an investment before it may be made.

Building Successful and Competitive Businesses

When investing in a portfolio company, we partner with world-class management teams to execute on our investment thesis, and we rigorously track performance through regular reporting and detailed operational and financial metrics. We have developed a global network of experienced managers and operating executives who assist the portfolio companies in making operational improvements and achieving growth. We augment these resources with operational guidance from our operating consultants at KKR Capstone, senior advisors and investment teams and with "100-Day Plans" that focus the firm's efforts and drive our strategies. We emphasize efficient capital management, top-line growth, R&D spending, geographical expansion, cost optimization and investment for the long-term.

Realizing Investments

We have developed substantial expertise for realizing private equity investments. From our inception through December 31, 2009, the firm has generated approximately $60.9 billion of cash proceeds from the sale of our portfolio companies in initial public offerings and secondary offerings, recapitalizations, and sales to strategic buyers. When exiting investments, our objective is to structure the exit in a manner that optimizes returns for investors and, in the case of publicly traded companies, minimizes the impact that the exit has on the trading price of the company's securities. We believe that our ability to successfully realize investments is attributable in part to the strength and discipline of our portfolio management committee and capital markets business, as well as the firm's longstanding relationships with corporate buyers and members of the investment banking and investing communities.

Traditional Fund Structures

Most of the private equity funds that we sponsor and manage have finite lives and investment periods. Each fund is organized as a single partnership or a combination of separate domestic and overseas partnerships and each partnership is controlled by a general partner. Fund investors are limited partners who agree to contribute a specified amount of capital to the fund from time to time for use in qualifying investments during the investment period, which generally lasts up to six years depending on how quickly capital is deployed. Each fund's general partner is generally entitled to a carried interest that allocates to it 20% of the net profits realized by the limited partners from the fund's investments.

We enter into management agreements with our traditional private equity funds pursuant to which we receive management fees in exchange for providing the funds with management and other services. These management fees are calculated based on the amount of capital committed to a fund during the investment period and thereafter on the cost basis of the fund's investments, which causes the fees to be reduced over time as investments are liquidated. These management fees are paid by fund investors, who generally contribute capital to the fund in order to allow the fund to pay the fees to us. Our funds generally allocate management fees across individual investments and, as and when an investment generates returns, 20% of the allocated management fee is required to be returned to investors before a carried interest may be paid.

We also enter into monitoring agreements with our portfolio companies pursuant to which we receive periodic monitoring fees in exchange for providing them with management, consulting and other services, and we typically receive transaction fees from portfolio companies for providing them with financial advisory and other services in connection with specific transactions. In some cases, we may be entitled to other potential fees that are paid by an investment target when a potential

investment is not consummated. Our traditional private equity fund agreements typically require us to share 80% of any advisory and other potential fees that are allocable to a fund (after reduction for expenses incurred allocable to a fund from unconsummated transactions) with fund investors in the form of a management fee reduction.

In addition, the agreements governing our traditional private equity funds enable investors in those funds to reduce their capital commitments available for further investments, on an investor-by-investor basis, in the event certain "key persons" (for example, both of Messrs. Kravis and Roberts, and, in the case of certain geographically or product focused funds, one or more of the executives focused on such funds) cease to be actively involved in the management of the fund. While these provisions do not allow investors to withdraw capital that has been invested or cause a fund to terminate, the occurrence of a "key man" event could cause disruption in our business, reduce the amount of capital that we have available for future investments and make it more challenging to raise additional capital in the future.

To the extent investors in our private equity funds suffer losses resulting from fraud, gross negligence, willful misconduct or other similar misconduct, investors may have remedies against us, our private equity funds, our principals or our affiliates under the federal securities laws and state laws. While the general partners and investment advisors to our private equity funds, including their directors, officers, other employees and affiliates, are generally indemnified by the private equity funds to the fullest extent permitted by law with respect to their conduct in connection with the management of the business and affairs of our private equity funds, such indemnity does not extend to actions determined to have involved fraud, gross negligence, willful misconduct or other similar misconduct.

Because fund investors typically are unwilling to invest their capital in a fund unless the fund's manager also invests its own capital in the fund's investments, our private equity fund documents generally require the general partners of the funds to make minimum capital commitments to the funds. The amounts of these commitments, which are negotiated by fund investors, generally range from 2% to 4% of a fund's total capital commitments at final closing. When investments are made, the general partner contributes capital to the fund based on its fund commitment percentage and acquires a capital interest in the investment that is not subject to a carried interest or management fees. Historically, these capital contributions have been funded with cash from operations that otherwise would be distributed to our principals. Subsequent to the Transactions, these general partner commitments are expected to be made through our Capital Markets and Principal Activities segment.

Other Private Equity Fund Vehicles

E2 Investors (Annex Fund). We have established the Annex Fund through which investors in the European Fund II and the Millennium Fund make additional investments in portfolio companies of the European Fund II, which was then fully invested. This fund has several features that distinguish it from our other traditional private equity funds, including: (i) it will not pay a management fee to us; (ii) its general partner will only be entitled to a carried interest after netting any losses, costs and expenses relating to European Fund II and certain Millennium Fund investments from the profits of the Annex Fund investments; and (iii) we have agreed not to charge transaction or incremental monitoring fees in connection with investments in which the Annex Fund participates. In addition, certain investors transferred a portion of their European Fund III commitments to the Annex Fund, which proportionately reduced the commitments available to the European Fund III and the overall amount of management fees payable by the European Fund III to us.

Other Private Equity Products. The amount of equity used to finance leveraged buyouts has increased significantly in recent years, creating significant opportunities to offer co-investment opportunities to both fund investors and other third parties. We have capitalized on this opportunity by building out our capital markets and distribution capabilities and creating new investment structures

and products that allow us to syndicate a portion of the equity needed to finance acquisitions. These structures include co-investment vehicles and a principal protected private equity product, many of which entitle the firm to receive management fees and/or carry. As of December 31, 2009, we had $2.0 billion of AUM in fee and/or carry-paying products of this type.

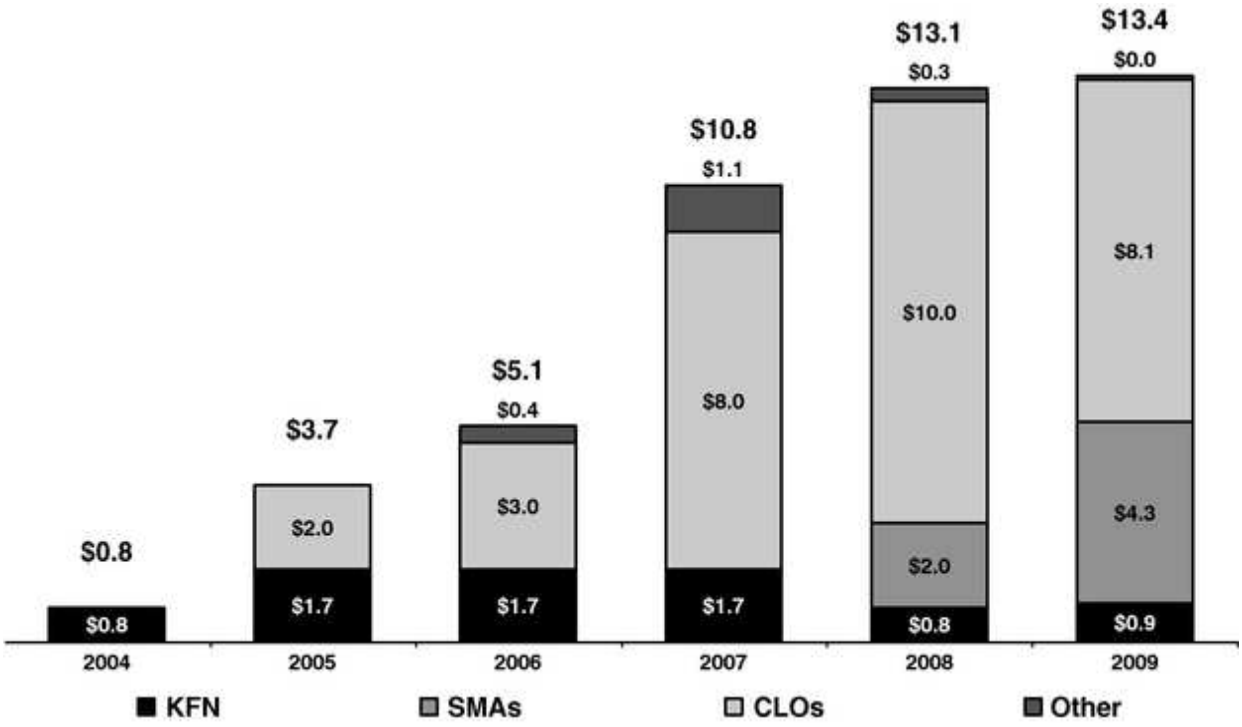
Legacy Private Equity Funds. The investment period for each of the 1996 Fund and all prior funds has ended. Because the general partners of these funds are not expected to receive meaningful proceeds from further realizations, interests in the general partners were not contributed to the Combined Business in connection with the Transactions. KKR will, however, continue to provide the legacy funds with management and other services until their liquidation. While we do not expect to receive meaningful fees for providing these services, we do not believe that the ongoing administration of the funds will materially interfere with the firm's operations or generate any material costs for the firm.

Public Markets

Through our Public Markets segment, we manage a specialty finance company and a number of investment funds, structured finance vehicles and separately managed accounts that invest capital in liquid credit strategies, such as leveraged loans and high yield bonds, and less liquid credit products such as mezzanine debt and capital solutions investments. These funds, vehicles and accounts are managed by Kohlberg Kravis Roberts & Co. (Fixed Income) LLC, an SEC registered investment advisor. We intend to continue to grow this business by leveraging our global investment platform, experienced investment professionals and ability to adapt our investment strategies to different market conditions to capitalize on investment opportunities that may arise at every level of the capital structure. As an example, we believe that mezzanine financing, a hybrid of debt and equity financing, is an attractive form of investing, and interest in mezzanine products relates to the favorable position of mezzanine in the capital structure and its historically attractive risk-reward characteristics. We believe that expanding into mezzanine products will allow us to take advantage of synergies with our existing fixed income and private equity businesses. As of December 31, 2009, this segment had $13.4 billion of AUM, including $0.9 billion in KKR Financial Holdings LLC, $8.1 billion in structured finance vehicles and $4.4 billion in separately managed accounts and fixed income funds.

The following chart presents the growth in the AUM of our Public Markets segment from the commencement of operations in August 2004 through December 31, 2009.

Public Markets Assets Under Management(1)
($ in billions)



(1) Assets under management are presented pro forma for the Combination Transaction and, therefore, exclude the net asset value of KKR Guernsey and its commitments to our investment funds.

Experience

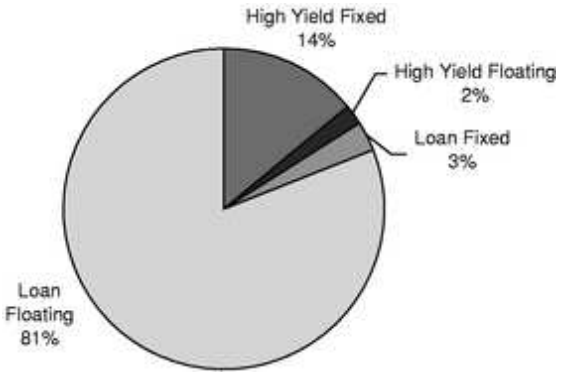
We launched our Public Markets business in August 2004. In connection with the formation of this business, we hired additional investment professionals with significant experience in evaluating and managing debt investments, including investments in corporate loans and debt securities, structured products and other fixed income instruments, and built out an investment platform for identifying, assessing, executing, monitoring and realizing investments.

Portfolio

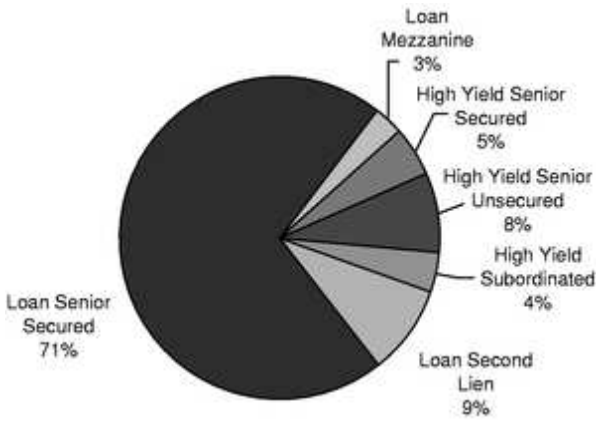
The following charts present information concerning the amount of capital currently invested by our Public Markets segment across all of the vehicles that it manages as of December 31, 2009. The current investment portfolio primarily consists of high yield corporate debt, including leveraged loans

and high yield bonds. We expect mezzanine securities and capital solutions related investments to represent a larger percentage of investments in the future.

Investment Composition



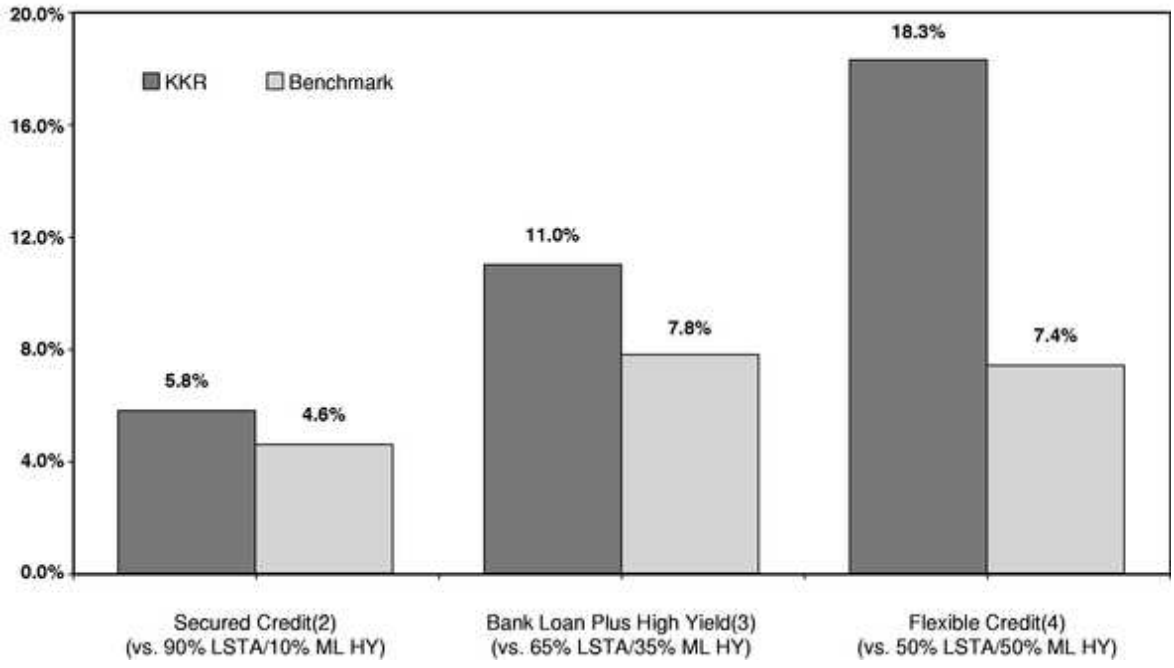
Seniority



Performance

We generally review our performance in the Public Markets segment by investment strategy as opposed to by investor vehicle. The following chart presents information on the returns of our key strategies from inception to December 31, 2009.

Inception-to-Date Annualized Gross Performance vs. Benchmark(1) by Strategy



(1) The Benchmarks referred to herein include the S&P/LSTA Leveraged Loan Index (the "S&P/LSTA Loan Index") and the Merrill Lynch High Yield Master II Index (the "ML HY Master II Index" and, together with the S&P/LSTA Loan Index, the "Indices"). The S&P/LSTA Loan Index is an index that comprises all loans that meet the inclusion criteria and that have marks from the LSTA/LPC mark-to-market service. The inclusion criteria consist of the following: (i) syndicated term loan instruments consisting of term loans (both amortizing and institutional), acquisition loans (after they are drawn down) and bridge loans; (ii) secured; (iii) U.S. dollar denominated; (iv) minimum term of one year at inception; and (v) minimum initial spread of LIBOR plus

1.25%. The ML HY Master II Index is a market-value weighted index of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. "Yankee" bonds (debt of foreign issuers issued in the U.S. domestic market) are included in the ML HY Master II Index provided that the issuer is domiciled in a country having investment grade foreign currency long-term debt rating. Qualifying bonds must have maturities of one year or more, a fixed coupon schedule and minimum outstanding of US$100 million. In addition, issues having a credit rating lower than BBB3, but not in default, are also included. The indices do not reflect the reinvestment of income or dividends and the indices are not subject to management fees, incentive allocations or expenses. It is not possible to invest directly in unmanaged indices.

(2) The Secured Credit Levered composite inception data is as of September 1, 2004—annualized performance calculation treats 2004 as a full year of investing. Performance information labeled "Secured Credit" herein represents a combination of performance of KKR's Secured Credit Levered composite calculated on an unlevered basis and KKR's Secured Credit composite. KKR's Secured Credit Levered composite has an investment objective that allows it to invest in assets other than senior secured term loans and high yield securities, which includes asset-backed securities, commercial mortgage-backed securities, preferred stock, public equity, private equity and certain freestanding derivatives. In addition, KKR's Secured Credit Levered composite has employed leverage in its respective portfolios as part of its investment strategy. Gains realized with borrowed funds may cause returns to increase at a faster rate than would be the case without borrowings. If, however, investment results fail to cover the principal, interest and other costs of borrowings, returns could also decrease faster than if there had been no borrowings. Accordingly, the unlevered returns contained herein do not reflect the actual returns, and are not intended to be indicative of the future results of KKR's Secured Credit Levered composite. It is not expected that KKR's Secured Credit Levered composite will achieve comparable results. In designing this product, a blended composite was created against which to evaluate performance and is based on an approximate asset mix similar to that of the Secured Credit strategy. The Benchmark used for purposes of comparison for the Secured Credit strategy presented herein is based on 90% S&P/LSTA Loan Index and 10% ML HY Master II Index. There are differences, in some cases, significant differences, between KKR's Secured Credit Levered composite investments and the investments included in the Indices. For instance, KKR's Secured Credit Levered composite may invest in securities that have a greater degree of risk and volatility, as well as liquidity risk, than those securities contained in the Indices.

(3) In designing this product, a blended composite was created against which to evaluate performance and is based on an approximate asset mix similar to that of the Bank Loan Plus High Yield strategy. The Benchmark used for purposes of comparison for the Bank Loan Plus High Yield strategy presented herein is based on 65% S&P/LSTA Loan Index and 35% ML HY Master II Index.

(4) In designing this product, a blended composite was created against which to evaluate performance and is based on an approximate asset mix similar to that of the Flexible Credit strategy. The Benchmark used for purposes of comparison for the Flexible Credit strategy presented herein is based on 50% S&P/LSTA Loan Index and 50% ML HY Master II Index.

Investment Approach

Our approach to making debt investments focuses on creating investment portfolios that generate attractive risk-adjusted returns on invested capital by allocating capital across multiple asset classes, selecting high-quality investments that may be made at attractive prices, applying rigorous standards of due diligence when making investment decisions, subjecting investments to regular monitoring and oversight and making buy and sell decisions based on price targets and relative value parameters. The firm employs both "top-down" and "bottom-up" analyses when making these types of investments. Our top-down analysis involves a macro analysis of relative asset valuations, long-term industry trends,

business cycles, interest rate expectations, credit fundamentals and technical factors to target specific industry sectors and asset classes in which to invest. Our bottom-up analysis includes a rigorous analysis of the credit fundamentals and capital structure of each credit considered for investment and a thorough review of the impact of credit and industry trends and dynamics and dislocation events on such potential investment.

Sourcing and Selecting Investments

We source debt investment opportunities through a variety of channels, including internal deal generation strategies and the firm's global network of contacts at major companies, corporate executives, commercial and investment banks, financial intermediaries, other private equity sponsors and other investment and advisory institutions. We are also regularly provided with opportunities to invest where appropriate in debt that our portfolio companies incur in connection with our private equity investments. These opportunities may be significant. As of December 31, 2009, these vehicles and accounts held investments with a face value of $4.7 billion in senior and subordinated corporate loans, bridge loans and debt securities of our portfolio companies.

Due Diligence and the Investment Decision

Once a potential investment has been identified, our investment professionals screen the opportunity and make a preliminary determination concerning whether we should proceed with a due diligence investigation. When evaluating the suitability of a debt investment, we employ a relative value framework and subject the investment to a rigorous credit analysis. This review considers, among other things, pricing terms, expected returns, credit structure, credit ratings, historical and projected financial data, the issuer's competitive position, the quality and track record of the issuer's management team, margin stability and industry and company trends. Investment professionals use the services of outside advisors and industry experts as appropriate to assist them in the due diligence process and, when relevant and permitted, leverage the knowledge and experience of our private equity professionals. A dedicated debt investment committee monitors all due diligence practices and must approve an investment before it may be made.

Monitoring Investments

We monitor our portfolios of debt investments using daily, quarterly and annual analyses. Daily analyses include morning market meetings, industry and company pricing runs, industry and company reports and discussions with the firm's private equity investment professionals on an as-needed basis. Quarterly analyses include the preparation of quarterly operating results, reconciliations of actual results to projections and updates to financial models (baseline and stress cases). Annual analyses involve preparing annual credit memoranda, conducting internal audits and testing compliance with monitoring and documentation requirements.

Public Markets Vehicles

Separately Managed Accounts and Fixed Income Funds

Beginning in 2008, we created a managed account platform that enables the firm to tailor an investment program to meet the specific risk, return and investment objectives of individual institutional investors. As of December 31, 2009, the AUM of this platform totaled $4.4 billion, consisting of committed capital and the net asset value of invested capital. We actively seek to raise additional capital from both new and existing investors, including investors in our private equity and fixed income funds. For managing these accounts, we are entitled to receive either fees or a combination of fees and carried interest, depending on the nature of the investment program. We also manage certain fixed income funds that make investments primarily in corporate debt and marketable and non-marketable equity securities. The amount of fees earned in connection with the management of these funds is not material to our operations.

KFN

KKR Financial Holdings LLC (NYSE: KFN), or KFN, is a New York Stock Exchange-listed specialty finance company that commenced operations in July 2004. Its majority owned subsidiaries finance and invest in a broad range of debt investments, including residential mortgage-backed securities, syndicated corporate debt as well as special situations opportunities, which range from private debt instruments to mezzanine and distressed opportunities. We serve as the external manager of KFN under a management agreement and are entitled to receive a monthly base management fee equal to an annual rate of 1.75% of KFN's equity as defined in the agreement and a quarterly incentive fee that is generally equal to the amount by which KFN's net income (before incentive fees and share-based compensation expenses) per weighted average share outstanding for the quarter exceeds a specified hurdle rate. The management agreement may be terminated only in limited circumstances and, except for a termination arising from certain events of cause, upon the payment of a termination fee to KKR.

Structured Finance Vehicles

Beginning in 2005, we began managing structured finance vehicles in the form of collateralized loan obligation transactions ("CLOs"). CLOs are typically structured as bankruptcy-remote, special purpose investment vehicles which acquire, monitor and, to varying degrees, manage a pool of fixed-income assets. KFN conducts its business primarily through its holdings of a majority of the voting securities of, and certain other interests in, such CLOs. The CLOs serve as long term financing for fixed income investments and as a way to minimize refinancing risk, minimize maturity risk and secure a fixed cost of funds over an underlying market interest rate for KFN and the private fixed income funds. As of December 31, 2009, KKR had $8.1 billion of AUM in structured finance vehicles.

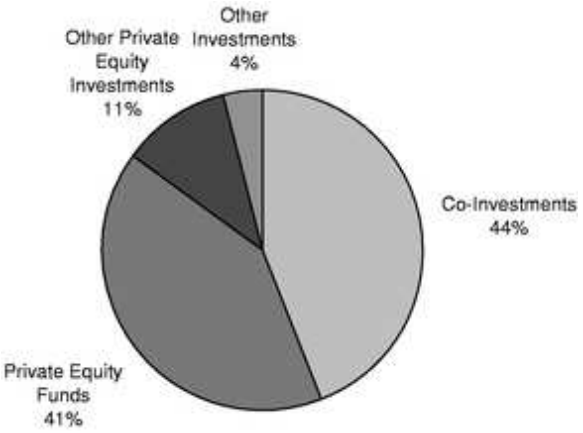
Capital Markets and Principal Activities

Our Capital Markets and Principal Activities segment combines the assets we acquired in the Combination Transaction with our global capital markets business. Our capital markets business supports our firm, our portfolio companies and our clients by providing tailored capital markets advice and developing and implementing both traditional and non-traditional capital solutions for investments and companies seeking financing. Our capital markets services include arranging debt and equity financing for transactions, placing and underwriting securities offerings, structuring new investment products and providing capital markets services. To allow us to carry out these activities, we are registered or authorized to carry out certain broker-dealer activities in various countries in North America, Europe and Asia.

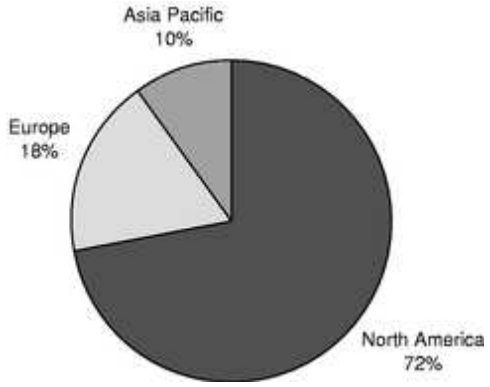
The assets that we acquired in the Combination Transaction have provided us with a significant source of capital to further grow and expand our business, increase our participation in our existing portfolio of businesses and further align our interests with those of our investors and other stakeholders. We believe that the market experience and skills of professionals in our capital markets business and the investment expertise of professionals in our Private Markets and Public Markets segments will allow us to continue to grow and diversify this asset base over time.

As of December 31, 2009, the segment had over $4.1 billion of investments at fair value. The following charts present information concerning our principal assets by type, geography and industry as of December 31, 2009.

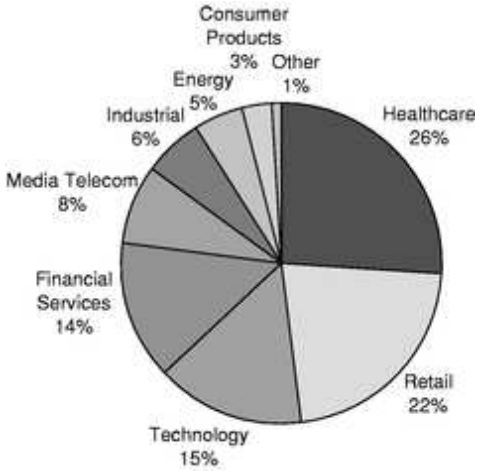
Investments By Type



Investments By Geography



Investments By Industry

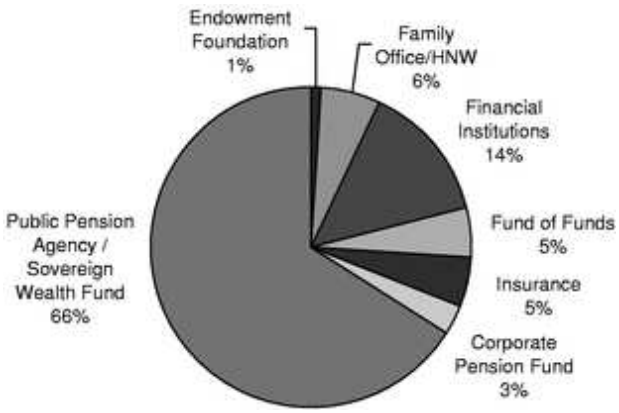


Client & Partner Group

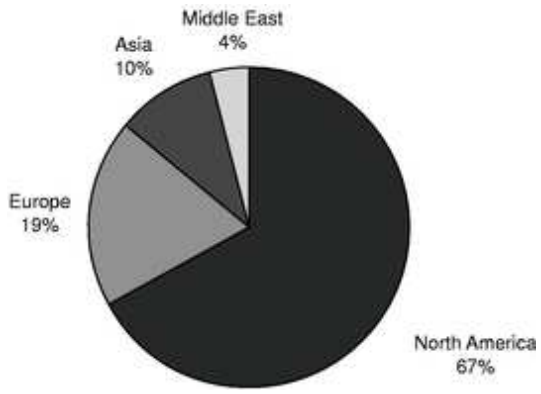
We have developed our Client & Partner Group over the past several years to better service our existing investors and to source new investor relationships. The group is responsible for raising capital for us globally across all products, expanding our client relationships across asset classes and across types of investors, developing products to meet our clients' needs, and servicing existing investors and products.

The following charts detail our investor base by type and geography as of December 31, 2009.

Investor Base By Type(1)



Investor Base By Geography(1)



(1) Based on third party dollars committed to private equity funds (European Fund and onward), private equity co-investment vehicles and Public Markets' separately managed accounts.

Competition

We compete with other asset managers for both investors and investment opportunities. The firm's competitors consist primarily of sponsors of public and private investment funds, business development companies, investment banks, commercial finance companies and operating companies acting as strategic buyers. We believe that competition for investors is based primarily on investment performance; business reputation; the duration of relationships with investors; the quality of services provided to investors; pricing; and the relative attractiveness of the types of investments that have been or are to be made. We believe that competition for investment opportunities is based primarily on the pricing, terms and structure of a proposed investment and certainty of execution.

Some of the entities that we compete with as an alternative asset manager have greater financial, technical, marketing and other resources and more personnel than us and, in the case of some asset classes, longer operating histories, more established relationships or greater experience. Several of our competitors also have recently raised, or are expected to raise, significant amounts of capital and have investment objectives that are similar to the investment objectives of our funds, which may create additional competition for investment opportunities. Some of these competitors may also have lower costs of capital and access to funding sources that are not available to us, which may create competitive advantages for them. In addition, some of these competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider range of investments and to bid more aggressively than us for investments. Strategic buyers may also be able to achieve synergistic cost savings or revenue enhancements with respect to a targeted portfolio company, which may provide them with a competitive advantage in bidding for such investments.

We expect to compete as a capital markets business primarily with investment banks and independent broker-dealers in the United States, Europe, Asia, Australia and the Middle East and intend to focus our capital markets activities initially on the firm, our portfolio companies and investors. While we generally target customers with whom we have existing relationships, those customers also have similar relationships with the firm's competitors, many of whom will have access to competing securities transactions, greater financial, technical or marketing resources or more established reputations than us. The limited operating history of our capital markets business could make it difficult for us to compete with established broker-dealers, participate in capital markets transactions of issuers or successfully grow the firm's capital markets business over time.

Employees

As of December 31, 2009, we employed approximately 600 people worldwide:

Investment Professionals	158
Other Professionals	204
Support Staff	220
Total Employees	**582**
KKR Capstone	58
Senior Advisors	28
Total Employees and Advisors	**668**

Investment Professionals

Our 158 investment professionals come from diverse backgrounds in private equity, fixed income and infrastructure and include executives with operations, strategic consulting, risk management, liability management and finance experience. As a group, these professionals provide us with a powerful global team for identifying attractive investment opportunities, creating value and generating superior returns.

Other Professionals

Our 204 other professionals come from diverse backgrounds in capital markets, capital raising, client servicing, public affairs, finance, tax, legal, human resources, and information technology. As a group, these professionals provide us with a strong team for performing capital markets activities, servicing our existing investors and creating relationships with new investors globally. Additionally, a majority of these other professionals are responsible for supporting the global infrastructure of KKR.

KKR Capstone

We have developed an institutionalized process for creating value in investments. As part of our effort, we utilize a team of 58 operating consultants at KKR Capstone and work exclusively with our investment professionals and portfolio company management teams. With executives in New York, Menlo Park, London and Hong Kong, KKR Capstone provides additional expertise for assessing investment opportunities and assisting managers of portfolio companies in defining strategic priorities and implementing operational changes. During the initial phases of an investment, KKR Capstone's work seeks to implement our thesis for value creation. Our operating consultants may assist portfolio companies in addressing top-line growth, cost optimization and efficient capital allocation and in developing operating and financial metrics. Over time, this work shifts to identifying challenges and taking advantage of business opportunities that arise during the life of an investment.

Senior Advisors

To complement the expertise of our investment professionals, we have retained a team of 28 senior advisors to provide us with additional operational and strategic insights. The responsibilities of senior advisors include serving on the boards of our portfolio companies, helping us evaluate individual investment opportunities and assisting portfolio companies with operational matters. These individuals include former chief executive officers, chief financial officers and chairmen of Fortune 500 companies, as well as other individuals who have held leading positions in major corporations and public agencies worldwide. Four of the senior advisors also participate on our portfolio management committee, which monitors the performance of our private equity investments.

Regulation

Our operations are subject to regulation and supervision in a number of jurisdictions. The level of regulation and supervision to which we are subject varies from jurisdiction to jurisdiction and is based on the type of business activity involved. We, in conjunction with our outside advisors and counsel, seek to manage our business and operations in compliance with such regulation and supervision. The regulatory and legal requirements that apply to our activities are subject to change from time to time and may become more restrictive, which may make compliance with applicable requirements more difficult or expensive or otherwise restrict our ability to conduct our business activities in the manner in which they are now conducted. Changes in applicable regulatory and legal requirements, including changes in their enforcement, could materially and adversely affect our business and our financial condition and results of operations. As a matter of public policy, the regulatory bodies that regulate our business activities are responsible for safeguarding the integrity of the securities and financial markets and protecting investors who participate in those markets rather than protecting the interests of our unitholders.

United States

Regulation as an Investment Advisor

As an investment advisor, we are subject to the anti-fraud provisions of the Investment Advisers Act and to fiduciary duties derived from these provisions which apply to our relationships with our advisory clients, including funds that we manage. These provisions and duties impose restrictions and obligations on us with respect to our dealings with our investors and our investments, including for example restrictions on agency cross and principal transactions. We have not registered as an investment advisor, although Kohlberg Kravis Roberts & Co. L.P. and its wholly owned subsidiary Kohlberg Kravis Roberts & Co. (Fixed Income) LLC are registered as investment advisors under the Investment Advisers Act. As registered investment advisors, they are subject to periodic SEC examinations and other requirements under the Investment Advisers Act and related regulations primarily intended to benefit advisory clients. These additional requirements relate, among other things, to maintaining an effective and comprehensive compliance program, recordkeeping and reporting requirements and disclosure requirements. The Investment Advisers Act generally grants the SEC broad administrative powers, including the power to limit or restrict an investment advisor from conducting advisory activities in the event it fails to comply with federal securities laws. Additional sanctions that may be imposed for failure to comply with applicable requirements include the prohibition of individuals from associating with an investment advisor, the revocation of registrations and other censures and fines.

Regulation as a Broker-Dealer

KKR Capital Markets LLC, one of our subsidiaries, is registered as a broker-dealer with the SEC under the Exchange Act and with the New York Securities Commission under New York state securities laws, and is a member of the Financial Industry Regulatory Authority, or FINRA. A broker-dealer is subject to legal requirements covering all aspects of its securities business, including sales and trading practices, public and private securities offerings, use and safekeeping of customers' funds and securities, capital structure, record-keeping and retention and the conduct and qualifications of directors, officers, employees and other associated persons. These requirements include the SEC's "uniform net capital rule," which specifies the minimum level of net capital that a broker-dealer must maintain, requires a significant part of the broker-dealer's assets to be kept in relatively liquid form, imposes certain requirements that may have the effect of prohibiting a broker-dealer from distributing or withdrawing its capital and subjects any distributions or withdrawals of capital by a broker-dealer to notice requirements. These and other requirements also include rules that limit a broker-dealer's ratio of subordinated debt to equity in its regulatory capital composition, constrain a broker-dealer's ability to expand its business under certain circumstances and impose additional requirements when the

broker-dealer participates in securities offerings of affiliated entities. Violations of these requirements may result in censures, fines, the issuance of cease-and-desist orders, revocation of licenses or registrations, the suspension or expulsion from the securities industry of the broker-dealer or its officers or employees or other similar consequences by regulatory bodies.

United Kingdom

KKR Capital Markets Limited, one of our subsidiaries, is authorized in the United Kingdom under the Financial Services and Markets Act 2000, or FSMA, and has permission to engage in a number of activities regulated under FSMA, including dealing as principal or agent and arranging deals in relation to certain types of specified investments and arranging the safeguarding and administration of assets. Kohlberg Kravis Roberts & Co. Limited, another one of our subsidiaries, is authorized in the United Kingdom under FSMA and has permission to engage in a number of regulated activities including advising on and arranging deals relating to corporate finance business in relation to certain types of specified investments. FSMA and related rules govern most aspects of investment business, including sales, research and trading practices, provision of investment advice, corporate finance, use and safekeeping of client funds and securities, regulatory capital, record keeping, margin practices and procedures, approval standards for individuals, anti-money laundering, periodic reporting and settlement procedures. The Financial Services Authority is responsible for administering these requirements and our compliance with them. Violations of these requirements may result in censures, fines, imposition of additional requirements, injunctions, restitution orders, revocation or modification of permissions or registrations, the suspension or expulsion from certain "controlled functions" within the financial services industry of officers or employees performing such functions or other similar consequences.

KKR Capital Markets Limited and Kohlberg Kravis Roberts & Co. Limited have passports under the single market directives to offer services cross border into all countries in the European Economic Area and Gibraltar.

Other Jurisdictions

KKR Capital Markets LLC is registered as an international dealer under the Securities Act (Ontario). This registration permits us to trade in non-Canadian equity and debt securities with certain types of investors located in Ontario, Canada. KKR Capital Markets Japan Limited, a joint-stock corporation, is a certified Class 2 broker-dealer registered under the Japanese Financial Instruments and Exchange Law of 2007.

KKR MENA Limited, a Dubai International Financial Centre company, is licensed to arrange credit or deals in investments, advise on financial products or credit, and manage assets, and is regulated by the Dubai Financial Services Authority.

KKR Australia Pty Limited is Australian financial services licensed and is authorized to provide advice on and deal in financial products for wholesale clients, and is regulated by the Australian Securities and Investments Commission.

KKR Capital Markets Asia Limited is licensed by the Securities and Futures Commission in Hong Kong to carry on dealing in securities and advising on securities regulated activities.

KKR Holdings Mauritius, Ltd. and KKR Account Adviser (Mauritius), Ltd. are unrestricted investment advisors authorized to manage portfolios of securities and give advice on securities transactions, and are regulated by the Financial Services Commission, Mauritius.

KKR Account Adviser (Mauritius), Ltd. is registered as a foreign institutional investor with the Securities and Exchange Board of India, or SEBI, under the SEBI (Foreign Institutional Investors) Regulations, 1995, pursuant to which its activities are regulated by SEBI and it is permitted to make and/or manage investments into listed and/or unlisted securities of Indian issuers.

KKR Mauritius Direct Investments I, Ltd. is an investment holding company in Mauritius regulated by the Financial Services Commission, Mauritius.

Multiflow Financial Services Private Limited, a private limited company incorporated in India, is registered with the Reserve Bank of India as a non-deposit taking non-banking financial company, and is authorized to undertake lending and financing activities.

Afocelio Holdings Limited, a company incorporated in Cyprus, is registered with and regulated by the SEBI as a sub-account pursuant to which it can make investments into listed and/or unlisted securities of Indian issuers.

One of our fixed income funds is regulated as a mutual fund by the Cayman Islands Monetary Authority.

KKR Guernsey is authorized to do business in Guernsey and is subject to the ongoing supervision of the Guernsey Financial Services Commission and the Authority for the Financial Markets in the Netherlands.

Legal Proceedings

From time to time, we are involved in various legal proceedings, lawsuits and claims incidental to the conduct of our business. Our business is also subject to extensive regulation, which may result in regulatory proceedings against us. See "Risk Factors".

In August 1999, we and certain of our current and former personnel were named as defendants in an action brought in the Circuit Court of Jefferson County, Alabama, or the Alabama State Court, alleging breach of fiduciary duty and conspiracy in connection with the acquisition of Bruno's Inc. ("Bruno's"), one of our former portfolio companies, in 1995. The action was removed to the U.S Bankruptcy Court for the Northern District of Alabama. In April 2000, the complaint in this action was amended to further allege that we and others violated state law by fraudulently misrepresenting the financial condition of Bruno's in an August 1995 subordinated notes offering relating to the acquisition and in Bruno's subsequent periodic financial disclosures. In January 2001, the action was transferred to the U.S. District Court for the Northern District of Alabama. In August 2009, the action was consolidated with a similar action brought against the underwriters of the August 1995 subordinated notes offering, which is pending before the Alabama State Court. The plaintiffs are seeking compensatory and punitive damages for losses they allegedly suffered in connection with their purchase of the subordinated notes. In September 2009, we and the other named defendants moved to dismiss the action. The motion to dismiss was argued in April 2010 and remains pending before the Alabama State Court.

In 2005, we and certain of our current and former personnel were named as defendants in now-consolidated shareholder derivative actions in the Court of Chancery of the State of Delaware relating to Primedia Inc. ("Primedia"), one of our portfolio companies. These actions claim that the board of directors of Primedia breached its fiduciary duty of loyalty in connection with the redemption of certain shares of preferred stock in 2004 and 2005. The plaintiffs further allege that we benefited from these redemptions of preferred stock at the expense of Primedia and that we usurped a corporate opportunity of Primedia in 2002 by purchasing shares of its preferred stock at a discount on the open market while causing Primedia to refrain from doing the same. In February 2008, the special litigation committee formed by the board of directors of Primedia, following a review of plaintiffs' claims, filed a motion to dismiss the actions. In March 2010, plaintiffs filed an amended complaint, including additional allegations concerning our purchases of Primedia's preferred stock in 2002. Plaintiffs seek an accounting by defendants of unspecified damages to Primedia and an award of attorneys' fees and costs. Oral argument on the special litigation committee's motion to dismiss is scheduled for May 2010.

In December 2007, we, along with 15 other private equity firms and investment banks, were named as defendants in a purported class action complaint filed in the United States District Court for the District of Massachusetts by shareholders in certain public companies acquired by private equity firms since 2003. In August 2008, we, along with 16 other private equity firms and investment banks, were named as defendants in a purported consolidated amended class action complaint. The suit alleges that from mid-2003 defendants have violated antitrust laws by allegedly conspiring to rig bids, restrict the supply of private equity financing, fix the prices for target companies at artificially low levels, and

divide up an alleged market for private equity services for leveraged buyouts. The complaint seeks injunctive relief on behalf of all persons who sold securities to any of the defendants in leveraged buyout transactions and specifically challenges nine transactions. The amended complaint also includes five purported sub-classes of plaintiffs seeking damages and/or restitution with respect to five of the nine challenged transactions. This litigation is currently in discovery. The parties stipulated to a joint discovery plan, which provides that the first stage of discovery shall conclude in June 2010.

In August 2008, KFN, the members of the KFN's board of directors and certain of its current and former executive officers, including certain of KKR's current and former personnel, were named in a putative class action complaint filed by the Charter Township of Clinton Police and Fire Retirement System in the United States District Court for the Southern District of New York (the "Charter Litigation"). In March 2009, the lead plaintiff filed an amended complaint, which deleted as defendants the members of KFN's board of directors and named as individual defendants only KFN's former chief executive officer, KFN's former chief operating officer, and KFN's current chief financial officer (the "KFN Individual Defendants," and, together with KFN, "KFN Defendants"). The amended complaint alleges that KFN's April 2007 registration statement and prospectus and the financial statements incorporated therein contained material omissions in violation of Section 11 of the Securities Act of 1933, as amended (the "1933 Act"), regarding the risks and potential losses associated with KFN's real estate-related assets, KFN's ability to finance its real estate-related assets, and the adequacy of KFN's loss reserves for its real estate-related assets (the "alleged Section 11 violation"). The amended complaint further alleges that, pursuant to Section 15 of the Securities Act, the KFN Individual Defendants have legal responsibility for the alleged Section 11 violation. The amended complaint seeks judgment in favor of the lead plaintiff and the putative class for damages allegedly sustained as a result of the KFN Defendants' alleged misconduct, costs and expenses incurred by the lead plaintiff in the action, rescission or a rescissory measure of damages, and equitable or injunctive relief. In April 2009, the KFN Defendants filed a motion to dismiss the amended complaint for failure to state a claim under the Securities Act. This motion remains pending.

In August 2008, the members of KFN's board of directors and its executive officers (the "Kostecka Individual Defendants") were named in a shareholder derivative action brought by Raymond W. Kostecka, a purported shareholder, in the Superior Court of California, County of San Francisco (the "California Derivative Action"). KFN was named as a nominal defendant. The complaint in the California Derivative Action asserts claims against the Kostecka Individual Defendants for breaches of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, and unjust enrichment in connection with the conduct at issue in the Charter Litigation, including the filing of the April 2007 Registration Statement with alleged material misstatements and omissions. The complaint seeks judgment in favor of KFN for damages allegedly sustained as a result of the Kostecka Individual Defendants' alleged misconduct, costs and disbursements incurred by plaintiff in the action, equitable and/or injunctive relief, restitution, and an order directing KFN to reform its corporate governance and internal procedures to prevent a recurrence of the alleged misconduct. By order dated January 8, 2009, the Court approved the parties' stipulation to stay the proceedings in the California Derivative Action until the Charter Litigation is dismissed on the pleadings or KFN files an answer to the Charter Litigation.

In March 2009, the members of KFN's board of directors and certain of its executive officers (the "Haley Individual Defendants") were named in a shareholder derivative action brought by Paul B. Haley, a purported shareholder, in the United States District Court for the Southern District of New York (the "New York Derivative Action"). KFN was named as a nominal defendant. The complaint in the New York Derivative Action asserts claims against the Haley Individual Defendants for breaches of fiduciary duty, breaches of the duty of full disclosure, and for contribution in connection with the conduct at issue in the Charter Litigation, including the filing of the April 2007 registration statement with alleged material misstatements and omissions. The complaint seeks judgment in favor of KFN for

damages allegedly sustained as result of the Haley Individual Defendants' alleged misconduct, a declaration that the Haley Individual Defendants are liable to KFN under Section 11 of the 1933 Act, costs and disbursements incurred by plaintiff in the action, and an order directing KFN to reform its corporate governance and internal procedures to prevent a recurrence of the alleged misconduct. By order dated June 18, 2009, the Court approved the parties' stipulation to stay the proceedings in the New York Derivative Action until the Charter Litigation is dismissed on the pleadings or KFN files an answer to the Charter Litigation.

We believe that each of these actions is without merit and intend to defend them vigorously.

In September 2006 and March 2009, we received requests for certain documents and other information from the Antitrust Division of the U.S. Department of Justice ("DOJ") in connection with the DOJ's investigation of private equity firms to determine whether they have engaged in conduct prohibited by United States antitrust laws. We are fully cooperating with the DOJ's investigation.

In addition, in December 2009, our subsidiary Kohlberg Kravis Roberts & Co. (Fixed Income) LLC received a request from the SEC for information in connection with its examination of certain investment advisors in order to review trading procedures and valuation practices in the collateral pools of structured credit products. We are fully cooperating with the SEC's examination.

Moreover, in the ordinary course of business, we are and can be both the defendant and the plaintiff in numerous actions with respect to bankruptcy, insolvency and other types of proceedings. Such lawsuits may involve claims that adversely affect the value of certain investments owned by our funds.

MANAGEMENT

Our Managing Partner

As is commonly the case with limited partnerships, our limited partnership agreement provides for the management of our business and affairs by a general partner rather than a board of directors. Our Managing Partner serves as our sole general partner and the ultimate general partner of the KKR Group Partnerships. Our Managing Partner has a board of directors that is co-chaired by our founders Henry Kravis and George Roberts, who also serve as our Co-Chief Executive Officers and, in such positions, are authorized to appoint our other officers. Prior to the U.S. Listing, we expect that three independent directors will be appointed to the board of directors of our Managing Partner so that a majority of the board of directors will consist of independent directors. Our Managing Partner does not have any economic interest in our partnership.

Directors and Executive Officers

The following table presents certain information concerning the board of directors and executive officers of our Managing Partner.

Name	Age	Position with Managing Partner
Henry R. Kravis	66	Co-Chief Executive Officer and Co-Chairman
George R. Roberts	66	Co-Chief Executive Officer and Co-Chairman
William J. Janetschek	47	Chief Financial Officer
David J. Sorkin	50	General Counsel

Henry R. Kravis co-founded our firm in 1976 and is Co-Chairman and Co-Chief Executive Officer of our Managing Partner. He is actively involved in managing the firm and serves on the Private Equity Investment and Portfolio Management Committees. Mr. Kravis currently serves on the board of First Data Corporation. Mr. Kravis also serves as a director, chairman emeritus or trustee of several cultural and educational institutions, including Mount Sinai Hospital, Columbia Graduate School of Business, Rockefeller University, and Claremont McKenna College. He earned a B.A. in Economics from Claremont McKenna College in 1967 and an M.B.A. from the Columbia University Graduate School of Business in 1969. Mr. Kravis has over 34 years experience financing, analyzing and investing in public and private companies, as well as serving on the boards of many public and private portfolio companies in the past, including the board of Primedia until 2006. As our co-founder and Co-Chief Executive Officer, Mr. Kravis has an intimate knowledge of KKR's business, which allows him to provide insight into various aspects of our business and is of significant value to the board of directors.

George R. Roberts co-founded our firm in 1976 and is Co-Chairman and Co-Chief Executive Officer of our Managing Partner. He is actively involved in managing the firm and serves on the Private Equity Investment and Portfolio Management Committees. Mr. Roberts currently serves as a director or trustee of several cultural and educational institutions, including the San Francisco Symphony and Claremont McKenna College. He is also founder and Chairman of the board of directors of REDF, a San Francisco non-profit organization. He earned a B.A. from Claremont McKenna College in 1966, and a J.D. from the University of California (Hastings) Law School in 1969. Mr. Roberts has over 34 years experience financing, analyzing and investing in public and private companies, as well as serving on the boards of many public and private companies in the past. As our co-founder and Co-Chief Executive Officer, Mr. Roberts has an intimate knowledge of KKR's business, which allows him to provide insight into various aspects of our business and is of significant value to the board of directors.

William J. Janetschek joined the firm in 1997 and serves as Chief Financial Officer of our Managing Partner. Prior to joining us, he was a Tax Partner with the New York office of Deloitte & Touche LLP. Mr. Janetschek was with Deloitte & Touche for 13 years. He holds a B.S. from St. John's University and an M.S., Taxation, from Pace University, and is a Certified Public Accountant.

David J. Sorkin joined the firm in 2007 and serves as General Counsel of our Managing Partner. Prior to joining us, he was a partner with Simpson Thacher & Bartlett LLP, where he was a member of that law firm's executive committee. Mr. Sorkin was with Simpson Thacher & Bartlett LLP for 22 years. He holds a B.A. from Williams College and a J.D. from Harvard University.

Managing Partner Board Structure and Practices

Matters relating to the structure and practices of our Managing Partner's board of directors are governed by provisions of our Managing Partner's limited liability company agreement and the Delaware Limited Liability Company Act. The following description is a summary of those provisions and does not contain all of the information that you may find useful. For additional information, you should read the copy of our Managing Partner's amended and restated limited liability company agreement that has been filed as an exhibit to the registration statement of which this prospectus forms a part.

Independence and Composition of the Board of Directors

On or prior to the U.S. Listing, we expect our Managing Partner's board of directors will consist of five directors. While we are exempt from NYSE Rules relating to board independence, our Managing Partner intends to maintain a board of directors that consists of at least a majority of directors who are independent under NYSE Rules relating to corporate governance matters.

Election and Removal of Directors

The directors of our Managing Partner may be elected and removed from office only by the vote of a majority of the Class A shares of our Managing Partner that are then outstanding. Each person elected as a director will hold office until a successor has been duly elected and qualified or until his or her death, resignation or removal from office, if earlier. Class A members are not required to hold meetings for the election of directors with any regular frequency and may remove directors, with or without cause, at any time.

All of our Managing Partner's outstanding Class A shares are held by our senior principals. Under our Managing Partner's limited liability company agreement, each Class A share is non-transferable without the consent of the holders of a majority of the Class A shares that are then outstanding and each Class A share will automatically be redeemed and cancelled upon the holder's death, disability or withdrawal as a member of our Managing Partner. Henry Kravis and George Roberts, our Managing Partner's Co-Chairmen and Co-Chief Executive Officers, collectively hold Class A shares representing a majority of the total voting power of the outstanding Class A shares. In addition, notwithstanding the number of Class A shares held by Messrs. Kravis and Roberts, under our Managing Partner's limited liability company agreement, Messrs. Kravis and Roberts are deemed to represent a majority of the Class A shares then outstanding for purposes of voting on matters upon which holders of Class A shares are entitled to vote. Messrs. Kravis and Roberts may, in their discretion, designate one or more holders of Class A shares to hold such voting power and exercise all of the rights and duties of Messrs. Kravis and Roberts under our Managing Partner's limited liability company agreement. While neither of them acting alone will be able to direct the election or removal of directors, they will be able to control the composition of the board if they act together. While Messrs. Kravis and Roberts historically have acted with unanimity when managing our business, they have not entered into any agreement relating to the voting of their Class A shares. See "Security Ownership."

Limited Matters Requiring a Class B Member Vote

Through our subsidiaries, we hold voting interests in the general partners of a number of funds that were formed outside of the United States. Under our Managing Partner's limited liability company agreement, our Managing Partner's board of directors will be required to inform the holders of our

Managing Partner's Class B shares of any matter requiring the approval of the holders of voting interests held directly or indirectly by us in the general partner of a non-U.S. fund and to cause such voting interests to be voted in accordance with directions received from the holders of a majority of the Class B shares. Holders of Class B shares will have no right to participate in the management of our Managing Partner or us and will not have any other rights under our Managing Partner's limited liability company agreement other than as described above. Our principals collectively hold 100% of our Managing Partner's outstanding Class B shares. See "Security Ownership."

Action by the Board of Directors

Our Managing Partner's board of directors may take action in a duly convened meeting in which a quorum is present or by a written resolution signed by all directors then holding office. When action is to be taken at a meeting of the board of directors, the affirmative vote of a majority of the directors present at any meeting is required for any action to be taken. Upon a U.S. Listing, when action is to be taken at a meeting of the board of directors, the affirmative vote of a majority of the directors then holding office is required for any action to be taken.

Certain specified actions approved by our Managing Partner's board of directors require the additional approval of a majority of the Class A shares of our Managing Partner. These actions consist of the following:

- the entry into a debt financing arrangement by us in an amount in excess of 10% of our existing long-term indebtedness (other than the entry into certain intercompany debt financing arrangements);
- the issuance by us or our subsidiaries of any securities that would (i) represent, after such issuance, or upon conversion, exchange or exercise, as the case may be, at least 5% on a fully diluted, as converted, exchanged or exercised basis, of any class of our or their equity securities or (ii) have designations, preferences, rights, priorities or powers that are more favorable than those of KKR Group Partnership Units;
- the adoption by us of a shareholder rights plan;
- the amendment of our limited partnership agreement or the limited partnership agreements of the KKR Group Partnerships;
- the exchange or disposition of all or substantially all of our assets or the assets of any KKR Group Partnership;
- the merger, sale or other combination of us or any KKR Group Partnership with or into any other person;
- the transfer, mortgage, pledge, hypothecation or grant of a security interest in all or substantially all of the assets of the KKR Group Partnerships;
- the appointment or removal of a Chief Executive Officer or a Co-Chief Executive Officer of our Managing Partner or us;
- the termination of the employment of any of our officers or that of any of our subsidiaries or the termination of the association of a partner with any of our subsidiaries, in each case, without cause;
- the liquidation or dissolution of our partnership, our Managing Partner or any KKR Group Partnership; and
- the withdrawal, removal or substitution of our Managing Partner as the general partner or any person as the general partner of a KKR Group Partnership, or the transfer of beneficial ownership of all or any part of a general partner interest in our partnership or a KKR Group Partnership to any person other than one of our wholly owned subsidiaries.

Board Committees

In connection with the U.S. Listing, our Managing Partner's board of directors will establish an audit committee, a conflicts committee, a nominating and corporate governance committee and an

executive committee that will operate pursuant to written charters as described below. Because we are a limited partnership, our Managing Partner's board is not required by NYSE Rules to establish a compensation committee or a nominating and corporate governance committee or to meet other substantive NYSE corporate governance requirements. While the board will establish a nominating and governance committee, we intend to rely on available exemptions concerning the committee's composition and mandate.

Audit Committee

Our Managing Partner's board of directors will establish an audit committee that will be responsible for assisting the board of directors in overseeing and monitoring: (i) the quality and integrity of our financial statements; (ii) our compliance with legal and regulatory requirements; (iii) our independent registered public accounting firm's qualifications and independence; and (iv) the performance of our independent registered public accounting firm. The members of the audit committee will be required to meet the independence standards for service on an audit committee of a board of directors pursuant to Rule 10A-3 under the Exchange Act and NYSE Rules relating to corporate governance matters, and the charter for the audit committee will comply with those requirements.

Conflicts Committee

Our Managing Partner's board of directors will establish a conflicts committee that will be responsible for reviewing specific matters that the board of directors believes may involve a conflict of interest and for enforcing our rights under any of the exchange agreement, the tax receivable agreement, the limited partnership agreement of any KKR Group Partnership or our limited partnership agreement, which we refer collectively to as the covered agreements, against KKR Holdings and certain of its subsidiaries and designees, a general partner or limited partner of KKR Holdings, or a person who holds a partnership or equity interest in the foregoing entities. The conflicts committee will also be authorized to take any action pursuant to any authority or rights granted to such committee under any covered agreement or with respect to any amendment, supplement, modification or waiver to any such agreement that would purport to modify such authority or rights. In addition, the conflicts committee shall approve any amendment to any of the covered agreements that in the reasonable judgment of our Managing Partner's board of directors is or will result in a conflict of interest. The conflicts committee will determine if the resolution of any conflict of interest submitted to it is fair and reasonable to our partnership. Any matters approved by the conflicts committee will be conclusively deemed to be fair and reasonable to our partnership and not a breach of any duties that may be owed to our unitholders. In addition, the conflicts committee may review and approve any related person transactions, other than those that are approved pursuant to our related person policy, as described under "Certain Relationships and Related Party Transactions—Statement of Policy Regarding Transactions with Related Persons," and may establish guidelines or rules to cover specific categories of transactions. The members of the conflicts committee will be required to meet the independence standards for service on an audit committee of a board of directors pursuant to Rule 10A-3 under the Exchange Act and NYSE Rules relating to corporate governance matters.

Nominating and Corporate Governance Committee

Our Managing Partner's board of directors will establish a nominating and corporate governance committee that will be responsible for identifying and recommending candidates for appointment to the board of directors and for assisting and advising the board of directors with respect to matters relating to the general operation of the board and corporate governance matters. At least one member of the nominating and corporate governance committee will be required to meet the independence standards for service on an audit committee of a board of directors pursuant to Rule 10A-3 under the Exchange Act and NYSE Rules relating to corporate governance matters. We expect that Messrs. Kravis and Roberts will also serve on the nominating and corporate governance committee.

Executive Committee

Our Managing Partner's board of directors will establish an executive committee that will act, when necessary, in place of our Managing Partner's full board of directors during periods in which the board is not in session. The executive committee will be authorized and empowered to act as if it were the full board of directors in overseeing our business and affairs, except that it will not be authorized or empowered to take actions that have been specifically delegated to other board committees or to take actions with respect to: (i) the declaration of distributions on our units; (ii) a merger or consolidation of our partnership with or into another entity; (iii) a sale, lease or exchange of all or substantially all of our assets; (iv) a liquidation or dissolution of our partnership; (v) any action that must be submitted to a vote of our Managing Partner's members or our unitholders; or (vi) any action that may not be delegated to a board committee under our Managing Partner's limited liability company agreement or the Delaware Limited Liability Company Act. We expect that the executive committee will consist of Messrs. Kravis and Roberts.

Compensation Committee Interlocks and Insider Participation

Because we are a limited partnership, our Managing Partner's board of directors is not required by NYSE Rules to establish a compensation committee. Our founders, Messrs. Kravis and Roberts, will serve as Co-Chairmen of the board of directors of our Managing Partner. For a description of certain transactions between us and our founders, see "Certain Relationships and Related Party Transactions."

Executive Compensation

Compensation Discussion and Analysis

A primary objective of many companies when designing executive compensation arrangements has been to align the interests of top executives with the interests of shareholders. As a private firm, one of our fundamental philosophies has been to align the interests of our people with the interests of our fund investors. We have sought to achieve such an alignment in the past through the investment of a significant amount of our own capital and the capital of our principals in and alongside of the funds that we manage and the ownership by our principals of interests in the general partners of our funds that entitle them to a portion of the carried interest that we receive with respect to fund investments.

Prior to October 1, 2009, our senior principals were not paid any salaries or bonuses and instead received only cash distributions in respect of their ownership interests in the general partners and management companies of our funds and investments that they have made in or alongside our funds. Following the Transactions, our Managing Partner's Co-Chief Executive Officers, our Chief Financial Officer and our General Counsel are each paid an annual salary of $300,000 for 2010. Our Managing Partner's Co-Chief Executive Officers, Chief Financial Officer and General Counsel and our other senior principals also receive distributions and cash bonuses that are funded by KKR Holdings.

While certain individuals who are not senior principals receive salaries and bonuses, the compensation that they have been paid has been significantly based on the performance of our funds' investments and our fee generating businesses and those individuals generally have derived a substantial amount of their financial benefits through their ownership interests in the general partners of our funds and investments that they have made in or alongside our funds.

Our compensation program includes elements that discourage excessive risk taking and aligns the compensation of our people with the long-term performance of the firm. For example, notwithstanding the fact that we accrue compensation as increases in the carrying value of the portfolio investments are recorded in our funds, we only actually make cash payments of carried interest to our principals when profitable investments have been realized and cash is distributed first to the investors in our funds, followed by the firm and only then to employees of the firm. Moreover, if a fund fails to achieve

specified investment returns due to diminished performance of later investments, we are entitled to clawback carried interest payments previously made to an employee for the benefit of the limited partner investors in that fund, all of which further discourages excessive risk-taking by our personnel. Lastly, because our equity awards have significant vesting provisions and transfer restrictions, the actual amount of compensation realized by the recipient will be tied to the long-term performance of our common units.

We believe that our philosophy of aligning the interests of our principals with the interests of our fund investors through equity ownership has been an important contributor to the growth and successful performance of our firm. Because we believe that such an approach will further our goal of creating long-term value for our unitholders, we intend to continue to adhere to this philosophy when designing compensation arrangements as a public company. Our principals will either hold interests in our business through KKR Holdings or through equity awards under our Equity Incentive Plan. Their interests in KKR Holdings will represent participation in the value of KKR Group Partnership Units held by KKR Holdings. KKR Holdings will bear the economic costs of any equity based awards, distributions and executive bonuses that it funds, and we will not bear the expense or dilution associated with such amounts.

We intend to review our compensation policies periodically. While we do not have any plans to modify the compensation philosophy or arrangements described above, we may make changes to the compensation policies and decisions relating to one or more individuals based on the outcome of such a review.

Summary Compensation Table

The following table presents summary information concerning compensation that we paid for services rendered by our two Co-Chief Executive Officers, our Chief Financial Officer and our General Counsel, in all capacities during the fiscal year ended December 31, 2009. We refer to these individuals in other parts of this prospectus as our "named executive officers." As discussed above under "—Compensation Discussion and Analysis," prior to the consummation of the Transactions on October 1, 2009, our named executive officers and other senior principals have generally not received salary or bonus and, instead, have received financial benefits only through their ownership interests in the general partners and the management companies of our funds and investments that they have made in or alongside our funds. These distributions are not reflected as compensation in the table below. Cash distributions to our named executive officers in respect of the nine month period ended September 30, 2009 were $ million to Mr. Kravis, $ million to Mr. Roberts, $ million to Mr. Janetschek and $ million to Mr. Sorkin. In addition, in respect of the nine month period ended September 30, 2009, Messrs. Kravis, Roberts, Janetschek and Sorkin were deemed to have received for compensation purposes $ million, $ million, $ million and $ million, respectively, which amounts were invested in our funds and will be distributed to them in future periods only if gains are realized on those investments.

In connection with the Transactions, each of the named executive officers received equity interests in KKR Holdings. These awards were issued in exchange for ownership interests in the Combined Business that they contributed to our holding companies as part of our internal reorganization. A portion of the aggregate grant date fair value of the total amount of equity interests in KKR Holdings that each of these named executive officers received has been recognized as an expense for financial statement reporting purposes to the extent the value of the executive officer's vested equity interests received exceeded the executive officer's contributed ownership interests, as determined under generally accepted accounting principles (GAAP). There are additional contractual arrangements we entered into with KKR Holdings at the time of the Transactions and thereafter, including a tax receivable agreement, that relate to payments to our named executive officers that are not compensatory and are described in "Certain Relationships and Related Party Transactions."

Summary Compensation Table

Name and Principal Position	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation	All Other Compensation	Total
Henry R. Kravis Co-Chief Executive Officer								
George R. Roberts Co-Chief Executive Officer								
William J. Janetschek Principal Financial Officer								
David J. Sorkin General Counsel								

Director Compensation

Our Managing Partner was formed on June 25, 2007 and has not paid any compensation to its directors for their board service. Following the completion of the U.S. Listing, we intend to limit the individuals who receive compensation for their board service to our Managing Partner's independent directors. We expect to establish customary compensation practices for our Managing Partner's independent directors.

Confidentiality and Restrictive Covenant Agreements

KKR Holdings has entered into confidentiality and restrictive covenant agreements with our principals that, among other things, include prohibitions on the principals competing with KKR or soliciting certain investors or senior level employees of our firm during a restricted period following their departure from the firm. These agreements also require personnel to protect and use the firm's confidential information only in accordance with confidentiality restrictions set forth in the agreement. Messrs. Kravis, Roberts, Janetschek and Sorkin are each a party to such an agreement. See "Certain Related Party Transactions—Confidentiality and Restrictive Covenant Agreements".

KKR Holdings

Messrs. Kravis, Roberts, Janetschek and Sorkin, with our principals, hold interests in our business through KKR Holdings, which owns all of the outstanding KKR Group Partnership Units that are not held by us. These individuals receive financial benefits from our business in the form of distributions and payments received from KKR Holdings and through their participation in the value of KKR Group Partnership Units held by KKR Holdings, and KKR Holdings bears the economic costs of any executive bonuses paid to certain principals. Our principals' interests in KKR Group Partnership Units that are held by KKR Holdings are be subject to transfer restrictions and, except for certain interests that were vested upon their grant, are subject to vesting requirements and forfeitable if the principal ceases to be involved in our business prior to vesting. See "Organizational Structure—KKR Holdings."

KKR & Co. L.P. Equity Incentive Plan

The board of directors of our Managing Partner intends to adopt the KKR & Co. L.P. Equity Incentive Plan, which is referred to as the Equity Incentive Plan, prior to the U.S. Listing.

The following description is a summary of the provisions of the Equity Incentive Plan and does not contain all of the information that you may find useful. For additional information, you should read the copy of our Equity Incentive Plan, which has been filed as an exhibit to the registration statement of which this prospectus forms a part. The Equity Incentive Plan will be a source of new equity-based awards permitting us to grant to our employees and other personnel, the directors of our Managing

Partner and our consultants and senior advisors non-qualified unit options, unit appreciation rights, restricted common units, deferred restricted common units, phantom restricted common units and other awards based on our common units.

Administration

The board of directors of our Managing Partner administers the Equity Incentive Plan. However, the board of directors of our Managing Partner may delegate such authority, including to a committee or subcommittee of the board of directors. Under the terms of the Equity Incentive Plan, the board of directors of our Managing Partner, or the committee or subcommittee thereof to whom authority to administer the Equity Incentive Plan has been delegated, as the case may be, is referred to as the Administrator. The Administrator determines who will receive awards under the Equity Incentive Plan, as well as the form of the awards, the number of units underlying the awards and the terms and conditions of the awards, consistent with the terms of the Equity Incentive Plan. The Administrator has full authority to interpret and administer the Equity Incentive Plan and its determinations will be final and binding on all parties concerned.

Common Units Subject to the Equity Incentive Plan

The total number of our common units which may be issued under the Equity Incentive Plan as of the effective date of the plan is equivalent to 15% of the number of fully diluted common units outstanding as of such date; provided that beginning with the first fiscal year after the Equity Incentive Plan becomes effective and continuing with each subsequent fiscal year occurring thereafter, the aggregate number of common units covered by the plan will be increased, on the first day of each fiscal year of KKR & Co. L.P. occurring during the term of the plan, by a number of common units equal to the positive difference, if any, of (x) 15% of the aggregate number of common units outstanding on the last day of the immediately preceding fiscal year of the plan sponsor minus (y) the aggregate number of common units available for issuance under the plan as of the last day of such year, unless the Administrator should decide to increase the number of common units covered by the plan by a lesser amount on any such date.

Options and Unit Appreciation Rights

The Administrator may award non-qualified unit options and unit appreciation rights under the Equity Incentive Plan. Options and unit appreciation rights granted under the Equity Incentive Plan will become vested and exercisable at such times and upon such terms and conditions as may be determined by the Administrator at the time of grant, but no option or unit appreciation right will be exercisable for a period of more than 10 years after it is granted. The exercise price per common unit will be determined by the Administrator, provided that options and unit appreciation rights granted to participants who are U.S. taxpayers (i) will not be granted with an exercise price less than 100% of the fair market value per underlying common unit on the date of grant and (ii) will not be granted unless the common unit on which it is granted constitutes equity of the participant's "service recipient" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended. To the extent permitted by the Administrator, the exercise price of an option may be paid in cash or its equivalent, in common units having a fair market value equal to the aggregate exercise price and satisfying such other requirements as may be imposed by the Administrator, partly in cash and partly in common units or through net settlement in common units. As determined by the Administrator, unit appreciation rights may be settled in common units, cash or any combination thereof.

Other Equity-Based Awards

The Administrator, in its sole discretion, may grant or sell common units, restricted common units, deferred restricted common units, phantom restricted common units, and any other awards that are

valued in whole or in part by reference to, or are otherwise based on the fair market value of, the common units. Any of these other equity-based awards may be in such form, and dependent on such conditions, as the Administrator determines, including without limitation the right to receive, or vest with respect to, one or more common units (or the equivalent cash value of such units) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. The Administrator may, in its discretion, determine whether other equity-based awards will be payable in cash, common units or other assets or a combination of cash, common units and other assets.

SECURITY OWNERSHIP

Our Common Units

The following table sets forth the beneficial ownership of our common units and KKR Group Partnership Units that are exchangeable for our common units after giving effect to the U.S. Listing and In-Kind Distribution by:

- each person known to us to beneficially own more than 5% of any class of the outstanding voting securities of our partnership;
- each of the directors, director nominees and named executive officers of our Managing Partner; and
- the directors, director nominees and executive officers of our Managing Partner as a group.

The numbers of common units and KKR Group Partnership Units outstanding and the percentage of beneficial ownership are based on 204,902,226 common units to be issued and outstanding and 478,105,194 KKR Group Partnership Units that are exchangeable for our common units. Beneficial ownership is in each case determined in accordance with the rules of the SEC.

	Common Units Beneficially Owned†		KKR Group Partnership Units and Special Voting Units Beneficially Owned††		Percentage of Combined Voting Power††
Name(1)	Number	Percent	Number	Percent	
KKR Holdings(2)	—	—	478,105,194	70%	70%
Henry R. Kravis(2)					
George R. Roberts(2)					
William J. Janetschek					
David J. Sorkin					
Directors, director nominees and executive officers as a group (persons)					

* Less than 1%.

† KKR Group Partnership Units held by KKR Holdings are exchangeable (together with the corresponding special voting units) for our common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications and compliance with lock-up, vesting and transfer restrictions as described under "Organizational Structure—KKR Holdings." See "Certain Relationships and Related Party Transactions—Exchange Agreement." Beneficial ownership of KKR Group Partnership Units reflected in this table has not also been reflected as beneficial ownership of our common units for which such KKR Group Partnership Units may be exchanged.

†† On any matters that may be submitted to a vote of our unitholders, the special voting units will provide their holders with a number of votes that is equal to the aggregate number of KKR Group Partnership Units that such holders then hold and will entitle such holders to participate in the vote on the same basis as our unitholders. See "Description of Our Limited Partnership Agreement—Meetings; Voting."

(1) The address of each beneficial owner is c/o KKR Management LLC, 9 West 57th Street, 42nd Floor, New York, New York 10019.

(2) KKR Holdings owns, beneficially or of record, an aggregate of 478,105,194 exchangeable KKR Group Partnership Units (or 100% of the total number of exchangeable KKR Group Partnership

Units). Our principals hold interests in KKR Holdings that will entitle them to participate in the value of the KKR Group Partnership Units held by KKR Holdings. KKR Holdings is a limited partnership that is controlled by KKR Holdings GP Limited, its sole general partner, which has investment control over all KKR Group Partnership Units and voting control over all special voting units held by KKR Holdings. Each of Messrs. Kravis and Roberts disclaims beneficial ownership of the securities that may be deemed to be beneficially owned by him, except to the extent of his own pecuniary interest therein.

Our Managing Partner

Our Managing Partner's outstanding limited liability company interests consist of Class A shares, which are entitled to vote on the election and removal of directors and all other matters that have not been delegated to the board of directors or reserved for the vote of Class B members, and Class B shares, which are entitled to vote only with respect to any matter requiring the approval of holders of voting interests held directly or indirectly by us in the general partners of our non-U.S. funds. Notwithstanding the number of Class A shares held by the Class A members, under our Managing Partner's limited liability company agreement, Messrs. Kravis and Roberts are deemed to represent a majority of the Class A shares outstanding for purposes of voting on matters upon which holders of Class A shares are entitled to vote. Messrs. Kravis and Roberts may, in their discretion, designate one or more holders of Class A shares to hold such voting power and exercise all of the rights and duties of Messrs. Kravis and Roberts under our Managing Partner's limited liability company agreement. While Messrs. Kravis and Roberts historically have acted with unanimity when managing our business, they have not entered into any agreement relating to the voting of their Class A shares. All of our Managing Partner's other Class A shares are held by our other senior principals. Our Managing Partner's Class B shares are divided equally among twelve principals, each of whom holds less than 10% of the voting power of the Class B shares. None of the shares in our Managing Partner provide these holders with economic interests in our business.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following description is a summary of the material terms of the agreements described below, and does not contain all of the information that you may find useful. For additional information, you should read the copies of our investment agreement, our exchange agreement, our registration rights agreement, our tax receivable agreement and the partnership agreements of the KKR Group Partnerships, all of which have been filed as exhibits to the registration statement of which this prospectus forms a part.

The Combination Transaction and Reorganization Transactions

On October 1, 2009, we completed the acquisition of all of the assets and liabilities of KKR Guernsey and, in connection with such acquisition, completed a series of transactions pursuant to which the business of KKR was reorganized into a holding company structure. We refer to these transactions collectively as the "Transactions." The Transactions did not involve the payment of any cash consideration or involve any offering of newly issued securities to the public, and our principals did not sell any interests in our business in connection with the Transactions. Following the Transactions, KKR Guernsey holds a 30% economic interest in our Combined Business and our principals hold a 70% economic interest in our Combined Business. Our principals collectively hold their interests in our Combined Business through KKR Holdings.

In accordance with our purchase and sale agreement with KPE, prior to the completion of the Transactions, we made cash and in-kind distributions of $206.5 million to certain of our principals relating to amounts for periods prior to October 1, 2009. Such distributions consisted of substantially all available cash-on-hand, certain accrued receivables of its management companies and capital markets subsidiaries and certain personal property (consisting of non-operating assets). These distributions were made in respect of periods prior to the Transactions. These amounts did not include, however, any accrued monitoring or transaction fees to be credited against any management fees that are payable in respect of future periods, the after-tax amount of any management fees that may be required to be returned to investors before a carried interest may be paid and any other amounts that were necessary to provide the Combined Business with sufficient working capital to conduct its business in the ordinary course.

The Investment Agreement

On August 4, 2009, we entered into an investment agreement by and among us, certain of our affiliates, KKR Guernsey and certain of its affiliates, as a condition to the Combination Transaction.

U.S. Listing

The investment agreement provides that we and KKR Guernsey each had the right to require that the other use its reasonable best efforts to cause KKR Guernsey to contribute its units representing limited partner interests in Group Holdings to us in exchange for an equivalent number of our common units and, in connection therewith, our common units received by KKR Guernsey to be listed and traded on the New York Stock Exchange by delivering an election notice to the other party. On February 24, 2010, we delivered an election notice to KKR Guernsey pursuant to the investment agreement.

Registration Statement and Efforts

Following the delivery of the election notice, we are required to prepare a registration statement (of which this prospectus constitutes a part) for our common units to be issued to, and distributed by, KKR Guernsey pursuant to the investment agreement and to have the registration statement declared effective by the SEC as promptly as practicable. The investment agreement also contains a covenant

that requires us and KKR Guernsey to use our respective reasonable best efforts to complete the U.S. Listing and the actions ancillary thereto in the manner contemplated by the investment agreement, provided that neither party is required to take any action if the taking of such action would reasonably be expected to have, individually or in the aggregate, a material adverse effect on our business.

Dissolution Transactions

As of, or as promptly as practicable after, the U.S. Listing, KKR Guernsey will take, and we will cause the directors of KKR Guernsey's board of directors who are not its independent directors to authorize all actions necessary or advisable to, among other things, (i) distribute our common units to the holders of KKR Guernsey units, (ii) cause the KKR Guernsey units to be delisted from, and to cease to be traded on, Euronext Amsterdam and (iii) cause KKR Guernsey to be dissolved and liquidated by its general partner acting as liquidator, in accordance with KKR Guernsey's limited partnership agreement and the Limited Partnerships (Guernsey) Law, 1995.

Conditions to Closing the U.S. Listing

Each party's obligation to consummate the U.S. Listing is subject to the satisfaction or waiver of each of the following conditions:

- the common units to be issued to KKR Guernsey and distributed in the In-Kind Distribution shall have been approved for listing on the New York Stock Exchange subject to official notice of issuance;
- the registration statement relating to the common units to be issued to KKR Guernsey and distributed in the In-Kind Distribution shall have become effective under the Securities Act and/or Exchange Act, provided (i) there is not any requirement that we or any of our affiliates become subject to regulation under the Investment Company Act and (ii) no stop order suspending the effectiveness of the registration statement has been issued and no proceedings for a similar purpose shall have been initiated or threatened by the SEC;
- no order, injunction, judgment, award or decree issued by any governmental entity or other legal restraint or prohibition preventing the consummation of the U.S. Listing and/or the In-Kind Distribution to the KKR Guernsey unitholders shall be in effect;
- KKR Guernsey shall have contributed its interests in the Combined Business to us in exchange for our common units; and
- KKR Guernsey shall have received a customary comfort letter and negative assurance letter relating to information contained in the registration statement relating to the common units to be issued to KKR Guernsey and distributed in the In-Kind Distribution.

Treatment of KKR Guernsey Unit Appreciation Rights

Upon the closing of the U.S. Listing, except as otherwise agreed in writing between us and a holder of a unit appreciation right issued under KKR Guernsey's 2007 Equity Incentive Plan, (i) each outstanding unit appreciation right for which the exercise price per KKR Guernsey unit of such unit appreciation right equals or exceeds the closing price per KKR Guernsey unit on Euronext Amsterdam on the final trading day of KKR Guernsey units will be cancelled without the payment of any consideration in respect thereof and (ii) each other outstanding unit appreciation right will be converted into a fully vested unit appreciation right, on the same terms and conditions that were applicable under such unit appreciation right, with respect to a number of our common units equal to the number of KKR Guernsey units subject to such unit appreciation right immediately prior to the closing of the U.S. Listing with an exercise price per common unit equal to the per unit exercise price

for such unit appreciation right and any such converted unit appreciation right and all obligations with respect thereto will be assumed by us.

Indemnification and Insurance

The investment agreement provides that, for a period of six years after the closing of the U.S. Listing, the KKR Group Partnerships will indemnify each present and former director and officer of the general partner of KKR Guernsey and certain other persons serving in a similar role against all losses, liabilities, damages, judgments and fines incurred in connection with any suit, claim, action, proceeding, arbitration or investigation arising out of or related to actions taken by them in their capacity as directors or officers of the general partner of KKR Guernsey or taken by them at the request of KKR Guernsey or the general partner of KKR Guernsey. In addition, the investment agreement also provides that the KKR Group Partnerships will indemnify us, KKR Guernsey, each present and former director and officer of the general partner of KKR Guernsey and certain other persons serving a similar role against all losses, liabilities, damages, judgments and fines to which any of them may become subject under the Securities Act, the Exchange Act, or other applicable law, statute, rule or regulation insofar as such losses, liabilities, damages, judgments and fines arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the registration statement relating to our common units to be issued to, and distributed by KKR Guernsey or any other document issued by us, KKR Guernsey or any of their respective affiliates in connection with, or otherwise relating to, the U.S. Listing, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The investment agreement also provides that we will, subject to an agreed upon premium cap, obtain directors' and officers' liability insurance for the benefit of the directors and officers (and former directors and officers) of the general partner of KKR Guernsey which will (i) be effective for a period from the date of the dissolution of KKR Guernsey through and including the date that is six years after such date, (ii) cover claims arising out of or relating to any action, statement or omission of such directors and officers whether on or before the date of such dissolution (including the transactions contemplated by the investment agreement and the decision making process by the directors of the general partner of KKR Guernsey in connection therewith) to the same extent as the directors and officers of our Managing Partner acting in their capacities as the directors and officers of the general partner of KKR Guernsey are insured with respect thereto, and (iii) contain a coverage limit of $100 million and coverage terms and conditions, including exclusions, substantially comparable to the directors' and officers' liability insurance in effect on the date of the amended and restated purchase and sale agreement.

Exchange Agreement

We have entered into an exchange agreement with KKR Holdings, the entity through which certain of our principals, including Messrs. Kravis, Roberts, Janetschek and Sorkin, will hold their KKR Group Partnership Units, pursuant to which KKR Holdings or certain transferees of its KKR Group Partnership Units may, up to four times each year (subject to the terms of the exchange agreement), exchange KKR Group Partnership Units held by them (together with corresponding special voting units) for our common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. At the election of the KKR Group Partnerships, the KKR Group Partnerships may settle exchanges of KKR Group Partnership Units with cash in an amount equal to the fair market value of the common units that would otherwise be deliverable in such exchanges. To the extent that KKR Group Partnership Units held by KKR Holdings or its transferees are exchanged for our common units, our interests in the KKR Group Partnerships will be correspondingly increased. Any common units received upon such exchange will be subject to any

restrictions that were applicable to the exchanged KKR Group Partnership Units, including any applicable transfer restrictions.

Interests in KKR Holdings that are held by our principals are subject to significant transfer restrictions and vesting requirements that, unless waived, modified or amended will limit the ability of our principals to cause KKR Group Partnership Units to be exchanged under the exchange agreement so long as applicable vesting and transfer restrictions apply. See "Organizational Structure—KKR Holdings." The general partner of KKR Holdings, which is controlled by our founders, will have sole authority for waiving any applicable vesting or transfer restrictions.

Registration Rights Agreement

Prior to the completion of the U.S. Listing, we will enter into a registration rights agreement with KKR Holdings pursuant to which we will grant KKR Holdings, its affiliates and transferees of its KKR Group Partnership Units the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act our common units (and other securities convertible into or exchangeable or exercisable for our common units) held or acquired by them. Under the registration rights agreement, holders of registration rights will have the right to request us to register the sale of their common units and also have the right to require us to make available shelf registration statements permitting sales of common units into the market from time to time over an extended period. In addition, holders of registration rights will have the ability to exercise certain piggyback registration rights in connection with registered offerings requested by other holders of registration rights or initiated by us.

Tax Receivable Agreement

We and our intermediate holding company, a taxable corporation for U.S. federal income tax purposes, may be required to acquire KKR Group Partnership Units from time to time pursuant to our exchange agreement with KKR Holdings. KKR Management Holdings L.P. intends to make an election under Section 754 of the Internal Revenue Code in effect for each taxable year in which an exchange of KKR Group Partnership Units for common units occurs, which may result in an increase in our intermediate holding company's share of the tax basis of the assets of the KKR Group Partnerships at the time of an exchange of KKR Group Partnership Units. These exchanges are expected to result in an increase in our intermediate holding company's share of the tax basis of the tangible and intangible assets of the KKR Group Partnerships, primarily attributable to a portion of the goodwill inherent in our business, that would not otherwise have been available. This increase in tax basis may increase depreciation and amortization deductions for tax purposes and therefore reduce the amount of income tax our intermediate holding company would otherwise be required to pay in the future. This increase in tax basis may also decrease gain (or increase loss) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

We have entered into a tax receivable agreement with KKR Holdings requiring our intermediate holding company to pay to KKR Holdings or transferees of its KKR Group Partnership Units 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that the intermediate holding company actually realizes as a result of this increase in tax basis, as well as 85% of the amount of any such savings the intermediate holding company actually realizes as a result of increases in tax basis that arise due to future payments under the agreement. A termination of the agreement or a change of control could give rise to similar payments based on tax savings that we would be deemed to realize in connection with such events. This payment obligation is an obligation of our intermediate holding company and not of either KKR Group Partnership. As such, the cash distributions to common unitholders may vary from holders of KKR Group Partnership Units (held by KKR Holdings and others) to the extent payments are made under the tax receivable agreements to selling holders of KKR Group Partnership Units. As the payments reflect actual tax savings received by KKR entities,

there may be a timing difference between the tax savings received by KKR entities and the cash payments to selling holders of KKR Group Partnership Units. We expect our intermediate holding company to benefit from the remaining 15% of cash savings, if any, in income tax that it realizes. In the event that other of our current or future subsidiaries become taxable as corporations and acquire KKR Group Partnership Units in the future, or if we become taxable as a corporation for U.S. federal income tax purposes, we expect that each will become subject to a tax receivable agreement with substantially similar terms.

For purposes of the tax receivable agreement, cash savings in income tax will be computed by comparing the actual income tax liability of our subsidiary to the amount of such taxes that the intermediate holding company would have been required to pay had there been no increase to the tax basis of the tangible and intangible assets of the KKR Group Partnerships as a result of the exchanges of KKR Group Partnership Units and had the intermediate holding company not entered into the tax receivable agreement. The term of the tax receivable agreement continues until all such tax benefits have been utilized or expired, unless the intermediate holding company exercises its right to terminate the tax receivable agreement for an amount based on the agreed payments remaining to be made under the agreement.

Estimating the amount of payments that may be made under the tax receivable agreement is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. The actual increase in tax basis, as well as the amount and timing of any payments under the tax receivable agreement, will vary depending upon a number of factors, including:

- the timing of exchanges—for instance, the increase in any tax deductions will vary depending on the fair market value, which may fluctuate over time, of the KKR Group Partnership Units, which will depend on the fair market value of the depreciable or amortizable assets of the KKR Group Partnerships at the time of the transaction;

- the price of our common units at the time of the exchange—the increase in any tax deductions, as well as the tax basis increase in other assets, of the KKR Group Partnerships, is directly proportional to the price of our common units at the time of the exchange;

- the extent to which such exchanges are taxable—if an exchange is not taxable for any reason (for instance, in the case of a charitable contribution), increased deductions will not be available; and

- the amount of tax, if any, our intermediate holding company is required to pay aside from any tax benefit from the exchanges, and the timing of any such payment. If our intermediate holding company does not have taxable income aside from any tax benefit from the exchanges, it will not be required to make payments under the tax receivable agreement for that taxable year because no tax savings will have been actually realized.

We expect that as a result of the amount of the increases in the tax basis of the tangible and intangible assets of the KKR Group Partnerships, assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize the full tax benefit of the increased amortization of our assets, future payments under the tax receivable agreement will be substantial. The payments under the tax receivable agreement are not conditioned upon our principals' continued ownership of us.

The intermediate holding company may terminate the tax receivable agreement at any time by making an early termination payment to KKR Holdings or its transferees, based upon the net present value (based upon certain assumptions in the tax receivable agreement) of all tax benefits that would be required to be paid by the intermediate holding company to KKR Holdings or its transferees. In addition, the tax receivable agreement provides that upon certain mergers, asset sales, other forms of combination transactions or other changes of control, the minimum obligations of our intermediate holding company or its successor with respect to exchanged or acquired KKR Group Partnership Units (whether exchanged or acquired before or after such transaction) would be based on certain

assumptions, including that our intermediate holding company would have sufficient taxable income to fully utilize the increased tax deductions and increased tax basis and other benefits related to entering into the tax receivable agreement. In these situations, our obligations under the tax receivable agreement could have a substantial negative impact on our liquidity.

Decisions made by our senior principals in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes of control, may influence the timing and amount of payments that are received by an exchanging or selling holder of partner interests in the KKR Group Partnerships under the tax receivable agreement. For example, the earlier disposition of assets following an exchange or acquisition transaction will generally accelerate payments under the tax receivable agreement and increase the present value of such payments, and the disposition of assets before an exchange or acquisition transaction will increase a principals' tax liability without giving rise to any rights of a principal to receive payments under the tax receivable agreement.

Payments under the tax receivable agreement will be based upon the tax reporting positions that our Managing Partner will determine. We are not aware of any issue that would cause the IRS to challenge a tax basis increase. However, neither KKR Holdings nor its transferees will reimburse us for any payments previously made under the tax receivable agreement if such tax basis increase, or the tax benefits we claim arising from such increase, is successfully challenged by the IRS. As a result, in certain circumstances payments to KKR Holdings or its transferees under the tax receivable agreement could be in excess of the intermediate holding company's cash tax savings. The intermediate holding company's ability to achieve benefits from any tax basis increase, and the payments to be made under this agreement, will depend upon a number of factors, as discussed above, including the timing and amount of our future income.

KKR Group Partnership Agreements

We, directly or indirectly, control the general partners of the KKR Group Partnerships and, through the KKR Group Partnerships and their subsidiaries, the KKR business. Because our Managing Partner operates and controls us, our Managing Partner's board of directors and our officers are ultimately responsible for all material decisions of the KKR Group Partnerships and the KKR Group Partnerships' businesses.

Pursuant to the partnership agreements of the KKR Group Partnerships, our partnership, as the controlling general partner of KKR Fund Holdings L.P. and KKR Management Holdings L.P., have the right to determine when distributions will be made to the holders of KKR Group Partnership Units and the amount of any such distributions. See "Distribution Policy."

The partnership agreements of the KKR Group Partnerships provide for tax distributions to the holders of KKR Group Partnership Units if the general partners of the KKR Group Partnerships determine that distributions from the KKR Group Partnerships would otherwise be insufficient to cover the tax liabilities of a holder of a KKR Group Partnership Unit. Generally, these tax distributions will be computed based on our estimate of the net taxable income of the relevant partnership allocable to a holder of a KKR Group Partnership Unit multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident in New York, New York (taking into account the nondeductibility of certain expenses and the character of our income).

The partnership agreements of the KKR Group Partnerships authorize the general partners of the KKR Group Partnerships to issue an unlimited number of additional securities of the KKR Group Partnerships with such designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to the KKR Group Partnerships units, and which may be exchangeable for KKR Group Partnership Units.

Firm Use of Private Aircraft

Certain of our senior principals, including Messrs. Kravis and Roberts, own aircraft that we use for business purposes in the ordinary course of our operations. These senior principals paid for the purchase of these aircraft with their personal funds and bear all operating, personnel and maintenance costs associated with their operation. The hourly rates that we pay for the use of these aircraft are based on current market rates for chartering private aircraft of the same type. We paid $6.9 million for the use of these aircraft during the year ended December 31, 2009, of which $5.5 million was paid to entities collectively controlled by Messrs. Kravis and Roberts.

Side-By-Side and Other Investments

As described under "Business," because fund investors typically are unwilling to invest their capital in a fund unless the fund's manager also invests its own capital in the fund's investments, our private equity fund documents generally require the general partners of our traditional private equity funds to make minimum capital commitments to the funds. The amount of these commitments, which are negotiated by fund investors, generally range from 2% to 4% of a fund's total capital commitments at final closing. When investments are made, the general partner contributes capital to the fund based on its fund commitment percentage and acquires a capital interest in the investment that is not subject to a carried interest. Historically, these capital contributions have been funded with cash from operations that otherwise would be distributed to our principals and by our principals.

In connection with the Reorganization Transactions, we did not acquire capital interests in investments that were funded by our principals or others involved in our business prior to the Transactions. Rather, those capital interests were allocated to our principals or others involved in our business and are reflected in our financial statements as noncontrolling interests in consolidated entities to the extent that we hold the general partner interest in the fund. Any capital contributions that our private equity fund general partners are required to make to a fund will be funded by us and we will be entitled to receive our allocable share of the returns thereon.

In addition, our principals and certain other qualifying employees are permitted to invest and have invested their own capital in side-by-side investments with our private equity funds. Side-by-side investments are investments made on the same terms and conditions as those available to the applicable fund, except that these side-by-side investments are not subject to management fees or a carried interest. The cash invested by our executive officers and their investment vehicles aggregated to $ million for the year ended December 31, 2009, of which $ million, $ million, $ million and $ million was invested by Messrs. Kravis, Roberts, Janetschek and Sorkin, respectively. These investments are not included in the accompanying consolidated and combined financial statements.

Indemnification of Directors, Officers and Others

Under our partnership agreement, in most circumstances we will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts: our Managing Partner; any departing Managing Partner; any person who is or was an affiliate of our Managing Partner or any departing Managing Partner; any person who is or was a member, partner, tax matters partner, officer, director, employee, agent, fiduciary or trustee of our partnership or our subsidiaries, the general partner or any departing general partner or any affiliate of us or our subsidiaries, our Managing Partner or any departing Managing Partner; any person who is or was serving at the request of a Managing Partner or any departing Managing Partner or any affiliate of a Managing Partner or any departing Managing Partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of another person; or any person designated by our Managing

Partner. We have agreed to provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that these persons acted in bad faith or engaged in fraud or willful misconduct. We have also agreed to provide this indemnification for criminal proceedings. Any indemnification under these provisions will only be out of our assets. Unless it otherwise agrees, our Managing Partner will not be personally liable for, or have any obligation to contribute or loan funds or assets to us to enable us to effectuate, indemnification. The indemnification of the persons described above shall be secondary to any indemnification such person is entitled from another person or the relevant KKR fund to the extent applicable. We may purchase insurance against liabilities asserted against and expenses incurred by persons in connection with our activities, regardless of whether we would have the power to indemnify the person against liabilities under our partnership agreement. See "Conflicts of Interest and Fiduciary Responsibilities—Fiduciary Duties."

Guarantee of Contingent Obligations to Fund Partners; Indemnification

The partnership documents governing our traditional private equity funds generally include a "clawback" or, in certain instances, a "net loss sharing" provision that, if triggered, may give rise to a contingent obligation that may require the general partner to return or contribute amounts to the fund for distribution to investors at the end of the life of the fund. Under a "clawback" provision, upon the liquidation of a fund, the general partner is required to return, on an after-tax basis, previously distributed carry to the extent that, due to the diminished performance of later investments, the aggregate amount of carry distributions received by the general partner during the term of the fund exceed the amount to which the general partner was ultimately entitled. Excluding carried interest received by the general partners of our 1996 Fund (which was not contributed to us in the Transactions), as of December 31, 2009, the amount of carried interest we have received that is subject to this clawback obligation was $84.9 million, assuming that all applicable private equity funds were liquidated at their December 31, 2009 fair values. Had the investments in such funds been liquidated at zero value, the clawback obligation would have been $716.2 million. Under a "net loss sharing provision," upon the liquidation of a fund, the general partner is required to contribute capital to the fund, to fund 20% of the net losses on investments. In these vehicles, such losses would be required to be paid by us to the limited partners in those vehicles in the event of a liquidation of the fund regardless of whether any carried interest had previously been distributed. Based on the fair market values as of December 31, 2009, our obligation in connection with the net loss sharing provision would have been approximately $93.6 million. If the vehicles were liquidated at zero value, the contingent repayment obligation in connection with the net loss sharing provision as of December 31, 2009 would have been approximately $1,182.7 million.

Prior to the Transactions, certain of our principals who received carried interest distributions with respect to the private equity funds had personally guaranteed, on a several basis and subject to a cap, the contingent obligations of the general partners of the private equity funds to repay amounts to fund limited partners pursuant to the general partners' clawback obligations. The terms of the Transactions require that our principals remain responsible for clawback obligations relating to carry distributions received prior to the Transactions up to a maximum of $223.6 million.

Carry distributions arising subsequent to the Transactions may give rise to clawback obligations that may be allocated generally to carry pool participants and the Combined Business in accordance with the terms of the instruments governing the KKR Group Partnerships. Unlike the "clawback" provisions, the Combined Business will be responsible for any amounts due under net loss sharing arrangements and will indemnify our principals for any personal guarantees that they have provided with respect to such amounts.

Facilities

Certain of our senior principals are partners in a real-estate based partnership that maintains an ownership interest in our Menlo Park location. Payments made from us to this partnership aggregated $5.7 million for the year ended December 31, 2009.

Confidentiality and Restrictive Covenant Agreements

The confidentiality and restrictive covenant agreements with our principals include prohibitions on our principals competing with us or soliciting certain investors or senior-level employees of our firm and specified subsidiaries and affiliates during a restricted period following their departure from the firm. These agreements also require personnel to protect and use the firm's confidential information only in accordance with confidentiality restrictions set forth in the agreement. Messrs. Kravis, Roberts, Janetschek and Sorkin are each a party to such an agreement. The restricted periods for our founders expire on the later of (i) 4 years from October 1, 2009 and (ii) 2 years from departure from the firm. The restricted periods for our other senior principals expire on the later of (i) 2 years from October 1, 2009 and (ii) 18 months from departure from the firm. These restricted periods vary based on position with the firm and are subject to reduction for any "garden leave" or "notice period" that an employee serves prior to termination of employment and are also reduced if employment is terminated without cause. Other principals that are subject to confidentiality and restrictive covenant agreements have restricted periods ranging from 3 months to 1 year. Because KKR Holdings is the party to these agreements and not us, we may not be able to enforce them, and these agreements might be waived, modified or amended at any time without our consent.

Statement of Policy Regarding Transactions with Related Persons

Prior to the completion of the U.S. Listing, the board of directors of our Managing Partner will adopt a written statement of policy for our partnership regarding transactions with related persons, which we refer to as our related person policy. Our related person policy requires that a "related person" (as defined as in Item 404(a) of Regulation S-K) must promptly disclose to our Chief Financial Officer or other designated person any "related person transaction" (defined as any transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships, including, without limitation, any loan, guarantee of indebtedness, transfer or lease of real estate, or use of company property) that is reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds $120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. Those individuals will then communicate that information to the board of directors of our Managing Partner. No related person transaction will be executed without the approval or ratification of the board of directors, the conflicts committee or any committee of the board consisting exclusively of at least three disinterested directors. It is our policy that directors interested in a related person transaction will recuse themselves from any vote on a related person transaction in which they have an interest.

CONFLICTS OF INTEREST AND FIDUCIARY RESPONSIBILITIES

Conflicts of Interest

Conflicts of interest exist and may arise in the future as a result of the relationships between our Managing Partner and its affiliates, including each party's respective owners, on the one hand, and our partnership and our limited partners, on the other hand. Whenever a potential conflict arises between our Managing Partner or its affiliates, on the one hand, and us or any limited partner, on the other hand, our Managing Partner will resolve that conflict. Our limited partnership agreement contains provisions that reduce and eliminate our Managing Partner's duties, including fiduciary duties, to our unitholders. Our limited partnership agreement also restricts the remedies available to unitholders for actions taken that without those limitations might constitute breaches of duty, including fiduciary duties.

Under our limited partnership agreement, our Managing Partner will not be in breach of its obligations under the limited partnership agreement or its duties to us or our unitholders if the resolution of the conflict is:

- approved by the conflicts committee, although our Managing Partner is not obligated to seek such approval;
- approved by the vote of a majority of the outstanding common units, excluding any common units owned by our Managing Partner or any of its affiliates, although our Managing Partner is not obligated to seek such approval;
- on terms which are, in the aggregate, no less favorable to us than those generally being provided to or available from unrelated third parties; or
- fair and reasonable to us, taking into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to us.

Our Managing Partner may, but is not required to, seek the approval of such resolution from the conflicts committee or our unitholders. If our Managing Partner does not seek approval from the conflicts committee or our unitholders and its board of directors determines that the resolution or course of action taken with respect to the conflict of interest satisfies either of the standards set forth in the third and fourth bullet points above, then it will be presumed that in making its decision the board of directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner or us or any other person bound by our limited partnership agreement, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. Unless the resolution of a conflict is specifically provided for in our limited partnership agreement, our Managing Partner or the conflicts committee may consider any factors it determines in its sole discretion to consider when resolving a conflict. Our limited partnership agreement provides that our Managing Partner will be conclusively presumed to be acting in good faith if our Managing Partner subjectively believes that the determination made or not made is in the best interests of the partnership.

Covered Agreements

The conflicts committee will be responsible for enforcing our rights under any of the exchange agreement, the tax receivable agreement, the limited partnership agreement of any KKR Group Partnership, or our limited partnership agreement, which we refer collectively to as the covered agreements, against KKR Holdings and certain of its subsidiaries and designees, a general partner or limited partner of KKR Holdings, or a person who holds a partnership or equity interest in the foregoing entities. The conflicts committee will also be authorized to take any action pursuant to any authority or rights granted to such committee under any covered agreement or with respect to any amendment, supplement, modification or waiver to any such agreement that would purport to modify

such authority or rights. In addition, the conflicts committee shall approve any amendment to any of the covered agreements that in the reasonable judgment of our Managing Partner's board of directors creates or will result in a conflict of interest.

Potential Conflicts

Conflicts of interest could arise in the situations described below, among others.

Actions taken by our Managing Partner may affect the amount of cash flow from operations to our unitholders.

The amount of cash flow from operations that is available for distribution to our unitholders is affected by decisions of our Managing Partner regarding such matters as:

- the amount and timing of cash expenditures, including those relating to compensation;
- the amount and timing of investments and dispositions;
- levels of indebtedness;
- tax matters;
- levels of reserves; and
- issuances of additional partnership securities.

In addition, borrowings by our limited partnership and our affiliates do not constitute a breach of any duty owed by our Managing Partner to our unitholders. Our partnership agreement provides that we and our subsidiaries may borrow funds from our Managing Partner and its affiliates on terms that are fair and reasonable to us. Under our limited partnership agreement, those borrowings will be deemed to be fair and reasonable if: (i) they are approved in accordance with the terms of the limited partnership agreement; (ii) the terms are no less favorable to us than those generally being provided to or available from unrelated third parties; or (iii) the terms are fair and reasonable to us, taking into account the totality of the relationships between the parties involved, including other transactions that may be or have been particularly favorable or advantageous to us.

We will reimburse our Managing Partner and its affiliates for expenses.

We will reimburse our Managing Partner and its affiliates for costs incurred in managing and operating our partnership and our business. For example, we do not elect, appoint or employ any directors, officers or other employees. All of those persons are elected, appointed or employed by our Managing Partner on our behalf. Our limited partnership agreement provides that our Managing Partner will determine the expenses that are allocable to us.

Our Managing Partner intends to limit its liability regarding our obligations.

Our Managing Partner intends to limit its liability under contractual arrangements so that the other party has recourse only to our assets, and not against our Managing Partner, its assets or its owners. Our limited partnership agreement provides that any action taken by our Managing Partner to limit its liability or our liability is not a breach of our Managing Partner's fiduciary duties, even if we could have obtained more favorable terms without the limitation on liability. The limitation on our Managing Partner's liability does not constitute a waiver of compliance with U. S. federal securities laws that would be void under Section 14 of the Securities Act of 1933.

Our unitholders will have no right to enforce obligations of our Managing Partner and its affiliates under agreements with us.

Any agreements between us on the one hand, and our Managing Partner and its affiliates on the other, will not grant our unitholders, separate and apart from us, the right to enforce the obligations of our Managing Partner and its affiliates in our favor.

Contracts between us, on the one hand, and our Managing Partner and its affiliates, on the other, will not be the result of arm's-length negotiations.

Our limited partnership agreement allows our Managing Partner to determine in its sole discretion any amounts to pay itself or its affiliates for any services rendered to us. Our Managing Partner may also enter into additional contractual arrangements with any of its affiliates on our behalf. Neither our limited partnership agreement nor any of the other agreements, contracts and arrangements between us on the one hand, and our Managing Partner and its affiliates on the other, are or will be the result of arm's-length negotiations. Our Managing Partner will determine the terms of any of these transactions entered into after the completion of the Transactions on terms that it considers are fair and reasonable to us. Our Managing Partner and its affiliates will have no obligation to permit us to use any facilities or assets of our Managing Partner and its affiliates, except as may be provided in contracts entered into specifically dealing with such use. There will not be any obligation of our Managing Partner and its affiliates to enter into any contracts of this kind.

Our common units are subject to our Managing Partner's limited call right.

Our Managing Partner may exercise its right to call and purchase common units as provided in our limited partnership agreement or assign this right to one of its affiliates or to us. Our Managing Partner may use its own discretion, free of fiduciary duty restrictions, in determining whether to exercise this right. As a result, a unitholder may have his common units purchased from him at an undesirable time or price. See "Description of Our Limited Partnership Agreement—Limited Call Right."

We may choose not to retain separate counsel for ourselves or for the holders of common units.

Attorneys, independent accountants and others who will perform services for us are selected by our Managing Partner or the conflicts committee, and may perform services for our Managing Partner and its affiliates. We may retain separate counsel for ourselves or our unitholders in the event of a conflict of interest between our Managing Partner and its affiliates on the one hand, and us or our unitholders on the other, depending on the nature of the conflict, but are not required to do so.

Our Managing Partner's affiliates may compete with us.

Our partnership agreement provides that our Managing Partner will be restricted from engaging in any business activities other than activities incidental to its ownership of interests in us. Except as provided in the non-competition, non-solicitation and confidentiality agreements to which our principals will be subject, affiliates of our Managing Partner, including its owners, are not prohibited from engaging in other businesses or activities, including those that might compete directly with us.

Certain of our subsidiaries have obligations to investors in our investment funds and may have obligations to other third parties that may conflict with your interests.

Our subsidiaries that serve as the general partners of our investment funds have fiduciary and contractual obligations to the investors in those funds and some of our subsidiaries may have contractual duties to other third parties. As a result, we expect to regularly take actions with respect to the allocation of investments among our investment funds (including funds that have different fee

structures), the purchase or sale of investments in our investment funds, the structuring of investment transactions for those funds, the advice we provide or otherwise that comply with these fiduciary and contractual obligations. In addition, our principals have made personal investments in a variety of our investment funds, which may result in conflicts of interest among investors in our funds or our unitholders regarding investment decisions for these funds. Some of these actions might at the same time adversely affect our near-term results of operations or cash flow.

U.S. federal income tax considerations of our principals may conflict with your interests.

Because our principals will hold their KKR Group Partnership Units directly or through entities that are not subject to corporate income taxation and we hold our units in one of the KKR Group Partnerships through a subsidiary that is subject to taxation as a corporation in the United States, conflicts may arise between our principals and our partnership relating to the selection and structuring of investments. Our unitholders will be deemed to expressly acknowledge that our Managing Partner is under no obligation to consider the separate interests of such holders, including among other things the tax consequences to our unitholders, in deciding whether to cause us to take or decline to take any actions.

Fiduciary Duties

Our Managing Partner is accountable to us and our unitholders as a fiduciary. Fiduciary duties owed to our unitholders by our Managing Partner are prescribed by law and our limited partnership agreement. The Delaware Limited Partnership Act provides that Delaware limited partnerships may in their partnership agreements expand, restrict or eliminate the duties, including fiduciary duties, otherwise owed by a general partner to limited partners and the partnership.

Our partnership agreement contains various provisions modifying, restricting and eliminating the duties, including fiduciary duties, that might otherwise be owed by our Managing Partner. We have adopted these restrictions to allow our Managing Partner or its affiliates to engage in transactions with us that would otherwise be prohibited by state-law fiduciary duty standards and to take into account the interests of other parties in addition to our interests when resolving conflicts of interest. Without these modifications, our Managing Partner's ability to make decisions involving conflicts of interest would be restricted. These modifications are detrimental to our unitholders because they restrict the remedies available to our unitholders for actions that without those limitations might constitute breaches of duty, including a fiduciary duty, as described below, and they permit our Managing Partner to take into account the interests of third parties in addition to our interests when resolving conflicts of interest.

The following is a summary of the material restrictions on the fiduciary duties owed by our Managing Partner to our unitholders:

State Law Fiduciary Duty Standards	Fiduciary duties are generally considered to include an obligation to act in good faith and with due care and loyalty. In the absence of a provision in a partnership agreement providing otherwise, the duty of care would generally require a general partner to act for the partnership in the same manner as a prudent person would act on his own behalf. In the absence of a provision in a partnership agreement providing otherwise, the duty of loyalty would generally prohibit a general partner of a Delaware limited partnership from taking any action or engaging in any transaction that is not in the best interests of the partnership where a conflict of interest is present.

Partnership Agreement Modified Standards

General

Our limited partnership agreement contains provisions that waive duties of or consent to conduct by our Managing Partner and its affiliates that might otherwise raise issues about compliance with fiduciary duties or applicable law. For example, our limited partnership agreement provides that when our Managing Partner, in its capacity as our Managing Partner, is permitted to or required to make a decision in its "sole discretion" or "discretion" or that it deems "necessary or appropriate" or "necessary or advisable" then our Managing Partner will be entitled to consider only such interests and factors as it desires, including its own interests, and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any factors affecting us or any limited partners, including our unitholders, and will not be subject to any different standards imposed by the limited partnership agreement, the Delaware Limited Partnership Act or under any other law, rule or regulation or in equity. In addition, when our Managing Partner is acting in its individual capacity, as opposed to in its capacity as our Managing Partner, it may act without any fiduciary obligation to us or the unitholders whatsoever. These standards reduce the obligations to which our Managing Partner would otherwise be held.

In addition to the other more specific provisions limiting the obligations of our Managing Partner, our limited partnership agreement further provides that our Managing Partner and its officers and directors will not be liable to us, our limited partners, including our unitholders, or assignees for errors of judgment or for any acts or omissions unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that our Managing Partner or its officers and directors acted in bad faith or engaged in fraud or willful misconduct.

Special Provisions Regarding Affiliated Transactions

Our limited partnership agreement generally provides that affiliated transactions and resolutions of conflicts of interest not involving a vote of unitholders and that are not approved by the conflicts committee of the board of directors of our Managing Partner or by our unitholders must be:

- on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or
- "fair and reasonable" to us, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to us).

	If our Managing Partner does not seek approval from the conflicts committee or our unitholders and the board of directors of our Managing Partner determines that the resolution or course of action taken with respect to the conflict of interest satisfies either of the standards set forth in the bullet points above, then it will be presumed that in making its decision, the board of directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner, including our unitholders, or our partnership or any other person bound by our limited partnership agreement, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. These standards reduce the obligations to which our Managing Partner would otherwise be held.
Rights and Remedies of Unitholders	The Delaware Limited Partnership Act generally provides that a limited partner may institute legal action on behalf of the partnership to recover damages from a third-party where a general partner has refused to institute the action or where an effort to cause a general partner to do so is not likely to succeed. In addition, the statutory or case law of some jurisdictions may permit a limited partner to institute legal action on behalf of himself and all other similarly situated limited partners to recover damages from a general partner for violations of its fiduciary duties to the limited partners.

By holding our common units, each unitholder will automatically agree to be bound by the provisions in our partnership agreement, including the provisions described above. This is in accordance with the policy of the Delaware Limited Partnership Act favoring the principle of freedom of contract and the enforceability of partnership agreements. The failure of a unitholder to sign our limited partnership agreement does not render our partnership agreement unenforceable against that person.

We have agreed to indemnify our Managing Partner and any of its affiliates and any member, partner, tax matters partner, officer, director, employee, agent, fiduciary or trustee of our partnership, our Managing Partner or any of our affiliates and certain other specified persons, to the fullest extent permitted by law, against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts incurred by our Managing Partner or these other persons. We have agreed to provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that these persons acted in bad faith or engaged in fraud or willful misconduct. We have also agreed to provide this indemnification for criminal proceedings. Thus, our Managing Partner could be indemnified for its negligent acts if it met the requirements set forth above. To the extent these provisions purport to include indemnification for liabilities arising under the Securities Act, in the opinion of the SEC such indemnification is contrary to public policy and therefore unenforceable. See "Description of Our Limited Partnership Agreement—Indemnification."

COMPARATIVE RIGHTS OF OUR UNITHOLDERS AND KKR GUERNSEY UNITHOLDERS

The rights of our unitholders will be governed by the laws of the State of Delaware, including the Delaware Limited Partnership Act, and our partnership agreement. The rights of KKR Guernsey unitholders are currently governed by the laws of Guernsey, including The Limited Partnerships (Guernsey) Law, 1995, as amended, which we refer to as the Guernsey Limited Partnerships Law, and KKR Guernsey's limited partnership agreement, which we refer to as the KKR Guernsey partnership agreement. Upon the U.S. Listing, KKR Guernsey unitholders would receive our common units, and their rights as unitholders would accordingly be governed by Delaware law and our partnership agreement. In addition, the U.S. federal securities laws and the rules and regulations of the NYSE that will apply to our common units differ from Dutch securities laws and the rules and regulations of Euronext Amsterdam, which currently apply to the KKR Guernsey units.

This section of the prospectus describes the differences between the rights of our unitholders and the rights of KKR Guernsey unitholders, to the extent such differences are material. It does not purport to be a complete statement of the rights of our unitholders under applicable Delaware law and our partnership agreement, or the rights KKR Guernsey unitholders under applicable Guernsey law and the KKR Guernsey partnership agreement.

We encourage you to read carefully the relevant provisions of the Delaware Limited Partnership Act and the Guernsey Limited Partnerships Law, as well as our partnership agreement and the KKR Guernsey partnership agreement. Our limited partnership agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part. We furthermore encourage you to read the more fulsome description of our limited partnership agreement included under "Description of Our Limited Partnership Agreement" herein.

Issuance of Additional Securities

KKR	*KKR Guernsey*
Our limited partnership agreement provides that our Managing Partner may issue additional securities and related options, rights, warrants and appreciation rights at any time. Our Managing Partner may determine the designation, preferences, rights, powers and duties of any class or series of securities at its sole discretion.	The KKR Guernsey partnership agreement provides that with the special approval of a majority of the independent members of the board of directors of KKR Guernsey's general partner, which we refer to as the KKR Guernsey Board, KKR Guernsey's general partner may issue additional securities and related options, rights, warrants and appreciation rights at any time. KKR Guernsey's general partner may determine the designation, preferences, rights, powers and duties of any class or series of securities, subject to such special approval.

Voting Rights of Unitholders

KKR	*KKR Guernsey*
Our unitholders will have only limited voting and consent rights as described herein and will have no right to elect or remove our Managing Partner or its directors.	KKR Guernsey unitholders are not entitled to vote on matters relating to KKR Guernsey, although they are entitled to consent rights with respect to certain matters described below.

Management and Control

KKR	*KKR Guernsey*
Our Managing Partner will manage all of our operations and activities. Our Managing Partner will be wholly owned by our principals and controlled by our founders.	KKR Guernsey's general partner manages all of its operations and activities. KKR Guernsey's general partner is wholly owned and controlled by our principals.
Our limited partnership agreement and the Delaware Limited Partnership Act prohibit limited partners from participating in the operation, management or control of our business.	The KKR Guernsey partnership agreement and the Guernsey Limited Partnerships Law both prohibit limited partners from participating in the conduct or management of KKR Guernsey's business.

Board Structure

KKR	*KKR Guernsey*
The limited liability company agreement of our Managing Partner requires our Managing Partner to maintain a board of directors, not less than a majority of whom are independent pursuant to NYSE Rules relating to corporate governance matters. Our Managing Partner's board of directors is required to maintain an audit committee and a conflicts committee, each of which consists of a majority of independent directors, and an executive committee, which initially will consist solely of our founders.	The articles of association of KKR Guernsey's general partner requires KKR Guernsey's general partner to maintain the KKR Guernsey Board, not less than a majority of whom must be independent pursuant to NYSE Rules relating to corporate governance matters. The KKR Guernsey Board is required to maintain an audit committee that consists entirely of independent directors and a nominating and corporate governance committee that consists of a majority of non-independent directors.
A majority of the Class A shares of our Managing Partner, all of which are held by our senior principals, will have the power, in their sole discretion, to (i) determine the number of directors and their term of office, (ii) appoint directors and (iii) remove and replace directors at any time, with or without cause and for any reason or no reason. Independent directors of our Managing Partner's board of directors need not be approved by our Managing Partner's nominating and corporate governance committee. Our Managing Partner's limited liability company agreement does not provide for the classification of directors.	Each member of the KKR Guernsey Board is appointed annually at a general meeting of the shareholders of KKR Guernsey's general partner, and holds office until the next annual general meeting of the KKR Guernsey general partner's shareholders, or his earlier death, resignation or removal. Vacancies may be filled and additional directors may be added by an ordinary resolution of shareholders or a vote of the directors then in office, subject to size, eligibility and advance notice requirements. No person may be appointed to the office of independent director unless he or she has been approved by a majority of the independent directors then in office and has been

We expect that our Managing Partner's board of directors initially will consist of five directors, two of whom are our founders and the remainder of whom are independent under NYSE rules.

recommended by the KKR Guernsey Board's nominating and corporate governance committee (a majority of whose members are our affiliates). A director may be removed from office for any reason by a written resolutions requesting resignation signed by all other directors then holding office or by an ordinary resolution of the KKR Guernsey general partner's shareholders. At no time may a majority of directors be resident in the United Kingdom nor citizens or residents of the United States.

The KKR Guernsey Board currently consists of five directors, three of whom are independent. Our founders are members of the KKR Guernsey Board.

Withdrawal or Removal of our Managing Partner; Transfer of Managing Partner's General Partner Interest

KKR	*KKR Guernsey*
Our limited partnership agreement provides that our Managing Partner may not be removed or expelled, with or without cause, by unitholders.	KKR Guernsey unitholders do not have the right to force KKR Guernsey's general partner to withdraw from KKR Guernsey.
Except for the transfer by our Managing Partner of all, but not less than all, of its general partner interests in our partnership to an affiliate of our Managing Partner, or to another entity as part of the merger or consolidation of our Managing Partner with or into another entity or the transfer by our Managing Partner of all or substantially all of its assets to another entity, our Managing Partner may not transfer all or any part of its general partner interest in us to another person prior to December 31, 2020 without the approval of the holders of at least a majority of the voting power of our outstanding voting units, excluding voting units held by our Managing Partner and its affiliates.	KKR Guernsey's general partner may withdraw from KKR Guernsey only with the prior written consent of holders representing a majority of KKR Guernsey units, except that KKR Guernsey's general partner may transfer all or any part of its general partner interest, or merge, consolidate, convert or amalgamate with or into any other person, if such transfer is to KKR or an affiliate of KKR or such merger, consolidation, conversion or amalgamation is with or into KKR or an affiliate of KKR.
On or after December 31, 2020, our Managing Partner may transfer all or any part of its general partner interest without first obtaining approval of any unitholder.	

Our Managing Partner may withdraw as the Managing Partner (i) prior to December 31, 2020 upon 90 days' advance notice, provided that holders of a majority of the voting power of our voting units (excluding voting units held by our Managing Partner and its affiliates) approves such withdrawal and our Managing Partner delivers opinions of counsel with respect to certain legal and tax matters, (ii) on or after December 31, 2020 upon 90 days' advance notice, or (iii) in accordance with the transfer provisions described above.

Notwithstanding the foregoing, our Managing Partner may withdraw at any time without unitholder approval upon 90 days' advance notice to the limited partners if at least 50% of the outstanding common units are beneficially owned or owned of record or controlled by one person and its affiliates other than our Managing Partner and its affiliates.

Upon the withdrawal of our Managing Partner under any circumstances, the holders of a majority of the voting power of our outstanding voting units may select a successor to that withdrawing Managing Partner.

Unitholder Meetings

KKR	*KKR Guernsey*
We are not required to, and do not expect to, hold regular meetings of our unitholders. Our limited partnership agreement provides that meetings of our unitholders may be called by our Managing Partner or by limited partners owning at least 50% of the voting power of the outstanding limited partner interests of the class for which a meeting has been called.	The KKR Guernsey partnership agreement requires KKR Guernsey to hold an annual meeting at which KKR Guernsey's general partner will present a report on KKR Guernsey's investment activities. KKR Guernsey unitholders are not permitted to take any action at any such annual meeting. KKR Guernsey's general partner may call special meetings of partners for any purpose, but KKR Guernsey unitholders have no right to call or request meetings.

Dividends

KKR	*KKR Guernsey*
Our limited partnership agreement provides that our Managing Partner may determine the amount and timing of any distributions to our unitholders in its sole discretion.	The KKR Guernsey partnership agreement provides that KKR Guernsey's general partner may determine the amount and timing of distributions to the KKR Guernsey unitholders in its sole discretion.

Amendment to Partnership Agreement

KKR

Amendments to our limited partnership agreement may be proposed only by our Managing Partner.

No amendment may be made that would (i) enlarge the obligations of any limited partner without its consent, except that any amendment that would have a material adverse effect on the rights or preferences of any class of partner interests in relation to other classes of partner interests may be approved by at least a majority of the type or class of partner interests so affected; or (ii) enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our Managing Partner or any of its affiliates without the consent of our Managing Partner, which may be given or withheld in its sole discretion. The provision in our limited partnership agreement preventing the amendments having the effects described in clauses (i) or (ii) above may be amended with the approval of the holders of at least 90% of the outstanding voting units.

Our Managing Partner may amend our limited partnership agreement without the consent of our unitholders for certain legal, tax, regulatory and other reasons described under "Description of Our Limited Partnership Agreement—Amendment of the Partnership Agreement—General—No Limited Partner Approval."

Other amendments to our limited partnership agreement will become effective with the consent of our Managing Partner and the holders of at least a majority of our outstanding voting units, provided that our Managing Partner has obtained an opinion of counsel that such amendments will not result in a loss of limited liability to our unitholders. In the absence of such an opinion of counsel, any amendment, other than an amendment pursuant to a merger, consolidation or other business combination, will require the approval of the holders of at least 90% of our outstanding voting units.

KKR Guernsey

Amendments to the KKR Guernsey partnership agreement may be proposed only by KKR Guernsey's general partner.

KKR Guernsey's general partner may amend the KKR Guernsey partnership agreement for reasons similar to those discussed under "Description of Our Limited Partnership Agreement—Amendment of the Partnership Agreement—General—No Limited Partner Approval." KKR Guernsey's general partner may make any other amendment to the KKR Guernsey partnership agreement, without the consent of the KKR Guernsey unitholders, that is not material and adverse to KKR Guernsey unitholders, provided that such amendment receives the approval of a majority of the independent directors of the KKR Guernsey Board.

Any other amendment will be effective upon its approval by KKR Guernsey's general partner and holders representing a majority of KKR Guernsey's outstanding securities.

Mergers and Other Combination Transactions

KKR	*KKR Guernsey*
We may not engage in any merger, consolidation or other business combination without the prior consent of our Managing Partner. Our limited partnership agreement provides that our Managing Partner will submit any merger, consolidation or other business combination to a vote of our unitholders. Such merger, consolidation or other business combination will be approved upon receiving the approval of the holders of at least a majority of the outstanding voting units. Notwithstanding the foregoing, our Managing Partner is permitted, without unitholder approval, to convert, merge or convey all of our assets to a newly formed limited liability entity with no assets, liabilities or operations if the purpose is to effect a mere change in legal form and if the unitholders and our Managing Partner retain substantially the same rights and obligations provided in our limited partnership agreement.	The KKR Guernsey partnership agreement provides that KKR Guernsey may merge, consolidate, convert or amalgamate with or into one or more entities under the laws of such jurisdiction as KKR Guernsey's general partner may in its sole discretion determine, provided that a majority of KKR Guernsey Board's independent directors approve.

Indemnification of Directors and Officers

KKR	*KKR Guernsey*
Under our limited partnership agreement, we will indemnify (i) our Managing Partner, (ii) any departing Managing Partner, (iii) any person who is or was an affiliate of a Managing Partner or any departing Managing Partner, (iv) any person who is or was a member, partner, tax matters partner, officer, director, employee, agent, fiduciary or trustee of us or our subsidiaries, the Managing Partner or any departing Managing Partner or any affiliate of us or our subsidiaries, the Managing Partner or any departing Managing Partner, (v) any person who is or was serving at the request of a Managing Partner or any departing Managing Partner or any affiliate of a Managing Partner or any departing Managing Partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of another person, or (vi) any person designated by our Managing Partner to the fullest extent permitted by law from and against all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other	The KKR Guernsey partnership agreement provides that KKR Guernsey is required to indemnify to the fullest extent permitted by law KKR Guernsey's general partner, KKR Guernsey's service provider and any of their respective affiliates, any person who serves on a governing body of the Acquired KKR Guernsey Partnership or its subsidiaries or any other holding vehicle established by KKR Guernsey and any other person designated by KKR Guernsey's general partner as an indemnified person, in each case, against all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified party in connection with our business, investments and activities or by reason of their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined by a court of competent jurisdiction (in a final and non-appealable judgment) to have resulted

amounts. We have agreed to provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that these persons acted in bad faith or engaged in fraud or willful misconduct. We have also agreed to provide this indemnification for criminal proceedings. Any indemnification under these provisions will only be out of our assets. Unless it otherwise agrees, our Managing Partner will not be personally liable for, or have any obligation to contribute or loan funds or assets to us to enable us to effectuate, indemnification. The indemnification of the persons described above shall be secondary to any indemnification such person is entitled from another person or the relevant KKR fund to the extent applicable. We may purchase insurance against liabilities asserted against and expenses incurred by persons in connection with our activities, regardless of whether we would have the power to indemnify the person against liabilities under our limited partnership agreement.

from the indemnified party's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified party knew to have been unlawful. The KKR Guernsey partnership agreement requires KKR Guernsey to advance funds to pay the expenses of an indemnified party in connection with a matter in which indemnification may be sought until it is determined that the indemnified party is not entitled to indemnification.

Limitations on Liability of Directors and Officers

KKR

Our limited partnership agreement provides that our Managing Partner and its affiliates are not liable to us or our unitholders for any losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising as a result of any act or omission of an indemnitee, or for any breach of contract or any breach of duties (including breach of fiduciary duties) whether arising at law, in equity or otherwise, unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter in question, the indemnitee acted in bad faith or engaged in fraud or willful misconduct.

KKR Guernsey

The KKR Guernsey partnership agreement provides that (i) the liability of an indemnified party has been limited to the fullest extent permitted by law, except to the extent that its conduct involves bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified party knew to have been unlawful and (ii) any matter that is approved by the independent directors will not constitute a breach of any duties stated or implied by law or equity, including fiduciary duties.

Unitholder Suits

KKR	*KKR Guernsey*
The Delaware Limited Partnership Act generally provides that a limited partner may institute legal action on behalf of the partnership to recover damages from a third-party where a general partner has refused to institute the action or where an effort to cause a general partner to do so is not likely to succeed. In addition, the statutory or case law of some jurisdictions may permit a limited partner to institute legal action on behalf of himself and all other similarly situated limited partners to recover damages from a general partner for violations of its fiduciary duties to the limited partners.	The Guernsey Limited Partnerships Law provides that a limited partner may, with the leave of the Royal Court of Guernsey, institute proceedings on behalf of a limited partnership if (a) the general partners have, without good cause, failed to do so, and (b) the failure or refusal is oppressive to the limited partner or is prejudicial to its interests as a limited partner.

Governing Law and Jurisdiction

KKR	*KKR Guernsey*
Our limited partnership agreement is governed by and will be construed in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of laws. Our limited partnership agreement does not provide that our unitholders submit to the jurisdiction of particular courts in connection with disputes arising out of or relating our limited partnership agreement.	The KKR Guernsey partnership agreement is governed by and will be construed in accordance with the laws of the Island of Guernsey. KKR Guernsey unitholders generally will submit to the non-exclusive jurisdiction of any state or federal court of the State of Delaware or any court in the Island of Guernsey in any dispute, suit, action or proceeding arising out of or relating to the KKR Guernsey partnership agreement.

Transfer Restrictions

KKR	*KKR Guernsey*
Our limited partnership agreement does not have similar restrictions.	Under the KKR Guernsey partnership agreement, a "U.S. person" may not acquire or hold KKR Guernsey units if not a "qualified purchaser" under U.S. Securities laws. In addition, KKR Guernsey units may not be acquired or held by "plan assets" under the Employment Retirement Income Security Act (ERISA) or similar laws.

DESCRIPTION OF OUR COMMON UNITS

Common Units

Our common units represent limited partner interests in our partnership. Our unitholders are entitled to participate in our distributions and exercise the rights or privileges available to limited partners under our limited partnership agreement. We will be dependent upon the KKR Group Partnerships to fund any distributions we may make to our unitholders, as described under "Distribution Policy." For a description of the relative rights and preferences of holders of our unitholders in and to our distributions, see "Distribution Policy." For a description of the rights and privileges of limited partners under our limited partnership agreement, including voting rights, see "Description of Our Limited Partnership Agreement."

Unless our Managing Partner determines otherwise, we will issue all our common units in uncertificated form.

Further Issuances

Our limited partnership agreement authorizes us to issue an unlimited number of additional partnership securities and options, rights, warrants and appreciation rights relating to partnership securities for the consideration and on the terms and conditions established by our Managing Partner in its sole discretion without the approval of our unitholders. In accordance with the Delaware Limited Partnership Act and the provisions of our limited partnership agreement, we may also issue additional partner interests that have designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to our common units.

Transfer of Common Units

By acceptance of the transfer of our common units in accordance with our limited partnership agreement, each transferee of our common units will be admitted as a unitholder with respect to the common units transferred when such transfer and admission is reflected in our books and records. Additionally, each transferee of our common units:

- will represent that the transferee has the capacity, power and authority to enter into our limited partnership agreement;
- will become bound by the terms of, and will be deemed to have agreed to be bound by, our limited partnership agreement; and
- will give the consents, approvals, acknowledgements and waivers set forth in our partnership agreement.

A transferee will become a substituted limited partner of our partnership for the transferred common units automatically upon the recording of the transfer on our books and records. Our Managing Partner may cause any transfers to be recorded on our books and records no less frequently than quarterly.

Common units are securities and are transferable according to the laws governing transfers of securities. In addition to other rights acquired upon transfer, the transferor gives the transferee the right to become a substituted limited partner in our partnership for the transferred common units.

Until a common unit has been transferred on our books, we and the transfer agent, notwithstanding any notice to the contrary, may treat the record holder of the common unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations. A beneficial holder's rights are limited solely to those that it has against the record holder as a result of any agreement between the beneficial owner and the record holder.

Transfer Agent and Registrar

will serve as registrar and transfer agent for our common units.

DESCRIPTION OF OUR LIMITED PARTNERSHIP AGREEMENT

The following is a description of the material terms of our amended and restated limited partnership agreement and is qualified in its entirety by reference to all of the provisions of our amended and restated limited partnership agreement, which has been filed as an exhibit to the registration statement of which this prospectus forms a part. Because this description is only a summary of the terms of our amended and restated limited partnership agreement, it does not contain all of the information that you may find important. For additional information, you should read "Our Common Units", "Risk Factors—Risks Related to the U.S. Listing" and "Material U.S. Federal Tax Considerations."

Our Managing Partner

Our Managing Partner manages all of our operations and activities. Our Managing Partner is authorized in general to perform all acts that it determines to be necessary or appropriate to carry out our purposes and to conduct our business. Our Managing Partner is wholly owned by our principals and controlled by our founders. Common unitholders have only limited voting rights relating to certain matters and, therefore, will have limited or no ability to influence management's decisions regarding our business.

Purpose

Under our limited partnership agreement we are permitted to engage, directly or indirectly, in any business activity that is approved by our Managing Partner and that lawfully may be conducted by a limited partnership organized under Delaware law.

Power of Attorney

Each limited partner, and each person who acquires a limited partner interest in accordance with the limited partnership agreement, grants to our Managing Partner and, if appointed, a liquidator, a power of attorney to, among other things, execute and file documents required for our qualification, continuance, dissolution or termination. The power of attorney also grants our Managing Partner the authority to amend, and to make consents and waivers under, the limited partnership agreement and certificate of limited partnership, in each case in accordance with the limited partnership agreement.

Capital Contributions

Our unitholders are not obligated to make additional capital contributions, except as described below under "—Limited Liability." Our Managing Partner is not obliged to make any capital contributions.

Limited Liability

Assuming that a limited partner does not participate in the control of our business within the meaning of the Delaware Limited Partnership Act and that he otherwise acts in conformity with the provisions of the limited partnership agreement, his liability under the Delaware Limited Partnership Act would be limited, subject to possible exceptions, to the amount of capital he is obligated to contribute to us for his common units plus his share of any undistributed profits and assets. If it were determined however that the right, or exercise of the right, by the limited partners as a group:

- to approve some amendments to the limited partnership agreement; or
- to take other action under the limited partnership agreement,

constituted "participation in the control" of our business for the purposes of the Delaware Limited Partnership Act, then our limited partners could be held personally liable for our obligations under the laws of Delaware to the same extent as our Managing Partner. This liability would extend to persons

who transact business with us who reasonably believe that the limited partner is a general partner. Neither the partnership agreement nor the Delaware Limited Partnership Act specifically will provide for legal recourse against our Managing Partner if a limited partner were to lose limited liability through any fault of our Managing Partner. While this does not mean that a limited partner could not seek legal recourse, we know of no precedent for this type of a claim in Delaware case law. The limitation on our Managing Partner's liability does not constitute a waiver of compliance with U. S. federal securities laws that would be void under Section 14 of the Securities Act of 1933.

Under the Delaware Limited Partnership Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partner interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Limited Partnership Act provides that the fair value of property subject to liability for which recourse of creditors is limited will be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the non-recourse liability. The Delaware Limited Partnership Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Limited Partnership Act would be liable to the limited partnership for the amount of the distribution for three years. Under the Delaware Limited Partnership Act, a substituted limited partner of a limited partnership is liable for the obligations of his assignor to make contributions to the partnership, except that such person is not obligated for liabilities unknown to him at the time he became a limited partner and that could not be ascertained from the limited partnership agreement.

Moreover, if it were determined that we were conducting business in any state without compliance with the applicable limited partnership statute, or that the right or exercise of the right by the limited partners as a group to approve some amendments to the limited partnership agreement or to take other action under the limited partnership agreement constituted "participation in the control" of our business for purposes of the statutes of any relevant jurisdiction, then the limited partners could be held personally liable for our obligations under the law of that jurisdiction to the same extent as our Managing Partner. We intend to operate in a manner that our Managing Partner considers reasonable and necessary or appropriate to preserve the limited liability of the limited partners.

Issuance of Additional Securities

The limited partnership agreement authorizes us to issue an unlimited number of additional partnership securities and options, rights, warrants and appreciation rights relating to partnership securities for the consideration and on the terms and conditions established by our Managing Partner in its sole discretion without the approval of any limited partners.

In accordance with the Delaware Limited Partnership Act and the provisions of the limited partnership agreement, we could also issue additional partner interests that have designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to common units.

Distributions

Distributions will be made to the partners pro rata according to the percentages of their respective partner interests. See "Distribution Policy."

Amendment of the Limited Partnership Agreement

General

Amendments to the partnership agreement may be proposed only by our Managing Partner. To adopt a proposed amendment, other than the amendments that do not require limited partner approval discussed below, our Managing Partner must seek approval of the holders of a majority of the outstanding voting units (as defined below) in order to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment. On any matter that may be submitted for a vote of unitholders, the holders of KKR Group Partnership Units hold special voting units in our partnership that provide them with a number of votes that is equal to the aggregate number of KKR Group Partnership Units that they then hold and entitle them to participate in the vote on the same basis as unitholders of our partnership. See "— Meetings; Voting." The KKR Group Partnership Units, other than the KKR Group Partnership Units held by us, will initially be owned by KKR Holdings, which is owned by our principals and controlled by our founders.

Prohibited Amendments

No amendment may be made that would:

(1) enlarge the obligations of any limited partner without its consent, except that any amendment that would have a material adverse effect on the rights or preferences of any class of partner interests in relation to other classes of partner interests may be approved by the holders of at least a majority of the type or class of partner interests so affected; or

(2) enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our Managing Partner or any of its affiliates without the consent of our Managing Partner, which may be given or withheld in its sole discretion.

The provision of the limited partnership agreement preventing the amendments having the effects described in clauses (1) or (2) above can be amended upon the approval of the holders of at least 90% of the outstanding voting units.

No Limited Partner Approval

Our Managing Partner may generally make amendments to the limited partnership agreement or certificate of limited partnership without the approval of any limited partner to reflect:

(1) a change in the name of the partnership, the location of the partnership's principal place of business, the partnership's registered agent or its registered office;

(2) the admission, substitution, withdrawal or removal of partners in accordance with the limited partnership agreement;

(3) a change that our Managing Partner determines is necessary or appropriate for the partnership to qualify or to continue our qualification as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or other jurisdiction or to ensure that the partnership will not be treated as an association taxable as a corporation or otherwise taxed as an entity for U.S. federal income tax purposes;

(4) an amendment that our Managing Partner determines to be necessary or appropriate to address certain changes in U.S. federal, state and local income tax regulations, legislation or interpretation;

(5) an amendment that is necessary, in the opinion of our counsel, to prevent the partnership or our Managing Partner or its directors, officers, employees, agents or trustees, from having a material risk of being in any manner subjected to the provisions of the Investment Company Act,

the Investment Advisers Act or "plan asset" regulations adopted under ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed by the U.S. Department of Labor;

(6) a change in our fiscal year or taxable year and related changes;

(7) an amendment that our Managing Partner determines in its sole discretion to be necessary or appropriate for the creation, authorization or issuance of any class or series of partnership securities or options, rights, warrants or appreciation rights relating to partnership securities;

(8) any amendment expressly permitted in the limited partnership agreement to be made by our Managing Partner acting alone;

(9) an amendment effected, necessitated or contemplated by an agreement of merger, consolidation or other business combination agreement that has been approved under the terms of the limited partnership agreement;

(10) an amendment effected, necessitated or contemplated by an amendment to the partnership agreement of a KKR Group Partnership that requires unitholders of the KKR Group Partnership to provide a statement, certification or other proof of evidence regarding whether such unitholder is subject to U.S. federal income taxation on the income generated by the KKR Group Partnership;

(11) any amendment that in the sole discretion of our Managing Partner is necessary or appropriate to reflect and account for the formation by the partnership of, or its investment in, any corporation, partnership, joint venture, limited liability company or other entity, as otherwise permitted by the partnership agreement;

(12) a merger, conversion or conveyance to another limited liability entity that is newly formed and has no assets, liabilities or operations at the time of the merger, conversion or conveyance other than those it receives by way of the merger, conversion or conveyance;

(13) any amendment that our Managing Partner determines to be necessary or appropriate to cure any ambiguity, omission, mistake, defect or inconsistency; or

(14) any other amendments substantially similar to any of the matters described in (1) through (13) above.

In addition, our Managing Partner could make amendments to the limited partnership agreement without the approval of any limited partner if those amendments, in the discretion of our Managing Partner:

(1) do not adversely affect our limited partners considered as a whole (or adversely affect any particular class of partner interests as compared to another class of partner interests) in any material respect;

(2) are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal, state, local or non-U.S. agency or judicial authority or contained in any federal, state, local or non-U.S. statute (including the Delaware Limited Partnership Act);

(3) are necessary or appropriate to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading;

(4) are necessary or appropriate for any action taken by our Managing Partner relating to splits or combinations of units under the provisions of the limited partnership agreement; or

(5) are required to effect the intent expressed in the registration statement filed in connection with the U.S. Listing or the intent of the provisions of the limited partnership agreement or are otherwise contemplated by the limited partnership agreement.

Opinion of Counsel and Limited Partner Approval

Our Managing Partner will not be required to obtain an opinion of counsel that an amendment will not result in a loss of limited liability to the limited partners if one of the amendments described above under "—No Limited Partner Approval" should occur. No other amendments to the limited partnership agreement (other than an amendment pursuant to a merger, sale or other disposition of assets effected in accordance with the provisions described under "—Merger, Sale or Other Disposition of Assets" or an amendment described in the following paragraphs) will become effective without the approval of holders of at least 90% of the outstanding voting units, unless we obtain an opinion of counsel to the effect that the amendment will not affect the limited liability under the Delaware Limited Partnership Act of any of the limited partners.

In addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of partner interests in relation to other classes of partner interests will also require the approval of the holders of at least a majority of the outstanding partner interests of the class so affected.

In addition, any amendment that reduces the voting percentage required to take any action must be approved by the affirmative vote of limited partners whose aggregate outstanding voting units constitute not less than the voting requirement sought to be reduced.

Merger, Sale or Other Disposition of Assets

The limited partnership agreement would provide that our Managing Partner may, with the approval of the holders of at least a majority of the outstanding voting units, sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, including by way of merger, consolidation or other combination, or approve the sale, exchange or other disposition of all or substantially all of the assets of our subsidiaries. Our Managing Partner in its sole discretion may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets (including for the benefit of persons other than us or our subsidiaries) without the prior approval of the holders of our outstanding voting units. Our Managing Partner could also sell all or substantially all of our assets under any forced sale of any or all of our assets pursuant to the foreclosure or other realization upon those encumbrances without the prior approval of the holders of our outstanding voting units.

If conditions specified in the limited partnership agreement are satisfied, our Managing Partner may in its sole discretion convert or merge our partnership or any of its subsidiaries into, or convey some or all of its assets to, a newly formed entity if the sole purpose of that merger or conveyance is to effect a mere change in its legal form into another limited liability entity. The unitholders will not be entitled to dissenters' rights of appraisal under the partnership agreement or the Delaware Limited Partnership Act in the event of a merger or consolidation, a sale of substantially all of our assets or any other similar transaction or event.

Election to be Treated as a Corporation

If our Managing Partner, in its sole discretion, determines that it is no longer in our interests to continue as a partnership for U.S. federal income tax purposes, our Managing Partner may elect to treat our partnership as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes or may chose to effect such change by merger, conversion or otherwise.

Dissolution

The partnership will dissolve upon:

(1) the election of our Managing Partner to dissolve our partnership, if approved by the holders of a majority of the voting power of the partnership's outstanding voting units;

(2) there being no limited partners, unless our partnership is continued without dissolution in accordance with the Delaware Limited Partnership Act;

(3) the entry of a decree of judicial dissolution of our partnership pursuant to the Delaware Limited Partnership Act; or

(4) the withdrawal of our Managing Partner or any other event that results in its ceasing to be our Managing Partner other than by reason of a transfer of general partner interests or withdrawal of our Managing Partner following approval and admission of a successor, in each case in accordance with the limited partnership agreement.

Upon a dissolution under clause (4), the holders of a majority of the voting power of our outstanding voting units could also elect, within specific time limitations, to continue the partnership's business without dissolution on the same terms and conditions described in the limited partnership agreement by appointing as a successor Managing Partner an individual or entity approved by the holders of a majority of the voting power of the outstanding voting units, subject to the partnership's receipt of an opinion of counsel to the effect that (i) the action would not result in the loss of limited liability of any limited partner and (ii) neither we nor any of our subsidiaries (excluding those formed or existing as corporations) would be treated as an association taxable as a corporation or otherwise be taxable as an entity for U.S. federal income tax purposes upon the exercise of that right to continue.

Liquidation and Distribution of Proceeds

Upon our dissolution, our Managing Partner shall act, or select one or more persons to act, as liquidator. Unless we are continued as a limited partnership, the liquidator authorized to wind up our affairs will, acting with all of the powers of our Managing Partner that the liquidator deems necessary or appropriate in its judgment, liquidate our assets and apply the proceeds of the liquidation first, to discharge our liabilities as provided in the limited partnership agreement and by law, and thereafter, to the limited partners pro rata according to the percentages of their respective partner interests as of a record date selected by the liquidator. The liquidator may defer liquidation of our assets for a reasonable period of time or distribute assets to partners in kind if it determines that an immediate sale or distribution of all or some of our assets would be impractical or would cause undue loss to the partners.

Withdrawal of our Managing Partner

Except as described below, our Managing Partner will agree not to withdraw voluntarily as our Managing Partner prior to December 31, 2020 without obtaining the approval of the holders of at least a majority of the outstanding voting units, excluding voting units held by our Managing Partner and its affiliates, and furnishing an opinion of counsel regarding tax and limited liability matters. On or after December 31, 2020, our Managing Partner may withdraw as Managing Partner without first obtaining approval of any common unitholder by giving 90 days' advance notice, and that withdrawal will not constitute a violation of the limited partnership agreement. Notwithstanding the foregoing, our Managing Partner could withdraw at any time without unitholder approval upon 90 days' advance notice to the limited partners if at least 50% of the outstanding common units are beneficially owned, owned of record or otherwise controlled by one person and its affiliates other than our Managing Partner and its affiliates.

Upon the withdrawal of our Managing Partner under any circumstances, the holders of a majority of the voting power of the partnership's outstanding voting units may elect a successor to that withdrawing Managing Partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, the partnership will be dissolved, wound up and liquidated, unless within specific time limitations after that withdrawal, the holders of a majority of the voting power of the partnership's outstanding voting units agree in writing to continue our business and to appoint a successor Managing Partner. See "—Dissolution" above.

Our Managing Partner may not be removed or expelled, with or without cause, by unitholders.

In the event of withdrawal of a Managing Partner, the departing Managing Partner will have the option to require the successor Managing Partner to purchase the general partner interest of the departing Managing Partner for a cash payment equal to its fair market value. This fair market value will be determined by agreement between the departing Managing Partner and the successor Managing Partner. If no agreement is reached within 30 days of our Managing Partner's departure, an independent investment banking firm or other independent expert, which, in turn, may rely on other experts, selected by the departing Managing Partner and the successor Managing Partner will determine the fair market value. If the departing Managing Partner and the successor Managing Partner cannot agree upon an expert within 45 days of our Managing Partner's departure, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing Managing Partner or the successor Managing Partner, the departing Managing Partner's general partner interest will automatically convert into common units pursuant to a valuation of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

In addition, we will be required to reimburse the departing Managing Partner for all amounts due the departing Managing Partner, including without limitation all employee-related liabilities, including severance liabilities, incurred for the termination of any employees employed by the departing Managing Partner or its affiliates for the partnership's benefit.

Transfer of General Partner Interests

Except for transfer by our Managing Partner of all, but not less than all, of its general partner interests in the partnership to an affiliate of our Managing Partner, or to another entity as part of the merger or consolidation of our Managing Partner with or into another entity or the transfer by our Managing Partner of all or substantially all of its assets to another entity, our Managing Partner may not transfer all or any part of its general partner interest in the partnership to another person prior to December 31, 2020 without the approval of the holders of at least a majority of the voting power of the partnership's outstanding voting units, excluding voting units held by our Managing Partner and its affiliates. On or after December 31, 2020, our Managing Partner may transfer all or any part of its general partner interest without first obtaining approval of any unitholder. As a condition of this transfer, the transferee must assume the rights and duties of our Managing Partner to whose interest that transferee has succeeded, agree to be bound by the provisions of the limited partnership agreement and furnish an opinion of counsel regarding limited liability matters. At any time, the members of our Managing Partner may sell or transfer all or part of their limited liability company interests in our Managing Partner without the approval of the unitholders.

Limited Call Right

If at any time:

(i) less than 10% of the then issued and outstanding limited partner interests of any class (other than special voting units), including our limited partnership units, are held by persons other than our Managing Partner and its affiliates; or

(ii) the partnership is subjected to registration under the provisions of the Investment Company Act, our Managing Partner will have the right, which it may assign in whole or in part to any of its affiliates or to us, to acquire all, but not less than all, of the remaining limited partner interests of the class held by unaffiliated persons as of a record date to be selected by our Managing Partner, on at least ten but not more than 60 days notice. The purchase price in the event of this purchase is the greater of:

(1) the current market price as of the date three days before the date the notice is mailed; and

(2) the highest cash price paid by our Managing Partner or any of its affiliates acting in concert with us for any limited partner interests of the class purchased within the 90 days preceding the date on which our Managing Partner first mails notice of its election to purchase those limited partner interests.

As a result of our Managing Partner's right to purchase outstanding limited partner interests, a holder of limited partner interests may have his limited partner interests purchased at an undesirable time or price. The U.S. tax consequences to a unitholder of the exercise of this call right are the same as a sale by that unitholder of his limited partnership units in the market. See "Material U.S. Federal Tax Considerations."

Sinking Fund; Preemptive Rights

We will not establish a sinking fund and will not grant any preemptive rights with respect to the partnership's limited partner interests.

Meetings; Voting

Except as described below regarding a person or group owning 20% or more of our limited partnership units then outstanding, record holders of limited partnership units or of the special voting units to be issued to holders of KKR Group Partnership Units on the record date will be entitled to notice of, and to vote at, meetings of our limited partners and to act upon matters as to which holders of limited partner interests have the right to vote or to act.

Except as described below regarding a person or group owning 20% or more of our limited partnership units then outstanding, each record holder of a common unit will be entitled to a number of votes equal to the number of limited partnership units held. In addition, we will issue special voting units to each holder of KKR Group Partnership Units that provide them with a number of votes that is equal to the aggregate number of KKR Group Partnership Units that they then hold and entitle them to participate in the vote on the same basis as unitholders. We refer to our common units and special voting units as "voting units." If the ratio at which KKR Group Partnership Units are exchangeable for our common units changes from one-for-one, the number of votes to which the holders of the special voting units are entitled will be adjusted accordingly. Additional limited partner interests having special voting rights could also be issued. See "—Issuance of Additional Securities" above.

In the case of common units held by our Managing Partner on behalf of non-citizen assignees, our Managing Partner will distribute the votes on those units in the same ratios as the votes of partners in respect of other limited partner interests are cast. Our Managing Partner does not anticipate that any

meeting of unitholders will be called in the foreseeable future. Any action that is required or permitted to be taken by the limited partners may be taken either at a meeting of the limited partners or without a meeting, without a vote and without prior notice if consents in writing describing the action so taken are signed by limited partners owning not less than the minimum percentage of the voting power of the outstanding limited partner interests that would be necessary to authorize or take that action at a meeting. Meetings of the limited partners may be called by our Managing Partner or by limited partners owning at least 50% or more of the voting power of the outstanding limited partner interests of the class for which a meeting is proposed. Unitholders may vote either in person or by proxy at meetings. The holders of a majority of the voting power of the outstanding limited partner interests of the class for which a meeting has been called, represented in person or by proxy, will constitute a quorum unless any action by the limited partners requires approval by holders of a greater percentage of such limited partner interests, in which case the quorum will be the greater percentage.

However, if at any time any person or group (other than our Managing Partner and its affiliates, or a direct or subsequently approved transferee of our Managing Partner or its affiliates) acquires, in the aggregate, beneficial ownership of 20% or more of any class of our units then outstanding, that person or group will lose voting rights on all of its units and the units may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, determining the presence of a quorum or for other similar purposes. Our units held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise.

Status as Limited Partner

By transfer of our units in accordance with the partnership agreement, each transferee of units will be admitted as a limited partner with respect to the units transferred when such transfer and admission is reflected in the limited partnership's books and records. Except as described under "—Limited Liability" above, in the partnership agreement or pursuant to Section 17-804 of the Delaware Limited Partnership Act (which relates to the liability of a limited partner who receives a distribution of assets upon the winding up of a limited partnership and who knew at the time of such distribution that it was in violation of this provision) the units will be fully paid and non-assessable.

Non-Citizen Assignees; Redemption

If the partnership is or becomes subject to federal, state or local laws or regulations that in the determination of our Managing Partner create a substantial risk of cancellation or forfeiture of any property in which the partnership has an interest because of the nationality, citizenship or other related status of any limited partner, we may redeem the common units held by that limited partner at their current market price. To avoid any cancellation or forfeiture, our Managing Partner may require each limited partner to furnish information about his nationality, citizenship or related status. If a limited partner fails to furnish information about his nationality, citizenship or other related status within 30 days after a request for the information or our Managing Partner determines, with the advice of counsel, after receipt of the information that the limited partner is not an eligible citizen, the limited partner may be treated as a non-citizen assignee. A non-citizen assignee does not have the right to direct the voting of his limited partnership units and may not receive distributions in kind upon our partnership's liquidation.

Indemnification

Under the limited partnership agreement, in most circumstances we would indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages, liabilities,

joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts:

- our Managing Partner;
- any departing Managing Partner;
- any person who is or was an affiliate of a Managing Partner or any departing Managing Partner;
- any person who is or was a member, partner, tax matters partner, officer, director, employee, agent, fiduciary or trustee of partnership or its subsidiaries, our Managing Partner or any departing Managing Partner or any affiliate of partnership or its subsidiaries, our Managing Partner or any departing Managing Partner;
- any person who is or was serving at the request of a Managing Partner or any departing Managing Partner or any affiliate of a Managing Partner or any departing Managing Partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of another person; or
- any person designated by our Managing Partner.

We would agree to provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that these persons acted in bad faith or engaged in fraud or willful misconduct. We will also agree to provide this indemnification for criminal proceedings. Any indemnification under these provisions will only be out of the partnership's assets. Unless it otherwise agrees, our Managing Partner will not be personally liable for, or have any obligation to contribute or loan funds or assets to the partnership to enable the partnership to effectuate indemnification. The indemnification of the persons described above shall be secondary to any indemnification such person is entitled from another person or the relevant KKR fund to the extent applicable. We may purchase insurance against liabilities asserted against and expenses incurred by persons for our activities, regardless of whether the partnership would have the power to indemnify the person against liabilities under the limited partnership agreement.

Books and Reports

Our Managing Partner is required to keep appropriate books of the partnership's business at its principal offices or any other place designated by our Managing Partner. The books would be maintained for both tax and financial reporting purposes on an accrual basis. For tax and financial reporting purposes, our year ends on December 31.

As soon as reasonably practicable after the end of each fiscal year, we will furnish to each partner tax information (including a Schedule K-1), which describes on a U.S. dollar basis such partner's share of our income, gain, loss and deduction for the preceding taxable year. It may require longer than 90 days after the end of the fiscal year to obtain the requisite information from all lower-tier entities so that Schedule K-1s may be prepared for our partnership. Consequently, holders of common units who are U.S. taxpayers should anticipate the need to file annually with the IRS (and certain states) a request for an extension past April 15 or the otherwise applicable due date of their income tax return for the taxable year. In addition, each partner will be required to report for all tax purposes consistently with the information provided by us.

Right to Inspect Our Books and Records

The limited partnership agreement will provide that a limited partner can, for a purpose reasonably related to his interest as a limited partner, upon reasonable written demand and at his own expense, have furnished to him:

- promptly after becoming available, a copy of our U.S. federal, state and local income tax returns; and
- copies of the limited partnership agreement, the certificate of limited partnership of the partnership, related amendments and powers of attorney under which they have been executed.

Our Managing Partner may, and intends to, keep confidential from the limited partners trade secrets or other information the disclosure of which our Managing Partner believes is not in the partnership's best interests or which the partnership is required by law or by agreements with third parties to keep confidential.

COMMON UNITS ELIGIBLE FOR FUTURE SALE

General

Prior to the U.S. Listing, there will not have been a U.S. public market for our common units. We cannot predict the effect, if any, future sales of common units, or the availability for future sale of common units, will have on the market price of our common units prevailing from time to time. The sale of substantial amounts of our common units in the public market, or the perception that such sales could occur, could harm the prevailing market price of our common units.

Following the U.S. Listing, we expect to have 204,902,226 common units outstanding, excluding common units beneficially owned by KKR Holdings discussed below and common units available for future issuance under the Equity Incentive Plan. All of the common units distributed to KKR Guernsey unitholders in the In-Kind Distribution will be freely tradable without restriction or further registration under the Securities Act by persons other than our "affiliates."

KKR Holdings owns 478,105,194 KKR Group Partnership Units that may be exchanged, up to four times each year, for our common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. Except for interests held by its founders and certain interests held by other executives that were vested upon grant, interests in KKR Holdings that are held by our principals are subject to time based vesting over a 5-year period or performance based vesting and, following such vesting, additional restrictions on exchange for a period of one or two years. The common units issued upon such exchanges would be "restricted securities," as defined in Rule 144 under the Securities Act, unless we register such issuances. However, we will enter into a registration rights agreement with KKR Holdings that will require us to register under the Securities Act our issuance of these common units. See "—Registration Rights."

Under our Equity Incentive Plan we may grant to our employees awards representing our common units. The issuance of common units pursuant to awards under the Equity Incentive Plan would dilute common unitholders and KKR Holdings pro rata in accordance with their respective percentage interests in the KKR Group Partnerships. The total number of our common units that may initially be issued under our Equity Incentive Plans is equivalent to 15% of the number of fully diluted common units outstanding. We intend to file one or more registration statements on Form S-8 under the Securities Act to register common units issued or covered by our Equity Incentive Plan. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, common units registered under such registration statements will be available for sale in the open market.

Our limited partnership agreement authorizes us to issue an unlimited number of additional partnership securities and options, rights, warrants and appreciation rights relating to partnership securities for the consideration and on the terms and conditions established by our Managing Partner in its sole discretion without the approval of any limited partners. See "Description of Our Limited Partnership Agreement—Issuance of Additional Securities."

Registration Rights

We will enter into a registration rights agreement with KKR Holdings pursuant to which we will grant it, its affiliates and transferees of its KKR Group Partnership Units the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act our common units (and other securities convertible into or exchangeable or exercisable for our common units) held or acquired by them. Securities registered pursuant to such registration rights under any such registration statement will be available for sale in the open market unless restrictions apply. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

Rule 144

In general, under Rule 144 as currently in effect, a person, including an affiliate of ours, who has beneficially owned common units for at least six months, is entitled to sell in any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of common units then outstanding, as shown by the most recent report or statement by us, which percentage will represent 2,049,023 common units based on the number of KKR Guernsey units outstanding of 204,902,226; and
- the average weekly trading volume of our common units on the NYSE during the four calendar weeks preceding (a) the date on which notice of sale is filed on Form 144 with respect to such sale or (b) if no notice of sale is required, the date of the receipt of the order or the date of execution, as applicable.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

In addition, a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale and who has beneficially owned the common units proposed to be sold for at least six months would be entitled to sell an unlimited number of common units under Rule 144 provided current public information about us is available and, after one year, an unlimited number of common units without restriction.

MATERIAL U.S. FEDERAL TAX CONSIDERATIONS

U.S. Taxes

This summary discusses the material U.S. federal income tax considerations related to the U.S. Listing and the ownership and disposition of our common units as of the date hereof. This summary is based on provisions of the Internal Revenue Code, on the regulations promulgated thereunder and on published administrative rulings and judicial decisions, all of which are subject to change at any time, possibly with retroactive effect. This discussion is necessarily general and may not apply to all categories of investors, some of which, such as banks, thrifts, insurance companies, persons liable for the alternative minimum tax, dealers, investors who were deemed to own 10% or more of any foreign corporation owned by us (taking into account the investor's interest in such foreign corporation as a result of their ownership interest in us or otherwise), and other investors that do not own their common units as capital assets, may be subject to special rules. Tax-exempt organizations and mutual funds are discussed separately below. The actual tax consequences of the U.S. Listing and the ownership of our common units will vary depending on your circumstances. This discussion, to the extent it states matters of U.S. federal tax law or legal conclusions and subject to the qualifications herein, represents the opinion of Simpson Thacher & Bartlett LLP. Such opinion is based in part on facts described in this prospectus and on various other factual assumptions, representations and determinations, including representations contained in certificates provided to us. Any alteration or incorrectness of such facts, assumptions, representations or determinations could adversely impact the accuracy of this summary and such opinion. Moreover, opinions of counsel are not binding on the IRS or any court, and the IRS may challenge the conclusions herein and a court may sustain such a challenge.

For purposes of this discussion, a "U.S. Holder" is for U.S. federal income tax purposes: (i) an individual citizen or resident of the United States; (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust which either (A) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (B) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person. A "Non-U.S. Holder" is a holder that is not a U.S. Holder.

If a partnership holds KKR Guernsey units prior to the U.S. Listing or holds our common units following the U.S. Listing, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership that holds KKR Guernsey units prior to the U.S. Listing or holds our common units following the U.S. Listing, you should consult your tax advisors. This discussion does not constitute tax advice and is not intended to be a substitute for tax planning.

Common unitholders should consult their own tax advisors concerning the U.S. federal, state and local income tax and estate tax consequences in their particular situations of the U.S. Listing and the ownership and disposition of common units, as well as any consequences under the laws of any other taxing jurisdiction. This discussion only addresses the material U.S. federal tax considerations of the U.S. Listing and the ownership and disposition of common units and does not address the tax considerations under the laws of any tax jurisdiction other than the United States. Non-U.S. Holders, therefore, should consult their own tax advisors regarding the tax consequences to them of the U.S. Listing and ownership and disposition of common units under the laws of their own taxing jurisdiction.

Consequences to KKR Guernsey Unitholders of the U.S. Listing

We will be treated as a continuation of KKR Guernsey for U.S. federal income tax purposes. As a result, the distribution of our common units in redemption of your KKR Guernsey units in connection with the U.S. Listing will not result in the recognition of any gain or loss by U.S. Holders for U.S. federal income tax purposes. Non-U.S. Holders should consult their own tax advisors regarding the tax consequences to them of the U.S. Listing under the laws of their own taxing jurisdiction.

Taxation of Our Partnership

Subject to the discussion set forth in the next paragraph, an entity that is treated as a partnership for U.S. federal income tax purposes is not a taxable entity for U.S. federal income tax purposes and incurs no U.S. federal income tax liabilities. Each partner of a partnership is required to take into account its allocable share of items of income, gain, loss and deduction of the partnership in computing its U.S. federal income tax liability, regardless of the extent to which, or whether, it receives cash distributions from the partnership, and thus may incur income tax liabilities unrelated to (and in excess of) any distributions from the partnership. Distributions of cash by a partnership to a partner are generally not taxable unless the amount of cash distributed to a partner is in excess of the partner's adjusted basis in its partnership interest.

An entity that would otherwise be classified as a partnership for U.S. federal income tax purposes may nonetheless be taxable as a corporation if it is a "publicly traded partnership," unless an exception applies. An entity that would otherwise be classified as a partnership is a publicly traded partnership if (i) interests in the partnership are traded on an established securities market or (ii) interests in the partnership are readily tradable on a secondary market or the substantial equivalent thereof. We are a publicly traded partnership.

However, an exception to taxation as a corporation, referred to as the "Qualifying Income Exception," exists if at least 90% of the partnership's gross income for every taxable year consists of "qualifying income" and the partnership is not required to register under the Investment Company Act. Qualifying income includes certain interest income, dividends, real property rents, gains from the sale or other disposition of real property, and any gain from the sale or disposition of a capital asset or other property held for the production of income that otherwise constitutes qualifying income.

Our Managing Partner has adopted a set of investment policies and procedures that will govern the types of investments we can make (and income we can earn), including structuring certain investments through entities, such as our intermediate holding company, classified as corporations for U.S. federal income tax purposes (as discussed further below), to ensure that we will meet the Qualifying Income Exception in each taxable year. It is the opinion of Simpson Thacher & Bartlett LLP that we will be treated as a partnership and not as a corporation for U.S. federal income tax purposes based on certain assumption and factual statements and representations made by us, including statements and representations as to the manner in which we intend to manage our affairs, the composition of our income, and that our Managing Partner will ensure that we comply with the investment policies and procedures put in place to ensure that we meet the Qualifying Income Exception in each taxable year. However, this opinion is based solely on current law and does not take into account any proposed or potential changes in law (including the proposed legislation described in "Proposed Legislation" below) which may be enacted with retroactive effect. Moreover, opinions of counsel are not binding upon the IRS or any court, and the IRS may challenge this conclusion and a court may sustain such a challenge.

If we fail to meet the Qualifying Income Exception, other than a failure that is determined by the IRS to be inadvertent and that is cured within a reasonable time after discovery, or if we are required to register under the Investment Company Act, we will be treated as if we had transferred all of our assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which we fail to meet the Qualifying Income Exception, in return for stock in that corporation, and then distributed

the stock to the common unitholders in liquidation of their interests in us. Based on current law, this deemed contribution and liquidation would be tax-free to common unitholders so long as we do not have liabilities in excess of the tax basis of our assets at that time. Thereafter, we would be treated as a corporation for U.S. federal income tax purposes.

If we were treated as a corporation in any taxable year, either as a result of a failure to meet the Qualifying Income Exception or otherwise, our items of income, gain, loss and deduction would be reflected only on our tax return rather than being passed through to our common unitholders, and we would be subject to U.S. corporate income tax on our taxable income. Distributions made to our common unitholders would be treated as either taxable dividend income, which may be eligible for reduced rates of taxation, to the extent of our current or accumulated earnings and profits, or in the absence of earnings and profits, as a nontaxable return of capital, to the extent of the holder's tax basis in the common units, or as taxable capital gain, after the holder's basis is reduced to zero. In addition, in the case of Non-U.S. Holders, distributions treated as dividends would be subject to withholding tax. Accordingly, treatment as a corporation would materially reduce a holder's after-tax return and thus could result in a reduction of the value of the common units.

If at the end of any taxable year we fail to meet the Qualifying Income Exception, we may still qualify as a partnership if we are entitled to relief under the Internal Revenue Code for an inadvertent termination of partnership status. This relief will be available if: (i) the failure is cured within a reasonable time after discovery; (ii) the failure is determined by the IRS to be inadvertent; and (iii) we agree to make such adjustments (including adjustments with respect to our partners) or to pay such amounts as are required by the IRS. It is not possible to state whether we would be entitled to this relief in any or all circumstances. If this relief provision is inapplicable to a particular set of circumstances involving us, we will not qualify as a partnership for federal income tax purposes. Even if this relief provision applies and we retain our partnership status, we or our unitholders (during the failure period) will be required to pay such amounts as are determined by the IRS.

The KKR Group Partnerships will continue to be treated as partnerships for U.S. federal income tax purposes following the U.S. Listing.

Proposed Legislation

Legislation has been introduced in the U.S. Congress that would, if enacted, preclude us from qualifying for treatment as a partnership for U.S. federal income tax purposes under the publicly traded partnership rules. In 2007, Congress considered legislation that would tax as corporations publicly traded partnerships that directly or indirectly derive income from investment advisor or asset management services. In 2008, the U.S. House of Representatives passed a bill that would, subject to certain exceptions, (i) treat carried interest as non-qualifying income for purposes of the Qualifying Income Exception, which could preclude us from qualifying as a partnership for U.S. federal income tax purposes, and (ii) tax carried interest as ordinary income for U.S. federal income taxes, rather than in accordance with the character of income derived by the underlying fund. In December 2009, the U.S. House of Representatives passed substantially similar legislation. Such legislation would tax carried interest as ordinary income starting with our current taxable year. In addition, the Obama administration proposed in its published revenue proposals for both 2010 and 2011 that the current law regarding the treatment of carried interest be changed to subject such income to ordinary income tax. Certain versions of the proposed legislation (including the legislation passed in December 2009) contain a transition rule that may delay the applicability of certain aspects of the legislation for a partnership that is a publicly traded partnership on the date of enactment of the legislation.

If the changes suggested by the administration or any of the proposed legislation or similar legislation were adopted, income attributable to carried interest may not meet the Qualifying Income Exception requirements discussed above and, therefore, we could be precluded from qualifying as a partnership for U.S. federal income tax or be required to hold interests in entities earning such income

through a taxable U.S. corporation. If we were taxed as a corporation, our effective tax rate would increase significantly. The federal statutory rate for corporations is currently 35%. In addition, we would likely be subject to increased state and local taxes. Therefore, if any such legislation or similar legislation were to be enacted and apply to us, it would materially increase our tax liability, which could well result in a reduction in the market price of our common units.

The remainder of this discussion assumes that we and the KKR Group Partnerships will be treated as partnerships for U.S. federal income tax purposes.

Taxation of our Intermediate Holding Company

The income derived by us from KKR's fund management services likely will not be qualifying income for purposes of the Qualifying Income Exception. Therefore, in order to meet the Qualifying Income Exception, we hold our interests in the KKR Group Partnership that holds such fund management companies and primarily other investments that may not generate qualifying income for purposes of the Qualifying Income Exception indirectly through our intermediate holding company, KKR Management Holdings Corp., which is treated as a corporation for U.S. federal income tax purposes.

As the holder of KKR Management Holdings Corp. common stock, we are not taxed directly on the earnings of KKR Management Holdings Corp. or the earnings of entities held through KKR Management Holdings Corp. Rather, as a partner of KKR Management Holdings L.P., KKR Management Holdings Corp. incurs U.S. federal income taxes on its proportionate share of any net taxable income of KKR Management Holdings L.P. KKR Management Holdings Corp.'s liability for U.S. federal income taxes and applicable state, local and other taxes could be increased if the IRS were to successfully reallocate income or deductions of the related entities conducting KKR's business.

Distributions of cash or other property that we receive from KKR Management Holdings Corp. will constitute dividends for U.S. federal income tax purposes to the extent paid from KKR Management Holdings Corp.'s current or accumulated earnings and profits (as determined under U.S. federal income tax principles). If the amount of a distribution by KKR Management Holdings Corp. exceeds its current and accumulated earnings and profits, such excess will be treated as a tax-free return of capital to the extent of our tax basis in the KKR Management Holdings Corp. common stock, and thereafter will be treated as a capital gain.

If we form, for other purposes, a U.S. corporation or other entity treated as a U.S. corporation for U.S. federal income tax purposes, that corporation would be subject to U.S. federal income tax on its income.

Personal Holding Companies

KKR Management Holdings Corp. could be subject to additional U.S. federal income tax on a portion of its income if it is determined to be a personal holding company, or PHC, for U.S. federal income tax purposes. Subject to certain exceptions, a U.S. corporation will be classified as a PHC for U.S. federal income tax purposes in a given taxable year if (i) at any time during the last half of such taxable year, five or fewer individuals (without regard to their citizenship or residency and including as individuals for this purpose certain entities such as certain tax-exempt organizations and pension funds) own or are deemed to own (pursuant to certain constructive ownership rules) more than 50% of the stock of the corporation by value and (ii) at least 60% of the corporation's adjusted ordinary gross income, as determined for U.S. federal income tax purposes, for such taxable year consists of PHC income (which includes, among other things, dividends, interest, royalties, annuities and, under certain circumstances, rents).

Due to applicable attribution rules, it is likely that five or fewer individuals or tax-exempt organizations will be treated as owning actually or constructively more than 50% of the value of KKR

Management Holdings Corp. common stock. Consequently, KKR Management Holdings Corp. could be or become a PHC, depending on whether it fails the PHC gross income test. If, as a factual matter, the income of KKR Management Holdings Corp. fails the PHC gross income test, it will be a PHC. Certain aspects of the gross income test cannot be predicted with certainty. Thus, no assurance can be given that KKR Management Holdings Corp. will not become a PHC following this offering or in the future.

If KKR Management Holdings Corp. is or were to become a PHC in a given taxable year, it would be subject to an additional 15% PHC tax on its undistributed PHC income, which generally includes the company's taxable income, subject to certain adjustments. For taxable years beginning after December 31, 2010, the PHC tax rate on undistributed PHC income will be equal to the highest marginal rate on ordinary income applicable to individuals. If KKR Management Holdings Corp. were to become a PHC and had significant amounts of undistributed PHC income, the amount of PHC tax could be material. However, distributions of such income reduce the PHC income subject to tax.

Certain State, Local and Non-U.S. Tax Matters

We and our subsidiaries may be subject to state, local or non-U.S. taxation in various jurisdictions, including those in which we or they transact business, own property or reside. For example, we and our subsidiaries may be subject to New York City unincorporated business tax. We may be required to file tax returns in some or all of those jurisdictions. The state, local or non-U.S. tax treatment of us and our common unitholders may not conform to the U.S. federal income tax treatment discussed herein. We will pay non-U.S. taxes, and dispositions of foreign property or operations involving, or investments in, foreign property may give rise to non-U.S. income or other tax liability in amounts that could be substantial. Any non-U.S. taxes incurred by us may not pass through to common unitholders as a credit against their U.S. federal income tax liability.

Consequences to U.S. Holders of Common Units

The following is a summary of the material U.S. federal income tax consequences that will apply to you as a U.S. Holder of our common units.

For U.S. federal income tax purposes, your allocable share of our items of income, gain, loss, deduction or credit will be governed by the limited partnership agreement for our partnership if such allocations have "substantial economic effect" or are determined to be in accordance with your interest in our partnership. We believe that for U.S. federal income tax purposes, such allocations will have substantial economic effect or be in accordance with your interest in our partnership, and our Managing Partner intends to prepare tax returns based on such allocations. If the IRS successfully challenges the allocations made pursuant to the limited partnership agreements, the resulting allocations for U.S. federal income tax purposes might be less favorable than the allocations set forth in the limited partnership agreements.

The characterization of an item of our income, gain, loss, deduction or credit will be determined at our (rather than at your) level. Similarly, the characterization of an item of KKR Fund Holdings L.P.'s income, gain, loss deduction or credit will be determined at the level of KKR Fund Holdings L.P. or the level of any subsidiary partnership in which KKR Fund Holdings L.P. owns an interest rather than at our level. Distributions we receive from KKR Management Holdings Corp. will be taxable as dividend income to the extent of KKR Management Holdings Corp.'s current and accumulated earnings and profits and, to the extent allocable to individual holders of common units, they will be eligible for a reduced rate of tax of 15% through 2010, provided that certain holding period requirements are satisfied. Also, a U.S. Holder that is a corporation, subject to limitations, may be entitled to a dividends received deduction with respect to its shares of dividends paid to us by KKR Management Holdings Corp.

We may derive taxable income from an investment that is not matched by a corresponding distribution of cash. In addition, special provisions of the Internal Revenue Code may be applicable to certain of our investments, and may affect the timing of our income, requiring us (and, consequently, you) to recognize taxable income before we (or you) receive cash attributable to such income. Accordingly, it is possible that your allocable share of our income for a particular taxable year could exceed any cash distribution you receive for the year, thus giving rise to an out-of-pocket tax liability for you.

Basis, Holding Period

You will have an initial tax basis in your common units equal to your adjusted basis in your KKR Guernsey units that are redeemed by us in exchange for common units. Your basis will be increased by your share of our income and by increases in your share of our liabilities, if any. Your basis will be decreased, but not below zero, by distributions from us, by your share of our losses and by any decrease in your share of our liabilities.

If you acquire common units in separate transactions you must combine the basis of those units and maintain a single adjusted tax basis for all those units. Upon a sale or other disposition of less than all of the common units, a portion of that tax basis must be allocated to the common units sold.

Your holding period in your common units will include your prior holding period in your KKR Guernsey units.

Limits on Deductions for Losses and Expenses

Your deduction of your share of our losses will be limited to your tax basis in your common units and, if you are an individual or a corporate holder that is subject to the "at risk" rules, to the amount for which you are considered to be "at risk" with respect to our activities, if that is less than your tax basis. In general, you will be at risk to the extent of your tax basis in your common units, reduced by (1) the portion of that basis attributable to your share of our liabilities for which you will not be personally liable and (2) any amount of money you borrow to acquire or hold your common units, if the lender of those borrowed funds owns an interest in us, is related to you or can look only to the common units for repayment. Your at risk amount will generally increase by your allocable share of our income and gain and decrease by cash distributions to you and your allocable share of losses and deductions. You must recapture losses deducted in previous years to the extent that distributions cause your at risk amount to be less than zero at the end of any taxable year. Losses disallowed or recaptured as a result of these limitations will carry forward and will be allowable to the extent that your tax basis or at risk amount, whichever is the limiting factor, subsequently increases. Any excess loss above that gain previously suspended by the at risk or basis limitations may no longer be used.

We do not expect to generate income or losses from "passive activities" for purposes of Section 469 of the Internal Revenue Code. Accordingly, income allocated to you by us may not be offset by your Section 469 passive losses and losses allocated to you generally may not be used to offset your Section 469 passive income. In addition, other provisions of the Internal Revenue Code may limit or disallow any deduction for losses by you or deductions associated with certain assets of the partnership in certain cases. You should consult with your tax advisors regarding the limitations on the deductibility of losses that you may be subject to under applicable sections of the Internal Revenue Code.

Limitations on Deductibility of Organizational Expenses and Syndication Fees

Neither we nor any U.S. Holder may deduct organizational or syndication expenses. Syndication fees (which would include any sales or placement fees or commissions or underwriting discount payable to third parties) must be capitalized and cannot be amortized or otherwise deducted.

Limitations on Interest Deductions

Your share of our interest expense is likely to be treated as "investment interest" expense. If you are a non-corporate U.S. Holder, the deductibility of "investment interest" expense is limited to the amount of your "net investment income." Your share of our dividend and interest income will be treated as investment income, although "qualified dividend income" subject to reduced rates of tax in the hands of an individual will only be treated as investment income if you elect to treat such dividend as ordinary income not subject to reduced rates of tax. In addition, state and local tax laws may disallow deductions for your share of our interest expense.

The computation of your investment interest expense will take into account interest on any margin account borrowing or other loan incurred to purchase a common unit. Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules less deductible expenses, other than interest, directly connected with the production of investment income, but does not include gains attributable to the disposition of property held for investment. For this purpose, any long-term capital gain or qualifying dividend income that is taxable at long-term capital gain rates is excluded from net investment income, unless the U.S. Holder elects to pay tax on such gain or dividend income at ordinary income rates.

Deductibility of Partnership Investment Expenditures by Individual Partners and by Trusts and Estates

Subject to certain exceptions, all miscellaneous itemized deductions of an individual taxpayer, and certain of such deductions of an estate or trust, are deductible only to the extent that such deductions

exceed 2% of the taxpayer's adjusted gross income. Moreover, the otherwise allowable itemized deductions of individuals whose gross income exceeds an applicable threshold amount are subject to reduction by an amount equal to the lesser of (1) 3% of the excess of the individual's adjusted gross income over the threshold amount, or (2) 80% of the amount of the itemized deductions.

The operating expenses of KKR Fund Holdings L.P., including any management fees paid, may be treated as miscellaneous itemized deductions subject to the foregoing rule. Accordingly, if you are a non-corporate U.S. Holder, you should consult your tax advisors with respect to the application of these limitations.

Treatment of Distributions

Distributions of cash by us will not be taxable to you to the extent of your adjusted tax basis (described above) in your common units. Any cash distributions in excess of your adjusted tax basis will be considered to be gain from the sale or exchange of your common units (described below). Under current laws, such gain would be treated as capital gain and would be long-term capital gain if your holding period for your common units exceeds one year. A reduction in your allocable share of our liabilities, and certain distributions of marketable securities by us, are treated similar to cash distributions for U.S. federal income tax purposes.

Sale or Exchange of Common Units

You will recognize gain or loss on a sale of common units equal to the difference, if any, between the amount realized and your adjusted tax basis in the common units sold. Your amount realized will be measured by the sum of the cash or the fair market value of other property received plus your share of our liabilities, if any.

Gain or loss recognized by you on the sale or exchange of a common unit will generally be taxable as capital gain or loss and will be long-term capital gain or loss if your holding period in your common units (as discussed above under "—Basis, Holding Period") is greater than one year on the date of such sale or exchange. If we have not made a qualifying electing fund election, or QEF election, to treat our interest in a passive foreign investment company, or PFIC, as a qualified electing fund, or QEF, gain attributable to such an interest would be taxable as ordinary income and would be subject to an interest charge. In addition, certain gain attributable to our investment in a controlled foreign corporation, or CFC, may be ordinary income and certain gain attributable to "unrealized receivables" or "inventory items" would be characterized as ordinary income rather than capital gain. For example, if we hold debt acquired at a market discount, accrued market discount on such debt would be treated as "unrealized receivables." The deductibility of capital losses is subject to limitations.

Holders who acquire units at different times and intend to sell all or a portion of the units within a year of their most recent purchase are urged to consult their tax advisors regarding the application of certain "split holding period" rules to them and the treatment of any gain or loss as long-term or short-term capital gain or loss.

Foreign Tax Credit Limitations

Subject to certain exceptions and limitations, you will be entitled to a foreign tax credit with respect to your allocable share of creditable foreign taxes paid on our income and gains (other than the income and gains of our intermediate holding company). Complex rules may, depending on your particular circumstances, limit the availability or use of foreign tax credits. Gains from the sale of our foreign investments may be treated as U.S. source gains. Consequently, you may not be able to use the foreign tax credit arising from any foreign taxes imposed on such gains unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. Certain losses that we incur may be treated as foreign source losses, which could reduce the amount of foreign tax credits otherwise available.

Section 754 Election

Because we will be a continuation of KKR Guernsey, KKR Guernsey's election pursuant to Section 754 of the Internal Revenue Code will apply to us. The election is irrevocable without the consent of the IRS, and will generally require us to adjust the tax basis in our assets, or "inside basis," attributable to a transferee of common units under Section 743(b) of the Internal Revenue Code to reflect the purchase price of the common units paid by the transferee. In addition, KKR Management Holdings L.P. will make a Section 754 election. Therefore, similar adjustments will be made upon the transfer of interests in KKR Management Holdings L.P.

Even though we will have a Section 754 election in effect, because there is no Section 754 election in effect for KKR Fund Holdings L.P., and we will not make an election for it, it is unlikely that our Section 754 election will provide any substantial benefit or detriment to a transferee of our common units.

The calculations involved in the Section 754 election are complex. We will make them on the basis of assumptions as to the value of our assets and other matters.

Uniformity of Common Units, Transferor/Transferee Allocations

Because we cannot match transferors and transferees of our common units, we will adopt depreciation, amortization and other tax accounting positions that may not conform with all aspects of existing Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to you. It also could affect the timing of these tax benefits or the amount of gain on the sale of our common units and could have a negative impact on the value of our common units or result in audits of and adjustments to our common unitholders' tax returns.

In addition, generally our taxable income and losses will be determined and apportioned among investors using conventions we regard as consistent with applicable law. As a result, if you transfer your common units, you may be allocated income, gain, loss and deduction realized by us after the date of transfer.

Although Section 706 of the Internal Revenue Code generally provides guidelines for allocations of items of partnership income and deductions between transferors and transferees of partner interests, it is not clear that our allocation method complies with its requirements. If our convention were not permitted, the IRS might contend that our taxable income or losses must be reallocated among the investors. If such a contention were sustained, your respective tax liabilities would be adjusted to your possible detriment. Our Managing Partner is authorized to revise our method of allocation between transferors and transferees (as well as among investors whose interests otherwise vary during a taxable period).

Foreign Currency Gain or Loss

Our functional currency will be the U.S. dollar, and our income or loss will be calculated in U.S. dollars. It is likely that we will recognize "foreign currency" gain or loss with respect to transactions involving non-U.S. dollar currencies. In general, foreign currency gain or loss is treated as ordinary income or loss. You should consult your tax advisor with respect to the tax treatment of foreign currency gain or loss.

Passive Foreign Investment Companies

We may own directly or indirectly interests in foreign entities that are treated as corporations for U.S. federal income tax purposes. You may be subject to special rules as a result of your indirect investments in such foreign corporations, including the rules applicable to an investment in a passive foreign investment company, or PFIC. KKR Management Holdings Corp. will be subject to similar rules as those described below with respect to any PFICs owned directly or indirectly by it.

A PFIC is defined as any foreign corporation with respect to which either (1) 75% or more of the gross income for a taxable year is "passive income" or (2) 50% or more of its assets in any taxable year (generally based on the quarterly average of the value of its assets) produce "passive income." There are no minimum stock ownership requirements for shareholders in PFICs. Once a corporation qualifies as a PFIC it is, subject to certain exceptions, always treated as a PFIC, regardless of whether it satisfies either of the qualification tests in subsequent years. Any gain on disposition of stock of a PFIC, as well as income realized on certain "excess distributions" by the PFIC, is treated as though realized ratably over the shorter of your holding period in our common units or our holding period in the PFIC. Such gain or income is taxable as ordinary income and dividends paid by a PFIC to an individual will not be eligible for the reduced rates of taxation that are available for certain qualifying dividends. In addition, an interest charge would be imposed on you based on the tax deferred from prior years.

Although it may not always be possible, we expect to make a QEF election where possible with respect to each entity treated as a PFIC to treat such non-U.S. entity as a QEF in the first year we hold shares in such entity. A QEF election is effective for our taxable year for which the election is made and all subsequent taxable years and may not be revoked without the consent of the IRS. If we make a QEF election under the Internal Revenue Code with respect to our interest in a PFIC, in lieu of the foregoing treatment, we would be required to include in income each year a portion of the ordinary earnings and net capital gains of the QEF called "QEF Inclusions," even if not distributed to us. Thus, holders may be required to report taxable income as a result of QEF Inclusions without corresponding receipts of cash. However, a holder may elect to defer, until the occurrence of certain events, payment of the U.S. federal income tax attributable to QEF Inclusions for which no current distributions are received, but will be required to pay interest on the deferred tax computed by using the statutory rate of interest applicable to an extension of time for payment of tax. Our tax basis in the shares of such non-U.S. entities, and a holder's basis in our common units, will be increased to reflect QEF Inclusions. No portion of the QEF Inclusion attributable to ordinary income will be eligible for reduced rates of taxation. Amounts included as QEF Inclusions with respect to direct and indirect investments generally will not be taxed again when actually distributed. You should consult your tax advisors as to the manner in which QEF Inclusions affect your allocable share of our income and your basis in your common units.

Alternatively, in the case of a PFIC that is a publicly traded foreign company, we may make an election to "mark to market" the stock of such foreign company on an annual basis. Pursuant to such an election, you would include in each year as ordinary income the excess, if any, of the fair market value of such stock over its adjusted basis at the end of the taxable year. You may treat as ordinary loss any excess of the adjusted basis of the stock over its fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the election in prior years.

We may make certain investments, including for instance investments in specialized investment funds or investments in funds of funds through non-U.S. corporate subsidiaries of the KKR Group Partnerships or through other non-U.S. corporations. Such entities may be PFICs for U.S. federal income tax purposes. In addition, certain of our investments could be in PFICs. Thus, we can make no assurance that some of our investments will not be treated as held through a PFIC or as interests in PFICs or that such PFICs will be eligible for the "mark to market" election, or that as to any such PFICs we will be able to make QEF elections.

If we do not make a QEF election with respect to a PFIC, Section 1291 of the Internal Revenue Code will treat all gain on a disposition by us of shares of such entity, gain on the disposition of common units by a holder at a time when we own shares of such entity, as well as certain other defined "excess distributions," as if the gain or excess distribution were ordinary income earned ratably over the shorter of the period during which the holder held its common units or the period during which we held our shares in such entity. For gain and excess distributions allocated to prior years, (i) the tax rate will be the highest in effect for that taxable year and (ii) the tax will be payable generally without regard to offsets from deductions, losses and expenses. Holders will also be subject to an interest

charge for any deferred tax. No portion of this ordinary income will be eligible for the favorable tax rate applicable to "qualified dividend income" for individual U.S. persons.

Controlled Foreign Corporations

A non-U.S. entity will be treated as a controlled foreign corporation, or CFC, if it is treated as a corporation for U.S. federal income tax purposes and if more than 50% of (i) the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote or (ii) the total value of the stock of the non-U.S. entity is owned by U.S. Shareholders on any day during the taxable year of such non-U.S. entity. For purposes of this discussion, a "U.S. Shareholder" with respect to a non-U.S. entity means a U.S. person (including a U.S. partnership like us) that owns 10% or more of the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote.

When making investment or other decisions, we will consider whether an investment will be a CFC and the consequences related thereto. If we are a U.S. Shareholder in a non-U.S. entity that is treated as a CFC, each common unitholder may be required to include in income its allocable share of the CFC's "Subpart F" income reported by us. Subpart F income generally includes dividends, interest, net gain from the sale or disposition of securities, non-actively managed rents and certain other generally passive types of income. The aggregate Subpart F income inclusions in any taxable year relating to a particular CFC are limited to such entity's current earnings and profits. These inclusions are treated as ordinary income (whether or not such inclusions are attributable to net capital gains). Thus, an investor may be required to report as ordinary income its allocable share of the CFC's Subpart F income reported by us without corresponding receipts of cash and may not benefit from capital gain treatment with respect to the portion of our earnings (if any) attributable to net capital gains of the CFC.

The tax basis of our shares of such non-U.S. entity, and your tax basis in your common units, will be increased to reflect any required Subpart F income inclusions. Such income will be treated as income from sources within the United States, for certain foreign tax credit purposes, to the extent derived by the CFC from U.S. sources. Such income will not be eligible for the reduced rate of tax applicable to "qualified dividend income" for individual U.S. persons. See above under "—Limitations on Interest Deductions."Amounts included as such income with respect to direct and indirect investments generally will not be taxable again when actually distributed.

Regardless of whether any CFC has Subpart F income, any gain allocated to you from our disposition of stock in a CFC will be treated as ordinary income to the extent of your allocable share of the current and/or accumulated earnings and profits of the CFC. In this regard, earnings would not include any amounts previously taxed pursuant to the CFC rules. However, net losses (if any) of a non-U.S. entity owned by us that is treated as a CFC will not pass through to you. Moreover, a portion of your gain from the sale or exchange of your common units may be treated as ordinary income. Any portion of any gain from the sale or exchange of a common unit that is attributable to a CFC may be treated as an "unrealized receivable." See "—Sale or Exchange of Common Units."

If a non-U.S. entity held by us is classified as both a CFC and a PFIC during the time we are a U.S. Shareholder of such non-U.S. entity, you will be required to include amounts in income with respect to such non-U.S. entity pursuant to this subheading, and the consequences described under "—Passive Foreign Investment Companies" above will not apply. If our ownership percentage in a non-U.S. entity changes such that we are not a U.S. Shareholder with respect to such non-U.S. entity, then you may be subject to the PFIC rules. The interaction of these rules is complex, and prospective holders are urged to consult their tax advisors in this regard.

Investment Structure

To manage our affairs so as to meet the Qualifying Income Exception for the publicly traded partnership rules (discussed above) and comply with certain requirements in our partnership agreement, we may need to structure certain investments through entities classified as a corporation for

U.S. federal income tax purposes. However, because our common unitholders will be located in numerous taxing jurisdictions, no assurances can be given that any such investment structure will be beneficial to all our common unitholders to the same extent, and may even impose additional tax burdens on some of our common unitholders. As discussed above, if the entity were a non-U.S. corporation it may be considered a CFC or PFIC. If the entity were a U.S. corporation, it would be subject to U.S. federal income tax on its operating income, including any gain recognized on its disposal of its investments. In addition, if the investment involves U.S. real estate, gain recognized on disposition of the real estate would generally be subject to U.S. federal income tax, whether the corporation is a U.S. or a non-U.S. corporation.

Taxes in Other State, Local, and Non-U.S. Jurisdictions

In addition to U.S. federal income tax consequences, you may be subject to potential U.S. state and local taxes because of an investment in us in the U.S. state or locality in which you are a resident for tax purposes or in which we have investments or activities. You may also be subject to tax return filing obligations and income, franchise or other taxes, including withholding taxes, in state, local or non-U.S. jurisdictions in which we invest, or in which entities in which we own interests conduct activities or derive income. Income or gains from investments held by us may be subject to withholding or other taxes in jurisdictions outside the United States, subject to the possibility of reduction under applicable income tax treaties. If you wish to claim the benefit of an applicable income tax treaty, you may be required to submit information to tax authorities in such jurisdictions. You should consult your own tax advisors regarding the U.S. state, local and non-U.S. tax consequences of an investment in us.

U.S. Federal Estate Taxes

Common units will be included in the gross estate of a U.S. citizen or resident for U.S. federal estate tax purposes. Therefore, a U.S. federal estate tax may be payable in connection with the death of a holder of common units. Prospective individual U.S. Holders should consult their own tax advisors concerning the potential U.S. federal estate tax consequences with respect to our common units.

U.S. Taxation of Tax-Exempt U.S. Holders of Common Units

A holder of common units that is a tax-exempt organization for U.S. federal income tax purposes and therefore generally exempt from U.S. federal income taxation, will nevertheless be subject to unrelated business taxable income, or UBTI, to the extent, if any, that its allocable share of our income consists of UBTI. A tax-exempt partner of a partnership that regularly engages in a trade or business which is unrelated to the exempt function of the tax-exempt partner must include in computing its UBTI its pro rata share (whether or not distributed) of such partnership's gross income and deductions derived from such unrelated trade or business. Moreover, a tax-exempt partner of a partnership will be treated as earning UBTI to the extent that such partnership derives income from "debt-financed property," or if the partner interest itself is debt financed. Debt-financed property means property held to produce income with respect to which there is "acquisition indebtedness" (that is, indebtedness incurred in acquiring or holding property).

As a result of incurring acquisition indebtedness we will derive income that constitutes UBTI. Consequently, a holder of common units that is a tax-exempt organization will likely be subject to unrelated business income tax to the extent that its allocable share of our income consists of UBTI. In addition, a tax-exempt partner may be subject to unrelated business income tax on a sale of their common units. Tax exempt U.S. Holders of common units should consult their own tax advisors regarding all aspects of UBTI.

Investments by U.S. Mutual Funds

U.S. mutual funds that are treated as regulated investment companies, or RICs, for U.S. federal income tax purposes are required, among other things, to meet an annual 90% gross income and a quarterly 50% asset value test under Section 851(b) of the Internal Revenue Code to maintain their favorable U.S. federal income tax status. The 90% gross income test generally requires that, for a corporation to qualify as a RIC, at least 90 percent of such corporation's annual income must be "qualifying income," which is generally limited to investment income of various types. The 50% asset value test requires that, for a corporation to qualify as a RIC, at the close of each quarter of the taxable year, at least 50 percent of the value of such corporation's total assets must be represented by cash and cash items (including receivables), government securities, securities of other RICs, and other securities limited in respect of any one issuer to an amount not greater in value than 5 percent of the value of the total assets of the corporation and to not more than 10 percent of the outstanding voting securities of such issuer.

The treatment of an investment by a RIC in common units for purposes of these tests will depend on whether we are treated as a "qualifying publicly traded partnership." If our partnership is so treated, then the common units themselves are the relevant assets for purposes of the 50% asset value test and the net income from the common units is the relevant gross income for purposes of the 90% gross income test. RICs may not invest greater than 25 percent of their assets in one or more qualifying publicly traded partnerships. All income derived from a qualifying publicly traded partnership is considered qualifying income for purposes of the RIC 90% gross income test above. However, if we are not treated as a qualifying publicly traded partnership for purposes of the RIC rules, then the relevant assets for the RIC asset test will be the RIC's allocable share of the underlying assets held by us and the relevant gross income for the RIC income test will be the RIC's allocable share of the underlying gross income earned by us. Whether we will qualify as a "qualifying publicly traded partnership" depends on the exact nature of our future investments, but it is likely that we will not be treated as a "qualifying publicly traded partnership." In addition, as discussed above under "—Consequences to U.S. Holders of Common Units," we may derive taxable income from an investment that is not matched by a corresponding cash distribution. Accordingly, a RIC investing in our common units may recognize income for U.S. federal income tax purposes without receiving cash with which to make distributions in amounts necessary to satisfy the distribution requirements under Sections 852 and 4982 of the Internal Revenue Code for avoiding income and excise tax. RICs should consult their own tax advisors about the U.S. tax consequences of an investment in common units.

Consequences to Non-U.S. Holders of Common Units

U.S. Income Tax Consequences

We may be, or may become, engaged in a U.S. trade or business for U.S. federal income tax purposes, including by reason of our investments in U.S. real property holding corporations, in which case some portion of our income would be treated as effectively connected income with respect to Non-U.S. Holders, or ECI. If a Non-U.S. Holder were treated as being engaged in a U.S. trade or business in any year because of an investment in our common units in such year, such Non-U.S. Holder generally would be: (1) subject to withholding by us on such Non-U.S. Holder's distributions of ECI; (2) required to file a U.S. federal income tax return for such year reporting its allocable share, if any, of income or loss effectively connected with such trade or business, including certain income from U.S. sources not related to KKR & Co. L.P.; and (3) required to pay U.S. federal income tax at regular U.S. federal income tax rates on any such income. Moreover, a corporate Non-U.S. Holder might be subject to a U.S. branch profits tax on its allocable share of its ECI. Any amount withheld would be creditable against such Non-U.S. Holder's U.S. federal income tax liability, and such Non-U.S. Holder could claim a refund to the extent that the amount withheld exceeded such Non-U.S. Holder's U.S. federal income tax liability for the taxable year. Finally, if we were treated as being engaged in a U.S. trade or business, a portion of any gain recognized by a holder who is a Non-U.S. Holder on the sale or

exchange of its common units, could be treated for U.S. federal income tax purposes as ECI, and hence such Non-U.S. Holder could be subject to U.S. federal income tax on the sale or exchange of its common units.

Distributions to you may also be subject to U.S. withholding tax to the extent such distribution is attributable to the sale of a U.S. real property interest. Also, you may be subject to U.S. withholding tax on allocations of our income that are fixed or determinable annual or periodic income under the Internal Revenue Code, unless an exemption from or a reduced rate of such withholding applies and certain tax status information is provided. Although each Non-U.S. Holder is required to provide an IRS Form W-8, we may not be able to provide complete information related to the tax status of our investors to KKR Fund Holdings L.P. or KKR Management Holdings Corp. for purposes of obtaining reduced rates of withholding on behalf of our investors. If such information is not provided, to the extent we receive dividends from KKR Management Holdings Corp. or from a U.S. corporation through KKR Fund Holdings L.P. and its investment vehicles, your allocable share of distributions of such income will be subject to U.S. withholding tax. Therefore, if you would not be subject to U.S. tax based on your tax status or are eligible for a reduced rate of U.S. withholding, you may need to take additional steps to receive a credit or refund of any excess withholding tax paid on your account. This may include the filing of a non-resident U.S. income tax return with the IRS. Among other limitations, if you reside in a treaty jurisdiction which does not treat us as a pass-through entity, you may not be eligible to receive a refund or credit of excess U.S. withholding taxes paid on your account. You should consult your tax advisors regarding the treatment of U.S. withholding taxes.

Special rules may apply in the case of a Non-U.S. Holder that: (1) has an office or fixed place of business in the United States; (2) is present in the United States for 183 days or more in a taxable year; or (3) is a former citizen of the United States, a foreign insurance company that is treated as holding a partner interest in us in connection with their U.S. business, a PFIC or a corporation that accumulates earnings to avoid U.S. federal income tax. You should consult your tax advisors regarding the application of these special rules.

U.S. Federal Estate Tax Consequences

The U.S. federal estate tax treatment of our common units with regards to the estate of a non-citizen who is not a resident of the United States is not entirely clear. If our common units are includable in the U.S. gross estate of such person, then a U.S. federal estate tax might be payable in connection with the death of such person. Non-U.S. Holders who are non-citizens and not residents of the United States should consult their own tax advisors concerning the potential U.S. federal estate tax consequences of owning our common units.

Administrative Matters

Taxable Year

We currently intend to use the calendar year as our taxable year for U.S. federal income tax purposes. Under certain circumstances which we currently believe are unlikely to apply, a taxable year other than the calendar year may be required for such purposes.

Tax Matters Partner

Our Managing Partner will act as our "tax matters partner." As the tax matters partner, our Managing Partner will have the authority, subject to certain restrictions, to act on our behalf in connection with any administrative or judicial review of our items of income, gain, loss, deduction or credit.

Information Returns

We have agreed to furnish to you, as soon as reasonably practicable after the close of each calendar year, tax information (including Schedule K-1), which describes on a U.S. dollar basis your share of our income, gain, loss and deduction for our preceding taxable year. It will require longer than 90 days after the end of our fiscal year to obtain the requisite information from all lower-tier entities so that K-1s may be prepared for us. Consequently, common unitholders who are U.S. taxpayers should anticipate the need to file annually with the IRS (and certain states) a request for an extension past April 15 or the otherwise applicable due date of their income tax return for the taxable year. In addition, each partner will be required to report for all tax purposes consistently with the information provided by us for the taxable year.

In preparing this information, we will use various accounting and reporting conventions, some of which have been mentioned in the previous discussion, to determine your share of income, gain, loss and deduction. The IRS may successfully contend that certain of these reporting conventions are impermissible, which could result in an adjustment to your income or loss.

We may be audited by the IRS. Adjustments resulting from an IRS audit may require you to adjust a prior year's tax liability and possibly may result in an audit of your own tax return. Any audit of your tax return could result in adjustments not related to our tax returns as well as those related to our tax returns.

Tax Shelter Regulations

If we were to engage in a "reportable transaction," we (and possibly you and others) would be required to make a detailed disclosure of the transaction to the IRS in accordance with recently issued regulations governing tax shelters and other potentially tax-motivated transactions. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a "listed transaction" or that it produces certain kinds of losses in excess of $2 million. An investment in us may be considered a "reportable transaction" if, for example, we recognize certain significant losses in the future. In certain circumstances, a common unitholder who disposes of an interest in a transaction resulting in the recognition by such holder of significant losses in excess of certain threshold amounts may be obligated to disclose its participation in such transaction. Our participation in a reportable transaction also could increase the likelihood that our U.S. federal income tax information return (and possibly your tax return) would be audited by the IRS. Certain of these rules are currently unclear and it is possible that they may be applicable in situations other than significant loss transactions.

Moreover, if we were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, you may be subject to: (i) significant accuracy-related penalties with a broad scope; (ii) for those persons otherwise entitled to deduct interest on federal tax deficiencies, nondeductibility of interest on any resulting tax liability; and (iii) in the case of a listed transaction, an extended statute of limitations.

Common unitholders should consult their tax advisors concerning any possible disclosure obligation under the regulations governing tax shelters with respect to the dispositions of their interests in us.

Constructive Termination

Subject to the electing large partnership rules described below, we will be considered to have been terminated for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a 12-month period.

Our termination would result in the close of our taxable year for all of our common unitholders. In the case of a holder reporting on a taxable year other than a fiscal year ending on our year-end, the

closing of our taxable year may result in more than 12 months of our taxable income or loss being includable in the holder's taxable income for the year of termination. We would be required to make new tax elections after a termination. A termination could also result in penalties if we were unable to determine that the termination had occurred. Moreover, a termination might either accelerate the application of, or subject us to, any tax legislation enacted before the termination.

Elective Procedures for Large Partnerships

The Internal Revenue Code allows large partnerships to elect streamlined procedures for income tax reporting. This election would reduce the number of items that must be separately stated on the Schedules K-1 that are issued to the common unitholders, and such Schedules K-1 would have to be provided to common unitholders on or before the first March 15 following the close of each taxable year. In addition, this election would prevent us from suffering a "technical termination" (which would close our taxable year) if within a 12-month period there is a sale or exchange of 50 percent or more of our total interests. It is possible we might make such an election, if eligible. If we make such election, IRS audit adjustments will flow through to common unitholders for the years in which the adjustments take effect, rather than the year to which the adjustment relates. In addition, we, rather than the common unitholders individually, generally will be liable for any interest and penalties that result from an audit adjustment.

Withholding and Backup Withholding

For each calendar year, we will report to you and the IRS the amount of distributions we made to you and the amount of U.S. federal income tax (if any) that we withheld on those distributions. The proper application to us of rules for withholding under Section 1441 of the Internal Revenue Code (applicable to certain dividends, interest and similar items) is unclear. Because the documentation we receive may not properly reflect the identities of partners at any particular time (in light of possible sales of common units), we may over-withhold or under-withhold with respect to a particular holder of common units. For example, we may impose withholding, remit that amount to the IRS and thus reduce the amount of a distribution paid to a Non-U.S. Holder. It may turn out, however, the corresponding amount of our income was not properly allocable to such holder, and the withholding should have been less than the actual withholding. Such holder would be entitled to a credit against the holder's U.S. federal income tax liability for all withholding, including any such excess withholding, but if the withholding exceeded the holder's U.S. federal income tax liability, the holder would have to apply for a refund to obtain the benefit of the excess withholding. Similarly, we may fail to withhold on a distribution, and it may turn out the corresponding income was properly allocable to a Non-U.S. Holder and withholding should have been imposed. In that event, we intend to pay the underwithheld amount to the IRS, and we may treat such under-withholding as an expense that will be borne by all partners on a pro rata basis (since we may be unable to allocate any such excess withholding tax cost to the relevant Non-U.S. Holder).

Under the backup withholding rules, you may be subject to backup withholding tax (at the applicable rate, currently 28%) with respect to distributions paid unless: (i) you are a corporation or come within another exempt category and demonstrate this fact when required; or (ii) you provide a taxpayer identification number, certify as to no loss of exemption from backup withholding tax and otherwise comply with the applicable requirements of the backup withholding tax rules. If you are an exempt holder, you should indicate your exempt status on a properly completed IRS Form W-9. A Non-U.S. Holder may qualify as an exempt recipient by submitting a properly completed IRS Form W-8BEN. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund.

If you do not timely provide us (or the clearing agent or other intermediary, as appropriate) with IRS Form W-8 or W-9, as applicable, or such form is not properly completed, you may become subject to U.S. backup withholding taxes in excess of what would have been imposed had we received certifications from all investors. Such excess U.S. backup withholding taxes may be treated by us as an expense that will be borne by all investors on a pro rata basis (since we may be unable to allocate any such excess withholding tax cost to the holders that failed to timely provide the proper U.S. tax certifications).

Additional Withholding Requirements

Under recently enacted legislation, the relevant withholding agent may be required to withhold 30% of any interest, dividends, and other fixed or determinable annual or periodical gains, profits, and income from sources within the United States or gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the United States paid after December 31, 2012 to (i) a foreign financial entity unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements or (ii) a non-financial foreign entity that is a beneficial owner of the payment unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements. Non-U.S. and U.S. Holders are encouraged to consult their own tax advisors regarding the possible implications of this proposed legislation on their investment in our common units.

Nominee Reporting

Persons who hold an interest in our partnership as a nominee for another person are required to furnish to us:

(1) the name, address and taxpayer identification number of the beneficial owner and the nominee;

(2) whether the beneficial owner is: (i) a person that is not a U.S. person; (ii) a foreign government, an international organization or any wholly owned agency or instrumentality of either of the foregoing; or (iii) a tax-exempt entity;

(3) the amount and description of common units held, acquired or transferred for the beneficial owner; and

(4) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers and acquisition cost for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions are required to furnish additional information, including whether they are U.S. persons and specific information on common units they acquire, hold or transfer for their own account. A penalty of $50 per failure, up to a maximum of $100,000 per calendar year, is imposed by the Internal Revenue Code for failure to report that information to us. The nominee is required to supply the beneficial owner of the common units with the information furnished to us.

New Legislation or Administrative or Judicial Action

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process, the IRS and the U.S. Department of the Treasury, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. No assurance can be given as to whether, or in what form, any proposals affecting us or our common unitholders will be enacted. The present U.S. federal income tax treatment of an investment in our common units may be modified by administrative, legislative or

judicial interpretation at any time, and any such action may affect investments and commitments previously made. Changes to the U.S. federal income tax laws and interpretations thereof could make it more difficult or impossible to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, affect or cause us to change our investments and commitments, affect the tax considerations of an investment in us, change the character or treatment of portions of our income (including, for instance, the treatment of carried interest as ordinary income rather than capital gain) and adversely affect an investment in our common units. See "Risk Factors—Risks Related to Our Business—Our structure involves complex provisions of U.S. federal income tax laws for which no clear precedent or authority may be available. Our structure also is subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis," and Legislation has been introduced in the U.S. Congress in various forms that, if enacted, (i) could preclude us from qualifying as a partnership and/or (ii) could tax carried interest as ordinary income for U.S. federal income tax purposes and require us to hold carried interest through taxable subsidiary corporations. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a material increase in our tax liability that could result in a reduction in the market price of our common units. We and our common unitholders could be adversely affected by any such change in, or any new, tax law, regulation or interpretation. Our organizational documents and agreements permit the board of directors to modify the amended and restated operating agreement from time to time, without the consent of the common unitholders, in order to address certain changes in U.S. federal income tax regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all of our common unitholders.

THE FOREGOING DISCUSSION IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. THE TAX MATTERS RELATING TO KKR AND ITS COMMON UNITHOLDERS ARE COMPLEX AND ARE SUBJECT TO VARYING INTERPRETATIONS. MOREOVER, THE MEANING AND IMPACT OF TAX LAWS AND OF PROPOSED CHANGES WILL VARY WITH THE PARTICULAR CIRCUMSTANCES OF EACH COMMON UNITHOLDER. COMMON UNITHOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES RELATING TO THE U.S. LISTING AND OWNING COMMON UNITS. THIS FOREGOING DISCUSSION ONLY ADDRESSES THE MATERIAL U.S. FEDERAL TAX CONSIDERATIONS OF THE U.S. LISTING AND THE OWNERSHIP AND DISPOSITION OF COMMON UNITS AND DOES NOT ADDRESS THE TAX CONSEQUENCES UNDER THE LAWS OF ANY TAX JURISDICTION OTHER THAN THE UNITED STATES. NON-U.S. HOLDERS, THEREFORE, SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSIDERATIONS TO THEM OF THE U.S. LISTING AND OWNERSHIP AND DISPOSITION OF COMMON UNITS UNDER THE LAWS OF THEIR OWN TAXING JURISDICTION.

PLAN OF DISTRIBUTION

Upon the U.S. Listing,

(i) KKR Guernsey will contribute its assets to us in return for our NYSE-listed common units,

(ii) KKR Guernsey will make an in-kind distribution of our common units to its unitholders and will dissolve and

(iii) each KKR Guernsey unit will cease to be traded on Euronext Amsterdam and will be cancelled.

In connection with the In-Kind Distribution, KKR Guernsey may be deemed to be an "underwriter" within the meaning of Section 2(a)(11) of the Securities Act of 1933.

Prior to the U.S. Listing, there will have been no U.S. public market for our common units. We intend to apply to list the common units on the NYSE under the symbol "KKR."

LEGAL MATTERS

The validity of the common units will be passed upon for us by Simpson Thacher & Bartlett LLP, New York, New York and Simpson Thacher & Bartlett LLP has opined as to certain U.S. federal income tax matters with respect to us. Certain partners of Simpson Thacher & Bartlett LLP, members of their families and related persons have an interest representing less than 1% of the capital commitments of investment funds that we manage.

EXPERTS

The statements of financial condition of KKR & Co. L.P. as of December 31, 2009 and 2008, included in this prospectus have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report appearing herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The statements of financial condition of KKR Management LLC as of December 31, 2009 and 2008, included in this prospectus have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report appearing herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated and combined financial statements of KKR Group Holdings L.P. as of December 31, 2009 and 2008, and for each of the three years in the period ended December 31, 2009, included in this prospectus have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report appearing herein (which report expresses an unqualified opinion and includes explanatory paragraphs relating to investments without a readily determinable fair market value and the adoption of the new presentation and disclosure requirements for noncontrolling interests in consolidated financial statements). Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The statements of assets and liabilities of KKR & Co. (Guernsey) L.P., as of December 31, 2008, 2007 and 2006, and the related statements of operations, changes in net assets and cash flows for the years ended December 31, 2008, 2007 and for the period from April 18, 2006 (Date of Formation) to December 31, 2006, included in this prospectus have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report appearing herein (which report expresses an unqualified opinion and includes an explanatory paragraph relating to investments without a readily determinable fair market value). Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated statements of assets and liabilities, including the consolidated schedule of investments, of KKR PEI Investments, L.P. as of December 31, 2008, 2007 and 2006 and the related consolidated statements of operations, changes in net assets and cash flows for the years ended December 31, 2008, 2007 and for the period from April 18, 2006 (Date of Formation) to December 31, 2006, included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein, (which report expresses an unqualified opinion and includes an explanatory paragraph relating to investments without a readily determinable fair market value). Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common units to be issued pursuant to this prospectus. This prospectus, filed as part of the registration statement, does not contain all of the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and our common units, we refer you to the registration statement and to its exhibits and schedules. Statements in this prospectus about the contents of any contract, agreement or other document are not necessarily complete and, in each instance, we refer you to the copy of such contract, agreement or document filed as an exhibit to the registration statement.

Anyone may inspect the registration statement and its exhibits and schedules without charge at the public reference facilities the SEC maintains at 100 F Street, N.E., Washington, D.C. 20549. You may obtain copies of all or any part of these materials from the SEC upon the payment of certain fees prescribed by the SEC. You may obtain further information about the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also inspect these reports and other information without charge at a website maintained by the SEC. The address of this website is http://www.sec.gov.

Upon completion of the U.S. Listing, we will become subject to the informational requirements of the Exchange Act and will be required to file reports and other information with the SEC. You will be able to inspect and copy these reports and other information at the public reference facilities maintained by the SEC at the address noted above. You also will be able to obtain copies of this material from the Public Reference Room of the SEC as described above, or inspect them without charge at the SEC's website. We intend to furnish our unitholders with annual reports containing consolidated financial statements audited by our independent registered public accounting firm.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Partners of KKR & Co. L.P.:

We have audited the accompanying statements of financial condition of KKR & Co. L.P. (the "Company") as of December 31, 2009 and 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of KKR & Co. L.P. as of December 31, 2009 and 2008, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

New York, New York
March 10, 2010

KKR & CO. L.P.

STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2009 and 2008

	December 31, 2009	December 31, 2008
Assets		
Cash	$ 1,044	$ 1,042
Commitments and Contingencies		
Equity		
Partners' Capital	$ 1,044	$ 1,042

KKR & CO. L.P.

NOTES TO STATEMENTS OF FINANCIAL CONDITION

1. ORGANIZATION

KKR & Co. L.P. (the "Partnership") was formed as a Delaware limited partnership on June 25, 2007. The Partnership is the parent company of KKR Group Limited, which is the non-economic general partner of KKR Group Holdings L.P. ("Group Holdings"). Group Holdings holds a 30% economic interest in (i) KKR Management Holdings L.P. ("Management Holdings") through KKR Management Holdings Corp., a Delaware corporation that is a domestic corporation for U.S. federal income tax purposes, and (ii) KKR Fund Holdings L.P. ("Fund Holdings" and together with Management Holdings, the "KKR Group Partnerships") directly and through KKR Fund Holdings GP Limited, a Cayman Island limited company that is a disregarded entity for U.S. Federal income tax purposes. The Partnership is a holding partnership and its sole assets consist of controlling equity interests in the KKR Group Partnerships. Through those equity interests, the Partnership will control all those entities and their subsidiaries. KKR Management LLC is the general partner of the Partnership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting —The accompanying Statements of Financial Condition have been prepared in accordance with accounting principles generally accepted in the United States of America. Separate Statements of Operations, Changes in Equity and Cash Flows have not been presented because there have been no business activities conducted by the Partnership from its inception.

3. PARTNERS' CAPITAL

An organizational limited partner of the Partnership contributed $1,000 to the Partnership in connection with the Partnership's formation.

Report of Independent Registered Public Accounting Firm

To the Partners of KKR Management LLC:

We have audited the accompanying statements of financial condition of KKR Management LLC (the "Company") as of December 31, 2009 and 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of KKR Management LLC as of December 31, 2009 and 2008, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

New York, New York
March 10, 2010

KKR MANAGEMENT LLC

STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2009 and 2008

	December 31, 2009	December 31, 2008
Assets		
Cash	$ 1,044	$ 1,042
Commitments and Contingencies		
Equity		
Members' Capital	$ 1,044	$ 1,042

NOTES TO STATEMENTS OF FINANCIAL CONDITION

1. ORGANIZATION

KKR Management LLC (the "Company") was formed as a Delaware limited liability company on June 25, 2007. The Company has been established to serve as the general partner of KKR & Co. L.P.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting —The accompanying Statements of Financial Condition have been prepared in accordance with accounting principles generally accepted in the United States of America. Separate Statements of Operations, Changes in Equity and Cash Flows have not been presented because there have been no significant business activities conducted by the Company since inception.

3. PARTNERS' CAPITAL

An organizational member of the Company contributed $1,000 to the Company in connection with the Company's formation.

Report of Independent Registered Public Accounting Firm

To the Partners of the KKR Group Holdings L.P.

We have audited the accompanying consolidated and combined statements of financial condition of the KKR Group Holdings L.P. (the "Company") as of December 31, 2009 and 2008, and the related consolidated and combined statements of operations, changes in equity and cash flows for each of the three years in the period ended December 31, 2009. These consolidated and combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated and combined financial statements present fairly, in all material respects, the consolidated and combined financial position of KKR Group Holdings L.P. as of December 31, 2009 and 2008, and the consolidated and combined results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the consolidated and combined financial statements, the financial statements include investments valued at $19.4 billion (approximately 64% of total assets) and $16.3 billion (approximately 73% of total assets) as of December 31, 2009 and 2008, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on the factors described in Note 2.

As discussed in Note 2 to the consolidated and combined financial statements, the Company adopted the new presentation and disclosure requirements for non-controlling interest in consolidated financial statements.

/s/ Deloitte & Touche LLP

New York, New York
March 10, 2010
(April 15, 2010, as to Note 13)

KKR GROUP HOLDINGS L.P.

CONSOLIDATED AND COMBINED STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2009 and 2008

(Dollars in Thousands)

	December 31, 2009	December 31, 2008
Assets		
Cash and Cash Equivalents	$ 546,739	$ 198,646
Cash and Cash Equivalents Held at Consolidated Entities	282,091	965,319
Restricted Cash and Cash Equivalents	72,298	50,389
Investments, at Fair Value	28,972,943	20,883,519
Due From Affiliates	123,988	29,889
Other Assets	223,052	313,268
Total Assets	$ 30,221,111	$ 22,441,030
Liabilities and Equity		
Debt Obligations	$ 2,060,185	$ 2,405,125
Due to Affiliates	87,741	—
Accounts Payable, Accrued Expenses and Other Liabilities	711,704	185,548
Total Liabilities	2,859,630	2,590,673
Commitments and Contingencies		
Equity		
KKR Group Holdings L.P. Partners' Capital	1,012,656	150,634
Accumulated Other Comprehensive Income	1,193	1,245
Total KKR Group Holdings L.P. Partners' Capital	1,013,849	151,879
Noncontrolling Interests in Consolidated Entities	23,275,272	19,698,478
Noncontrolling Interests held by KKR Holdings L.P.	3,072,360	—
Total Equity	27,361,481	19,850,357
Total Liabilities and Equity	$ 30,221,111	$ 22,441,030

See notes to consolidated and combined financial statements.

KKR GROUP HOLDINGS L.P.

CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2009, 2008 and 2007

(Dollars in Thousands)

	For the Years Ended December 31,		
	2009	2008	2007
Revenues			
Fees	$ 331,271	$ 235,181	$ 862,265
Expenses			
Employee Compensation and Benefits	838,072	149,182	212,766
Occupancy and Related Charges	38,013	30,430	20,068
General, Administrative and Other	264,396	179,673	128,036
Fund Expenses	55,229	59,103	80,040
Total Expenses	1,195,710	418,388	440,910
Investment Income (Loss)			
Net Gains (Losses) from Investment Activities	7,505,005	(12,944,720)	1,111,572
Dividend Income	186,324	75,441	747,544
Interest Income	142,117	129,601	218,920
Interest Expense	(79,638)	(125,561)	(86,253)
Total Investment Income (Loss)	7,753,808	(12,865,239)	1,991,783
Income (Loss) Before Taxes	6,889,369	(13,048,446)	2,413,138
Income Taxes	36,998	6,786	12,064
Net Income (Loss)	6,852,371	(13,055,232)	2,401,074
Less: Net Income (Loss) Attributable to Noncontrolling Interests in Consolidated Entities	6,119,382	(11,850,761)	1,598,310
Less: Net Income (Loss) Attributable to Noncontrolling Interests held by KKR Holdings L.P.	(116,696)	—	—
Net Income (Loss) Attributable to KKR Group Holdings L.P .	$ 849,685	$ (1,204,471)	$ 802,764

See notes to consolidated and combined financial statements.

KKR GROUP HOLDINGS L.P.

CONSOLIDATED AND COMBINED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2009, 2008 and 2007

(Dollars in Thousands)

		KKR Group Holdings L.P.				
	KKR Group Holdings L.P. Partners' Capital	Accumulated Other Comprehensive Income	Noncontrolling Interests in Consolidated Entities	Noncontrolling Interests held by KKR Holdings L.P.	Total Comprehensive Income	Total Equity
January 1, 2007	$ 1,684,794	$ 7,626	$ 20,318,440	$ —		$ 22,010,860
Comprehensive Income:						
Net Income	802,764		1,598,310		$ 2,401,074	2,401,074
Other Comprehensi Income—Currency Translation Adjustment		2,026	10,306		12,332	12,332
Total Comprehensi Income					2,413,406	2,413,406
Deconsolidation of Noncontrollir Interests in Consolidated Entities			(303,888)			(303,888)
Capital Contributions	308,201		12,604,558			12,912,759
Capital Distributions	(1,288,065)		(5,477,912)			(6,765,977)
Balance at December 31, 2007	1,507,694	9,652	28,749,814	—		30,267,160
Comprehensive Income (Loss):						
Net Loss	(1,204,471)		(11,850,761)		(13,055,232)	(13,055,232)
Other Comprehensi Income—Currency Translation Adjustment		(8,407)	(18)		(8,425)	(8,425)
Total Comprehensi Income (Loss)					(13,063,657)	(13,063,657)
Purchase of Noncontrollir Interests in Consolidated Entities By KKR Group Holdings L.P.			(6,285)			(6,285)
Capital Contributions	103,368		3,942,547			4,045,915
Capital Distributions	(255,957)		(1,136,819)			(1,392,776)
Balance at December 31, 2008	150,634	1,245	19,698,478	—		19,850,357
Comprehensive Income:						
Net Income	927,906		4,674,727		5,602,633	5,602,633
Other Comprehensi Income—Currency Translation						

Adjustment		2,417	5		2,422	2,422
Total Comprehensi Income					5,605,055	5,605,055
Capital Contributions	35,499		1,935,044			1,970,543
Capital Distributions	(320,760)		(993,288)			(1,314,048)
Balance at September 30, 2009	793,279	3,662	25,314,966	—		26,111,907

(continued)

KKR GROUP HOLDINGS L.P.

CONSOLIDATED AND COMBINED STATEMENTS OF CHANGES IN EQUITY (Continued)

For the Years Ended December 31, 2009, 2008 and 2007

(Dollars in Thousands)

		KKR Group Holdings L.P.				
	KKR Group Holdings L.P. Partners' Capital	Accumulated Other Comprehensive Income	Noncontrolling Interests in Consolidated Entities	Noncontrolling Interests held by KKR Holdings L.P.	Total Comprehensive Income	Total Equity
Balance at September 30, 2009	793,279	3,662	25,314,966			26,111,907
Non-Contributed Assets (1996 Fund L.P.)	(146,448)		(761,236)			(907,684)
Retained Interests	(368,909)	(36)	464,225			95,280
Reallocation of Net Assets from KKR PEI Investments L.I	3,029,070		(3,029,070)			
Contributions of Net Assets of KPE	450,851					450,851
Reallocation of Interests to KKR Holdings L.P.	(2,630,491)	(2,538)		2,633,029		
Deferred Tax Effects Resulting from the Transactions	(36,547)	—				(36,547)
Balance at October 1, 2009	1,090,805	1,088	21,988,885	2,633,029		25,713,807
Comprehensive Income:						
Net Income	(78,221)		1,444,655	(116,696)	1,249,738	1,249,738
Other Comprehensiv Income-Currency Translation Adjustment		105	3	245	353	353
Total Comprehensive Income					$ 1,250,091	1,250,091
Capital Contributions	72		470,154	562,542		1,032,768
Capital Distributions	—		(628,425)	(6,760)		(635,185)
Balance at December 31, 2009	$ 1,012,656	$ 1,193	$ 23,275,272	$ 3,072,360		$ 27,361,481

See notes to consolidated and combined financial statements.

KKR GROUP HOLDINGS L.P.

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2009, 2008 and 2007

(Dollars in Thousands)

	For the Years Ended December 31,		
	2009	2008	2007
Cash Flows from Operating Activities			
Net Income (Loss)	$ 6,852,371	$ (13,055,232)	$ 2,401,074
Adjustments to Reconcile Net Income (Loss) to Net Cash Used in Operating Activities:			
Non-Cash Compensation Expense	562,373	—	—
Net Realized Losses (Gains) on Investments	314,407	(253,410)	(1,557,101)
Change in Unrealized (Gains) Losses on Investments	(7,819,412)	13,198,130	445,529
Other Non-Cash Amounts	(1,397)	2,387	(10,886)
Cash Flows Due to Changes in Operating Assets and Liabilities:			
Change in Cash and Cash Equivalents Held at Consolidated Entities	690,371	(565,604)	1,895,148
Change in Due from Affiliates	(21,830)	14,080	70,728
Change in Other Assets	(21,826)	87,338	(108,712)
Change in Accounts Payable, Accrued Expenses and Other Liabilities	344,137	28,724	99,260
Investments Purchased	(2,795,658)	(3,438,323)	(17,847,606)
Cash Proceeds from Sale of Investments	1,549,152	1,535,754	6,090,065
Net Cash Used in Operating Activities	(347,312)	(2,446,156)	(8,522,501)
Cash flows from Investing Activities			
Change in Restricted Cash and Cash Equivalents	(21,909)	(4,471)	(95,406)
Purchase of Noncontrolling Interests	—	(44,171)	—
Purchase of Furniture, Equipment and Leasehold Improvements	(21,050)	(13,104)	(17,063)
Net Cash Used in Investing Activities	(42,959)	(61,746)	(112,469)
Cash flows from Financing Activities			
Distributions to Noncontrolling Interests in Consolidated Entities	(1,586,300)	(1,136,819)	(5,467,241)
Contributions from Noncontrolling Interest in Consolidated Entities	2,405,198	3,942,547	12,589,477
Distributions to KKR Holdings L.P.	(6,760)	—	—
Contributions from KKR Holdings L.P.	169	—	—
Cash Attributed to Non-Contributed Assets (1996 Fund L.P.)	(20,241)	—	—
Contributions from KKR Private Equity Investors, L.P.	470,263	—	—
Distributions to Partners	(211,068)	(250,358)	(1,170,568)
Contributions from Partners	35,571	103,368	308,201
Proceeds from Debt Obligations	503,462	813,809	2,602,360
Repayment of Debt Obligations	(852,503)	(1,018,389)	(43,800)
Deferred Financing Cost Returned (Incurred)	573	(19,655)	(4,405)
Net Cash Provided by Financing Activities	738,364	2,434,503	8,814,024
Net Change in Cash and Cash Equivalents	348,093	(73,399)	179,054
Cash and Cash Equivalents, Beginning of Year	198,646	272,045	92,991
Cash and Cash Equivalents, End of Year	$ 546,739	$ 198,646	$ 272,045

(continued)

KKR GROUP HOLDINGS L.P.

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended December 31, 2009, 2008 and 2007

(Dollars in Thousands)

	For the Years Ended December 31,		
	2009	2008	2007
Supplemental Disclosures of Cash Flow Information			
Payments for Interest	$ 40,256	$ 70,952	$ 21,112
Payments for Income Taxes	$ 8,454	$ 4,539	$ 14,255
Supplemental Disclosures of Non-Cash Activities			
Non-Cash Debt Financing/Purchase of Investments	$ —	$ 625,000	$ 521,428
Non-Cash Contribution of Stock Based Compensation from KKR Holdings L.P.	$ 562,373	$ —	$ —
Non-Cash Distributions to Noncontrolling Interests in Consolidated Entities	$ 35,413	$ —	$ 10,671
Non-Cash Contributions from Noncontrolling Interests in Consolidated Entities	$ —	$ —	$ 15,081
Non-Cash Contributions from KKR Private Equity Investors, L.P.	$ (19,412)	$ —	$ —
Non-Cash Distributions to Controlling Equity Holders	$ 109,692	$ 5,599	$ 117,497
Non-Cash Distributions to KKR Holdings L.P	$ 89,005	$ —	$ —
Restricted Stock Grant from Affiliate	$ —	$ 15,939	$ —
Proceeds Due from Unsettled Sales of Investments	$ 7,733	$ —	$ —
Unsettled Purchases of Investments	$ (968)	$ —	$ —
Change in Contingent Carried Interest Repayment Guarantee	$ (18,159)	$ —	$ —
Realized Gains on Extinguishment of Debt	$ 19,761	$ —	$ —
Unrealized Losses on Foreign Exchange on Debt Obligations	$ (12,286)	$ (35,624)	$ 2,974
Conversion of Interest Payable into Debt Obligations	$ 11,576	$ —	$ —
Change in Foreign Exchange on Cash and Cash Equivalents Held at Consolidated Entities	$ 12,628	$ (14,032)	$ —
Reorganization Adjustments			
Due From Affiliates	$ 94,538	$ —	$ —
Other Assets	$ 17,257	$ —	$ —
Accounts Payable, Accrued Expenses and Other Liabilities	$ 53,040	$ —	$ —
Noncontrolling Interests in Consolidated Entities	$ (2,564,845)	$ —	$ —
Deconsolidation of Consolidated Entities(1):			
Cash and Cash Equivalents Held at Consolidated Entities	$ 5,485	$ —	$ —
Restricted Cash and Cash Equivalents	$ —	$ —	$ 157,783
Investments, at Fair Value	$ 911,603	$ —	$ 2,162,402
Due From Affiliates	$ 3,706	$ —	$ —
Other Assets	$ —	$ —	$ 24,952
Debt Obligations	$ —	$ —	$ 2,011,453
Accounts Payable, Accrued Expenses and Other Liabilities	$ 33,351	$ —	$ 40,605
Noncontrolling Interests in Consolidated Entities	$ 761,236	$ —	$ 303,888
Accumulated Other Comprehensive Income Attributable to Noncontrolling Interests in Consolidated Entities	$ —	$ —	$ 10,306

(1) Includes the non-contributed assets (1996 Fund L.P.) during 2009 and the deconsolidation of a subsidiary of KKR Financial LLC during 2007.

See notes to consolidated and combined financial statements.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

(All Dollars are in Thousands Except Where Otherwise Noted)

1. ORGANIZATION AND BASIS OF PRESENTATION

KKR Group Holdings L.P. ("Group Holdings"), together with its consolidated subsidiaries (collectively, "KKR"), is a leading global alternative asset manager that is involved in providing a broad range of asset management services to investors and provides capital markets services for the firm, its portfolio companies and clients. Led by Henry Kravis and George Roberts, KKR conducts business through 14 offices around the world, which provide a global platform for sourcing transactions, raising capital and carrying out capital markets activities. KKR operates as a single professional services firm and carries out its investment activities under the KKR brand name.

Reorganization and Combination Transactions

Group Holdings was formed as a Cayman Islands exempted limited partnership and is governed by its Second Amended and Restated Limited Partnership Agreement dated as of October 1, 2009. KKR Management LLC (the "KKR Managing Partner") is the general partner of KKR & Co. L.P., which is indirectly the non-economic general partner of Group Holdings.

Historically, KKR's business was conducted through multiple entities for which there was no single holding entity, but were under common control of senior KKR principals ("Senior Principals"), and in which Senior Principals and KKR's other principals and individuals held ownership interests (collectively, the "Predecessor Owners"). KKR's financial statements include the accounts of KKR's management companies, capital markets companies, the general partners of certain unconsolidated co-investment vehicles and the general partners of its private equity and fixed income funds and certain of their respective consolidated funds.

KKR historically sponsored the investment vehicle KKR Private Equity Investors, L.P. ("KPE"), which is a Guernsey limited partnership that traded publicly on Euronext Amsterdam under the symbol "KPE." KPE was controlled by Senior Principals through their general partner interest. Substantially all of the economic interests in KPE were held by third party investors through their limited partner interests. From the date of its formation, all of KPE's investments were made through another Guernsey limited partnership, KKR PEI Investments, L.P. ("KPE Investment Partnership"), of which KPE was the sole limited partner. The KPE Investment Partnership was controlled by Senior Principals through KKR's general partner interest. Substantially all of the economic interests in the KPE Investment Partnership were held by KPE through its limited partner interest. KPE was established solely to hold limited partner interests in the KPE Investment Partnership and since its inception, KPE had no substantive operating activities other than the investing activities conducted through the KPE Investment Partnership.

In order to facilitate the Combination Transaction (defined below) KKR completed a series of transactions (the "Reorganization Transactions"), pursuant to which KKR's business was reorganized under two partnerships, KKR Management Holdings L.P. and KKR Fund Holdings L.P., which are referred to as the "KKR Group Partnerships." The reorganization involved a contribution of certain equity interests in KKR's businesses that were held by KKR's Predecessor Owners to the KKR Group Partnerships in exchange for 100% of the interests in the KKR Group Partnerships.

On October 1, 2009, KKR & Co. L.P. and KPE completed a transaction to combine the asset management business of KKR with the assets and liabilities of KPE (the "Combination Transaction"). The Combination Transaction involved the contribution of all of KPE's assets and liabilities to the

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

1. ORGANIZATION AND BASIS OF PRESENTATION (Continued)

KKR Group Partnerships in exchange for a 30% interest in the KKR Group Partnerships. The fair value of assets and liabilities contributed to the KKR Group Partnerships by KPE included $3.0 billion of limited partner interests in the KPE Investment Partnership, $470.3 million of cash and cash equivalents, and $19.4 million of net other liabilities. Subsequent to the Combination Transaction, KKR's Predecessor Owners retained 70% of the interests in the KKR Group Partnerships.

The Reorganization Transactions and the Combination Transaction are referred to collectively as the "Transactions."

As a result of the Transactions, KPE holds its 30% interest in KKR as the sole owner of Group Holdings' limited partnership interests. Group Holdings holds its 30% economic interest in one of the KKR Group Partnerships through KKR Management Holdings Corp., a Delaware corporation that is a domestic corporation for U.S. federal income tax purposes, and the other KKR Group Partnership directly. Group Holdings controls the KKR Group Partnerships through the controlling interests that it holds in such entities.

KKR Holdings L.P., a Cayman Islands exempted limited partnership ("KKR Holdings"), is the entity through which the Predecessor Owners hold their 70% economic interest in the KKR Group Partnerships.

Upon completion of the Transactions, KPE changed its name to KKR & Co. (Guernsey) L.P. ("KKR Guernsey") and continues to be traded publicly on Euronext Amsterdam but now trades under the symbol "KKR."

Common control transactions are accounted for under ASC 805-50. Because KPE, the KPE Investment Partnership and the other entities included in the consolidated and combined financial statements were under the common control of the Senior Principals both prior to and following the completion of the Transactions, in accordance with ASC 805-50 the Transactions are accounted for as transfers of interests under common control. Accordingly, no new basis of accounting has been established upon completion of the Transactions and Group Holdings carried forward the carrying amounts of assets and liabilities that were contributed to the KKR Group Partnerships.

Similarly, because the Transactions did not result in a change of control, exchanges involving the various noncontrolling interests were accounted for as equity transactions in accordance with ASC 810-10. The carrying amount of noncontrolling interests was not adjusted to fair value and gain or loss was not recognized in the accompanying consolidated and combined financial statements. This includes the exchange of the KPE Investment Partnership for a 30% economic interest in the Group Partnerships, and the exchange by KKR's other principals and individuals of their ownership interests in various entities included in the accompanying consolidated and combined financial statements before the Transactions for interests in KKR Holdings.

Basis of Presentation

Prior to the Transactions, the accompanying consolidated and combined financial statements include the results of eight of KKR's private equity funds and two of KKR's fixed income funds and the general partners and management companies of those funds under the common control of its Senior Principals. One of the eight private equity funds included the KPE Investment Partnership.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

1. ORGANIZATION AND BASIS OF PRESENTATION (Continued)

The following entities and interests were included in the KKR financial statements; however, were not contributed to the KKR Group Partnerships as part of the Transactions:

(i) the general partners of the 1996 Fund and their respective consolidated funds;

(ii) economic interests that allocate to a former principal and such person's designees an aggregate of 1% of the carried interest received by the general partners of KKR's private equity funds and 1% of KKR's other profits (losses);

(iii) economic interests that allocate to certain of KKR's former principals and their designees a portion of the carried interest received by the general partners of KKR's private equity funds that was allocated to them with respect to private equity investments made during such former principals' previous tenure with KKR; and

(iv) economic interests that allocate to certain of KKR's current and former principals all of the capital invested by or on behalf of the general partners of KKR's private equity funds before the completion of the Transactions and any returns thereon.

The interests described in (ii) through (iv) are referred to as the "Retained Interests."

The general partners of the 1996 Fund and their respective consolidated funds were removed from the financial statements as they were not contributed to the KKR Group Partnerships as part of the Transactions.

The Retained Interests were not contributed to the KKR Group Partnerships but are reflected in KKR's financial statements as noncontrolling interests in consolidated entities due to the fact that the entities in which these noncontrolling interests are held continue to be consolidated subsequent to the Transactions.

Prior to the Transactions, certain KKR principals who received carried interest distributions with respect to our private equity funds had personally guaranteed, on a several basis and subject to a cap, the contingent obligations of the general partners of certain private equity funds to repay amounts to fund limited partners pursuant to the general partners' clawback obligations. The terms of the Transactions require that KKR principals remain individually responsible for any clawback obligations relating to carry distributions received prior to the Transactions up to a maximum of $223.6 million. See Note 2 "Summary of Significant Accounting Policies—Investment Income—Clawback Provision."

To the extent a fund is in a clawback position, KKR will record a benefit to reflect the amounts due from the KKR Principals related to the clawback. By recording this benefit, the clawback obligation has been reduced to an amount that represents the obligation of the KKR Group Partnerships. In connection with the Transaction, KKR recorded a receivable of $95,280 on October 1, 2009.

In addition, historically, KKR consolidated the KPE Investment Partnership in its financial statements and substantially all of the ownership interests were reflected as noncontrolling interests. These noncontrolling interests were removed as these interests were contributed to KKR in the Transactions. Subsequent to the Transactions, the KKR Group Partnerships hold 100% of the controlling economic interests in the KPE Investment Partnership. KKR therefore continues to consolidate the KPE Investment Partnership and its economic interests are no longer reflected as

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

1. ORGANIZATION AND BASIS OF PRESENTATION (Continued)

noncontrolling interests in consolidated entities as of October 1, 2009, the effective date of the Transactions.

Subsequent to the completion of the Transactions, KKR's business is conducted through the KKR Group Partnerships, which own:

- all of the controlling and economic interests in KKR's fee-generating management companies and approximately 98% of the economic interests in KKR's capital markets companies;
- controlling and economic interests in the general partners of KKR's private equity funds and the entities that are entitled to receive carry from KKR's co-investment vehicles; and
- all of the controlling and economic interests in the KPE Investment Partnership.

With respect to KKR's active and future funds and co-investment vehicles that provide for carried interest, KKR continues to allocate to its principals, other professionals and selected other individuals a portion of the carried interest earned. KKR allocated approximately 40% of the carry earned during the quarter ended December 31, 2009 to these individuals. See Note 2, "Summary of Significant Accounting Policies—Profit Sharing Plans". This 40% allocation is made prior to the allocation of carried interest profits between KKR Holdings and Group Holdings.

Consolidation

The consolidated and combined financial statements (referred to hereafter as the "financial statements") include the accounts of KKR's management and capital markets companies, the general partners of certain unconsolidated co-investment vehicles and the general partners of its private equity and fixed income funds and their respective consolidated funds, which include the KKR European Fund, KKR Millennium Fund, KKR European Fund II, KKR 2006 Fund, KKR Asian Fund, KKR European Fund III, KKR E2 Investors, the KPE Investment Partnership, certain of the KKR Strategic Capital Funds and certain separately managed accounts (the "KKR Funds").

Group Holdings consolidates the financial results of the KKR Group Partnerships and their consolidated subsidiaries. KKR Holdings' ownership interest in the KKR Group Partnerships is reflected as noncontrolling interests attributable to Group Holdings in the accompanying financial statements.

References in the accompanying financial statements to KKR's "principals" are to KKR's senior executives and operating consultants who hold interests in KKR's business through KKR Holdings, including Senior Principals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared in accordance with GAAP.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

fees, expenses and investment income during the reporting periods. Such estimates include but are not limited to the valuation of investments and financial instruments. Actual results could differ from those estimates and such differences could be material to the financial statements.

Consolidation

General

KKR consolidates (i) those entities in which it holds a majority voting interest or has majority ownership and control over significant operating, financial and investing decisions of the entity, including those KKR Funds in which the general partner is presumed to have control, or (ii) entities determined to be variable interest entities ("VIEs") for which it is considered the primary beneficiary and absorbs a majority of the expected losses or a majority of the expected residual returns, or both.

The majority of the entities consolidated by KKR are comprised of: (i) those entities in which KKR has majority ownership and has control over significant operating, financial and investing decisions; and (ii) the consolidated KKR Funds, which are those entities in which KKR holds substantive, controlling general partner or managing member interests. With respect to the consolidated KKR Funds, KKR generally has operational discretion and control, and limited partners have no substantive rights to impact ongoing governance and operating activities of the fund.

The KKR Funds are consolidated by KKR notwithstanding the fact that KKR has only a minority economic interest in those funds. KKR's financial statements reflect the assets, liabilities, fees, expenses, investment income and cash flows of the consolidated KKR Funds on a gross basis, and the majority of the economic interests in those funds, which are held by third-party investors, are attributed to noncontrolling interests in consolidated entities in the accompanying financial statements. Substantially all of the management fees and certain other amounts earned by KKR from those funds are eliminated in consolidation. However, because the eliminated amounts are earned from, and funded by, noncontrolling interests, KKR's attributable share of the net income from those funds is increased by the amounts eliminated. Accordingly, the elimination in consolidation of such amounts has no effect on net income (loss) attributable to the Group Holdings or Group Holdings' partners' capital.

The KKR Funds are, for GAAP purposes, investment companies and therefore are not required to consolidate their majority-owned and controlled investments in portfolio companies ("Portfolio Companies"). Rather, KKR reflects their investments in portfolio companies at fair value as described below.

All intercompany transactions and balances have been eliminated.

Variable Interest Entities

GAAP requires an analysis to (i) determine whether an entity in which KKR holds a variable interest is a VIE, and (ii) whether KKR's involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests (e.g., incentive and management fees), would be expected to absorb a majority of the variability of the entity. Performance of that analysis requires the exercise of judgment. In evaluating whether KKR is the primary beneficiary, KKR evaluates its economic interests in the entity held either directly by KKR or indirectly through its related parties. This analysis can generally be performed qualitatively. However, if it is not readily apparent which party is the primary beneficiary, a quantitative expected losses and expected residual returns calculation

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

will be performed. Investments and redemptions (either by KKR, affiliates of KKR or third parties) or amendments to the governing documents of the respective investment vehicle could affect an entity's status as a VIE and/or the determination of the primary beneficiary. At each reporting date, KKR assesses whether it continues to, or has begun to, absorb such majorities and will appropriately consolidate a VIE.

In KKR's role as general partner or investment advisor, it generally considers itself the sponsor of the applicable investment vehicle. For certain of these investment vehicles, KKR is determined to be the primary beneficiary and hence consolidates such investment vehicles within the financial statements.

KKR is a variable interest holder in certain VIEs which are not consolidated, as KKR is not the primary beneficiary. As of December 31, 2009, assets recognized in KKR's statement of financial condition related to our variable interests in these unconsolidated entities was comprised of $1,473 of receivables and $13,753 of investments. Therefore, KKR's aggregate maximum exposure to loss was $15,226 as of December 31, 2009.

KKR's investment strategies differ by investment vehicle, however, the fundamental risks have similar characteristics, including loss of invested capital and loss of incentive and management fees. Accordingly, disaggregation of KKR's involvement with VIEs would not provide more useful information.

For those VIEs in which KKR is the sponsor, KKR may have an obligation as general partner to provide commitments to such funds. During the year ended December 31, 2009 and 2008, KKR did not provide any support other than its obligated amount.

Noncontrolling Interests

Noncontrolling Interests in Consolidated Entities

Prior to the completion of the Transactions, noncontrolling interests in consolidated entities represented ownership interests in consolidated entities held by entities or persons other than our Predecessor Owners. The majority of these noncontrolling interests were held by third-party investors in the KKR Funds and the limited partner interests in the KPE Investment Partnership.

Subsequent to the completion of the Transactions, noncontrolling interests in consolidated entities represent the ownership interests in KKR that are held by:

(i) third-party investors in the KKR Funds;

(ii) a former principal and such person's designees an aggregate of 1% of the carried interest received by the general partners of KKR's funds and 1% of KKR's other profits (losses) until a future date;

(iii) certain of KKR's former principals and their designees a portion of the carried interest received by the general partners of KKR's private equity funds that was allocated to them with respect to private equity investments made during such former principals' previous tenure with KKR;

(iv) certain of KKR's current and former principals all of the capital invested by or on behalf of the general partners of KKR's private equity funds before the completion of the Transactions and any returns thereon; and

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) a third party in KKR's capital markets business (an aggregate of 2% of the equity).

On May 30, 2008, KKR acquired all of the outstanding noncontrolling interests in the management companies of KKR's Public Markets segment ("KFI Transaction"). Immediately prior to the KFI Transaction, KKR owned 65% of the equity of such management companies. The KFI Transaction has been accounted for as an acquisition of noncontrolling interests using the purchase method of accounting. The total consideration of the KFI Transaction was $44,171. KKR recorded the excess of the total consideration over the carrying value of the noncontrolling interests acquired (which approximates the fair value of the net assets acquired and which were already included in the statements of financial condition) to finite-lived identifiable intangible assets consisting of management, monitoring, transaction, and incentive fee contracts. KKR has recorded intangible assets of $37,887 that are being amortized over an estimated useful life of ten years, based on contractual provisions that enable renewal of the contracts without substantial cost and our prior history of such renewals.

Noncontrolling Interests held by KKR Holdings

Subsequent to the completion of the Transactions, noncontrolling interests attributable to KKR Holdings include KKR's Predecessor Owners economic interests in the KKR Group Partnership Units. KKR's Predecessor Owners will receive financial benefits from KKR's business in the form of distributions received from KKR Holdings and through their direct and indirect participation in the value of KKR Group Partnership Units held by KKR Holdings. As a result, certain profit-based cash amounts that were previously paid by KKR will no longer be paid by KKR and will be borne by KKR Holdings.

Income and equity of KKR after allocation to noncontrolling interests in consolidated entities are, with the exception of certain tax assets and liabilities that are allocable directly to KKR Management Holdings Corp., split on a pro rata basis in accordance with the equity ownership percentage of the equity holders of the KKR Group Partnerships. However, the contribution of certain expenses borne entirely by KKR Holdings may result in the equity allocations shown in the statements of changes in equity to not equal the pro rata split of net assets and liabilities.

The following table presents the calculation of Net Income attributable to noncontrolling interests held by KKR Holdings:

Net Income (Loss) for the Three Months Ended December 31, 2009	**$ 1,249,738**
Less: Net Income (Loss) Attributable to Noncontrolling Interests in Consolidated Entities for the Three Months Ended December 31, 2009	1,444,655
Plus: Income Taxes attributable to KKR Management Holdings Corp. for the Three Months Ended December 31, 2009	28,209
Total Group Partnership Loss Allocable to Equity Holders	(166,708)
Allocation to KKR Holdings	70%
Net Income (Loss) Attributable to Noncontrolling Interests held by KKR Holdings L.P .	**$ (116,696)**

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Fair value is the amount that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e., the exit price). KKR measures and reports its investments and other financial instruments at fair value.

KKR has categorized and disclosed its assets and liabilities measured and reported at fair value based on the hierarchical levels as defined within GAAP. GAAP establishes a hierarchal disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is affected by a number of factors, including the type and the characteristics specific to the asset or liability. Investments and other financial instruments for which fair value can be measured from quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments and other financial instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I—Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include publicly listed equities, publicly listed derivatives, equity securities sold, but not yet purchased and call options. KKR does not adjust the quoted price for these investments, even in situations where KKR holds a large position and a sale could reasonably affect the quoted price.

Level II—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is generally determined through the use of models or other valuation methodologies. Investments which are included in this category include corporate credit investments, convertible debt securities indexed to publicly listed securities and certain over-the-counter derivatives.

Level III—Pricing inputs are unobservable for the asset or liability and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include private Portfolio Companies held directly through the KKR Funds and private equity co-investment vehicles.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. KKR's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and it considers factors specific to the investment.

In cases where an investment measured and reported at fair value is transferred into or out of Level III of the fair value hierarchy, KKR accounts for the transfer at the end of the reporting period.

Cash and Cash Equivalents

KKR considers all highly liquid short-term investments with original maturities of 90 days or less when purchased to be cash equivalents.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents Held at Consolidated Entities

Cash and cash equivalents held at consolidated entities represents cash that, although not legally restricted, is not available to fund general liquidity needs of KKR as the use of such funds is generally limited to the investment activities of the KKR Funds.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent amounts that are held by third parties under certain of KKR's financing and derivative transactions.

Investments, at Fair Value

KKR's investments consist primarily of private equity and other investments. See Note 4, "Investments".

Private Equity Investments —Private equity investments consist of investments in Portfolio Companies of consolidated KKR Funds that are, for GAAP purposes, investment companies. The KKR Funds reflect investments at their estimated fair values, with unrealized gains or losses resulting from changes in fair value reflected as a component of Net Gains (Losses) from Investment Activities in the statements of operations.

Private equity investments that have readily observable market prices (such as those traded on a securities exchange) are stated at the last quoted sales price as of the reporting date.

As of December 31, 2009, approximately 69% of the fair value of KKR's Level III private equity investments have been valued by KKR in the absence of readily observable market prices. The determination of fair value may differ materially from the values that would have resulted if a ready market had existed. For these investments, KKR generally uses a market approach and an income (discounted cash flow) approach when determining fair value. Management considers various internal and external factors when applying these approaches, including the price at which the investment was acquired, the nature of the investment, current market conditions, recent public market and private transactions for comparable securities, and financing transactions subsequent to the acquisition of the investment. The fair value recorded for a particular investment will generally be within the range suggested by the two approaches.

Investments denominated in currencies other than the U.S. dollar are valued based on the spot rate of the respective currency at the end of the reporting period with changes related to exchange rate movements reflected as a component of Net Gains (Losses) from Investment Activities.

Corporate Credit Investments —Corporate credit investments that are listed on a securities exchange are valued at their last quoted sales price as of the reporting date. Investments in corporate debt, including syndicated bank loans, high-yield securities and other fixed income securities, are valued at the mean of the "bid" and "asked" prices obtained from third-party pricing services. In the event that third-party pricing service quotations are unavailable, values are obtained from dealers or market makers and where those values are not available corporate credit investments are valued by KKR or KKR may engage a third-party valuation firm to assist in such valuations.

Derivatives —KKR invests in derivative financial instruments, including total rate of return swaps and credit default swaps. In a total rate of return swap, KKR receives the sum of all interest, fees and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

any positive economic change in fair value amounts from a reference asset with a specified notional amount and pays interest on the referenced notional amount plus any negative change in fair value amounts from such asset. Credit default swaps, when purchasing protection, involve the payment of a fixed rate premium for protection against the loss in value of an underlying debt instrument in the event of a defined credit event, such as payment default or bankruptcy. Under a credit default swap, one party acts as a guarantor by receiving the fixed periodic payment in exchange for the commitment to purchase the underlying security at par if a credit event occurs. Derivative contracts, including total rate of return swap contracts and credit default swap contracts, are recorded at estimated fair value with changes in fair value recorded as unrealized gains or losses in Net Gains (Losses) from Investment Activities in the accompanying statements of operations.

Investments in Publicly Traded Securities —KKR's investments in publicly traded securities represent equity securities, which are classified as trading securities and carried at fair market value. Changes in the fair market value of trading securities are reported within Net Gains (Losses) from Investment Activities in the accompanying statements of operations.

Securities Sold, Not Yet Purchased —Whether part of a hedging transaction or a transaction in its own right, securities sold, not yet purchased, or securities sold short, represent obligations of KKR to deliver the specified security at the contracted price, and thereby create a liability to repurchase the security in the market at then prevailing prices. Short selling allows the investor to profit from declines in market prices. The liability for such securities sold short is marked to market based on the current value of the underlying security at the date of valuation with changes in fair value recorded as unrealized gains or losses in Net Gains (Losses) from Investment Activities in the accompanying statements of operations. These transactions may involve a market risk in excess of the amount currently reflected in KKR's statements of financial condition.

Due from and Due to Affiliates

For purposes of classifying amounts, KKR considers its principals and their related entities, nonconsolidated funds and the Portfolio Companies of its funds to be affiliates. Receivables from and payables to affiliates are recorded at their current settlement amount.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Exchange Derivatives and Hedging Activities

KKR enters into derivative financial instruments primarily to manage foreign exchange risk and interest rate risk arising from certain assets and liabilities. All derivatives are recognized as either assets or liabilities in the statements of financial condition and measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying statements of operations. KKR's derivative financial instruments contain credit risk to the extent that its bank counterparties may be unable to meet the terms of the agreements. KKR minimizes this risk by limiting its counterparties to major financial institutions with strong credit ratings.

Fixed Assets, Depreciation and Amortization

Fixed assets consist primarily of leasehold improvements, furniture, fixtures and equipment, and computer hardware and software. Such amounts are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the assets' estimated economic useful lives, which for leasehold improvements are the lesser of the lease terms or the life of the asset, and three to seven years for other fixed assets.

Securities Sold Under Agreements to Repurchase

Transactions involving sales of securities under agreements to repurchase are accounted for as collateralized financings. KKR recognizes interest expense on all borrowings on an accrual basis.

Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances, excluding those resulting from contributions and distributions to owners. In the accompanying financial statements, comprehensive income represents Net Income (Loss), as presented in the statements of operations and net of foreign currency translation adjustments.

Fees

Fees consist primarily of (i) monitoring and transaction fees from providing advisory and other services to our Portfolio Companies, (ii) management and incentive fees from providing investment management services to unconsolidated funds, a specialty finance company, structured finance vehicles, and separately managed accounts, and (iii) fees from capital markets activities. These fees are based on the contractual terms of the governing agreements and are recognized in the period during which the related services are performed.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the years ended December 31, 2009, 2008 and 2007, fees consisted of the following:

	For the Year Ended December 31,		
	2009	2008	2007
Monitoring Fees	$ 174,476	$ 135,234	$ 93,485
Transaction Fees	91,828	41,307	683,100
Management Fees Received from Unconsolidated Funds	60,495	58,640	63,568
Incentive Fees Received from Unconsolidated Funds	4,472	—	22,112
Total Fees	$ 331,271	$ 235,181	$ 862,265

Monitoring Fees

Monitoring fees are earned by KKR for services provided to Portfolio Companies and are recognized as services are rendered. These fees are paid based on a fixed periodic schedule by the Portfolio Companies either in advance or in arrears and are separately negotiated for each Portfolio Company. Monitoring fees amounted to $158,243, $112,258 and $68,754 for the years ended December 31, 2009, 2008 and 2007, respectively.

In connection with the monitoring of Portfolio Companies and certain unconsolidated funds, KKR receives reimbursement for certain expenses incurred on behalf of these entities. Costs incurred in monitoring these entities are classified as general, administrative and other expenses and reimbursements of such costs are classified as monitoring fees. These reimbursements amounted to $16,233, $22,976 and $24,731 for the years ended December 31, 2009, 2008, and 2007, respectively.

Transaction Fees

Transaction fees are earned by KKR primarily in connection with successful private equity and debt transactions and capital markets activities. Transaction fees are recorded upon closing of the transaction. Fees are typically paid on or around the closing. Transaction fees received amounted to $91,828, $41,307 and $683,100 for the years ended December 31, 2009, 2008 and 2007, respectively.

In connection with pursuing successful Portfolio Company investments, KKR receives reimbursement for certain transaction-related expenses. Transaction-related expenses, which are reimbursed by third parties, are deferred until the transaction is consummated and are recorded in Other Assets on the date the expense is incurred. The costs of successfully completed transactions are borne by the KKR Funds and included as a component of the investment's cost basis. Subsequent to closing, investments are recorded at fair value each reporting period as described in the section above titled Investments, at Fair Value. Upon reimbursement from a third party, the cash receipt is recorded and the deferred amounts are relieved. No fees or expenses are recorded for these reimbursements.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management and Incentive Fees Received from Consolidated and Unconsolidated Funds

For KKR's private equity funds and certain unconsolidated KKR sponsored funds, gross management fees generally range from 1% to 1.5% of committed capital during the fund's investment period and approximately 0.75% of invested capital after the expiration of the fund's investment period. Typically, an investment period is defined as a period of up to six years. The actual length of the period may be shorter based on the timing and use of committed capital.

Management fees received from consolidated KKR Funds are eliminated in consolidation. However, because these amounts are funded by, and earned from, noncontrolling interests, KKR's allocated share of the net income from consolidated KKR Funds is increased by the amount of fees that are eliminated. Accordingly, the elimination of the fees does not have an effect on the net income attributable to Group Holdings or Group Holdings' partners' capital.

For periods prior to the Transactions, in advance of the management service period, KKR had elected to waive the right to earn certain management fees that it would have been entitled to from its Traditional Private Equity Funds. The cash that would have been payable was contributed by the funds' investors and was initially included as a component of Cash and Cash Equivalents Held at Consolidated Entities. In lieu of making direct cash capital contributions, these investor contributions were used to satisfy a portion of the capital commitments to which KKR would otherwise have been subject as the general partner of the fund. As a result of the election to waive the fees, KKR was not entitled to any portion of these fees until the fund had achieved positive investment results. Because the ability to earn the waived fees was contingent upon the achievement of positive investment returns by the fund, the recognition of income only occurred when the contingency was satisfied. The amount of waived fees for the periods ended December 31, 2009, 2008 and 2007 were $25.5 million, $44.0 million and $110.6 million, respectively.

KKR's private equity funds require the management company to refund up to 20% of any cash management fees earned from limited partners in the event that the funds recognize a carried interest. At such time as the fund recognizes a carried interest in an amount sufficient to cover 20% of the management fees earned or a portion thereof, a liability to the fund's limited partners is recorded and revenue is reduced for the amount of the carried interest recognized, not to exceed 20% of the management fees earned. As of December 31, 2009, the amount subject to refund for which no liability has been recorded totaled $148.9 million as a result of certain funds not yet recognizing sufficient carried interests. The refunds to the limited partners are paid, and the liabilities relieved, at such time that the underlying investments are sold and the associated carried interests are realized. In the event that a fund's carried interest is not sufficient to cover all or a portion of the amount that represents 20% of the earned management fees, these fees would not be returned to the funds' limited partners, in accordance with the respective fund agreements.

For periods prior to the Transactions, KKR earned fees from the KPE Investment Partnership which were determined quarterly based on 25% of the sum of (i) equity up to and including $3 billion multiplied by 1.25% plus (ii) equity in excess of $3 billion multiplied by 1%. For purposes of calculating the management fee, equity was an amount defined in the management agreement. Subsequent to the Transactions, the KPE Investment Partnership continues to pay a fee. However, since the KKR Group

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Partnerships hold 100% of the controlling and economic interests of the KPE Investment Partnership, the fee is eliminated in consolidation and Group Holdings no longer benefits from this arrangement.

KKR Financial Holdings LLC ("KFN")

KKR's management agreement with KFN provides, among other things, that KKR is entitled to certain fees, consisting of a base management fee and incentive fee. KKR earns a base management fee, computed and payable monthly in arrears, based on an annual rate of 1.75% of adjusted equity, which is an amount defined in the management agreement.

KKR's management agreement with KFN also provides that KFN is responsible for paying KKR quarterly incentive compensation in an amount equal to the product of (i) 25% of the dollar amount by which: (a) KFN's net income, before incentive compensation, per weighted-average share of KFN's common shares for such quarter, exceeds (b) an amount equal to (A) the weighted-average of the price per share of the common stock of KFN in its August 2004 private placement and the prices per share of the common stock of KFN in its initial public offering and any subsequent offerings by KFN multiplied by (B) the greater of (1) 2.00% and (2) 0.50% plus one-fourth of the ten year treasury rate for such quarter, multiplied by (ii) the weighted average number of KFN's common shares outstanding in such quarter. Once earned, there are no clawbacks of incentive fees received from KFN. Incentive fees recognized were $4.5 million, $0, and $17.5 million for the years ended December 31, 2009, 2008, and 2007, respectively.

KKR's management agreement with KFN was renewed on January 1, 2010 and will automatically be renewed for successive one-year terms following December 31, 2010 unless the agreement is terminated in accordance with its terms. The management agreement provides that KFN may terminate the agreement only if:

- the termination is approved at least 180 days prior to the expiration date by at least two-thirds of KFN's independent directors or by the holders of a majority of KFN's outstanding common shares and the termination is based upon (i) a determination that KKR's performance has been unsatisfactory and materially detrimental to KFN or (ii) a determination that the management and incentive fees payable to KKR are not fair (subject to KKR's right to prevent a termination by reaching an agreement to reduce KKR's management and incentive fees), in which case a termination fee is payable to KKR; or

- KKR's subsidiary that manages KFN experiences a "change of control" or KKR materially breaches the provisions of the agreement, engages in certain acts of willful misconduct or gross negligence, becomes bankrupt or insolvent or is dissolved, in which case a termination fee is not payable to KKR.

None of the aforementioned events have occurred as of December 31, 2009.

KKR has also received restricted common shares and common share options from KFN as a component of compensation for management services provided to KFN. The restricted common shares and share options vest ratably over applicable vesting periods and are initially recorded as deferred revenue at their estimated fair values at the date of grant. Subsequently, KKR re-measures the restricted common shares and share options to the extent that they are unvested, with a corresponding

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NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

adjustment to deferred revenue. Income from restricted common shares and common share options is recognized ratably over the vesting period as a component of fee income and amounted to $3.5 million, $2.7 million and $15.0 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Vested share options received as a component of compensation for management services meet the characteristics of derivative investments. Vested share options are recorded at estimated fair value with changes in fair value recognized in Net Gains (Losses) from Investment Activities. Both vested and unvested common share options are valued using a Black-Scholes pricing model as of the end of each period.

Vested common share that is received as a component of compensation for management services is carried as trading securities, and is recorded at estimated fair value with changes in fair value recognized in Net Gains (Losses) from Investment Activities.

Investment Funds

KKR Strategic Capital Funds

KKR has entered into management agreements with the side-by-side funds comprising the KKR Strategic Capital Funds pursuant to which it has agreed to provide them with management and other services. Under the management agreement and, in some cases, other documents governing the individual funds, KKR is entitled to receive management and incentive fees.

Under the management agreement and, in some cases, other documents governing the individual funds, through October 31, 2008 KKR was entitled to receive:

- with respect to investors who have agreed to a 25 month lock-up period, a monthly management fee that is equal to 0.1667% (or 2.0% annualized) of the net asset value of the individual fund that is allocable to those investors; and
- with respect to investors who have agreed to a 60 month lock-up period, a monthly management fee that is equal to 0.1250% (or 1.5% annualized) of the net asset value of the primary fund that is allocable to those investors.

Effective November 1, 2008 through November 30, 2009, KKR elected to reduce the management fee it earned from all investors to 0.0208% (or 0.25% annualized) of the net asset value of the investments allocable to each investor.

Effective December 1, 2009, KKR is entitled to receive a monthly management fee from only the investors participating in certain classes of investments that is equal to 0.0208% (or 0.25% annualized) of the net asset value of the investments allocable to those investors, with no management fee being charged on the remaining classes of investments.

As part of KKR's management agreements with the side-by-side funds comprising the KKR Strategic Capital Funds, certain of which are consolidated, through October 31, 2008 KKR was also entitled to receive incentive fees as follows:

- with respect to investors who have agreed to a 25 month lock-up period, an annual incentive fee equal to 20% of the increase in the net asset value of the individual fund that is allocable to

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NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

those investors above the highest net asset value at which an incentive fee has previously been received; and

- with respect to investors who have agreed to a 60 month lock-up period, an annual incentive fee equal to 15% of the increase in the net asset value of the individual fund that is allocable to those investors above the highest net asset value at which an incentive fee has previously been received.

Effective November 1, 2008 through November 30, 2009, KKR elected to reduce the incentive fee it was entitled to an annual incentive fee from all investors equal to 15% of the increase in the net asset value of the individual fund above the highest net asset value at which an incentive fee has previously been received, and subject to an 8% preferred return that is retroactive to the date of original investment. Effective December 1, 2009, KKR has waived any future incentive fees. Incentive fees recognized were $0, $0, and $5.8 million for the years ended December 31, 2009, 2008, and 2007, respectively.

These incentive fees were accrued annually, after all contingencies had been removed, based on the annual performance and compared to the prior incentive fee calculation, as applicable, as stated in the management agreement. Since performance fluctuated during interim periods, no incentive fees were recognized on a quarterly basis. Once earned, there were no provisions for clawbacks of incentive fees received from the side-by-side funds comprising the KKR Strategic Capital Funds.

Management and incentive fees received from consolidated KKR Strategic Capital Funds have been eliminated. However, because these amounts are funded by, and earned from limited partners, KKR's allocated share of the net income from consolidated KKR Funds is increased by the amount of fees that are eliminated. Accordingly, the elimination of the fees does not have an effect on net income attributable to Group Holdings or Group Holdings partners' capital.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Structured Finance Vehicles

KKR's management agreements for its structured finance vehicles provide for senior collateral management fees and subordinate collateral management fees. Senior collateral management fees are determined based on an annual rate of 0.15% of collateral and subordinate collateral management fees are determined based on an annual rate of 0.35% of collateral. If amounts distributable on any payment date are insufficient to pay the collateral management fees according to the priority of payments, any shortfall is deferred and payable on subsequent payment dates. KKR has the right to waive all or any portion of any collateral management fee. As of December 31, 2009, KKR has permanently waived $72.5 million of collateral management fees. KKR generally waives the collateral management fees for the majority of its structured finance vehicles; however, KKR may cease waiving collateral management fees at its discretion. For the purpose of calculating the collateral management fees, collateral, the payment dates, and the priority of payments are terms defined in the management agreements.

Separately Managed Accounts

Certain unconsolidated fixed income oriented accounts referred to as "Separately Managed Accounts" invest in liquid strategies, such as leveraged loans and high yield bonds, less liquid credit products and capital solutions investments. These accounts provide for management fees determined quarterly based on an annual rate ranging from 0.5% to 1.5%. Such rate may be based on the accounts' average net asset value, capital commitments or capital contributions. Such accounts may also provide for a carried interest on investment disposition proceeds in excess of the capital contributions made for such investment. The carried interest, if any, may be subject to a preferred return prior to any distributions of carried interest. Carried interest is generally recognized based on the contractual formula set forth in the applicable agreement governing the account. If an account provides for carried interest, the applicable agreements typically provide for clawback if it is determined that KKR received carried interest in excess of the amount it was entitled to receive for such account.

Investment Income

Investment income consists primarily of the net impact of: (i) realized and unrealized gains and losses on investments, (ii) dividends, (iii) interest income, (iv) interest expense and (v) foreign exchange gains and losses relating to mark-to-market activity on foreign exchange forward contracts and foreign currency options. Carried interests and similar distribution rights generally entitle KKR to a percentage of the profits generated by a fund as described below. Unrealized gains or losses result from changes in fair value of investments during the period, and are included in Net Gains (Losses) from Investment Activities. Upon disposition of an investment, previously recognized unrealized gains or losses are reversed and a realized gain or loss is recognized.

Carried interests entitle the general partner of a fund to a greater allocable share of the fund's earnings from investments relative to the capital contributed by the general partner and correspondingly reduce noncontrolling interests' attributable share of those earnings. Amounts earned pursuant to carried interests are included as investment income in Net Gains (Losses) from Investment Activities and are earned by the general partner of those funds to the extent that cumulative investment returns are positive. If these investment returns decrease or turn negative in subsequent

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

periods, recognized carried interest will be reduced and reflected as investment losses. Carried interest is recognized based on the contractual formula set forth in the instruments governing the fund as if the fund was terminated at the reporting date with the then estimated fair values of the investments realized. Due to the extended durations of KKR's private equity funds, management believes that this approach results in income recognition that best reflects the periodic performance of KKR in the management of those funds. Carried interest recognized (reversed) amounted to approximately $832 million, $(1,197) million and $306 million for the years ended December 31, 2009, 2008 and 2007, respectively. The amount of carried interest earned during the fourth quarter of fiscal year 2009 for those funds eligible to receive carry distributions amounted to $92,253 of which 40% is allocable to the carry pool with the remaining 60% allocated to KKR Group Holdings and KKR Holdings based on their ownership percentages.

The instruments governing KKR's private equity funds generally include a "clawback" or, in certain instances, a "net loss sharing" provision that, if triggered, may give rise to a contingent obligation that may require the general partner to return or contribute amounts to the fund for distribution to investors at the end of the life of the fund.

Clawback Provision

Under a "clawback" provision, upon the liquidation of a private equity fund, the general partner is required to return, on an after-tax basis, previously distributed carry to the extent that, due to the diminished performance of later investments, the aggregate amount of carry distributions received by the general partner during the term of the fund exceed the amount to which the general partner was ultimately entitled. As of December 31, 2009, the amount of carried interest KKR principals have received, that is subject to this clawback provision was $716.2 million, assuming that all applicable private equity funds were liquidated at no value. Had the investments in such funds been liquidated at their December 31, 2009 fair values, the clawback obligation would have been $84.9 million of which $77.1 million is due from affiliates and $7.8 million is due from noncontrolling interest holders.

Prior to the Transactions, certain KKR principals who received carried interest distributions with respect to the private equity funds had personally guaranteed, on a several basis and subject to a cap, the contingent obligations of the general partners of certain private equity funds to repay amounts to fund limited partners pursuant to the general partners' clawback obligations. The terms of the Transactions require that KKR principals remain responsible for any clawback obligations relating to carry distributions received prior to the Transactions up to a maximum of $223.6 million. Accordingly, at December 31, 2009, KKR has recorded a receivable of $77.1 million within Due from Affiliates on the statements of financial condition for the amount of the clawback obligation required to be funded by KKR principals. See Note 12 "Commitments and Contingencies."

Carry distributions arising subsequent to the Transactions will be allocated to Group Holdings, KKR Holdings and to carry pool participants in accordance with the terms of the instruments governing the KKR Group Partnerships. Any clawback obligations relating to carry distributions subsequent to the Transactions will be the responsibility of the KKR Group Partnerships and carry pool participants.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Loss Sharing Provision

The instruments governing certain of KKR's private equity funds may also include a "net loss sharing provision," that, if triggered, may give rise to a contingent obligation that may require the general partners to contribute capital to the fund, to fund 20% of the net losses on investments. In connection with the "net loss sharing provisions," certain of KKR's private equity funds allocate a greater share of their investment losses to KKR relative to the amounts contributed by KKR to those vehicles. In these vehicles, such losses would be required to be paid by KKR to the limited partners in those vehicles in the event of a liquidation of the fund regardless of whether any carried interest had previously been distributed. Based on the fair market values as of December 31, 2009, the net loss sharing obligation would have been approximately $93.6 million, all of which is attributable to the KKR Group Partnerships. If the vehicles were liquidated at zero value, the contingent repayment obligation would have been approximately $1,182.7 million as of December 31, 2009. See Note 12 "Commitments and Contingencies." Unlike the "clawback" provisions, KKR will be responsible for amounts due under net loss sharing arrangements and will indemnify its principals for personal guarantees that they have provided with respect to such amounts.

In KKR's private equity funds where the allocation of cumulative net losses is proportional to the capital contributed by the partners in the fund, KKR will not earn any carried interest in that fund until all such losses have been recovered. As losses are recovered, income is allocated in proportion to the capital contributed until the fund has reached a net positive investment return, at which time carried interest is recognized and income is allocated as described above. The performance of each fund is independent from all other funds and the losses to be recovered vary from fund to fund based on the size and performance of the underlying investments in each fund.

Creditable Amount

Prior to the Transactions, in the case of the KPE Investment Partnership, its general partner held an economic interest in the fund that would entitle it to a disproportionate share of the gains generated by the fund's direct investments once the fund's capitalization costs (the "Creditable Amount") had been recouped as described below. Since inception and through October 1, 2009 the Creditable Amount had not been recouped and no carried interest had been earned. Subsequent to the completion of the Transactions, this arrangement is no longer applicable as the fund's general partners no longer had the same economic interest in the funds.

This economic interest consisted of:

- a carried interest that generally would allocate to the general partner 20% of the gain that was realized on private equity investments that were made with the fund's capital after any realized losses on other direct private equity investments had been recovered; and
- an incentive distribution right that generally would allocate to the general partner 20% of the annual increase in the net asset value of all other direct investments that were made with the fund's capital above the highest net asset value at which an incentive amount was previously made.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The general partner was not entitled to a carried interest or incentive distribution right with respect to the fund's indirect investments, which consisted of investments made through other funds that KKR sponsored. The general partner of the KPE Investment Partnership had agreed to forego receiving a carried interest or incentive distribution until the profits on investments with respect to which it would be entitled to receive a carried interest or incentive distribution equaled the Creditable Amount. As of December 31, 2008, the Creditable Amount had a remaining balance of $142,478.

Dividend Income

Dividend income is recognized by KKR on the ex-dividend date, or in the absence of a formal declaration, on the date it is received. For the years ended December 31, 2009, 2008 and 2007, dividends earned by the consolidated KKR Funds amounted to $181,373, $74,613 and $746,798, respectively.

Interest Income

Interest income is recognized as earned. Interest income earned by the consolidated KKR Funds amounted to $136,472, $119,562, and $201,970 for the years ended December 31, 2009, 2008, and 2007, respectively.

Employee Compensation and Benefits

Employee compensation and benefits expense includes salaries, bonuses, equity-based compensation and profit sharing plans as described below.

Historically, employee compensation and benefits expense has consisted of base salaries and bonuses paid to employees who were not Senior Principals. Payments made to our Senior Principals included partner distributions that were paid to our Senior Principals and accounted for as capital distributions as a result of operating as a partnership. Accordingly, KKR did not record any employee compensation and benefits charges for payments made to Senior Principals for periods prior to the completion of the Transactions.

Following the completion of the Transactions, all of the Senior Principals and other employees receive a base salary that is paid by KKR and accounted for as employee compensation and benefits expense. Employees are also eligible to receive discretionary cash bonuses based on performance criteria, overall profitability and other matters. While cash bonuses paid to most employees are funded by KKR and result in customary employee compensation and benefits charges, cash bonuses that are paid to certain of our most senior employees are funded by KKR Holdings with distributions that it receives on its KKR Group Partnership Units. To the extent that distributions received by these individuals exceed the amounts that they are otherwise entitled to through their vested units in KKR Holdings, this excess will be funded by KKR Holdings and reflected in compensation expense in the statement of operations.

Equity-based Payments

Compensation paid to KKR employees in the form of equity is recognized as employee compensation and benefits expense. GAAP generally requires that the cost of services received in

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

exchange for an award of an equity instrument be measured based on the grant-date fair value of the award. Equity based awards that do not require the satisfaction of future service or performance criteria (i.e., vested awards) are expensed immediately. Equity based awards that require the satisfaction of future service or performance criteria are recognized over the relevant service period, adjusted for estimated forfeitures of awards not expected to vest.

Compensation paid to non-employee operating consultants to KKR's businesses in the form of equity is recognized as general, administrative and other expense. Unlike employee equity awards, the cost of services received in exchange for an award of an equity instrument to service providers is measured at each vesting date, and is not measured based on the grant-date fair value of the award unless the award is vested at the grant date. Equity based awards that do not require the satisfaction of future service or performance criteria (i.e., vested awards) are expensed immediately. Equity based awards that require the satisfaction of future service or performance criteria are recognized over the relevant service period, adjusted for estimated forfeitures of shares not expected to vest, based on the fair value of the award on each reporting date and adjusted for the actual fair value of the award at each vesting date. Accordingly, the measured value of the award will not be finalized until the vesting date.

Profit Sharing Plans

KKR has implemented profit sharing arrangements for KKR employees, operating consultants and certain senior advisors working in its businesses, across its different operations that are designed to appropriately align performance and compensation.

Subsequent to the Transactions, with respect to KKR's active and future funds and co-investment vehicles that provide for carried interest, KKR will allocate to its principals, other professionals and operating consultants a portion of the carried interest earned in relation to these funds as part of its carry pool. KKR currently allocates approximately 40% of the carry it earns from these funds and vehicles to its carry pool. These amounts are accounted for as compensatory profit-sharing arrangements in conjunction with the related carried interest income and recorded as compensation expense for KKR employees and general and administrative expense for operating consultants. For the year ended December 31, 2009, $164.4 million and $2.8 million was charged to compensation and benefits and general and administrative expense, respectively of which $130.2 million was a one time charge recorded immediately subsequent to the Transactions.

To the extent previously recorded carried interest is adjusted to reflect decreases in the underlying funds' valuations at period end, related profit sharing amounts previously accrued are adjusted and reflected as a credit to current period compensation expense.

Foreign Currency

Foreign currency denominated assets and liabilities are primarily held through the KKR Funds. Foreign currency denominated assets and liabilities are translated using the exchange rates prevailing at the end of each reporting period. Results of foreign operations are translated at the weighted average exchange rate for each reporting period. Translation adjustments are included in current income to the extent that unrealized gains and losses on the related investment are included in income, otherwise they

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

are included as a component of accumulated other comprehensive income until realized. Foreign currency gains or losses resulting from transactions outside of the functional currency of a consolidated entity are recorded in income as incurred and were not material during the years ended December 31, 2009, 2008, and 2007.

Income Taxes

Prior to the completion of the Transactions, KKR operated as a partnership or limited liability company for U.S. federal income tax purposes and mainly as a corporate entity in non-U.S. jurisdictions. As a result, income was not subject to U.S. federal and state income taxes. Generally, the tax liability related to income earned by these entities represented obligations of the KKR principals and have not been reflected in the historical financial statements. Income taxes shown on the statements of operations prior to the Transactions are attributable to the New York City unincorporated business tax and other income taxes on certain entities located in non-U.S. jurisdictions.

Following the Transactions, the KKR Group Partnerships and certain of their subsidiaries continue to operate in the U.S. as partnerships for U.S. federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases continue to be subject to New York City unincorporated business taxes, or non-U.S. income taxes. In addition, certain of the wholly owned subsidiaries of Group Holdings and the KKR Group Partnerships are subject to federal, state and local corporate income taxes at the entity level and the related tax provision attributable to Group Holdings' share of this income is reflected in the financial statements.

Subsequent to the Transactions, KKR uses the liability method to account for income taxes in accordance with GAAP. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis using currently enacted tax rates. The effect on deferred assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all the deferred tax assets will not be realized.

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

For the purposes of calculating uncertain tax positions, KKR measures the tax benefit of such positions by determining the largest amount that is greater than 50% likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. These assessments can be complex and require significant judgment. To the extent that KKR's estimates change or the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made. If the initial assessment fails to result in the recognition of a tax benefit, KKR regularly monitors its position and subsequently recognizes the tax benefit if (i) there are changes in tax law or analogous case law that sufficiently raise the likelihood of prevailing on the technical merits of the position to more-likely-than-not, (ii) the statute of limitations expires, or

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iii) there is a completion of an audit resulting in a settlement of that tax year with the appropriate agency. Interest and penalties, if any, are recorded within the provision for income taxes in KKR's statements of operations and are classified on the statements of financial condition with the related liability for unrecognized tax benefits.

Recently Issued Accounting Pronouncements

Effective January 2009, KKR adopted guidance on the accounting and financial statement presentation of noncontrolling (minority) interests. The guidance requires reporting entities to present non-redeemable noncontrolling interests as equity (as opposed to a liability or mezzanine equity) and provides guidance on the accounting for transactions between an entity and noncontrolling interest holders. As a result, (1) with respect to the statements of financial condition, noncontrolling interests have been reclassified as a component of Equity, (2) with respect to the statements of operations, Net Income (Loss) is presented before noncontrolling interests and the statements of operations net to Net Income (Loss) Attributable to Group Holdings, and (3) with respect to the statements of changes in equity, a roll forward column has been included for noncontrolling interests. The presentation and disclosure requirements have been applied retrospectively for all periods presented in accordance with the issued guidance. The guidance also clarifies the scope of accounting and reporting for decreases in ownership of a subsidiary to include groups of assets that constitute a business. The scope clarification did not have a material impact on the KKR financial statements.

Effective January 1, 2009, KKR adopted guidance issued by the FASB regarding disclosures about derivative instruments and hedging activities. The purpose of the guidance is to improve financial reporting of derivative instruments and hedging activities. The guidance requires enhanced disclosures to enable investors to better understand how those instruments and activities are accounted for, how and why they are used and their effects on an entity's financial position, financial performance and cash flows. The adoption resulted in additional required disclosures relating to derivative instruments, which have been reflected in the accompanying financial statements.

Effective January 1, 2009, KKR adopted guidance on the determination of the useful life of intangible assets. The guidance amends the factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets. The new guidance applies prospectively to (a) intangible assets that are acquired individually or with a group of other assets and (b) both intangible assets acquired in business combinations and asset acquisitions. KKR did not acquire any intangible assets during the year ended December 31, 2009.

In April 2009, the Financial Accounting Standards Board ("FASB") updated Accounting Standards Codification Section 820 ("ASC 820") in order to help constituents estimate fair value when the volume and level of activity have significantly decreased for an asset or liability recorded at fair value, as well as including guidance on identifying circumstances that indicate a transaction is not orderly. The updated accounting guidance was effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. Early adoption is permitted for periods ending after March 15, 2009. The adoption of this ASC 820 update did not have a material impact on KKR's financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In April 2009, the FASB updated Accounting Standards Codification Section 320 ("ASC 320") to provide new guidance on the recognition of other-than-temporary impairments of investments in debt securities and provide new presentation and disclosure requirements for other-than-temporary impairments of investments in debt and equity securities. The updated accounting guidance is effective for financial statements issued for interim or annual periods ending after June 15, 2009. The adoption of this ASC 320 update did not have a material impact on KKR's financial statements.

In April 2009, the FASB updated Accounting Standards Codification Section 825 ("ASC 825") to require disclosures about fair value of financial instruments in interim reporting periods. Such disclosures were previously required only in annual financial statements. The updated disclosure guidance was effective for financial statements issued for interim or annual periods ending after June 15, 2009. The adoption of this ASC 825 update did not have a material impact on KKR's financial statements.

In June 2009, the FASB issued Statement No. 167, *Amendments to FASB Interpretation No. 46(R),* and the FASB subsequently codified it as ASU 2009-17, updating ASC Section 810, *Consolidations* . The objective of ASU 2009-17 is to improve financial reporting by enterprises involved with variable interest entities. The FASB undertook this project to address (1) the effects on certain provisions of FASB Interpretation No. 46, *Consolidation of Variable Interest Entities—an Interpretation of ARB No. 51, as revised* ("FIN 46(R)"), as a result of the elimination of the qualifying special-purpose entity concept in ASU 2009-16, and (2) constituent concerns about the application of certain key provisions of FIN 46(R), including those in which the accounting and disclosures under the interpretation do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. ASU 2009-17 shall be effective as of the beginning of the reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. During February 2010, the scope of the ASU was modified to indefinitely exclude certain entities from the requirement to be assessed for consolidation. KKR is currently evaluating the potential impacts of the adoption of ASU 2009-17 on its statements of operations and financial condition.

In July 2009, the FASB issued *The FASB Accounting Codification and the Hierarchy of Generally Accepted Accounting Principles* , as defined in Accounting Standards Codification Section 105 ("Codification"). Codification will become the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this Statement, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-SEC accounting literature not included in the Codification will become nonauthoritative. The Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this guidance is limited to disclosure in the financial statements and the manner in which KKR refers to GAAP authoritative literature, there was no material impact on KKR's financial statements.

In September 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-06, *Income Taxes (Topic 740)—Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities* ("ASU 2009-06") which amended Accounting Standards

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Codification Subtopic 740-10, *Income Taxes—Overall* . The updated guidance considers an entity's assertion that it is a tax-exempt not for profit or a pass through entity as a tax position that requires evaluation under Subtopic 740-10. In addition, ASU 2009-06 provided implementation guidance on the attribution of income taxes to entities and owners. The revised guidance is effective for periods ending after September 15, 2009. The adoption of ASU 2009-06 did not have a material impact on the financial statements.

In September 2009, the FASB issued ASU No. 2009-12, Fair Value Measurements and Disclosures (Topic 820)— *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) ("ASU 2009-12") which amended Accounting Standards Codification Subtopic 820-10, Fair Value Measurements and Disclosures—Overall* . The guidance permits, as a practical expedient, an entity holding investments in certain entities that calculate net asset value per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that net asset value per share or its equivalent without adjustment. The guidance also requires disclosure of the attributes of investments within the scope of the guidance by major category of investment. Such disclosures include the nature of any restrictions on an investor's ability to redeem its investments at the measurement date, any unfunded commitments and the investment strategies of the investee. The guidance is effective for interim and annual periods ending after December 15, 2009 with early adoption permitted. The adoption of ASU 2009-12 did not have a material impact on the fair value determination of applicable investments.

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures About Fair Value Measurements* which amended ASC 820, *Fair Value Measurements and Disclosures* . The updated guidance requires an entity to present detailed disclosures about transfers to and from Level 1 and 2 of the Valuation Hierarchy effective January 1, 2010 and requires an entity to present purchases, sales, issuances, and settlements on a "gross" basis within the Level 3 (of the Valuation Hierarchy) reconciliation effective January 1, 2011. KKR will adopt the guidance during 2010 and 2011, as required, and the adoption will have no impact on KKR's financial position or results of operations; however, it will result in additional required disclosures.

In February 2010, the FASB updated Accounting Standards Codification Section 855 ("ASC 855"), *Subsequent Events* , which addresses certain implementation issues related to an entity's requirement to perform and disclose subsequent event procedures. The updated guidance requires SEC filers and conduit debt obligors for conduit debt securities that are traded in a public market to evaluate subsequent events through the date the financials are issued. All other entities are required to "evaluate subsequent events through the date the financial statements are available to be issued." This guidance also exempts SEC filers from disclosing the date through which subsequent events have been evaluated. The guidance is effective immediately. KKR has taken into consideration this guidance when evaluating subsequent events and has included in the financial statements the required disclosures.

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NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

3. NET GAINS (LOSSES) FROM INVESTMENT ACTIVITIES

Net Gains (Losses) from Investment Activities in the statements of operations consist primarily of the realized and unrealized gains and losses on investments (including foreign exchange gains and losses attributable to foreign-denominated investments and related activities) and other financial instruments. Unrealized gains or losses result from changes in the fair value of these investments during a period. Upon disposition of an investment, previously recognized unrealized gains or losses are reversed and an offsetting realized gain or loss is recognized in the current period. The following table summarizes KKR's total Net Gains (Losses) from Investment Activities:

	Year Ended December 31, 2009		Year Ended December 31, 2008		Year Ended December 31, 2007	
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)
Private Equity Investment (a)	$ (173,548)	$ 7,549,495	$ 353,406	$ (13,333,975)	$ 1,500,283	$ (166,516)
Other Investment (a)	(167,718)	560,219	(157,306)	(376,661)	56,818	(88,881)
Foreign Exchange Contracts (b)	6,146	(242,621)	40,234	489,756	—	(202,911)
Foreign Exchange Option(b)	8,788	(29,766)	8,998	21,325	—	10,754
Futures Contracts (b)	(3,856)	—	—	—	—	—
Call Options Written(b)	(12)	23	3,698	(2,025)	—	2,025
Securities Sold Short (b)	(7,958)	(6,994)	12,364	(133)	—	—
Other Derivative Liabilities (b)	(4,172)	15,034	(7,771)	(17,149)	—	—
Contingent Carried Interest Repayment Guarantee (c)	(4,466)	(13,693)	—	—	—	—
Debt Obligations (d)	19,761	(12,285)	13,819	20,732	—	—
Foreign Exchange Gains (Losses) on Cash and Cash Equivalents held at Consolidated KKR Funds(e)	12,628	—	(14,032)	—	—	—
Total Net						

Gains (Losses) from Investmer Activities	**$ (314,407)**	**$ 7,819,412**	**$ 253,410**	**$ (13,198,130)**	**$ 1,557,101**	**$ (445,529)**

(a) See Note 4 "Investments".

(b) See Note 6 "Other Assets and Accounts Payable, Accrued Expenses and Other Liabilities".

(c) See Note 12 "Commitments and Contingencies".

(d) See Note 7 "Debt Obligations".

(e) See Statement of Cash Flows Supplemental Disclosures

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

4. INVESTMENTS

Investments, at Fair Value consist of the following:

	Fair Value	
	December 31, 2009	December 31, 2008
Private Equity Investments	$ 27,950,840	$ 20,230,405
Other Investments	1,022,103	653,114
	$ 28,972,943	$ 20,883,519

As of December 31, 2009 and 2008, Investments, at fair value totaling $5,632,235 and $4,790,255, respectively, were pledged as collateral against various financing arrangements. See Note 7 "Debt Obligations."

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

4. INVESTMENTS (Continued)

Private Equity Investments

The following table presents KKR's private equity investments at fair value. The classifications of the private equity investments are based primarily on the primary business and the domiciled location of the business.

	Fair Value		Fair Value as a Percentage of Total	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
North America				
Retail	$ 4,567,691	$ 2,676,801	16.3%	13.2%
Healthcare	3,609,996	2,285,506	12.9%	11.3%
Financial Services	2,579,309	2,632,998	9.2%	13.0%
Technology	1,876,567	970,409	6.7%	4.8%
Energy	1,305,580	1,412,075	4.7%	7.0%
Media	1,256,363	1,138,520	4.5%	5.6%
Consumer Products	720,915	360,398	2.6%	1.8%
Education	683,070	456,061	2.4%	2.3%
Chemicals	251,059	234,436	0.9%	1.2%
Telecom	—	34,946	0.0%	0.2%
Hotels/Leisure	6,232	10,179	0.0%	0.1%
North America Total (Cost: December 31, 2009, $16,340,262; December 31, 2008, $17,052,851)	16,856,782	12,212,329	60.2%	60.5%
Europe				
Manufacturing	2,199,457	2,103,930	7.9%	10.4%
Healthcare	1,953,069	1,410,686	7.0%	7.0%
Telecom	1,031,706	710,611	3.7%	3.5%
Technology	912,829	609,955	3.3%	3.0%
Recycling	224,822	389,832	0.8%	1.9%
Retail	219,089	236,672	0.8%	1.2%
Media	185,957	89,060	0.7%	0.4%
Transportation	158,655	154,810	0.6%	0.8%
Europe Total (Cost: December 31, 2009, $10,081,881; December 31, 2008, $10,226,067)	6,885,584	5,705,556	24.8%	28.2%
Australia, Asia and Other Locations				
Technology	2,431,647	1,386,984	8.6%	6.9%
Consumer Products	653,631	99,208	2.3%	0.4%
Media	423,742	287,638	1.5%	1.4%
Financial Services	273,876	148,655	1.0%	0.7%
Telecom	248,513	222,795	0.9%	1.1%
Manufacturing	128,965	117,240	0.5%	0.6%
Recycling	48,100	50,000	0.2%	0.2%
Australia, Asia and Other Locations, Total (Cost: December 31, 2009, $3,329,389; December 31, 2008, $2,703,356)	4,208,474	2,312,520	15.0%	11.3%
Private Equity Investments (Cost: December 31, 2009,				

$29,751,532; December 31, 2008, $29,982,274)	$ 27,950,840	$ 20,230,405	100.0%	100.0%

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

4. INVESTMENTS (Continued)

As of December 31, 2009, private equity investments which represented greater than 5% of the net assets of consolidated private equity funds included: (i) Dollar General valued at $3,048,526; (ii) HCA Inc. valued at $2,128,535; (iii) Alliance Boots valued at $1,953,069; (iv) First Data valued at $1,476,459; and (v) Legrand S.A valued at $1,418,145.

As of December 31, 2008, private equity investments which represented greater than 5% of the net assets of consolidated private equity funds included: (i) First Data valued at $1,514,986; (ii) Legrand S.A. valued at $1,501,887; (iii) Energy Future Holdings valued at $1,412,075; (iv) Alliance Boots valued at $1,410,686; (v) Dollar General valued at $1,398,016; (vi) Biomet valued at $1,054,149; and (vii) Legg Mason valued at $1,053,059.

The majority of the securities underlying KKR's private equity investments represent equity securities. As of December 31, 2009 and 2008, the aggregate amount of investments that were other than equity securities were $2,814,030 and $2,016,278, respectively.

Other Investments

The following table presents KKR's other investments at fair value:

	Fair Value	
	December 31, 2009	December 31, 2008
Corporate Credit Investments(a)	$ 877,830	$ 480,170
Equity Securities(b)	76,808	2,847
Other	67,465	170,097
Total Other Investments (Cost: December 31, 2009 $931,955; December 31, 2008, $1,120,578)	$ 1,022,103	$ 653,114

(a) Represents corporate high yield securities and loans classified as trading securities. Net unrealized trading gains (losses) relating to these investments amounted to $78,479 and ($183,567) as of December 31, 2009 and 2008, respectively.

(b) Net unrealized trading gains (losses) relating to these investments amounted to $10,028 and ($425) as of December 31, 2009 and 2008, respectively.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

5. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following tables summarize the valuation of KKR's investments and other financial instruments measured and reported at fair value by the fair value hierarchy levels described in Note 2 "Summary of Significant Accounting Policies" as of December 31, 2009 and December 31, 2008.

Assets, at fair value:

	December 31, 2009			
	Level I	Level II	Level III	Total
Private Equity Investments	$ 6,476,849	$ 2,149,030	$ 19,324,961	$ 27,950,840
Other Investments	75,216	854,812	92,075	1,022,103
Total Investments	6,552,065	3,003,842	19,417,036	28,972,943
Foreign Currency Options	—	13,055	—	13,055
Total Assets	$ 6,552,065	$ 3,016,897	$ 19,417,036	$ 28,985,998

	December 31, 2008			
	Level I	Level II	Level III	Total
Private Equity Investments	$ 1,908,845	$ 2,164,933	$ 16,156,627	$ 20,230,405
Other Investments	155,020	335,237	162,857	653,114
Total Investments	2,063,865	2,500,170	16,319,484	20,883,519
Unrealized Gains on Foreign Exchange Forward Contracts	—	84,094	—	84,094
Foreign Currency Options	—	45,816	—	45,816
Total Assets	$ 2,063,865	$ 2,630,080	$ 16,319,484	$ 21,013,429

Liabilities, at fair value:

	December 31, 2009			
	Level I	Level II	Level III	Total
Securities Sold, Not Yet Purchased	$ 82,888	$ 865	$ —	$ 83,753
Unrealized Loss on Foreign Exchange Contracts	—	125,173	—	125,173
Interest Rate Swap	—	2,115	—	2,115
Call Options	80	—	—	80
Total Liabilities	$ 82,968	$ 128,153	$ —	$ 211,121

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

5. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

	December 31, 2008			
	Level I	Level II	Level III	Total
Securities Sold, Not Yet Purchased	$ 1,916	$ —	$ —	$ 1,916
Interest Rate Swap	—	12,539	—	12,539
Total Return Swap	—	4,610	—	4,610
Total Liabilities	$ 1,916	$ 17,149	$ —	$ 19,065

The following table summarizes KKR's Level III investments and other financial instruments by valuation methodology as of December 31, 2009:

	December 31, 2009		
	Private Equity Investments	Other Investments	Total Level III Holdings
Third-Party Fund Managers	0.0%	0.3%	0.3%
Public/Private Company Comparables and Discounted Cash Flows	99.5%	0.2%	99.7%
Total	99.5%	0.5%	100.0%

The changes in investments and other financial instruments measured at fair value for which KKR has used Level III inputs to determine fair value for the year ended December 31, 2009 and 2008 are as follows:

	Year ended December 31, 2009
Balance, Beginning of Period	$ 16,319,484
Transfers In	592,575
Transfers Out	(4,390,580)
Purchases	1,531,808
Sales	(484,791)
Net Realized Gains (Losses)	(298,361)
Net Unrealized Gains (Losses)	6,146,901
Balance, End of Period	$ 19,417,036
Changes in Net Unrealized Gains (Losses) Included in Net Gains (Losses) from Investment Activities (including foreign exchange gains and losses attributable to foreign- denominated investments) related to Investments still held at Reporting Date	$ 3,366,548

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NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

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5. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

The Transfers Out of Level III noted in the table above are principally attributable to the Reorganization Transactions and private equity investments in certain portfolio companies that had their initial public offerings during the period.

	Year ended December 31, 2008
Balance, Beginning of Period	$ 24,391,146
Transfers In	—
Transfers Out	—
Purchases	2,101,553
Sales	(610,670)
Net Realized Gains (Losses)	150,240
Net Unrealized Gains (Losses)	(9,712,785)
Balance, End of Period	$ 16,319,484
Changes in Net Unrealized Gains (Losses) Included in Net Gains (Losses) from Investment Activities (including foreign exchange gains and losses attributable to foreign- denominated investments) related to Investments still held at Reporting Date	$ (9,880,084)

Total realized and unrealized gains and losses recorded for Level III investments are reported in Net Gains (Losses) from Investment Activities in the statements of operations.

The carrying amounts of cash and cash equivalents, restricted cash and cash equivalents, due from affiliates, accounts payable, accrued expenses and other liabilities approximate fair value due to their short-term maturities. KKR's debt obligations bear interest at floating rates and therefore fair value approximates carrying value.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

6. OTHER ASSETS AND ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES

Other assets consist of the following:

	December 31, 2009	December 31, 2008
Interest Receivable	$ 54,974	$ 42,751
Intangible Assets, net(a)	31,888	35,676
Furniture & Fixtures, net (b)	29,581	38,966
Deferred Tax Assets	24,616	3,610
Leasehold Improvements, net(b)	21,390	19,247
Foreign Currency Option (c)	13,055	45,816
Deferred Financing Costs	10,954	18,070
Unsettled Investment Trades(d)	7,733	—
Prepaid Expenses	5,573	4,243
Unrealized Gains on Foreign Exchange Forward Contracts(e)	—	84,094
Other	23,288	20,795
	$ 223,052	$ 313,268

(a) Net of accumulated amortization of $5,999 and $2,211 as of December 31, 2009 and 2008, respectively. Amortization expense totaled $3,788 and $2,211 for the years ended December 31, 2009 and 2008, respectively. There was no amortization expense for the year ended December 31, 2007 as the intangibles were purchased in 2008.

(b) Net of accumulated depreciation and amortization of $60,170 and $50,276 as of December 31, 2009 and 2008, respectively. Depreciation and amortization expense totaled $9,799, $17,352 and $4,542 for the years ended December 31, 2009, 2008, and 2007, respectively.

(c) Represents a hedging instrument used to manage foreign exchange risk. The instrument is measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying statements of operations. See Note 3 "Net Gains (Losses) from Investment Activities" for the net changes in fair value associated with this instrument. The cost basis for this instrument at December 31, 2009 and 2008 was $10,741 and $13,736, respectively.

(d) Represents amounts due from third parties for investments sold for which cash has not been received as of December 31, 2009.

(e) Represents derivative financial instruments used to manage foreign exchange risk arising from certain foreign denominated private equity investments. Such instruments are measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying statements of operations. The fair value of these instruments as of December 31, 2009 was an unrealized loss for $125,174 and was reported in Accounts Payable, Accrued Expenses and Other Liabilities. See Note 3 "Net Gains (Losses) from Investment Activities" for the net changes in fair value associated with these instruments.

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NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

6. OTHER ASSETS AND ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES (Continued)

Accounts Payable, Accrued Expenses and Other Liabilities consist of the following:

	December 31, 2009	December 31, 2008
Amounts payable to carry pool (a)	$ 200,918	$ 12,342
Unrealized Losses on Foreign Exchange Forward Contracts(b)	125,174	—
Interest Payable	114,807	92,618
Accounts Payable and Accrued Expenses	87,023	40,125
Securities Sold, Not Yet Purchased(c)	83,753	1,916
Deffered Tax Liabilities	67,243	—
Unsettled Investment Trades(d)	14,149	13,183
Accrued compensation and benefits	8,094	547
Deferred Revenue	3,535	4,656
Derivative Liabilities(e)	2,115	17,149
Other	4,893	3,012
	$ 711,704	$ 185,548

(a) Represents the amount of carried interest payable to KKR's principals, other professionals and selected other individuals with respect to KKR's active funds and co-investment vehicles that provide for carried interest. See Note 2 "Significant Accounting Policies—Profit Sharing Plans".

(b) Represents derivative financial instruments used to manage foreign exchange risk arising from certain foreign denominated private equity investments. Such instruments are measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying statements of operations. The fair value of these instruments as of December 31, 2008 was an unrealized gain for $84,094 and was reported in Other Assets. See Note 3 "Net Gains (Losses) from Investment Activities" for the net changes in fair value associated with these instruments.

(c) Represents securities sold short, which are obligations of KKR to deliver a specified security at a contracted price at a future point in time. Such securities are measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying statements of operations. See Note 3 "Net Gains (Losses) from Investment Activities" for the net changes in fair value associated with these instruments. The cost basis for these instruments at December 31, 2009 and 2008 was $76,628 and $1,785, respectively.

(d) Represents amounts owed to third parties for investment purchases for which cash settlement has not occurred.

(e) Represents derivative financial instruments used to manage credit and market risk arising from certain assets and liabilities. Such instruments are measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying statements of operations. See Note 3 "Net Gains (Losses) from Investment Activities" for the net changes in fair value associated with these instruments.

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NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

7. DEBT OBLIGATIONS

Debt obligations consist of the following:

	December 31, 2009	December 31, 2008
Investment Financing Arrangements	$ 1,326,488	$ 1,314,911
KKR Revolving Credit Agreements	733,697	1,090,214
	$ 2,060,185	$ 2,405,125

Investment Financing Agreements:

Certain of KKR's private equity funds have entered into financing arrangements with major financial institutions in connection with specific investments with the objective of enhancing returns. These financing arrangements are not direct obligations of the general partners of KKR's private equity funds or its management companies. As of December 31, 2009, KKR had made $2,588.3 million in private equity investments, of which $1,326.5 million was funded using these financing arrangements. Total availability under these financing arrangements amounted to $1,328.6 million as of December 31, 2009.

Of the $1,326.5 million of financing, $1,146.4 million was structured through the use of total return swaps which effectively convert third party capital contributions into borrowings of KKR. Upon the occurrence of certain events, including an event based on the value of the collateral and events of default, KKR may be required to provide additional collateral up to the amount borrowed plus accrued interest, under the terms of these financing arrangements. The per annum rates of interest payable for the financings range from three-month LIBOR plus 0.90% to three-month LIBOR plus 1.75% (rates ranging from 1.2% to 2.0% as of December 31, 2009). On January 28, 2010, $350 million was repaid.

The remaining $180.1 million of financing was structured through the use of a syndicated term and a revolving credit facility (the "Term Facility"). The per annum rate of interest for each borrowing under the Term Facility is equal to the Bloomberg United States Dollar Interest Rate Swap Ask Rate plus 1.75% at the time of each borrowing under the Term Facility (rates range from 3.3% to 7.2% at December 31, 2009) for the first five years of the loan. Commencing on the fifth anniversary of the Term Facility, the per annum rate of interest will equal the one year LIBOR rate plus 1.75%.

KKR Revolving Credit Agreements:

Management Company Credit Agreement

On February 26, 2008, KKR entered into a credit agreement with a major financial institution. The Management Company Credit Agreement provides for revolving borrowings of up to $1 billion, with a $50 million sublimit for swingline notes and a $25 million sublimit for letters of credit. The facility has a term of three years that expires on February 26, 2011, which may be extended through February 26, 2013 at the option of KKR. As of December 31, 2009, $25 million was outstanding under the Management Company Credit Agreement, and the interest rate on such borrowings was approximately 0.7%. In January 2010, the outstanding principal and accrued interest as of December 31, 2009 were repaid.

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NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

7. DEBT OBLIGATIONS (Continued)

KCM Credit Agreement

On February 27, 2008, KKR Capital Markets entered into a revolving credit agreement with a major financial institution. The KCM Credit Agreement, as amended, provides for revolving borrowings of up to $500 million with a $500 million sublimit for letters of credit. The KCM Credit Agreement has a maturity date of February 27, 2013. In March 2009, the KCM Credit Agreement was amended to reduce the amounts available on revolving borrowings from $700 million to $500 million. As a result of this amendment, the counterparty returned approximately $1.6 million in financing costs. As of December 31, 2009, no borrowings were outstanding under the KCM Credit Agreement.

Principal Credit Agreement

In June 2007, the KPE Investment Partnership entered into a five-year revolving credit agreement with a syndicate of lenders. The Principal Credit Agreement provides for up to $925.0 million of senior secured credit, subject to availability under a borrowing base determined by the value of certain investments pledged as collateral security for obligations under the agreement. The borrowing base is subject to certain investment concentration limitations and the value of the investments constituting the borrowing base is subject to certain advance rates based on type of investment.

On September 17, 2009 a wholly owned subsidiary of KKR assumed $65.0 million of commitments on the Principal Credit Agreement from one of the counterparties to the Principal Credit Agreement. At the time of the assumption, $47.6 million of borrowings were outstanding on the commitment and KKR paid $32.7 million to the counterparty in exchange for the loans and unused commitment. In consolidation, all amounts related to these borrowings are eliminated. As a result, the remaining $14.9 million has been recorded in Net Gains (Losses) from Investment Activities in the accompanying statements of operations. See Note 3 "Net Gains (Losses) from Investment Activities".

As of December 31, 2009, the interest rates on borrowings under the Principal Credit Agreement ranged from 1.0% to 1.5%. As of December 31, 2009, KKR had $708.7 million of borrowings outstanding. Foreign currency adjustments related to these borrowings during the period are recorded in Net Gains (Losses) from Investment Activities in the accompanying statements of operations. See Note 3 "Net Gains (Losses) from Investment Activities" for foreign currency adjustments related to these borrowings.

	December 31, 2009	December 31, 2008
Notional borrowings under the Principal Credit Agreement	$ 684,768	$ 937,770
Borrowings Related to Lehman	29,400	31,200
Foreign currency adjustments:		
Less: Unrealized gain related to borrowings denominated in British pounds sterling	5,471	14,058
Less: Unrealized gain related to borrowings denominated in Canadian dollars	—	3,698
Total	$ 708,697	$ 951,214

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

7. DEBT OBLIGATIONS (Continued)

In February 2010, $404.1 million of revolving borrowings outstanding as of December 31, 2009 were repaid under the Principal Credit Agreement.

Short-term Loans:

From time to time, KKR may borrow amounts to satisfy general short-term needs of the business by opening short-term lines of credit with established financial institutions. These amounts are generally repaid within 30 days, at which time such short-term lines of credit would close. There were no such borrowings as of December 31, 2009 and 2008.

KKR's fixed income funds may leverage their portfolios of securities and loans through the use of short-term borrowings in the form of warehouse facilities and repurchase agreements. These borrowings used by KKR generally bear interest at floating rates based on a spread above the London Interbank Offered Rate ("LIBOR"). There were no such borrowings as of December 31, 2009 and 2008.

The following table sets forth information relating to the anticipated future cash payments that were associated with KKR's debt obligations as of December 31, 2009.

Payments due by Period ($ in millions)	Amount
<1 Year	$ 350.0
1-3 Years	905.1
3-5 Years	180.1
>5 Years	625.0
Total	**$ 2,060.2**

8. INCOME TAXES

Prior to the Transactions, KKR provided for New York City unincorporated business tax for certain entities based on a statutory rate of 4%. Following the Transactions, the KKR Group Partnerships and certain of their subsidiaries will continue to be treated as partnerships for U.S. federal income tax purposes and as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases continue to be subject to the New York City unincorporated business tax or non-U.S. income taxes. In addition, certain of the wholly owned subsidiaries of Group Holdings will be subject to federal, state and local corporate income taxes.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

8. INCOME TAXES (Continued)

The provision (benefit) for income taxes consists of the following:

	Year Ended December 31,		
	2009	2008	2007
Current			
Federal Income Tax	$ 7,595	$ —	$ —
State and Local Income Tax	14,081	(612)	9,754
Foreign Income Tax	6,469	6,366	7,042
Subtotal	28,145	5,754	16,796
Deferred			
Federal Income Tax	11,781	—	—
State and Local Income Tax	1,708	1,483	(4,839)
Foreign Income Tax	(4,636)	(451)	107
Subtotal	8,853	1,032	(4,732)
Total Income Taxes	$ 36,998	$ 6,786	$ 12,064

The components of the deferred tax asset or liability consist of the following:

	As of December 31, 2009	
	2009	2008
Deferred Tax Assets		
Fund Management Fees	$ 10,162	$ —
Net Operating Loss Carryforwards	3,477	2,726
Employee Compensation	7,263	650
Depreciation and Amortization	2,586	—
Other	1,128	234
Total Deferred Tax Assets	$ 24,616	$ 3,610
Deferred Tax Liabilities		
Investment Basis Differences	$ 66,203	$ —
Other	1,040	837
Total Deferred Tax Liabilities	$ 67,243	$ 837

In connection with the completion of the Transactions, KKR recorded an adjustment to equity for a net deferred tax liability of $36,547 to establish opening balances for KKR Management Holdings Corp. The components of this amount are included in the above table. Deferred tax assets are included within Other Assets and deferred tax liabilities are included in Accounts Payable, Accrued Expenses, and Other Liabilities in the accompanying Statements of Financial Position.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

8. INCOME TAXES (Continued)

The following table reconciles the Provision (Benefit) for Taxes to the U.S. federal statutory tax rate:

	Year Ended December 31,		
	2009	2008	2007
Income Before Taxes at Statutory Rate	$ 2,411,279	$ (521,938)	$ 96,526
Pass Through Income	(2,463,097)	521,938	(96,526)
Foreign Income Taxes	1,833	5,915	7,149
State and Local Income Taxes	8,819	871	4,915
Other(a)	78,164	—	—
Effective Tax Expense	$ 36,998	$ 6,786	$ 12,064

(a) Consists primarily of permanent differences related to compensation and other charges borne by KKR Holdings. Charges borne by KKR Holdings are generally not deductible for federal income tax purposes. Other permanent items included in this line item include meals and entertainment, lobbying expenses and certain transaction costs that are not deductible for income tax purposes.

U.S. income and foreign withholding taxes should not be provided on the undistributed earnings of foreign subsidiaries that are essentially permanent in nature. There were no significant undistributed earnings at December 31, 2009.

KKR has gross operating loss carryforwards of $121,555 and $69,625 in certain local jurisdictions for the years ended December 31, 2009 and 2008, respectively. Such loss carryforwards expire between 2028 and 2029.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits:

	Year Ended December 31 2009
Unrecognized Tax Benefits, January 1	$ —
Gross increases in tax positions in prior periods	—
Gross decreases in tax positions in prior periods	—
Gross increases in tax positions in current period	4,640
Settlement of tax positions	—
Lapse of statute of limitations	—
Unrecognized Tax Benefits, December 31	$ 4,640

Included in the balance of unrecognized tax benefits at December 31, 2009 are $4.6 million of tax benefits that, if recognized, would affect the effective tax rate. There were no uncertain tax positions identified for periods before January 1, 2009. KKR believes that there will not be a significant increase or decrease to the tax positions within 12 months of the reporting date.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

8. INCOME TAXES (Continued)

For the year ended December 31, 2009, KKR recorded income tax expense of approximately $4.6 million related to uncertain tax positions taken on state, local and foreign tax returns, the statutes for which remain open. For the year ended December 31, 2009, KKR's tax provision included $0.5 million related to interest and $0 related to penalties. No such charges were recorded for the years ended December 31, 2008 and 2007 as no uncertain tax positions had been identified. KKR believes that there will not be a significant increase or decrease to the tax positions within 12 months of the reporting date.

KKR files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, KKR is subject to examination by federal and certain state, local and foreign tax regulators. As of December 31, 2009, KKR's and the predecessor entities' state and local tax returns for the years 2005 through 2009 are open under normal statute of limitations and therefore subject to examination.

9. EQUITY-BASED COMPENSATION

Upon completion of the Transactions, KKR principals and certain operating consultants received grants of KKR Holdings Units which are exchangeable for KKR Group Partnership units. As a result of these grants, KKR Holdings owns 70% of the outstanding KKR Group Partnership Units. These units are subject to minimum retained ownership requirements and transfer restrictions, and allow for the ability to exchange into units of KKR Guernsey (or a successor company) on a one-for-one basis.

Except for any units that vested on the date of grant, units are subject to service based vesting over a five-year period. In addition, units may be subject to performance based vesting conditions prior to exchange. The transfer restriction period will last for a minimum of (i) one year with respect to one-half of the interests vesting on any vesting date and (ii) two years with respect to the other one-half of the interests vesting on such vesting date. While providing services to KKR, these individuals will also be subject to minimum retained ownership rules requiring them to continuously hold at least 25% of their vested interests. Upon separation from KKR, certain unitholders will be subject to the terms of a non-compete agreement that may require the forfeiture of certain vested and unvested units should the terms of the non-compete be violated. Holders of KKR Group Partnership Units held through KKR Holdings are not entitled to participate in distributions made on KKR Group Partnership Units until such units are vested.

The fair value of units granted is based on the closing price of KKR Guernsey's common units on date of grant for principal awards and on the reporting date for operating consultant awards. KKR determined this to be the best evidence of fair value as it is an observable market price of an equivalent instrument with similar terms and conditions which is traded in an active market. Specifically, units in both KKR Holdings and KKR Guernsey represent KKR Group Partnership Units and each KKR Holdings unit is exchangeable into a KKR Group Partnership Unit on a one-for-one basis.

In conjunction with the Transactions, certain principals and operating consultants contributed ownership interests in our historical businesses in exchange for units in KKR Holdings. The value of such contributed interests was based on a valuation performed by an independent third party valuation firm. The calculation of compensation expense, if any, was performed on a person by person basis. Individual grants at October 1, 2009, were based on past performance and anticipated future

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

9. EQUITY-BASED COMPENSATION (Continued)

performance. These grants may have differed from historical ownership interests. To the extent the fair value of an individual's vested units received exceeded an individual's contributed ownership interests, additional expense was recorded. For principals and operating consultants whose value of ownership interests contributed was greater than the value of vested units received, no additional expense was recorded.

KKR Principal Units —Units granted to principals give rise to periodic employee compensation charges in the statements of operations based on the grant-date fair value of the award. For units vesting on the grant date, compensation expense is recognized on the date of grant based on the fair value of a unit (determined using the closing price of KKR Guernsey's common units) on the grant date multiplied by the number of vested units. In conjunction with the Transactions, certain principals received vested units in excess of the fair value of their contributed ownership interests in our historical businesses. Accordingly, to the extent the fair value (calculated as described above) of any vested units received in the Transactions exceeded the fair value of such principal's contributed interests, compensation expense was recorded in the statements of operations.

Compensation expense on unvested units is calculated based on the fair value of a unit (determined using the closing price of KKR Guernsey's units) on the grant date, discounted for the lack of participation rights in the expected distributions on unvested units, which ranges from 1% to 32%, multiplied by the number of unvested units on the grant date. Additionally, the calculation of compensation expense on unvested units assumes a forfeiture rate of up to 3% annually based upon expected turnover by employee class. For the year ended December 31, 2009, KKR recorded compensation expense of $451.7 million in relation to equity-based awards of KKR Group Partnership Units held through KKR Holdings to principals. As of December 31, 2009 there was approximately $1.0 billion of estimated unrecognized compensation expense related to unvested awards. That cost is expected to be recognized over a weighted-average period of 1.8 years, using the graded attribution method, which treats each vesting portion as a separate award.

Operating Consultant Units —Certain non-employee operating consultants provide services to KKR and certain of its portfolio companies, payment for which is made in the form of cash and KKR's equity. To the extent that these consultants no longer provide services to KKR, they are required to forfeit any unvested equity received. Units granted to operating consultants described above give rise to periodic general, administrative and other charges in the statements of operations. For units vesting on the grant date, expense is recognized on the date of grant based on the fair value of a unit (determined using the closing price of KKR Guernsey's units) on the grant date multiplied by the number of vested units. In conjunction with the Transactions, certain operating consultants received vested units in excess of the fair value of their contributed ownership interests in our historical businesses. Accordingly, to the extent the fair value (calculated as described above) of any vested units received in the Transactions exceeded the fair value of such operating consultant's contributed interests, general, administrative and other expense was recorded in the statements of operations.

General, administrative and other expense recognized on unvested units is calculated based on the fair value of a unit (determined using the closing price of KKR Guernsey's units) on each reporting date and subsequently adjusted for the actual fair value of the award at each vesting date. Accordingly, the measured value of these units will not be finalized until each vesting date. Additionally, the calculation of the general administrative and other expense assumes a forfeiture rate of up to 3%

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

9. EQUITY-BASED COMPENSATION (Continued)

annually based upon expected turnover by class of operating consultant. For the year ended December 31, 2009, KKR recorded general, administrative and other expense of $81.0 million in relation to equity-based awards of KKR Group Partnership Units held through KKR Holdings to operating consultants. As of December 31, 2009 there was approximately $123.5 million of estimated unrecognized general, administrative and other expense related to unvested awards based on the total fair value of the unvested units on that date. Future general, administrative and other charges are expected to be recognized over a weighted-average period of 1.8 years, using the graded attribution method, which treats each vesting portion as a separate award.

KKR has historically had low attrition among its principals and operating consultants and no substantial attrition among its most senior executives, the Senior Principals, on an annual basis. Based on this history, which KKR expects to continue for the forseeable future, KKR estimated a turnover rate of up to 3% annually based on expected turnover by employee class. KKR will periodically assess this forfeiture estimate as actual experience is observed and make revisions to compensation and general, administrative and other expense as necessary.

A summary of the status of KKR's equity-based awards granted to KKR principals and operating consultants from October 1, 2009 to December 31, 2009 are presented below:

	Principals		Operating Consultants	
Unvested Units	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance, October 1, 2009	—		—	
Granted	406,489,829	$ 8.80	27,234,069	$ 8.39
Vested(a)	(256,915,430)	$ 9.35	(8,935,867)	$ 9.35
Exchanged	—		—	
Forfeited	—		—	
Balance, December 31, 2009	149,574,399	$ 7.87	18,298,202	$ 7.92

(a) All of the units granted to Henry Kravis and George Roberts were vested immediately upon grant and are included in this number.

	Principal Awards	Operating Consultant Awards
Weighted average vesting period (in years) over which units are expected to vest	4.6	4.4

Restricted Equity Units —Upon completion of the Transactions, grants of restricted equity units based on KKR Group Partnership Units held by KKR Holdings were made to professionals, support staff, and other personnel. 10,245,057 restricted equity units were made available to be granted and 8,559,679 units were granted with a grant date fair value of $9.35 per unit. These will be funded by KKR Holdings and will not dilute KKR Guernsey's interests in the KKR Group Partnerships. The vesting of these equity units is contingent on, among other things, KKR Guernsey's (or a successor thereto) units becoming listed and traded on the New York Stock Exchange or another U.S. exchange. KKR believes that a listing on a U.S. exchange will be probable at such time as its shares are formally

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9. EQUITY-BASED COMPENSATION (Continued)

listed and begin trading. Accordingly, no compensation expense has been recorded related to these restricted equity units for the year ended December 31, 2009.

Discretionary Compensation and Discretionary Allocations —Certain KKR principals who hold KKR Group Partnership Units through KKR Holdings units are expected to be allocated, on a discretionary basis, distributions on KKR Group Partnership Units received by KKR Holdings. These discretionary amounts, which are expected to be determined each annual period, entitle the principal to receive amounts in excess of their vested equity interests. Because unvested units do not have distribution participation rights, any amounts allocated in excess of a principal's vested equity interests are reflected as employee compensation and benefits expense. These compensation charges have been recorded based on the estimates of amounts expected to be paid. Compensation charges relating to this discretionary allocation amounted to $28.5 million for the year ended December 31, 2009.

10. RELATED PARTY TRANSACTIONS

Due from Affiliates consists of:

	December 31, 2009	December 31, 2008
Due from Principals(a)	$ 77,075	$ —
Due from Related Entities	20,778	12,287
Due from Portfolio Companies	18,067	14,337
Due from Unconsolidated Funds	8,068	3,265
	$ 123,988	$ 29,889

(a) Represents an amount due from KKR principals for the amount of the clawback obligation that would be required to be funded by KKR principals who do not hold direct controlling and economic interests in the KKR Group Partnerships. In periods prior to the Transactions, such amount was reflected as a capital deficit within partners' capital given the KKR principals held controlling and economic interests in the historical KKR. See Note 12 "Commitments and Contingencies."

Due to Affiliates consists of:

	December 31, 2009	December 31, 2008
Due to KKR Holdings, L.P.	$ 87,741	$ —

Prior to the Transactions, KKR made an in-kind distribution of certain receivables of our management companies to KKR Holdings. These receivables represented amounts owed by our consolidated KKR Funds to our management companies. Subsequent to the distribution of these receivables, the amounts owed by the KKR Funds are payable to KKR Holdings and as such are no longer payable to a consolidated entity. Accordingly, the payable that exists at the KKR Funds is reflected in Due to Affiliates. In prior periods, such amounts were eliminated in consolidation. This amount was paid to KKR Holdings in January 2010.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

10. RELATED PARTY TRANSACTIONS (Continued)

KKR Financial Holdings LLC ("KFN")

KFN is a publicly traded specialty finance company whose limited liability company interests are listed on the New York Stock Exchange under the symbol "KFN." KFN is managed by KKR but is not under the common control of the Senior Principals or otherwise consolidated by KKR as control is maintained by third-party investors. KFN was organized in August 2004 and completed its initial public offering on June 24, 2005. As of December 31, 2009 and 2008, KFN had consolidated assets of $10.3 billion and $12.5 billion, respectively, and shareholders' equity of $1.2 billion and $0.7 billion, respectively. Shares of KFN held by KKR are accounted for as trading securities (see Note 2, "Summary of Significant Accounting Policies—Management fees received from consolidated and unconsolidated funds") and represented approximately 0.7% of KFN's outstanding shares as of December 31, 2009 and 2008, respectively. If KKR were to exercise all of its outstanding vested options, KKR's ownership interest in KFN would be approximately 1.1% and 1.2% of KFN's outstanding shares as of December 31, 2009 and 2008, respectively.

Discretionary Investments

Certain of KKR's investment professionals, including its principals and other qualifying employees, are permitted to invest, and have invested, their own capital in side-by-side investments with its private equity funds. Side-by-side investments are investments in Portfolio Companies that are made on the same terms and conditions as those acquired by the applicable fund, except that the side-by-side investments are not subject to management fees or a carried interest. The cash invested by these individuals aggregated $46.7 million, $25.1 million and $173.8 million for the years ended December 31, 2009, 2008, and 2007 respectively. These investments are not included in the accompanying financial statements.

Aircraft and Other Services

Certain of the Senior Principals own aircraft that KKR uses for business purposes in the ordinary course of its operations. These Senior Principals paid for the purchase of these aircraft with their personal funds and bear all operating, personnel and maintenance costs associated with their operation. The hourly rates that KKR pays for the use of these aircraft are based on current market rates for chartering private aircraft of the same type. KKR paid $6,903, $7,851 and $6,339 for the use of these aircraft during the years ended December 31, 2009, 2008 and 2007, respectively.

Facilities

Certain of the Senior Principals are partners in a real-estate based partnership that maintains an ownership interest in KKR's Menlo Park location. Payments made to this partnership were $5,704, $2,426 and $2,073 for the years ended December 31, 2009, 2008 and 2007, respectively.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

11. SEGMENT REPORTING

KKR operates through three reportable business segments. These segments, which are differentiated primarily by their investment focuses and strategies, consist of the following:

Private Markets

KKR's Private Markets segment is comprised of its global private equity business, which manages and sponsors a group of investment funds and vehicles that invest capital for long-term appreciation, either through controlling ownership of a company or strategic minority positions.

Public Markets

KKR's Public Markets segment is comprised primarily of its fixed income businesses which manage capital in liquid credit strategies, such as leveraged loans and high yield bonds, and less liquid credit products such as mezzanine debt and capital solutions investments. KKR's capital solutions effort focuses on special situations investing, including rescue financing, distressed investing, debtor-in-possession financing and exit financing.

KKR executes these investment strategies through a specialty finance company and a number of investment funds, structured finance vehicles and separately managed accounts.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

11. SEGMENT REPORTING (Continued)

Capital Markets and Principal Activities

KKR's Capital Markets and Principal Activities segment combines the assets KKR acquired in the Combination Transaction with its global capital markets business. We have included the assets and liabilities acquired from KPE in our Capital Markets and Principal Activities segment in order to separate the reporting of our principal investment activities from the reporting of our third party investment management activities. KKR's capital markets services include arranging debt and equity financing for transactions, placing and underwriting securities offerings, structuring new investment products and providing capital markets services.

Key Performance Measures

Fee Related Earnings ("FRE") and Economic Net Income ("ENI") are key performance measures used by management. These measures are used by management in making resource deployment and operating decisions as well as assessing the overall performance of each of KKR's business segments.

FRE

FRE is comprised of segment operating revenues, less segment operating expenses. 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 expenses of consolidated funds; (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; (vi) the exclusion of certain reimbursable expenses and (vii) the exclusion of certain non-recurring items.

ENI

ENI is a measure of profitability for KKR's reportable segments and is comprised of: (i) FRE; plus (ii) segment investment income, which is reduced for carry pool allocations and management fee refunds; 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 relating to noncontrolling interests; and (iii) the exclusion of income taxes.

KKR's reportable segments are presented prior to giving effect to the allocation of income (loss) between Group Holdings and KKR Holdings and as such represents KKR's business in total. Group Holdings' allocable portion of FRE and ENI would be calculated as approximately 30% of the amounts presented less applicable income taxes. In connection with the Transactions, KKR changed the format of its segment financial information in order to: (i) properly reflect the economic arrangements resulting from the Transactions, and (ii) provide more detail regarding fees and investment income. KKR has adjusted its segment financial information for the years ended December 31, 2008 and 2007 to reflect these changes, where applicable. None of these changes impacted economic net income.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

11. SEGMENT REPORTING (Continued)

The following table presents the financial data for KKR's reportable segments as of and for the year ended December 31, 2009:

	Year Ended December 31, 2009			
	Private Markets	Public Markets	Capital Markets and Principal Activities	Total Reportable Segments
Fees				
Management and incentive fees:				
Management fees	$ 415,207	$ 50,754	$ —	$ 465,961
Incentive fees	—	4,472	—	4,472
Management and incentive fees	415,207	55,226	—	470,433
Monitoring and transaction fees:				
Monitoring fees	158,243	—	—	158,243
Transaction fees	57,699	—	34,129	91,828
Fee Credits(1)	(73,900)	—	—	(73,900)
Net monitoring and transaction fees	142,042	—	34,129	176,171
Total fees	557,249	55,226	34,129	646,604
Expenses				
Employee compensation and benefits	147,801	24,086	9,455	181,342
Other operating expenses	169,357	20,586	6,021	195,964
Total expenses	317,158	44,672	15,476	377,306
Fee related earnings	240,091	10,554	18,653	269,298
Investment income (loss)				
Gross carried interest	826,193	—	—	826,193
Less: allocation to KKR carry pool(2)	(57,971)	—	—	(57,971)
Less: management fee refunds(3)	(22,720)	—	—	(22,720)
Net carried interest	745,502	—	—	745,502
Other investment income (loss)	128,528	(5,260)	349,679	472,947
Total investment income (loss)	874,030	(5,260)	349,679	1,218,449
Income (loss) before noncontrolling interests in income of consolidated entities	1,114,121	5,294	368,332	1,487,747
Income (loss) attributable to noncontrolling interests(4)	497	15	581	1,093
Economic net income (loss)(5)	$ 1,113,624	$ 5,279	$ 367,751	$ 1,486,654
Allocation of Economic net income (loss)				
Economic net income (loss) attributable to KKR Holdings L.P. (5)	$ 101,898	$ 1,015	$ 257,766	$ 360,679
Economic net income (loss) attributable to KKR Group Holdings L.P.	$ 1,011,726	$ 4,264	$ 109,985	$ 1,125,975
Total Assets	$ 362,128	$ 62,408	$ 4,660,132	$ 5,084,668
Partners' Capital	$ 277,062	$ 49,581	$ 3,826,241	$ 4,152,884

(1) KKR's agreements with the limited partners of certain of its investment funds require KKR to share with such limited partners a portion of any monitoring and transaction fees received from

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

11. SEGMENT REPORTING (Continued)

portfolio companies and allocable to their funds ("Fee Credits"). Fee Credits exclude fees that are not attributable to a fund's interest in a portfolio company and generally amount to 80% of monitoring and transaction fees allocable to the fund after related expenses are recovered.

(2) With respect to KKR's active and future investment funds and co-investment vehicles that provide for carried interest, KKR will allocate to its principals, other professionals and selected other individuals who work in these operations a portion of the carried interest earned in relation to these funds as part of its carry pool.

(3) Certain of KKR's investment funds require that KKR refund up to 20% of any cash management fees earned from limited partners in the event that the funds recognize a carried interest. At such time as the fund recognizes a carried interest in an amount sufficient to cover 20% of the management fees earned or a portion thereof, carried interest is reduced, not to exceed 20% of management fees earned. As of December 31, 2009, the amount subject to management fee refunds, which will reduce carried interest in future periods, totaled $148.9 million.

(4) Represents economic interests that will (i) allocate to a former principal an aggregate of 1% of profits and losses of KKR's management companies until a future date and (ii) allocate to a third party investor an aggregate of 2% of the equity in KKR's capital markets business.

(5) Represents nine months of historical economic net income (loss) totaling $971,399, which is 100% allocable to Group Holdings and three months of economic net income (loss) totaling $515,255, of which 70% or $360,679 is allocated to KKR Holdings L.P., and the remaining 30% or $154,576 is allocated to Group Holdings.

The following table reconciles KKR's total reportable segments to the financial statements as of and for the year ended December 31, 2009:

	As of and for the Year Ended, December 31, 2009		
	Total Reportable Segments	Adjustments	Consolidated and Combined
Fees(a)	$ 646,604	$ (315,333)	$ 331,271
Expenses(b)	$ 377,306	$ 818,404	$ 1,195,710
Investment income (loss)(c)	$ 1,218,449	$ 6,535,359	$ 7,753,808
Income (loss) before taxes	$ 1,487,747	$ 5,401,622	$ 6,889,369
Income (loss) attributable to noncontrolli interests	$ 1,093	$ 6,118,289	$ 6,119,382
Income (loss) attributable to KKR Holdings	$ —	$ (116,696)	$ (116,696)
Total assets(d)	$ 5,084,668	$ 25,136,443	$ 30,221,111
Partners' Capital(e)	$ 4,152,884	$ 23,208,597	$ 27,361,481

(a) The fees adjustment primarily represents (i) the elimination of management fees of $(405,466), (ii) fee credits of $73,900 upon consolidation of the KKR Funds and (iii) a gross up of reimbursable expenses of $16,233.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

11. SEGMENT REPORTING (Continued)

(b) The expenses adjustment primarily represents (i) the inclusion of non-cash equity based payments which amounted to $562,373, (ii) allocations to the carry pool of $173,511, (iii) operating expenses of $34,846 associated with the Transactions included in consolidated expenses and excluded from segment reporting, (iv) gross up of reimbursable expenses of $16,233 and (v) other operating expenses of $31,441 primarily associated with the inclusion of operating expenses upon consolidation of the KKR Funds.

(c) The investment income (loss) adjustment primarily represents (i) the inclusion of investment income of $6,448,557 attributable to noncontrolling interests upon consolidation of the KKR Funds, (ii) allocations to the carry pool of $57,971 and (iii) other adjustments of $28,831.

(d) Substantially all of the total assets adjustment represents the inclusion of private equity and other investments that are attributable to noncontrolling interests upon consolidation of the KKR Funds.

(e) The partners' capital adjustment primarily represents the exclusion of the impact of income taxes, charges relating to the amortization of intangible assets, non-cash equity based payments and allocations of equity to KKR Holdings and other noncontrolling interest holders.

The reconciliation of economic net income (loss) to net income (loss) attributable to Group Holdings as reported in the statements of operations consists of the following:

	Year Ended December 31, 2009
Economic net income (loss)	$ 1,486,654
Income taxes	(36,998)
Amortization of intangibles	(3,788)
Costs relating to the Transactions(a)	(34,846)
Adjustments to carry:	
Allocations to carry pool recorded in connection with the Transactions	(115,540)
Non-cash equity based payments	(562,373)
Allocations to former principals	(120)
Allocation to KKR Holdings	116,696
Net income (loss) attributable to Group Holdings	$ 849,685

(a) During the year ended December 31, 2009, KKR's Private Markets other operating expenses excluded $34.8 million incurred in connection with the Transactions. KKR has excluded this charge from its segment financial information as such amount will be not be considered when assessing the performance of, or allocating resources to, each of its business segments and is non-recurring in nature. In the statement of operations, this charge is included in general, administrative and other expenses.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

11. SEGMENT REPORTING (Continued)

The following table presents the financial data for KKR's reportable segments as of and for the year ended December 31, 2008:

	Year Ended December 31, 2008			
	Private Markets	Public Markets	Capital Markets and Principal Activities	Total Reportable Segments
Fees				
Management and incentive fees:				
Management fees	$ 396,394	$ 59,342	$ —	$ 455,736
Incentive fees	—	—	—	—
Management and incentive fees	396,394	59,342	—	455,736
Monitoring and transaction fees:				
Monitoring fees	97,256	—	—	97,256
Transaction fees	23,096	—	18,211	41,307
Fee Credits(1)	(12,698)	—	—	(12,698)
Net monitoring and transaction fees	107,654	—	18,211	125,865
Total fees	504,048	59,342	18,211	581,601
Expenses				
Employee compensation and benefits	135,204	20,566	7,094	162,864
Other operating expenses	212,692	6,200	5,820	224,712
Total expenses	347,896	26,766	12,914	387,576
Fee related earnings	156,152	32,576	5,297	194,025
Investment income (loss)				
Gross carried interest	(1,197,387)	—	—	(1,197,387)
Less: allocation to KKR carry pool(2)	8,156	—	—	8,156
Less: management fee refunds(3)	29,611	—	—	29,611
Net carried interest	(1,159,620)	—	—	(1,159,620)
Other investment income (loss)	(230,053)	10,687	(4,129)	(223,495)
Total investment income (loss)	(1,389,673)	10,687	(4,129)	(1,383,115)
Income (loss) before noncontrolling interests in income of consolidated entities	(1,233,521)	43,263	1,168	(1,189,090)
Income (loss) attributable to noncontrolling interests(4)	—	6,421	(37)	6,384
Economic net income (loss)	$ (1,233,521)	$ 36,842	$ 1,205	$ (1,195,474)
Total Assets	$ 285,154	$ 52,256	$ 26,148	$ 363,558
Partners' Capital	$ 97,249	$ 45,867	$ 10,974	$ 154,090

(1) KKR's agreements with the limited partners of certain of its investment funds require KKR to share with such limited partners a portion of any monitoring and transaction fees received from

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

11. SEGMENT REPORTING (Continued)

portfolio companies and allocable to their funds ("Fee Credits"). Fee Credits exclude fees that are not attributable to a fund's interest in a portfolio company and generally amount to 80% of monitoring and transaction fees allocable to the fund after related expenses are recovered.

(2) With respect to KKR's active and future investment funds and co-investment vehicles that provide for carried interest, KKR will allocate to its principals, other professionals and selected other individuals who work in these operations a portion of the carried interest earned in relation to these funds as part of its carry pool.

(3) Certain of KKR's investment funds require that KKR refund up to 20% of any cash management fees earned from limited partners in the event that the funds recognize a carried interest. At such time as the fund recognizes a carried interest in an amount sufficient to cover 20% of the management fees earned or a portion thereof, carried interest is reduced, not to exceed 20% of management fees earned. In periods where investment returns subsequently decrease or turn negative, recognized carried interest will be reduced and in conjunction the amount of the management fee refund would be reduced resulting in income being recognized during the period.

(4) Represents economic interests (i) in the management company of our Public Markets segment prior to the acquisition of all noncontrolling interests on May 30, 2008 and (ii) that allocate to a third party investor an aggregate of 2% of the equity in KKR's capital markets business.

The following table reconciles KKR's total reportable segments to the consolidated financial statements as of and for the year ended December 31, 2008:

	As of and for the Year Ended, December 31, 2008		
	Total Reportable Segments	Adjustments	Consolidated and Combined
Fees(a)	$ 581,601	$ (346,420)	$ 235,181
Expenses(b)	$ 387,576	$ 30,812	$ 418,388
Investment income (loss)(c)	$ (1,383,115)	$ (11,482,124)	$ (12,865,239)
Income (loss) before taxes	$ (1,189,090)	$ (11,859,356)	$ (13,048,446)
Income (loss) attributable to noncontrolli interests	$ 6,384	$ (11,857,145)	$ (11,850,761)
Total assets(d)	$ 363,558	$ 22,077,472	$ 22,441,030
Partners' Capital(e)	$ 154,090	$ 19,696,267	$ 19,850,357

(a) The fees adjustment primarily represents (i) the elimination of management fees of $(397,096), (ii) fee credits of $12,698 upon consolidation of the KKR Funds, (iii) a gross up of reimbursable expenses in the consolidated financial results of $22,976 and (iv) other net adjustments of $15,002.

(b) The expenses adjustment consists of the reflection of allocations to the carry pool of $(8,156) in consolidated expenses, a gross up of reimbursable expenses in the consolidated financial results of $22,976 and the inclusion of $15,992 of other operating expenses primarily relating to the consolidation of the KKR Funds.

(c) The investment income (loss) adjustment primarily represents the inclusion of investment income of $(11,433,477) attributable to noncontrolling interests upon consolidation of the KKR Funds, allocations to the carry pool of $(8,156) and other adjustments of $(40,491).

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

11. SEGMENT REPORTING (Continued)

(d) Substantially all of the total assets adjustment represents the inclusion of private equity and other investments that are attributable to noncontrolling interests upon consolidation of the KKR Funds.

(e) The partners' capital adjustment reflects the net adjustments for fees, expenses, investment income (loss) and income (loss) attributable to noncontrolling interests.

The reconciliation of economic net income (loss) to net income (loss) attributable to Group Holdings as reported in the statements of operations consists of the following:

	Year Ended December 31, 2008
Economic net income (loss)	$ (1,195,474)
Income taxes	(6,786)
Amortization of intangibles	(2,211)
Net income (loss) attributable to Group Holdings	$ (1,204,471)

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

11. SEGMENT REPORTING (Continued)

The following table presents the financial data for KKR's reportable segments as of and for the year ended December 31, 2007:

	Year Ended December 31, 2007		
	Private Markets Segment	Public Markets Segment	Total Reportable Segments
Fees			
Management and incentive fees:			
Management fees	$ 258,325	$ 53,183	$ 311,508
Incentive fees	—	23,335	23,335
Management and incentive fees	258,325	76,518	334,843
Monitoring and transaction fees:			
Monitoring fees	70,370	—	70,370
Transaction fees	683,100	—	683,100
Fee Credits(1)	(230,640)	—	(230,640)
Net monitoring and transaction fees	522,830	—	522,830
Total fees	781,155	76,518	857,673
Expenses			
Employee compensation and benefits	177,957	23,518	201,475
Other operating expenses	186,811	4,928	191,739
Total expenses	364,768	28,446	393,214
Fee related earnings	416,387	48,072	464,459
Investment income (loss)			
Gross carried interest	305,656	—	305,656
Less: allocation to KKR carry pool(2)	(18,176)	—	(18,176)
Less: management fee refunds(3)	(26,798)	—	(26,798)
Net carried interest	260,682	—	260,682
Other investment income (loss)	97,945	15,006	112,951
Total investment income (loss)	358,627	15,006	373,633
Income (loss) before noncontrolling interests in income of consolidated entities	775,014	63,078	838,092
Income (loss) attributable to noncontrolling interests (4)	—	23,264	23,264
Economic net income (loss)	$ 775,014	$ 39,814	$ 814,828
Total Assets	$ 1,933,741	$ 30,961	$ 1,964,702
Total Partners' Capital	$ 1,499,321	$ 18,025	$ 1,517,346

(1) KKR's agreements with the limited partners of certain of its investment funds require KKR to share with such limited partners a portion of any monitoring and transaction fees received from

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

11. SEGMENT REPORTING (Continued)

portfolio companies allocable to their funds ("Fee Credits"). Fee Credits exclude fees that are not attributable to a fund's interest in a portfolio company and generally amount to 80% of monitoring and transaction fees allocable to the fund after related expenses are recovered.

(2) With respect to KKR's active and future investment funds and co-investment vehicles that provide for carried interest, KKR will allocate to its principals, other professionals and selected other individuals who work in these operations a portion of the carried interest earned in relation to these funds as part of its carry pool.

(3) Certain of KKR's investment funds require that KKR refund up to 20% of any cash management fees earned from limited partners in the event that the funds recognize a carried interest. At such time as the fund recognizes a carried interest in an amount sufficient to cover 20% of the management fees earned or a portion thereof, carried interest is reduced, not to exceed 20% of management fees earned.

(4) Represents economic interests in the management company of our Public Markets segment.

The following table reconciles KKR's total reportable segments to the consolidated financial statements as of and for the year ended December 31, 2007:

	As of and for the Year Ended, December 31, 2007		
	Total Reportable Segments	Adjustments	Consolidated and Combined
Fees(a)	$ 857,673	$ 4,592	$ 862,265
Expenses(b)	$ 393,214	$ 47,696	$ 440,910
Investment income (loss)(c)	$ 373,633	$ 1,618,150	$ 1,991,783
Income (loss) before taxes	$ 838,092	$ 1,575,046	$ 2,413,138
Income (loss) attributable to noncontrolli interests	$ 23,264	$ 1,575,046	$ 1,598,310
Total assets(d)	$ 1,964,702	$ 30,878,094	$ 32,842,796
Partners' Capital(e)	$ 1,517,346	$ 28,749,814	$ 30,267,160

(a) The fees adjustment primarily represents (i) the elimination of management fees of $(247,940), (ii) fee credits of $230,640 upon consolidation of the KKR Funds, (iii) a gross up of reimbursable expenses in the consolidated financial results of $24,731 and (iv) other net adjustments of $(2,839).

(b) The expenses adjustment consists of the reflection of allocations to the carry pool of $18,176 in consolidated expenses, a gross up of reimbursable expenses in the consolidated financial results of $24,731 and the inclusion of $4,789 of other operating expenses primarily relating to the consolidation of the KKR Funds.

(c) The investment income (loss) adjustment primarily represents the inclusion of investment income of $1,587,196 attributable to noncontrolling interests upon consolidation of the KKR Funds, allocations to the carry pool of $18,176 and other adjustments of $12,778.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

11. SEGMENT REPORTING (Continued)

(d) Substantially all of the total assets adjustment represents the inclusion of private equity and other investments that are attributable to noncontrolling interests upon consolidation of the KKR Funds.

(e) The partners' capital adjustment reflects the net adjustments for fees, expenses, investment income (loss) and income (loss) attributable to noncontrolling interests.

The reconciliation of economic net income (loss) to net income (loss) attributable to Group Holdings as reported in the statements of operations consists of the following:

	Year Ended December 31, 2007
Economic net income (loss)	$ 814,828
Income taxes	(12,064)
Net income (loss) attributable to Group Holdings	$ 802,764

12. COMMITMENTS AND CONTINGENCIES

Debt Covenants

Borrowings of KKR contain various customary debt covenants. These covenants do not, in management's opinion, materially restrict KKR's investment or financing strategy. KKR is in compliance with all of its debt covenants as of December 31, 2009.

Investment Commitments

As of December 31, 2009, KKR had unfunded commitments to its private equity and other investment funds of $1,272.3 million.

Non-cancelable Operating Leases

KKR leases office space under non-cancelable lease agreements in New York, Menlo Park, Houston, San Francisco, Washington, D.C., London, Paris, Beijing, Hong Kong, Tokyo, Sydney, and Mumbai. There are no material rent holidays, contingent rent, rent concessions or leasehold improvement incentives associated with any of these property leases. In addition to base rentals, certain lease agreements are subject to escalation provisions and rent expense is recognized on a straight-line basis over the term of the lease agreement.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

12. COMMITMENTS AND CONTINGENCIES (Continued)

As of December 31, 2009 the approximate aggregate minimum future lease payments, net of sublease income, required on the operating leases are as follows:

Year Ending December 31,

	Amount
2010	$ 30,430
2011	28,598
2012	23,977
2013	23,893
2014	24,003
Thereafter	93,926
Total minimum payments required	$ 224,827

Rent expense recognized on a straight-line basis for the years ended December 31, 2009, 2008 and 2007 was $31,752, $27,665 and $19,820, respectively.

Contingent Repayment Guarantees

The instruments governing KKR's private equity funds generally include a "clawback" provision that, if triggered, may give rise to a contingent obligation that may require the general partners to return amounts to the fund for distribution to the limited partners at the end of the life of the fund. Under a "clawback" provision, upon the liquidation of a fund, the general partner is required to return, on an after-tax basis, previously distributed carry to the extent that, due to the diminished performance of later investments, the aggregate amount of carry distributions received by the general partner during the term of the fund exceed the amount to which the general partner was ultimately entitled. As of December 31, 2009, the amount of carried interest KKR principals have received, that is subject to this clawback provision was $716.2 million, assuming that all applicable private equity funds were liquidated at no value. Had the investments in such funds been liquidated at their December 31, 2009 fair values, the clawback obligation would have been $84.9 million of which $77.1 million is due from affiliates and $7.8 million is due from noncontrolling interest holders.

Prior to the Transactions, certain KKR principals who received carried interest distributions with respect to the private equity funds had personally guaranteed, on a several basis and subject to a cap, the contingent obligations of the general partners of the private equity funds to repay amounts to fund limited partners pursuant to the general partners' clawback obligations.

The terms of the Transactions require that KKR principals remain responsible for any clawback obligations relating to carry distributions received prior to the Transactions up to a maximum of $223.6 million. At December 31, 2009, KKR has recorded a receivable of $77.1 million within Due from Affiliates for the amount of the clawback obligation given it would be required to be funded by KKR principals who do not hold direct controlling and economic interests in the KKR Group Partnerships. In periods prior to the Transactions, such amount was reflected as a capital deficit within partners' capital given the KKR principals held controlling and economic interests in the historical KKR.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

12. COMMITMENTS AND CONTINGENCIES (Continued)

Carry distributions arising subsequent to the Transactions will be allocated to Group Holdings, KKR Holdings and KKR principals (as carry pool participants) in accordance with the terms of the instruments governing the KKR Group Partnerships. KKR will indemnify its principals for any personal guarantees that they have provided with respect to such amounts.

The instruments governing certain of KKR's private equity funds may also include a "net loss sharing provision," that, if triggered, may give rise to a contingent obligation that may require the general partners to contribute capital to the fund, to fund 20% of the net losses on investments. In connection with the "net loss sharing provisions," certain of KKR's private equity vehicles allocate a greater share of their investment losses to KKR relative to the amounts contributed by KKR to those vehicles. In these vehicles, such losses would be required to be paid by KKR to the limited partners in those vehicles in the event of a liquidation of the fund regardless of whether any carried interest had previously been distributed. Based on the fair market values as of December 31, 2009, KKR's contingent repayment obligation would have been approximately $93.6 million. If the vehicles were liquidated at zero value, the contingent repayment obligation would have been approximately $1,182.7 million as of December 31, 2009.

Indemnifications

In the normal course of business, KKR and its subsidiaries enter into contracts that contain a variety of representations and warranties and provide general indemnifications. KKR's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against KKR that have not yet occurred. However, based on experience, KKR expects the risk of material loss to be remote.

Litigation

From time to time, KKR is involved in various legal proceedings, lawsuits and claims incidental to the conduct of the Company's business. The Company believes that the ultimate liability arising from such proceedings, lawsuits and claims, if any, will not have a material effect on the KKR's financial condition, results of operations, or cash flows.

In August 1999, KKR and certain of KKR's current and former personnel were named as defendants in an action brought in the Circuit Court of Jefferson County, Alabama, or the Alabama State Court, alleging breach of fiduciary duty and conspiracy in connection with the acquisition of Bruno's Inc. ("Bruno's"), one of our former portfolio companies, in 1995. The action was removed to the U.S Bankruptcy Court for the Northern District of Alabama. In April 2000, the complaint in this action was amended to further allege that KKR and others violated state law by fraudulently misrepresenting the financial condition of Bruno's in an August 1995 subordinated notes offering relating to the acquisition and in Bruno's subsequent periodic financial disclosures. In January 2001, the action was transferred to the U.S. District Court for the Northern District of Alabama. In August 2009, the action was consolidated with a similar action brought against the underwriters of the August 1995 subordinated notes offering, which is pending before the Alabama State Court. The plaintiffs are seeking compensatory and punitive damages for losses they allegedly suffered in connection with their purchase of the subordinated notes. In September 2009, KKR and the other named defendants moved to dismiss the action.

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

12. COMMITMENTS AND CONTINGENCIES (Continued)

In 2005, KKR and certain of KKR's current and former personnel were named as defendants in now-consolidated shareholder derivative actions in the Court of Chancery of the State of Delaware relating to Primedia Inc. ("Primedia"), a portfolio company no longer included in the financial statements. These actions claim that the board of directors of Primedia breached its fiduciary duty of loyalty in connection with the redemption of certain shares of preferred stock in 2004 and 2005. The plaintiffs further allege that KKR benefited from these redemptions of preferred stock at the expense of Primedia and that KKR usurped a corporate opportunity of Primedia in 2002 by purchasing shares of its preferred stock at a discount on the open market while causing Primedia to refrain from doing the same. In February 2008, the special litigation committee formed by the board of directors of Primedia, following a review of plaintiffs' claims, filed a motion to dismiss the actions. In March 2010, plaintiffs filed an amended complaint, including additional allegations concerning KKR's purchases of Primedia's preferred stock in 2002. Plaintiffs seek an accounting by defendants of unspecified damages to Primedia and an award of attorneys' fees and costs. Oral argument on the special litigation committee's motion to dismiss is scheduled for May 2010.

In December 2007, KKR, along with 15 other private equity firms and investment banks, were named as defendants in a purported class action complaint filed in the United States District Court for the District of Massachusetts by shareholders in certain public companies acquired by private equity firms since 2003. In August 2008, KKR, along with 16 other private equity firms and investment banks, were named as defendants in a purported consolidated amended class action complaint. The suit alleges that from mid-2003 defendants have violated antitrust laws by allegedly conspiring to rig bids, restrict the supply of private equity financing, fix the prices for target companies at artificially low levels, and divide up an alleged market for private equity services for leveraged buyouts. The complaint seeks injunctive relief on behalf of all persons who sold securities to any of the defendants in leveraged buyout transactions and specifically challenges nine transactions. The amended complaint also includes five purported sub-classes of plaintiffs seeking damages and/or with respect to five of the nine challenged transactions. This litigation is currently in discovery. The parties stipulated to a joint discovery plan, which provides that the first stage of discovery shall conclude in June 2010.

In August 2008, KFN, the members of the KFN's board of directors and certain of its current and former executive officers, including certain of KKR's current and former personnel, were named in a putative class action complaint filed by the Charter Township of Clinton Police and Fire Retirement System in the United States District Court for the Southern District of New York (the "Charter Litigation"). In March 2009, the lead plaintiff filed an amended complaint, which deleted as defendants the members of KFN's board of directors and named as individual defendants only KFN's former chief executive officer, KFN's former chief operating officer, and KFN's current chief financial officer (the "KFN Individual Defendants," and, together with KFN, "KFN Defendants"). The amended complaint alleges that KFN's April 2007 registration statement and prospectus and the financial statements incorporated therein contained material omissions in violation of Section 11 of the Securities Act of 1933, as amended (the "1933 Act"), regarding the risks and potential losses associated with KFN's real estate-related assets, KFN's ability to finance its real estate-related assets, and the adequacy of KFN's loss reserves for its real estate-related assets (the "alleged Section 11 violation"). The amended complaint further alleges that, pursuant to Section 15 of the Securities Act, the KFN Individual Defendants have legal responsibility for the alleged Section 11 violation. The amended complaint seeks judgment in favor of the lead plaintiff and the putative class for damages allegedly sustained as a result

12. COMMITMENTS AND CONTINGENCIES (Continued)

of the KFN Defendants' alleged misconduct, costs and expenses incurred by the lead plaintiff in the action, rescission or a rescissory measure of damages, and equitable or injunctive relief. In April 2009, the KFN Defendants filed a motion to dismiss the amended complaint for failure to state a claim under the Securities Act. This motion remains pending.

In August 2008, the members of KFN's board of directors and its executive officers (the "Kostecka Individual Defendants") were named in a shareholder derivative action brought by Raymond W. Kostecka, a purported shareholder, in the Superior Court of California, County of San Francisco (the "California Derivative Action"). KFN was named as a nominal defendant. The complaint in the California Derivative Action asserts claims against the Kostecka Individual Defendants for breaches of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, and unjust enrichment in connection with the conduct at issue in the Charter Litigation, including the filing of the April 2007 Registration Statement with alleged material misstatements and omissions. The complaint seeks judgment in favor of KFN for damages allegedly sustained as a result of the Kostecka Individual Defendants' alleged misconduct, costs and disbursements incurred by plaintiff in the action, equitable and/or injunctive relief, restitution, and an order directing KFN to reform its corporate governance and internal procedures to prevent a recurrence of the alleged misconduct. By order dated January 8, 2009, the Court approved the parties' stipulation to stay the proceedings in the California Derivative Action until the Charter Litigation is dismissed on the pleadings or KFN files an answer to the Charter Litigation.

In March 2009, the members of KFN's board of directors and certain of its executive officers (the "Haley Individual Defendants") were named in a shareholder derivative action brought by Paul B. Haley, a purported shareholder, in the United States District Court for the Southern District of New York (the "New York Derivative Action"). KFN was named as a nominal defendant. The complaint in the New York Derivative Action asserts claims against the Haley Individual Defendants for breaches of fiduciary duty, breaches of the duty of full disclosure, and for contribution in connection with the conduct at issue in the Charter Litigation, including the filing of the April 2007 registration statement with alleged material misstatements and omissions. The complaint seeks judgment in favor of KFN for damages allegedly sustained as result of the Haley Individual Defendants' alleged misconduct, a declaration that the Haley Individual Defendants are liable to KFN under Section 11 of the 1933 Act, costs and disbursements incurred by plaintiff in the action, and an order directing KFN to reform its corporate governance and internal procedures to prevent a recurrence of the alleged misconduct. By order dated June 18, 2009, the Court approved the parties' stipulation to stay the proceedings in the New York Derivative Action until the Charter Litigation is dismissed on the pleadings or KFN files an answer to the Charter Litigation.

KKR believes that each of these actions is without merit and intends to defend them vigorously.

In September 2006 and March 2009, we received requests for certain documents and other information from the Antitrust Division of the U.S. Department of Justice ("DOJ") in connection with the DOJ's investigation of private equity firms to determine whether they have engaged in conduct prohibited by United States antitrust laws. We are fully cooperating with the DOJ's investigation.

In addition, in December 2009, our subsidiary Kohlberg Kravis Roberts & Co. (Fixed Income) LLC received a request from the Securities and Exchange Commission ("SEC") for

KKR GROUP HOLDINGS L.P.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

(All Dollars are in Thousands Except Where Otherwise Noted)

12. COMMITMENTS AND CONTINGENCIES (Continued)

information in connection with its examination of certain investment advisors in order to review trading procedures and valuation practices in the collateral pools of structured credit products. KKR is fully cooperating with the SEC's examination.

Moreover, in the ordinary course of business, we are and can be both the defendant and the plaintiff in numerous actions with respect to bankruptcy, insolvency and other types of proceedings. Such lawsuits may involve claims that adversely affect the value of certain investments owned by our funds.

Principal Protected Product for Private Equity Investments

The fund agreements for a private equity vehicle referred to as KKR's principal protected product for private equity investments contain provisions that require the fund underlying the principal protected product for private equity investments (the "Master Fund") to liquidate certain of its portfolio investments in order to satisfy liquidity requirements of the fund agreements, if the performance of the Master Fund is lower than certain benchmarks defined in the agreements. In an instance where the Master Fund is not in compliance with the defined liquidity requirements and has no remaining liquid portfolio investments, KKR has an obligation to purchase up to $18.4 million of illiquid portfolio investments of the Master Fund at 95% of their current fair market value. As of December 31, 2009, the performance of the Master Fund was lower than the defined benchmarks; however, the Master Fund was able to meet its defined liquidity requirements.

13. SUBSEQUENT EVENTS

A cash distribution of $0.08 per KKR Guernsey unit, subject to applicable withholding taxes, was paid on or about March 25, 2010 to KKR Guernsey unitholders of record as of the close of business on March 11, 2010. KKR Holdings received its pro rata share of the distribution from the KKR Group Partnerships.

SUPPLMENTARY FINANCIAL INFORMATION OF KKR & CO. (GUERNSEY) L.P.

Report of Independent Registered Public Accounting Firm

To the Partners of KKR & Co. (Guernsey) L.P.:

We have audited the accompanying statements of assets and liabilities of KKR & Co. (Guernsey) L.P. (the "Company") as of December 31, 2008, 2007 and 2006, and the related statements of operations, changes in net assets and cash flows for the years ended December 31, 2008 and 2007 and for the period from April 18, 2006 (Date of Formation) to December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of KKR & Co. (Guernsey) L.P. as of December 31, 2008, 2007 and 2006, and the results of its operations, changes in net assets and its cash flows for the years ended December 31, 2008 and 2007 and for the period from April 18, 2006 (Date of Formation) to December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the financial statements include investments valued at $2,622,970,000 (100% of total assets), $4,984,533,000 (100% of total assets) and $5,035,945,000 (100% of total assets) as of December 31, 2008, 2007 and 2006, respectively, whose fair values have been estimated by the the Company's management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners.

/s/ Deloitte & Touche LLP

New York, New York
February 27, 2009
(April 15, 2010, as to the Business Combination described in Note 1,
and Note 13 as to subsequent events)

KKR & CO. (GUERNSEY) L.P.

STATEMENTS OF ASSETS AND LIABILITIES

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

	December 31, 2008	December 31, 2007	December 31, 2006
ASSETS:			
Investments in limited partner interests of KKR PEI Investments, L.P., at fair value	$ 2,622,970	$ 4,984,533	$ 5,035,945
Cash and cash equivalents	2,095	452	1,116
Other assets	171	141	111
Total assets	2,625,236	4,985,126	5,037,172
LIABILITIES:			
Accrued liabilities	4,927	1,823	1,209
Due to affiliate	1,640	930	364
Total liabilities	6,567	2,753	1,573
COMMITMENTS AND CONTINGENCIES	—	—	—
NET ASSETS	$ 2,618,669	$ 4,982,373	$ 5,035,599
NET ASSETS CONSIST OF:			
Partners' capital contributions, net (common units outstanding of 204,902,226, 204,550,001 and 204,550,001, respectively)	$ 4,834,517	$ 4,830,110	$ 4,830,110
Distributable earnings (loss)	(2,215,848)	152,263	205,489
	$ 2,618,669	$ 4,982,373	$ 5,035,599
Net asset value per common unit	$ 12.78	$ 24.36	$ 24.62
Market price per common unit	$ 3.50	$ 18.16	$ 22.85

See accompanying notes to the financial statements.

KKR & CO. (GUERNSEY) L.P.

STATEMENTS OF OPERATIONS

(Amounts in thousands)

	Year Ended		From April 18, 2006 (Date of Formation) to December 31, 2006
	December 31, 2008	December 31, 2007	
NET INVESTMENT INCOME (LOSS) ALLOCATED FROM KKR PEI INVESTMENTS, L.P.:			
Investment income	$ 45,277	$ 126,540	$ 143,220
Expenses	109,934	100,707	12,853
	(64,657)	25,833	130,367
INVESTMENT INCOME—Interest income	88	70	212
EXPENSES—General and administrative expenses	21,605	6,874	4,100
NET INVESTMENT INCOME (LOSS)	(86,174)	19,029	126,479
REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS AND FOREIGN CURRENCY ALLOCATED FROM KKR PEI INVESTMENTS, L.P:			
Net realized gain (loss)	(104,356)	113,196	34,547
Net change in unrealized appreciation (depreciation)	(2,177,581)	(136,359)	83,327
Net gain (loss) on investments and foreign currency transactions	(2,281,937)	(23,163)	117,874
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ (2,368,111)	$ (4,134)	$ 244,353

See accompanying notes to the financial statements.

KKR & CO. (GUERNSEY) L.P.

STATEMENTS OF CHANGES IN NET ASSETS

(Amounts in thousands, except common units)

NET ASSETS—APRIL 18, 2006 (Date of Formation)	$ —
NET INCREASE IN NET ASSETS FROM OPERATIONS FOR THE PERIOD FROM APRIL 18, 2006 (DATE OF FORMATION) TO DECEMBER 31, 2006:	
Net investment income	126,479
Net gain on investments and foreign currency transactions	117,874
Net increase in net assets resulting from operations	244,353
Distribution to unitholders	(38,864)
NET INCREASE FROM CAPITAL TRANSACTIONS:	
Partners' capital contributions (issued 204,550,001 common units)	5,113,750
Offering costs	(283,640)
Net increase from capital transactions	4,830,110
NET ASSETS—DECEMBER 31, 2006	5,035,599
NET DECREASE IN NET ASSETS FROM OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2007:	
Net investment income	19,029
Net loss on investments and foreign currency transactions	(23,163)
Net decrease in net assets resulting from operations	(4,134)
Distribution to unitholders	(49,092)
NET ASSETS—DECEMBER 31, 2007	4,982,373
NET DECREASE IN NET ASSETS FROM OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2008:	
Net investment loss	(86,174)
Net loss on investments and foreign currency transactions	(2,281,937)
Net decrease in net assets resulting from operations	(2,368,111)
Partners' capital contributions (issued 352,225 common units)	4,407
NET ASSETS—DECEMBER 31, 2008	$ 2,618,669

See accompanying notes to the financial statements.

KKR & CO. (GUERNSEY) L.P.

STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Year Ended		From April 18, 2006 (Date of Formation) to December 31, 2006
	December 31, 2008	December 31, 2007	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net increase (decrease) in net assets resulting from operations	$ (2,368,111)	$ (4,134)	$ 244,353
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to cash and cash equivalents provided by (used in) operating activities:			
Net investment loss (income) allocated from KKR PEI Investments, L.P.	64,657	(25,833)	(130,367)
Net loss (gain) on investments and foreign currency transactions allocated from KKR PEI Investments, L.P.	2,281,937	23,163	(117,874)
Share-based compensation expense.	49	25	
Changes in operating assets and liabilities:			
Purchases of limited partner interests	—	—	(4,826,568)
Distribution received from KKR PEI Investments, L.P.	14,969	54,082	38,864
Increase in other assets	(30)	(30)	(111)
Increase in accrued liabilities	3,055	589	1,209
Increase in due to affiliate	710	566	364
Net cash flows provided by (used in) operating activities	(2,764)	48,428	(4,790,130)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Partners' capital contributions	4,407	—	5,113,750
Offering costs	—	—	(283,640)
Distribution to unitholders	—	(49,092)	(38,864)
Net cash flow provided by (used in) financing activities	4,407	(49,092)	4,791,246
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,643	(664)	1,116
CASH AND CASH EQUIVALENTS—Beginning of period	452	1,116	—
CASH AND CASH EQUIVALENTS—End of period	$ 2,095	$ 452	$ 1,116

See accompanying notes to the financial statements.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS

1. BUSINESS

KKR & Co. (Guernsey) L.P. ("KKR Guernsey"), formerly KKR Private Equity Investors, L.P. ("KPE"), is a Guernsey limited partnership comprised of (i) KKR Guernsey GP Limited (the "Managing Partner"), which holds 100% of the general partner interests in KKR Guernsey, and (ii) the holders of limited partner interests in KKR Guernsey. As of December 31, 2008, December 31, 2007 and December 31, 2006, KKR Guernsey's limited partner interests consist of one common unit that is held by the Managing Partner and 204,902,225 common units, 204,550,000 common units, and 204,550,000 common units, respectively, that are held by other limited partners. The common units are non-voting and are listed on Euronext Amsterdam by NYSE Euronext ("Euronext Amsterdam"), the regulated market of Euronext Amsterdam N.V. As of October 1, 2009, KPE and KKR completed the previously announced transaction to combine the businesses ("Combination Transaction") of KPE and KKR & Co. L.P. (together with its applicable affiliates, "KKR").

The Combination Transaction was consummated on October 1, 2009, and therefore its effects are not included in the presentation of the financial statements as of and for the years ended December 31, 2008 and December 31, 2007 and as of and for the period from the date of formation on April 18, 2006 to December 31, 2006 included herein. The financial statements and footnotes do not reflect the results of KKR and are not representative of KKR results going forward.

The Managing Partner is a Guernsey limited company, owned by individuals who are affiliated with KKR. The Managing Partner is responsible for managing the business and affairs of KKR Guernsey.

From the date of formation on April 18, 2006 through September 30, 2009, which includes all periods before the Combination Transaction, KKR Guernsey made all of its investments through KKR PEI Investments, L.P. (the "KPE Investment Partnership"), of which it was the sole limited partner. The KPE Investment Partnership invests predominantly in private equity investments identified by KKR. Private equity investments consist of investments in limited partner interests in KKR's private equity funds, co-investments in certain portfolio companies of those funds and investments significantly negotiated by KKR in equity or equity-linked securities, which we refer to as negotiated equity investments. The KPE Investment Partnership makes other investments in opportunistic investments, which are investments identified by KKR in the course of its business other than private equity investments, including public equities and fixed income investments. The KPE Investment Partnership manages cash and liquidity through temporary investments.

KKR Guernsey was granted consent to raise funds under The Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959, as amended (the "Old Rules").

Effective October 29, 2008, all but limited sections of the Old Rules have been repealed and the Authorized Closed-Ended Investment Schemes Rules 2008 (the "New Rules") have been introduced by the Guernsey Financial Services Commission ("GFSC") with effect from December 15, 2008 under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended. KKR Guernsey operates in accordance with the provisions of the New Rules. There is no requirement for existing funds authorized by GFSC to amend their principal documents so as to comply with The New Rules immediately, but principal documents must be amended to comply by December 15, 2010 or earlier if such documents are revised before that date.

Effective October 29, 2008, KKR Guernsey became regulated under the New Rules and is deemed to be an authorized closed-ended investment scheme under the New Rules. KKR Guernsey had an

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. BUSINESS (Continued)

option to elect to be treated as a less regulated registered collective investment scheme by writing to the GFSC on or before April 30, 2009. KKR Guernsey did not make such election.

The KPE Investment Partnership is a Guernsey limited partnership comprised of (i) KKR PEI Associates, L.P. (the "Associate Investor"), which holds 100% of the general partner interests in the KPE Investment Partnership, which represented a 0.2% interest as of December 31, 2008, December 31, 2007 and December 31, 2006 and (ii) before the Combination Transaction, KKR Guernsey, which held 100% of the limited partner interests in the KPE Investment Partnership, which represented a 99.8% interest as of December 31, 2008, December 31, 2007 and December 31, 2006. As the KPE Investment Partnership's sole general partner, the Associate Investor is responsible for managing the business and affairs of the KPE Investment Partnership. Because the Associate Investor is itself a Guernsey limited partnership, its general partner, KKR PEI GP Limited (the "Managing Investor"), a Guernsey limited company that, prior to the Combination Transaction, was owned by individuals who are affiliated with KKR, is effectively responsible for managing the KPE Investment Partnership's business and affairs.

The KPE Investment Partnership's limited partnership agreement provides that its investments must comply with the investment policies and procedures that were established from time to time by the Managing Partner's board of directors on behalf of KKR Guernsey. Prior to the Combination Transaction, KKR Guernsey's investment policies and procedures provided, among other things, that the KPE Investment Partnership would invest at least 75% of its adjusted assets in private equity and temporary investments and no more than 25% of its adjusted assets in opportunistic investments. "Adjusted assets" were defined as the KPE Investment Partnership's consolidated assets less the amount of indebtedness that was recorded as a liability on its consolidated statements of assets and liabilities. As of December 31, 2008, the KPE Investment Partnership had invested 96.0% of its adjusted assets in private equity and temporary investments and 4.0% of its adjusted assets in opportunistic investments. These policies were revised in connection with the Combination Transaction to permit the investment of any assets in opportunistic investments, subject to certain tax considerations.

Combination Transaction

On October 1, 2009, KPE and KKR completed the previously announced Combination Transaction. KPE changed its name to KKR & Co. (Guernsey) L.P., and, effective October 2, 2009, the ticker symbol for KKR Guernsey's units on Euronext Amsterdam changed from "KPE" to "KKR."

Under the terms of the Combination Transaction, KKR acquired all of the assets and all of the liabilities of KKR Guernsey and combined them with its asset management business (the "Combined Business"). In exchange, KKR Guernsey received interests representing 30% of the outstanding equity in the Combined Business. KKR Guernsey's 30% interest in the Combined Business is held through KKR Group Holdings L.P. ("Group Holdings"), a Cayman limited partnership. The remaining 70% interest in the Combined Business is beneficially owned through KKR Holdings L.P. by KKR's principals. In connection with the Combination Transaction, KKR Management Holdings L.P., a Delaware limited partnership, and KKR Fund Holdings L.P., a Cayman limited partnership (collectively the "KKR Group Partnerships"), which together own the Combined Business, acquired all outstanding non-controlling interests in the KPE Investment Partnership. The KPE Investment Partnership became

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. BUSINESS (Continued)

a wholly owned subsidiary of the KKR Group Partnerships upon completion of the Combination Transaction.

KKR expects to allocate approximately 40% of the carry it receives from its funds and co-investment vehicles to its carry pool, although this percentage may fluctuate over time. Allocations to the carry pool may not exceed 40% without the approval of a majority of the independent directors of the Managing Partner.

KKR Guernsey unitholders' holdings of KKR Guernsey units did not change as a result of the Combination Transaction. The Combination Transaction did not involve the payment of any cash consideration or involve an offering of any newly issued securities to the public, and KKR executives did not sell any interests in KKR or the Combined Business. KKR Guernsey's units remain subject to the same restrictions on ownership and transfer that KKR Guernsey's units were subject to prior to the completion of this Combination Transaction.

While KKR Guernsey has retained its listing on Euronext Amsterdam following completion of the Combination Transaction, KKR has the ability to seek a U.S. listing of the Combined Business in the future on either the New York Stock Exchange or NASDAQ. If KKR does not seek a U.S. listing of the Combined Business during the 12-month period following August 4, 2009, the date on which the conditions precedent to the Combination Transaction were satisfied, KKR Guernsey has the right to cause the Combined Business to seek a U.S. listing after that time.

Among other actions taken by KKR Guernsey and KKR in connection with the Combination Transaction, KKR Guernsey entered into an investment agreement, an exchange agreement and tax receivables agreement, which provide for certain rights of KKR Guernsey to cause KKR to use its reasonable best efforts to become listed on a U.S. stock exchange, certain obligations of KKR Guernsey to issue common units in exchange for certain equity interests in KKR, certain payments by KKR Guernsey's intermediate holding company based on certain tax benefits, if any, arising from such exchanges, and other matters. In addition, KKR established a KKR Management Holdings L.P. 2009 Equity Incentive Plan, pursuant to which KKR is authorized to issue awards up to 15% of certain KKR equity interests on a fully converted and diluted basis, subject to adjustment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of KKR Guernsey were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in U.S. dollars. On October 16, 2007, KKR Guernsey received a letter from the Netherlands Authority for the Financial Markets ("AFM") in which the AFM granted KKR Guernsey special dispensation from the requirement to prepare financial statements in accordance with Dutch GAAP and International Financial Reporting Standards so long as KKR Guernsey's financial statements are prepared in accordance with U.S. GAAP. Prior to the receipt of this letter, KKR Guernsey's financial statements were prepared in accordance with U.S. GAAP pursuant to a temporary approval from the AFM. KKR Guernsey utilizes the U.S. dollar as its functional currency. Effective January 1, 2009, Dutch law allows certain issuers with a statutory seat outside the European Economic Area, such as KKR Guernsey, to prepare their financial statements in accordance with U.S. GAAP.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior to the Combination Transaction, because KKR Guernsey did not hold a controlling interest in the KPE Investment Partnership and because of the exclusion for investment companies included in Financial Accounting Standards Board ("FASB") Interpretation No. 46, *Consolidation of Variable Interest Entities* , as amended by Interpretation No. ("FIN") 46(R), KKR Guernsey did not consolidate the results of operations, assets or liabilities of the KPE Investment Partnership in its financial statements. However, KKR Guernsey did reflect its proportionate share of the KPE Investment Partnership's net investment income or loss and net gain or loss on investments and foreign currency transactions in its statement of operations. The consolidated financial statements of the KPE Investment Partnership, including the schedule of its investments, should be read in conjunction with KKR Guernsey's financial statements.

The preparation of financial statements in conformity with U.S. GAAP requires the making of estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results may vary from estimates in amounts that may be material to the financial statements. The valuation of KKR Guernsey's limited partner interests in the KPE Investment Partnership and the underlying valuation of certain of the KPE Investment Partnership's investments involve estimates and are subject to the judgment of the Managing Partner and the Managing Investor, respectively. The financial statements reflect all adjustments which are, in the opinion of the Managing Partner, necessary to fairly state the results for the periods presented.

The Managing Partner has reviewed KKR Guernsey's current financial condition and its future obligations and expects KKR Guernsey to continue as a going concern for at least the next year. In connection with the Combination Transaction, KKR acquired all of the assets and all of the liabilities of KKR Guernsey. KKR Guernsey utilizes a reporting schedule comprised of four three-month quarters with an annual accounting period that ends on December 31. The quarterly periods end on March 31, June 30, September 30 and December 31. The financial results presented herein include activity for the years ended December 31, 2008 and December 31, 2007 and for the period from the date of formation on April 18, 2006 to December 31, 2006, referred to as "the partial year ended December 31, 2006". The operations of KKR Guernsey effectively commenced on May 10, 2006, upon receipt of the net proceeds from the May 3, 2006 initial offering. Therefore, the activity presented for the partial year ended December 31, 2006 is not comparable to that for the years ended December 31, 2008 and December 31, 2007.

As of December 31, 2008, December 31, 2007 and December 31, 2006, KKR Guernsey operated through one reportable business segment for management reporting purposes.

Valuation of Limited Partner Interests

KKR Guernsey recorded its investment in the KPE Investment Partnership at fair value. Because valuing investments requires the application of valuation principles to the specific facts and circumstances of the investments, in satisfying their responsibilities, the Managing Partner utilizes the services of KKR to determine the fair values of certain investments and the services of an independent valuation firm, which performs certain agreed upon procedures with respect to valuations that are prepared by KKR, to confirm that such valuations are not unreasonable. Valuation of investments held by the KPE Investment Partnership is further discussed in the notes to the KPE Investment Partnership's consolidated financial statements.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

KKR Guernsey uses a hierarchal disclosure framework to report the fair value of its investments, which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I —An unadjusted quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level II —Inputs other than unadjusted quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III —Inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

KKR Guernsey's investments in limited partner interests in the KPE Investment Partnership were considered Level III investments, as the investments did not have a readily available market. As such, the investments in limited partner interests were valued by the Managing Partner and recorded at the determined fair value. Such limited partner interests are generally valued at an amount that is equal to the aggregate value of the assets, which are net of any related liabilities, of the KPE Investment Partnership that KKR Guernsey would receive if such assets were sold in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale and the distribution of the net proceeds from such sales were distributed to KKR Guernsey in accordance with the KPE Investment Partnership's limited partnership agreement. This amount is generally expected to be equal to the KPE Investment Partnership's consolidated net asset value as of the valuation date, as adjusted to reflect the allocation of consolidated net assets to the Associate Investor. The KPE Investment Partnership's net asset value is expected to increase or decrease from time to time based on the amount of investment income, operating expenses and realized gains and losses on the sale of investments and related foreign currency transactions, if any, that it records and the net changes in the unrealized appreciation and/or depreciation and related foreign currency transactions of its investments.

Because of the inherent uncertainty of the valuation process, the fair value may differ materially from the actual value that would be realized if such investments were sold in an orderly disposition and the resulting net proceeds that would be distributed in accordance with the KPE Investment Partnership's limited partnership agreement.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in banks and liquid investments with maturities, at the date of acquisition, not exceeding 90 days.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

As of December 31, 2008, December 31, 2007 and December 31, 2006, the majority of KKR Guernsey's cash and cash equivalents was held by one financial institution.

Other Assets

As of December 31, 2008, December 31, 2007 and December 31, 2006, other assets were comprised primarily of insurance payments and payments for other professional services, which are amortized on a straight-line basis over the related period.

Investment Income

Income is recognized when earned. KKR Guernsey recorded its proportionate share of the KPE Investment Partnership's investment income. In addition, KKR Guernsey records its own investment income, which was comprised of interest income related to cash management activities during the years ended December 31, 2008 and December 31, 2007 and the partial year ended December 31, 2006.

General and Administrative Expenses

Expenses are recognized when incurred. KKR Guernsey recorded its proportionate share of the KPE Investment Partnership's expenses. In addition, KKR Guernsey records its own general and administrative expenses, which were comprised primarily of administrative costs (some of which may be expenses of KKR that are attributable to KKR Guernsey's operations and reimbursable under the services agreement), professional fees, , the directors' fees and expenses that the Managing Partner pays to its independent directors, costs incurred in connection with the Combination Transaction and KKR Guernsey's allocated share of the total management fees that are payable under the services agreement, if any.

During the years ended December 31, 2008 and December 31, 2007 and the partial year ended December 31, 2006, fees for audit services of $0.3 million, $0.3 million and $0.3 million, respectively, were included in general and administrative expenses.

Neither KKR Guernsey nor its Managing Partner employs any of the individuals who carry out the day-to-day management and operations of KKR Guernsey. The investment professionals and other personnel that carry out investment and other activities are members of KKR's general partner or employees of KKR and its subsidiaries. Their services are provided to KKR Guernsey for its benefit under the services agreement with KKR. None of these individuals, including the Managing Partner's chief financial officer, are required to be dedicated full-time to KKR Guernsey.

Share-Based Compensation Expense

KKR Guernsey accounted for its share-based payment transactions using a fair-value-based measurement method. See Note 8, "Stock Appreciation Rights."

Taxes

KKR Guernsey is not a taxable entity in Guernsey, has made a protective election to be treated as a partnership for U.S. federal income tax purposes and, has incurred no U.S. federal income tax

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

liability. Certain subsidiaries of the KPE Investment Partnership also made elections to be treated as disregarded entities for U.S. federal income tax purposes. Each unitholder takes into account its allocable share of items of income, gain, loss, deduction and credit of the partnership in computing its U.S. federal income tax liability. Items of income, gain, loss, deduction and credit of certain subsidiaries of the KPE Investment Partnership are treated as items of the KPE Investment Partnership for U.S. federal income tax purposes. KKR Guernsey filed U.S. federal and state tax returns for the 2006, 2007 and 2008 tax years, which are subject to the possibility of an audit until the expiration of the applicable statute of limitations.

Distribution Policy

The Managing Partner has adopted a distribution policy for KKR Guernsey whereby KKR Guernsey may make distributions, which will be payable to all Unitholders, in an amount in U.S. dollars that is generally expected to be sufficient to permit U.S. unitholders to fund their estimated U.S. tax obligations (including any federal, state and local income taxes) with respect to their distributive shares of taxable net income or gain, after taking into account any withholding tax imposed on KKR Guernsey. For any particular unitholder, such distributions may not be sufficient to pay the unitholder's actual U.S. or non-U.S. tax liability. Under KKR Guernsey's limited partnership agreement, distributions to Unitholders will be made only as determined by the Managing Partner in its sole discretion.

Guarantees

At the inception of the issuance of guarantees, if any, KKR Guernsey will record the fair value of the guarantee as a liability, with the offsetting entry being recorded based on the circumstances in which the guarantee was issued. KKR Guernsey did not have any such guarantees in place as of December 31, 2008, December 31, 2007 or December 31, 2006.

Subsequent Events

KKR Guernsey evaluated subsequent events from January 1, 2009 through March 10, 2010, the date the financial statements were issued.

Recently Issued Accounting Pronouncements

Accounting for Uncertainty in Income Taxes

In July 2006, the FASB issued FIN No. 48, *Accounting for Uncertainty in Income Taxes* , which was effective for fiscal years beginning after December 15, 2006. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes* . FIN No. 48 prescribes a comprehensive model for how an entity should recognize, measure, present and disclose in its financial statements uncertain tax positions that the entity has taken or expects to take on a tax return. KKR Guernsey adopted FIN No. 48 during the year ended December 31, 2007 and the adoption did not have a material impact on KKR Guernsey's financial statements.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measuring Fair Value

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* . SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 applies to reporting periods beginning after November 15, 2007. KKR Guernsey adopted SFAS No. 157 during the first quarter of 2008. SFAS No. 157 did not have a material impact on the financial statements of KKR Guernsey.

In October 2008, the FASB issued FASB Staff Position No. 157-3 (FSP No. 157-3), *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active* . FSP No. 157-3 clarifies the application of SFAS No. 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for the financial asset is not active. FSP No. 157-3 was effective upon issuance and did not have a material impact on KKR Guernsey's financial statements.

Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115.* SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value, with changes in fair value recognized in earnings. KKR Guernsey adopted SFAS No. 159 during the first quarter of 2008. SFAS No. 159 did not have a material impact on the financial statements of KKR Guernsey.

Clarification of the Scope of the Audit and Accounting Guide Investment Companies

In June 2007, the AICPA issued Statement of Position No. 07-01, *Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies* ("SOP 07-01"). SOP 07-01 addresses whether the accounting principles of the Audit and Accounting Guide for Investment Companies may be applied to an entity by clarifying the definition of an investment company and whether those accounting principles may be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting. On October 17, 2007, the FASB board deferred the effective date for applying SOP 07-01 indefinitely. KKR Guernsey accounts for its investments at fair value and is exempt from consolidation requirements under current accounting rules. As such, KKR Guernsey does not consolidate the results of operations, assets or liabilities of the KPE Investment Partnership in its financial statements.

Derivative Instruments and Hedging Activities

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133* ("SFAS No. 161"). SFAS No. 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. KKR Guernsey is currently evaluating the impact of adopting SFAS No. 161 on its financial statements.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Hierarchy of Generally Accepted Accounting Principles

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles.* SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. SFAS No. 162 is effective 60 days following the U.S. Securities and Exchange Commission's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Presented Fairly in Conformity with Generally Accepted Accounting Principles* . KKR Guernsey is currently evaluating the impact of adopting SFAS No. 162 on its financial statements.

3. INVESTMENTS IN LIMITED PARTNER INTERESTS OF THE KPE INVESTMENT PARTNERSHIP

Although investments made with KKR Guernsey's capital by the KPE Investment Partnership do not appear as direct investments in KKR Guernsey's financial statements, KKR Guernsey is directly affected by the overall performance of these investments.

KKR Guernsey's investment in the KPE Investment Partnership consists of limited partner interests that are not registered under the U.S. Securities of Act of 1933, as amended (the "Act"). KKR Guernsey does not have the right to demand the registration of these limited partner interests under the Act. See Note 2, "Summary of Significant Accounting Policies—Valuation of Limited Partner Interests" for a description of the valuation of these limited partner interests.

4. FAIR VALUE MEASUREMENTS

As of December 31, 2008 and December 31, 2007, the fair value of KKR Guernsey's cash and cash equivalents was $2.1 million and $0.5 million, respectively, and was classified as Level I.

As of December 31, 2008 and December 31, 2007, KKR Guernsey's investments in limited partner interests in the KPE Investment Partnership were valued at $2,623.0 million and $4,984.5 million, respectively, which represented 99.9% and 100.0%, respectively, of KKR Guernsey's investments. The fair value of such investments was estimated by the Managing Partner in the absence of readily determinable fair values and was classified as Level III.

The changes in limited partner interests measured at fair value for which KKR Guernsey used Level III inputs to determine fair value were as follows, with amounts in thousands:

Fair value of limited partner interests as of December 31, 2007	$ 4,984,533
Distributions from the KPE Investment Partnership	(14,969)
Allocations from the KPE Investment Partnership:	
Net investment loss	(64,657)
Net realized loss	(104,356)
Net change in unrealized depreciation	(2,177,581)
Fair value of limited partner interests as of December 31, 2008	$ 2,622,970

KKR Guernsey did not hold any Level II category investments.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. LIABILITIES

As of December 31, 2008, December 31, 2007 and December 31, 2006, accrued liabilities of $4.9 million, $1.8 million and $1.2 million, respectively, were comprised of accrued professional fees, payments owed to vendors for services provided to KKR Guernsey in the normal course of business and fees and expenses of the Managing Partner's board of directors.

As of December 31, 2008, December 31, 2007 and December 31, 2006, the amount due to affiliate of $1.6 million, $0.9 million and $0.4 million, respectively represented reimbursable direct expenses incurred by KKR.

6. COMMON UNITS

On May 3, 2006, in connection with the initial offering of the common units, KKR Guernsey issued and sold (i) 200,000,000 common units to investors in a global offering, (ii) 2,600,000 common units to an affiliate of KKR and (iii) 1 common unit to the Managing Partner. The issue price for the common units was $25.00 per common unit, resulting in gross proceeds, before managers, commissions, placement fees, and other expenses, of $5,065.0 million.

In addition, 30,000,000 common units were issued to the Managing Partner pursuant to an over-allotment option. On June 6, 2006, the managers of the initial offering purchased 1,950,000 common units pursuant to the over-allotment option, resulting in additional gross proceeds of $48.8 million, and the unsold common units were returned and cancelled.

Upon completion of the initial offering and related transactions, KKR Guernsey had 204,550,001 common units outstanding. The transactions related to the initial offering and related transactions resulted in aggregate net proceeds to KKR Guernsey of $4,830.1 million. On March 31, 2008, KKR Guernsey issued 352,225 common units to an affiliate of KKR in accordance with the investment agreement at a price of $12.51 per unit, resulting in total proceeds of $4.4 million. As of December 31, 2008, KKR Guernsey had 204,902,226 common units outstanding.

KKR Guernsey established a restricted deposit facility for a portion of its common units pursuant to which common units are deposited with a depositary bank in exchange for restricted depositary units ("RDUs") that are evidenced by restricted depositary receipts, subject to compliance with applicable ownership and transfer restrictions. The RDUs have not been listed on any securities exchange.

Effective October 2, 2009, the ticker symbol for KKR Guernsey's common units was changed to "KKR".

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. DISTRIBUTABLE EARNINGS (LOSS)

Distributable earnings (loss) were comprised of the following, with amounts in thousands:

Distributable earnings (loss) as of April 18, 2006	$ —
Net increase in net assets resulting from operations during the partial year ended December 31, 2006	244,353
Distribution to unitholders	(38,864)
Distributable earnings as of December 31, 2006	205,489
Net decrease in net assets resulting from operations during the year ended December 31, 2007	(4,134)
Distribution to unitholders	(49,092)
Distributable earnings as of December 31, 2007	152,263
Net decrease in net assets resulting from operations during the year ended December 31, 2008	(2,368,111)
Distributable loss as of December 31, 2008	$ (2,215,848)

As of December 31, 2008, December 31, 2007 and December 31, 2006, the accumulated undistributed net investment income was $59.3 million, $145.5 million and $126.5 million, respectively. The accumulated undistributed net realized gain on investments and foreign currency transactions was $43.3 million, $147.7 million and $34.5 million as of December 31, 2008, December 31, 2007 and December 31, 2006, respectively. The accumulated undistributed net unrealized depreciation on investments and foreign currency transactions was $2,230.6 million and $53.0 million as of December 31, 2008, December, 31, 2007, respectively. As of December 31, 2006 the accumulated undistributed net unrealized appreciation on investments and foreign currency transactions was $83.3 million.

8. STOCK APPRECIATION RIGHTS

In March 2007, the board of directors of the Managing Partner approved the KKR Private Equity Investors, L.P. 2007 Equity Incentive Plan (the "Plan"). The Plan provides for the grant of options, share appreciation rights ("SARs"), restricted units and other unit-based awards to eligible directors, officers, employees (if any) and key service providers. The plan allows for the issuance of awards with respect to an aggregate of 1,000,000 common units. Compensation expense is measured based on the grant date fair value of the SARs and recognized over the vesting period of the SARs on a straight-line basis.

As of December 31, 2008, 190,581 SARs were granted to key service providers at a base value not less than the closing price of common units on the date of grant. The weighted average grant date exercise price and fair value of SARs granted was $5.85 and $2.20, respectively. The SARs were scheduled to vest over a four year period and to have a term not longer than ten years from the date of grant. As of December 31, 2008, a total of 14,739 SARs were vested.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. STOCK APPRECIATION RIGHTS (Continued)

The fair values of the SARs were calculated at the date of grant using the Black-Scholes option-pricing model. The following weighted average assumptions were used in the Black-Scholes option-pricing model to value the SARs granted as of December 31, 2008:

Expected life	10 years
Volatility factor	46.7%
Risk-free interest rate	2.8%
Dividend yield	0.0%

The expected life of the SARs granted was estimated based on the expiration date per the Plan.

During the years ended December 31, 2008 and December 31, 2007, the SARs resulted in share-based compensation expense of less than $0.1 million during each respective period. There were no grants, and therefore, no share-based compensation expense during the partial year ended December 31, 2006. As of December 31, 2008, there was approximately $0.2 million of total unrecognized compensation cost related to unvested share-based compensation awards granted under the Plan, which did not include the effect of future grants of equity compensation, if any.

9. RELATIONSHIP WITH KKR AND RELATED-PARTY TRANSACTIONS

In connection with the formation of KKR Guernsey and the initial offering of its common units, affiliates of KKR contributed $75.0 million in cash to KKR Guernsey and the KPE Investment Partnership, of which $65.0 million was contributed to KKR Guernsey in exchange for common units at the initial offering price of $25.00 and $10.0 million was contributed to the KPE Investment Partnership in respect of general partner interests in the KPE Investment Partnership. On March 31, 2008, affiliates of KKR contributed $4.4 million to KKR Guernsey in exchange for 352,225 additional common units at a price per unit of $12.51 in fulfillment of KKR's obligation to reinvest a portion of the carried interests and incentive distribution rights received by KKR in respect of investments made by the KPE Investment Partnership.

Subject to the supervision of the board of directors of the Managing Partner and the board of directors of the Managing Investor, KKR assists KKR Guernsey and the KPE Investment Partnership in selecting, evaluating, structuring, diligencing, negotiating, executing, monitoring and exiting investments and managing uninvested capital and also provides financial, legal, tax, accounting and other administrative services. These investment activities are carried out by KKR's investment professionals and KKR's investment committee pursuant to the services agreement or under investment management agreements between KKR and its investment funds.

Services Agreement

KKR Guernsey, the Managing Partner, the KPE Investment Partnership, the Associate Investor and the Managing Investor have entered into a services agreement with KKR pursuant to which KKR has agreed to provide certain investment, financial advisory, operational and other services to them. Under the services agreement, KKR is responsible for the day-to-day operations of the service recipients and is subject at all times to the supervision of their respective governing bodies, including the board of directors of the Managing Partner and the board of directors of the Managing Investor.

The services agreement contains certain provisions requiring KKR Guernsey and the other service recipients to indemnify KKR and its affiliates with respect to all losses or damages arising from acts not constituting bad faith, willful misconduct or gross negligence. The Managing Partner has evaluated

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. RELATIONSHIP WITH KKR AND RELATED-PARTY TRANSACTIONS (Continued)

the impact of these guarantees on the financial statements and determined that they are not material as of December 31, 2008.

Management Fees

Under the services agreement, KKR Guernsey and the other service recipients jointly and severally agreed to pay KKR a management fee, quarterly in arrears, in an aggregate amount equal to (prior to the Combination Transaction) one-fourth of the sum of:

(i) KKR Guernsey's equity [1] up to and including $3.0 billion multiplied by 1.25%, plus

(ii) KKR Guernsey's equity [1] in excess of $3.0 billion multiplied by 1%

[1] Generally, subsequent to May 10, 2007, equity for purposes of the management fee is approximately equal to KKR Guernsey's net asset value, which would be adjusted for any items discussed below, if necessary.

KKR and its affiliates are paid only one management fee, regardless of whether it is payable pursuant to the services agreement or the terms of the KKR investment funds in which the KPE Investment Partnership is invested.

For the purposes of calculating the management fee under the services agreement, "equity" was defined, prior to the Combination Transaction, as the sum of the net proceeds in cash or otherwise from each issuance of KKR Guernsey's limited partner interests, after deducting any managers' commissions, placement fees and other expenses relating to the initial offering and related transactions, plus or minus KKR Guernsey's cumulative distributable earnings or loss at the end of such quarterly period (taking into account actual distributions but without taking into account the management fee relating to such quarterly period and any non-cash equity compensation expense incurred in current or prior periods), as reduced by any amount that KKR Guernsey paid for repurchases of KKR Guernsey's limited partner interests.

The foregoing calculation of "equity" was adjusted to exclude (i) one-time events pursuant to changes in U.S. GAAP as well as (ii) any non-cash items jointly agreed to by the Managing Partner (with the approval of a majority of its independent directors) and KKR. During the one-year period following the commencement of KKR Guernsey's operations, through May 10, 2007, for the purpose of the management fee calculation, equity did not include any portion of the proceeds from the initial offering and related transactions while such proceeds were invested in temporary investments or any distributable earnings that were generated by such temporary investments.

The management fee payable under the services agreement will be reduced in current or future periods by an amount equal to the sum of (i) any cash that KKR Guernsey and the other service recipients, as limited partners of KKR's investment funds, paid to KKR or its affiliates during such period in respect of management fees of such funds (or capital that KKR Guernsey contributes to KKR's investment funds for such purposes), regardless of whether such management fees were received by KKR in the form of a management fee or otherwise, (ii) management fees, if any, that KKR Guernsey may have paid third parties in connection with the service recipients' investments and (iii) until the profits on the KPE Investment Partnership's consolidated investments that are subject to a carried interest or incentive distribution right equal the managers' commissions, placement fees and other expenses incurred in connection with KKR Guernsey's initial offering and related transactions, carried interests and incentive distributions made pursuant to the terms of the investment funds in which the KPE Investment Partnership is invested, subject to certain limitations.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. RELATIONSHIP WITH KKR AND RELATED-PARTY TRANSACTIONS (Continued)

The KPE Investment Partnership earned income from KKR's private equity funds during the year ended December 31, 2008, which, pursuant to the terms of those funds, was received net of carried interests of $3.4 million. The amount of carried interests paid to KKR's affiliates during the 2008 taxable year was used to offset the management fee at year end.

During the year ended December 31, 2007, the KPE Investment Partnership earned income from KKR's private equity funds, which pursuant to the terms of those funds, was received net of carried interests of $23.5 million. Because the 2007 carried interest amount exceeded the maximum amount the management fee was able to be reduced by, the amount of carried interests used to reduce the management fee payable under the management agreement was limited to $6.4 million. Correspondingly, the profits related to the $17.1 million remainder of 2007 carried interests were not used to determine whether the managers' commissions, placement fees and other expenses incurred in connection with KKR Guernsey's initial offering and related transactions were recouped.

To the extent that the amount of management fee reductions in respect of a particular quarterly period exceed the amount of the fee that would have otherwise been payable, KKR will be required to credit the difference against any future management fees that may become payable under the services agreement. Under no circumstances, however, will credited amounts be reimbursed by KKR or reduce the management fee payable in respect of any quarterly period below zero.

The management fee payable under the services agreement is not subject to reduction based on any other fees that KKR or its affiliates receive in connection with KKR Guernsey's investments, including any transaction or monitoring fees that were paid by a third party. In addition, the management fee may not be reduced if the Managing Partner determines, in good faith, that a reduction in the management fee would jeopardize the classification of KKR Guernsey as a partnership for U.S. federal income tax purposes and is only allowable until expenses incurred in connection with KKR Guernsey's initial offering and related transactions are recouped through profits.

During the years ended December 31, 2008 and December 31, 2007 and the partial year ended December 31, 2006, KKR Guernsey did not make any payments or accrue any liabilities related to the management fee; however, the KPE Investment Partnership recorded management fee expense of $43.1 million, $46.6 million and $9.9 million during the years ended December 31, 2008 and December 31, 2007 and the partial year ended December 31, 2006, respectively.

Recoupment through Profits of Expenses Incurred in Connection with KKR Guernsey's Initial Offering and Related Transactions

Each investment that is made by the KPE Investment Partnership is subject to either a carried interest or incentive distribution right, which generally entitles the Associate Investor or an affiliate of KKR to receive a portion of the profits generated by the investment. However, until the profits on the KPE Investment Partnership's consolidated investments that are subject to a carried interest or incentive distribution right equal the managers' commissions, placement fees and other expenses incurred in connection with the initial offering and related transactions, (i) the Associate Investor will forego its carried interests and incentive distribution rights on opportunistic investments, temporary investments, co-investments and negotiated equity investments and (ii) the management fee payable under the services agreement may be reduced by the amount of carried interests and incentive distributions made pursuant to the terms of the investment funds in which the KPE Investment Partnership is invested.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. RELATIONSHIP WITH KKR AND RELATED-PARTY TRANSACTIONS (Continued)

As of December 31, 2008, managers' commissions, placement fees and other expenses incurred in connection with the initial offering and related transactions exceeded the amount of profits related to the carried interests and incentive distribution rights payable on certain of the KPE Investment Partnership's consolidated investments as follows, with amounts in thousands:

Offering costs	$ 283,640
Versus creditable amounts	141,162
Remainder	$ 142,478

Therefore, no carried interests or incentive distributions based on opportunistic investments, temporary investments, co-investments or negotiated equity investments were payable to the Associate Investor as of December 31, 2008.

Incentive fees of $1.0 million incurred by Strategic Capital Institutional Fund, Ltd. ("SCF") during each of the year ended December 31, 2007 and the partial year ended December 31, 2006, did not reduce the management fees recorded by the KPE Investment Partnership for such period, as determined by the Managing Partner to be in the best interests of KKR Guernsey's unitholders based on legal and tax advice received from its advisors in light of KKR Guernsey's classification as a partnership for U.S. federal income tax purposes. Correspondingly, the profits of SCF were not taken into account when determining whether the managers' commissions, placement fees and other expenses incurred in connection with KKR Guernsey's initial offering and related transactions were recouped.

Each investment made by the KPE Investment Partnership is subject to either a carried interest or incentive distribution right, which generally entitles the Associate Investor or an affiliate of KKR to receive a portion of the profits generated by the investment. However, until the profits on the KPE Investment Partnership's consolidated investments that were subject to a carried interest or incentive distribution right equaled the managers' commissions, placements fees and other expenses incurred in connection with the initial offering and related transactions, (i) the Associate Investor had to forego its carried interest and incentive distribution rights on opportunistic investments, temporary investments, co-investments and negotiated equity investments and (ii) the management fee payable under the services agreement was reduced by the amount of carried interests and incentive distributions made pursuant to the terms of the investment funds in which the KPE Investment Partnership was invested, limited to 5% of KKR Guernsey's gross income (other than income that qualified as capital gains) for U.S. federal income tax purposes for a taxable year minus any gross income earned by or "qualifying income" as defined in Section 7704(d) of the U.S. Internal Revenue Code. This recoupment through profits of expenses incurred in connection with KKR Guernsey's initial offering and related transaction was terminated on October 1, 2009.

As of December 31, 2008, managers' commissions, placement fees and other expenses incurred in connection with the initial offering and related transactions exceeded the amount of profits related to the carried interest and incentive distribution rights payable on certain of the KPE Investment Partnership's consolidated investments. Therefore, no carried interest or incentive distributions based on opportunistic investments, temporary investments, co-investments or negotiated equity investments were payable to the Associate Investor as of December 31, 2008.

Reimbursed Expenses

During the years ended December 31, 2008 and December 31, 2007 and the partial year ended December 31, 2006, KKR Guernsey paid KKR $4.4 million, $3.1 million and $1.0 million, respectively,

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. RELATIONSHIP WITH KKR AND RELATED-PARTY TRANSACTIONS (Continued)

for reimbursable direct expenses incurred pursuant to the services agreement. These reimbursed expenses were included in KKR Guernsey's general and administrative expenses.

Investment Agreement

In connection with the initial offering, KKR Guernsey entered into an investment agreement pursuant to which KKR agreed to cause its affiliates to reinvest in KKR Guernsey common units, on a periodic basis, an amount equal to 25% of the aggregate pre-tax cash distributions, if any and subject to certain exceptions, that are made in respect of the carried interests and incentive distribution rights. Reinvestment can be achieved by either a contribution to KKR Guernsey in exchange for newly issued common units or by acquiring common units in the open market or in negotiated transactions. The amount that KKR's affiliates will be required to reinvest in KKR Guernsey will equal the sum of:

- Except as described below, 25% of each carried interest cash distribution that is made by a KKR investment fund to KKR or its affiliate attributable to the capital contributed to the fund by the KPE Investment Partnership (or any person from whom the KPE Investment Partnership acquired its limited partner interest) in connection with an investment;
- 25% of each carried interest cash distribution that is made to the Associate Investor in respect of co-investments and negotiated equity investments that are made by the KPE Investment Partnership; and
- 25% of each incentive cash distribution that is made to the Associate Investor in respect of opportunistic and temporary investments that are made by the KPE Investment Partnership.

In the case of a carried interest cash distribution that is made to KKR or its affiliate in connection with an investment where the KPE Investment Partnership has acquired a limited partner interest from another person, KKR's investment obligation applies only to such portion of the cash distribution that relates to the appreciation in the value of the investment occurring after the date on which the limited partner interest was acquired by the KPE Investment Partnership.

Under the investment agreement in effect prior to the Combination Transaction, affiliates of KKR were generally required to make such contribution or an election to acquire common units in the open market or in negotiated transactions on or before the last business day of the month immediately following the end of the relevant period in respect of which the distributions were made, except that while the managers' commissions, placement fees and other expenses incurred in connection with KKR Guernsey's initial offering and related transactions are recouped, the contribution will be made on March 31 st following the relevant period or the election will be made on or before March 31 st following the relevant period. The purchase price, if newly issued, for the common units that will be issued pursuant to the investment agreement is equal to (i) the average of the high and low sales prices of KKR Guernsey's common units as quoted by the primary securities exchange on which the common units are listed or trade during the ten business days immediately preceding the issuance of the common units or (ii) if during such ten-day period KKR Guernsey's common units are not listed or admitted to trading on any securities exchange or there have not been any sales of the common units on the primary securities exchange on which the common units are then listed or admitted to trading, the fair value of the common units will be determined jointly by KKR and the board of directors of the Managing Partner with the special approval of a majority of the Managing Partner's independent directors.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. RELATIONSHIP WITH KKR AND RELATED-PARTY TRANSACTIONS (Continued)

Under the investment agreement in effect prior to the Combination Transaction, KKR agreed to cause each affiliate of KKR that acquires common units or RDUs pursuant to the investment agreement to enter into a three-year lock-up agreement with respect to the units acquired. The lock-up restrictions may be amended or waived by the Managing Partner.

The investment and lock-up agreements will terminate automatically, without notice and without liability to KKR Guernsey, the Managing Partner or KKR, upon the termination of the services agreement. Prior to the termination of the services agreement, the investment and lock-up agreements will be able to be terminated only by an agreement in writing signed by the Managing Partner and KKR.

License Agreement

KKR Guernsey, the Managing Partner, the KPE Investment Partnership, the Associate Investor and the Managing Investor, as licensees, entered into a license agreement with KKR pursuant to which KKR granted each party a non-exclusive, royalty-free license to use the name "KKR." Under this agreement, each licensee has the right to use the "KKR" name. Other than with respect to this limited license, none of the licensees has a legal right to the "KKR" name.

Other

One or more investment funds managed by KKR have an opportunity to invest from time to time in KKR Guernsey's common units including certain funds that may raise capital over time. As part of their strategy, these funds may invest in KKR Guernsey in accordance with certain investment parameters and also may invest additional capital in other KKR funds and KKR investments as part of their investment objectives. Purchases and sales of KKR Guernsey's common units are expected to be made through open market transactions over Euronext Amsterdam or in privately negotiated transactions, based on market conditions, the investment strategies of such funds, capital available to such funds and other factors considered relevant. KKR's traditional private equity funds are not among the funds that may invest in KKR Guernsey's common units. These investments would not be made by KKR Guernsey or, prior to the Combination Transaction, any entities in which it invests, and they would not reduce the number of common units that KKR Guernsey has outstanding. As of December 31, 2008, these funds owned 4,667,166 of KKR Guernsey's common units or 2.3% of common units outstanding.

As of December 31, 2008, the directors of the Managing Partner had no personal interest in the limited partner interests of the KPE Investment Partnership.

During the year ended December 31, 2008, KKR Guernsey did not have any meaningful investment transactions, not including cash management activities, and thus none of KKR Guernsey's investment transaction volume may be deemed to have been with an affiliate. Accordingly, there were no associated transaction costs.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. FINANCIAL HIGHLIGHTS

Financial highlights for KKR Guernsey were as follows, with amounts in thousands, except per unit and percentage amounts:

	For the Year Ended		From April 18, 2006 (Date of Formation) to December 31, 2006
	December 31, 2008	December 31, 2007	
Per unit operating performance:			
Net asset value at the beginning of the period	$ 24.36	$ 24.62	$ —
Adjustment to beginning net asset value for units issued during the period	(0.05)	—	—
	24.31	24.62	—
Income from investment operations:			
Net investment income (loss)	(0.42)	0.09	0.62
Net loss on investments and foreign currency transactions	(11.13)	(0.11)	0.58
Total from investment operations	(11.55)	(0.02)	1.20
Capital contributions	0.02	—	25.00
Distribution to unitholders	—	(0.24)	(0.19)
Offering costs	—	—	(1.39)
Net asset value at the end of the period	$ 12.78	$ 24.36	$ 24.62
Total return (annualized)	(47.5)%	(0.1)%	7.8%
Percentages and supplemental data:			
Net assets at the end of the period	$ 2,618,669	$ 4,982,373	$ 5,035,599
Ratios to average net assets:			
Total expenses (annualized)	3.5%	2.1%	0.5%
Net investment income (loss) (annualized)	(2.3)	0.4	4.1

The total return and ratios were calculated based on weighted average net assets. KKR Guernsey's turnover ratio for all periods presented was zero.

11. CONTINGENCIES

As with any partnership, KKR Guernsey may become subject to claims and litigation arising in the ordinary course of business. The Managing Partner does not believe that there are any pending or threatened legal proceedings that would have a material adverse effect on the financial position, operating results or cash flows of KKR Guernsey.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. QUARTERLY OPERATING RESULTS (UNAUDITED)

A summary of quarterly operating results for KKR Guernsey for the years ended December 31, 2008 and December 31, 2007 and the partial year ended December 31, 2006 was as follows, with amount in thousands, except per unit and percentage amounts.

	For the Quarter Ended			
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008
Net investment loss	$ (21,094)	$ (18,452)	$ (27,235)	$ (19,393)
Net loss on investments and foreign currency transactions	(247,829)	(141,229)	(668,647)	(1,224,232)
Net decrease in net assets resulting from operations	(268,923)	(159,681)	(695,882)	(1,243,625)
Net assets at the end of the period	4,717,857	4,558,176	3,862,294	2,618,669
Per unit net asset value at the end of the period	23.02	22.25	18.85	12.78
Total return (annualized)	(21.4)%	(13.6)%	(60.8)%	(127.7)%

	For the Quarter Ended			
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Net investment income (loss)	$ 25,066	$ 22,544	$ (6,369)	$ (22,212)
Net gain (loss) on investments and foreign currency transactions	131,867	127,421	(14,851)	(267,600)
Net increase (decrease) in net assets resulting from operations	156,933	149,965	(21,220)	(289,812)
Net assets at the end of the period	5,192,532	5,342,497	5,272,185	4,982,373
Per unit net asset value at the end of the period	25.39	26.12	25.77	24.36
Total return (annualized)	12.6%	11.6%	(1.7)%	(21.7)%

	From April 18, 2006 (Date of Formation) to June 30, 2006	For the Quarter Ended	
		September 30, 2006	December 31, 2006
Net investment income	$ 34,284	$ 50,699	$ 41,496
Net gain (loss) on investments and foreign currency transactions	(3,288)	47,650	73,512
Net increase in net assets resulting from operations	30,996	98,349	115,008
Net assets at the end of the period	4,861,334	4,959,418	5,035,599
Per unit net asset value at the end of the period	23.77	24.25	24.62
Total return (annualized)	4.5%	8.0%	9.2%

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2008, KKR Guernsey received a $474.1 million distribution from the KPE Investment Partnership.

On October 1, 2009, in connection with the Combination Transaction, KKR Guernsey transferred all of its assets and liabilities to KKR in exchange for 100% of the limited partner interests of Group

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. SUBSEQUENT EVENTS (Continued)

Holdings, which represents a 30% economic interest in KKR's business and is now KKR Guernsey's sole asset. See Note 1, "Business—Combination Transaction."

In connection with the Combination Transaction, the services agreement was amended on October 1, 2009. The amended and restated services agreement provides for substantially the same services described above. Upon completion of the Combination Transaction, this investment agreement was terminated.

In connection with the Combination Transaction, 190,581 SARs became vested in accordance with their terms, of which 152,657 were in-the-money as of October 1, 2009. The remaining SARs were out-of-the-money as of October 1, 2009 and were cancelled or will be cancelled upon the listing, if any, of KKR on a U.S. exchange.

As a result of the Combination Transaction, KKR Guernsey intends to distribute to holders of KKR Guernsey units all or substantially all of the distributions that KKR Guernsey receives from Group Holdings. The actual amount and timing of distributions are subject to the discretion of the Managing Partner's board of directors and the amount of distributions, if any, made by KKR, and there can be no assurance that distributions will be made as intended or at all.

As announced on February 24, 2010, a distribution of $0.08 per KKR Guernsey unit, subject to applicable withholding taxes, was paid on or about March 25, 2010 to KKR Guernsey unitholders of record as of the close of business on March 11, 2010. KKR Guernsey currently has 204,902,226 common units issued and outstanding. Prior to making such a distribution, KKR Guernsey received funds from KKR in an amount sufficient to meet its distribution obligation.

On February 24, 2010, KKR elected to seek a listing on the New York Stock Exchange. The election, which was made pursuant to the terms of the investment agreement in effect between KKR and KKR Guernsey, obligates each party to use reasonable efforts to implement the listing, including the preparation and filing by KKR of a registration statement with the U.S. Securities and Exchange Commission as promptly as practicable. In connection with such listing, (i) KKR Guernsey will contribute its assets to KKR in return for KKR's NYSE-listed common units, (ii) KKR Guernsey will make an in-kind distribution of KKR's common units to KKR Guernsey's unitholders and will dissolve, and (iii) each KKR Guernsey unit will cease to be traded on Euronext Amsterdam and will be cancelled.

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KKR & CO. (GUERNSEY) L.P.

STATEMENTS OF ASSETS AND LIABILITIES (UNAUDITED)

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

	September 30, 2009	December 31, 2008
ASSETS:		
Investments in limited partner interests of KKR PEI Investments, L.P., at fair value	$ 3,029,071	$ 2,622,970
Cash and cash equivalents	470,263	2,095
Due from affiliate	164	—
Other assets	338	171
Total assets	3,499,836	2,625,236
LIABILITIES:		
Accrued liabilities	19,914	4,927
Due to affiliate	—	1,640
Total liabilities	19,914	6,567
COMMITMENTS AND CONTINGENCIES	—	—
NET ASSETS	$ 3,479,922	$ 2,618,669
NET ASSETS CONSIST OF:		
Partners' capital contributions, net (common units outstanding of 204,902,226)	$ 4,834,517	$ 4,834,517
Distributable loss	(1,354,595)	(2,215,848)
	$ 3,479,922	$ 2,618,669
Net asset value per common unit	$ 16.98	$ 12.78
Market price per common unit	$ 9.35	$ 3.50

See accompanying notes to the unaudited financial statements.

KKR & CO. (GUERNSEY) L.P.

STATEMENTS OF OPERATIONS (UNAUDITED)

(Amounts in thousands)

	Nine Months Ended	
	September 30, 2009	September 30, 2008
NET INVESTMENT INCOME (LOSS) ALLOCATED FROM THE KPE INVESTMENT PARTNERSHIP:		
Investment income	$ 37,229	$ 40,535
Expenses	56,739	91,230
	(19,510)	(50,695)
INVESTMENT INCOME—interest income	16	87
EXPENSES—General and administrative expenses	19,012	16,173
NET INVESTMENT LOSS	(38,506)	(66,781)
REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS AND FOREIGN CURRENCY ALLOCATED FROM THE KKR PEI INVESTMENTS, L.P.:		
Net realized loss	(78,401)	(58,204)
Net change in unrealized appreciation (depreciation)	978,160	(999,501)
Net gain (loss) on investments and foreign currency transactions	899,759	(1,057,705)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ 861,253	$ (1,124,486)

See accompanying notes to the unaudited financial statements.

KKR & CO. (GUERNSEY) L.P.

STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)

(Amounts in thousands, except common units)

NET ASSETS—DECEMBER 31, 2007	$ 4,982,373
NET DECREASE IN NET ASSETS FROM OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2008:	
Net investment loss	(86,174)
Net loss on investments and foreign currency transactions.	(2,281,937)
Net decrease in net assets resulting from operations	(2,368,111)
Partners' capital contributions (issued 352,225 common units)	4,407
NET ASSETS—DECEMBER 31, 2008	2,618,669
NET INCREASE IN NET ASSETS FROM OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009:	
Net investment loss	(38,506)
Net gain on investments and foreign currency transactions.	899,759
Net increase in net assets resulting from operations	861,253
NET ASSETS—SEPTEMBER 30, 2009	$ 3,479,922

See accompanying notes to the unaudited financial statements.

KKR & CO. (GUERNSEY) L.P.

STATEMENTS OF CASH FLOWS (UNAUDITED)

(Amounts in thousands)

	Nine Months Ended	
	September 30, 2009	September 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase (decrease) in net assets resulting from operations	$ 861,253	$ (1,124,486)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to cash and cash equivalents provided by (used in) operating activities:		
Net investment loss allocated from KKR PEI Investments, L.P.	19,510	50,695
Net loss (gain) on investments and foreign currency transactions allocated from KKR PEI Investments, L.P.	(899,759)	1,057,705
Share-based compensation expense.	79	37
Changes in operating assets and liabilities:		
Distribution received from KKR PEI Investments, L.P.	474,148	9,979
Increase in due from affiliate	(164)	—
Increase in other assets	(167)	(138)
Increase in accrued liabilities	14,908	5,909
Decrease in due to affiliate	(1,640)	(930)
Net cash flows provided by (used in) operating activities	468,168	(1,229)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:		
Partners' capital contributions	—	4,407
NET INCREASE IN CASH AND CASH EQUIVALENTS	468,168	3,178
CASH AND CASH EQUIVALENTS—Beginning of period	2,095	452
CASH AND CASH EQUIVALENTS—End of period	$ 470,263	$ 3,630

See accompanying notes to the unaudited financial statements.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1. BUSINESS

KKR & Co. (Guernsey) L.P. ("KKR Guernsey"), formerly KKR Private Equity Investors, L.P. ("KPE"), is a Guernsey limited partnership comprised of (i) KKR Guernsey GP Limited (the "Managing Partner"), which holds 100% of the general partner interests in KKR Guernsey, and (ii) the holders of limited partner interests in KKR Guernsey. As of September 30, 2009 and December 31, 2008, KKR Guernsey's limited partner interests consist of one common unit that is held by the Managing Partner and 204,902,225 common units that are held by other limited partners. The common units are non-voting and are listed on Euronext Amsterdam by NYSE Euronext ("Euronext Amsterdam"), the regulated market of Euronext Amsterdam N.V. As of October 1, 2009, KPE and KKR completed the previously announced transaction to combine the businesses ("Combination Transaction") of KPE and KKR & Co. L.P. (together with its applicable affiliates, "KKR").

The Combination Transaction was consummated on October 1, 2009, and therefore its effects are not included in the presentation of the financial statements as of and for the nine months ended September 30, 2009 and September 30, 2008, included herein. The financial statements and footnotes do not reflect the results of KKR and are not representative of KKR results going forward.

The Managing Partner is a Guernsey limited company, owned by individuals who are affiliated with KKR. The Managing Partner is responsible for managing the business and affairs of KKR Guernsey.

As of September 30, 2009 and before the Combination Transaction, KKR Guernsey made all of its investments through KKR PEI Investments, L.P. (the "KPE Investment Partnership"), of which it was the sole limited partner. The KPE Investment Partnership invests predominantly in private equity investments identified by KKR. Private equity investments consist of investments in limited partner interests in KKR's private equity funds, co-investments in certain portfolio companies of those funds and investments significantly negotiated by KKR in equity or equity-linked securities, which we refer to as negotiated equity investments. The KPE Investment Partnership makes other investments in opportunistic investments, which are investments identified by KKR in the course of its business other than private equity investments, including public equities and fixed income investments. The KPE Investment Partnership manages cash and liquidity through temporary investments.

KKR Guernsey was granted consent to raise funds under The Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959, as amended (the "Old Rules").

Effective October 29, 2008, all but limited sections of the Old Rules have been repealed and the Authorized Closed-Ended Investment Schemes Rules 2008 (the "New Rules") have been introduced by the Guernsey Financial Services Commission ("GFSC") with effect from December 15, 2008 under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended. KKR Guernsey operates in accordance with the provisions of the New Rules. There is no requirement for existing funds authorized by GFSC to amend their principal documents so as to comply with The New Rules immediately, but principal documents must be amended to comply by December 15, 2010 or earlier if such documents are revised before that date.

Effective October 29, 2008, KKR Guernsey became regulated under the New Rules and is deemed to be an authorized closed-ended investment scheme under the New Rules. KKR Guernsey had an option to elect to be treated as a less regulated registered collective investment scheme by writing to the GFSC on or before April 30, 2009. KKR Guernsey did not make such election.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

1. BUSINESS (Continued)

The KPE Investment Partnership is a Guernsey limited partnership comprised of (i) KKR PEI Associates, L.P. (the "Associate Investor"), which held 100% of the general partner interests in the KPE Investment Partnership, which represented a 0.2% interest as of September 30, 2009 and December 31, 2008, and (ii) as of September 30, 2009 and before the Combination Transaction, KKR Guernsey held 100% of the limited partner interests in the KPE Investment Partnership, which represented a 99.8% interest as of September 30, 2009 and December 31, 2008. As the KPE Investment Partnership's sole general partner, the Associate Investor is responsible for managing the business and affairs of the KPE Investment Partnership. Because the Associate Investor is itself a Guernsey limited partnership, its general partner, KKR PEI GP Limited (the "Managing Investor"), a Guernsey limited company that, prior to the Combination Transaction, is owned by individuals who are affiliated with KKR, was effectively responsible for managing the KPE Investment Partnership's business and affairs.

The KPE Investment Partnership's limited partnership agreement provides that its investments must comply with the investment policies and procedures that were established from time to time by the Managing Partner's board of directors on behalf of KKR Guernsey. Prior to the Combination Transaction, KKR Guernsey's investment policies and procedures provided, among other things, that the KPE Investment Partnership would invest at least 75% of its adjusted assets in private equity and temporary investments and no more than 25% of its adjusted assets in opportunistic investments. "Adjusted assets" were defined as the KPE Investment Partnership's consolidated assets less the amount of indebtedness that was recorded as a liability on its consolidated statements of assets and liabilities. As of September 30, 2009, the KPE Investment Partnership had invested 96.2% of its adjusted assets in private equity and temporary investments and 3.8% of its adjusted assets in opportunistic investments. These policies were revised in connection with the Combination Transaction to permit the investment of any assets in opportunistic investments, subject to certain tax considerations.

Combination Transaction

On October 1, 2009, KPE and KKR completed the previously announced Combination Transaction. KPE changed its name to KKR & Co. (Guernsey) L.P. and, effective October 2, 2009, the ticker symbol for KKR Guernsey's common units on Euronext Amsterdam changed from "KPE" to "KKR."

Under the terms of the Combination Transaction, KKR acquired all of the assets and all of the liabilities of KKR Guernsey and combined them with its asset management business (the "Combined Business"). In exchange, KKR Guernsey received interests representing 30% of the outstanding equity in the Combined Business. KKR Guernsey's 30% interest in the Combined Business is held through KKR Group Holdings L.P. ("Group Holdings"), a Cayman limited partnership. The remaining 70% interest in the Combined Business is beneficially owned through KKR Holdings L.P. by KKR's principals. In connection with the Combination Transaction, KKR Management Holdings L.P., a Delaware limited partnership, and KKR Fund Holdings L.P., a Cayman limited partnership (collectively the "KKR Group Partnerships"), which together own the Combined Business, acquired all outstanding non-controlling interests in the KPE Investment Partnership. The KPE Investment Partnership became a wholly owned subsidiary of the KKR Group Partnerships upon completion of the Combination Transaction.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

1. BUSINESS (Continued)

KKR expects to allocate approximately 40% of the carry it receives from its funds and co-investment vehicles to its carry pool, although this percentage may fluctuate over time. Allocations to the carry pool may not exceed 40% without the approval of a majority of the independent directors of the Managing Partner.

KKR Guernsey unitholders' holdings of KKR Guernsey units did not change as a result of the Combination Transaction. The Combination Transaction did not involve the payment of any cash consideration or involve an offering of any newly issued securities to the public, and KKR executives did not sell any interests in KKR or the Combined Business. KKR Guernsey's units remain subject to the same restrictions on ownership and transfer that KKR Guernsey's units were subject to prior to the completion of this Combination Transaction.

While KKR Guernsey has retained its listing on Euronext Amsterdam following completion of the Combination Transaction, KKR has the ability to seek a U.S. listing of the Combined Business in the future on either the New York Stock Exchange or NASDAQ. If KKR does not seek a U.S. listing of the Combined Business during the 12-month period following August 4, 2009, the date on which the conditions precedent to the Combination Transaction were satisfied, KKR Guernsey has the right to cause the Combined Business to seek a U.S. listing after that time.

Among other actions taken by KKR Guernsey and KKR in connection with the Combination Transaction, KKR Guernsey entered into an investment agreement, an exchange agreement and tax receivables agreement, which provide for certain rights of KKR Guernsey to cause KKR to use its reasonable best efforts to become listed on a U.S. stock exchange, certain obligations of KKR Guernsey to issue common units in exchange for certain equity interests in KKR, certain payments by KKR Guernsey's intermediate holding company based on certain tax benefits, if any, arising from such exchanges, and other matters. In addition, KKR established a KKR Management Holdings L.P. 2009 Equity Incentive Plan, pursuant to which KKR is authorized to issue awards up to 15% of certain KKR equity interests on a fully converted and diluted basis, subject to adjustment, although no awards have been issued as of November 19, 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of KKR Guernsey were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in U.S. dollars. On October 16, 2007, KKR Guernsey received a letter from the Netherlands Authority for the Financial Markets ("AFM") in which the AFM granted KKR Guernsey special dispensation from the requirement to prepare financial statements in accordance with Dutch GAAP and International Financial Reporting Standards so long as KKR Guernsey's financial statements are prepared in accordance with U.S. GAAP. Prior to the receipt of this letter, KKR Guernsey's financial statements were prepared in accordance with U.S. GAAP pursuant to a temporary approval from the AFM. KKR Guernsey utilizes the U.S. dollar as its functional currency. Effective January 1, 2009, Dutch law allows certain issuers with a statutory seat outside the European Economic Area, such as KKR Guernsey, to prepare their financial statements in accordance with U.S. GAAP.

As of September 30, 2009, because KKR Guernsey did not hold a controlling interest in the KPE Investment Partnership and because of the exclusion for investment companies in the consolidation of

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

variable interest entities, KKR Guernsey did not consolidate the results of operations, assets or liabilities of the KPE Investment Partnership in its financial statements. However, KKR Guernsey did reflect its proportionate share of the KPE Investment Partnership's net investment income or loss and net gain or loss on investments and foreign currency transactions in its statement of operations. The unaudited consolidated financial statements of the KPE Investment Partnership, including the schedule of its investments, should be read in conjunction with KKR Guernsey's unaudited financial statements.

The preparation of financial statements in conformity with U.S. GAAP requires the making of estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results may vary from estimates in amounts that may be material to the financial statements. The valuation of KKR Guernsey's limited partner interests in the KPE Investment Partnership and the underlying valuation of certain of the KPE Investment Partnership's investments involve estimates and are subject to the judgment of the Managing Partner and the Managing Investor, respectively. The financial statements reflect all adjustments which are, in the opinion of the Managing Partner, necessary to fairly state the results for the periods presented.

The Managing Partner has reviewed KKR Guernsey's current financial condition and its future obligations as of September 30, 2009, and expects KKR Guernsey to continue as a going concern for at least one year. In connection with the Combination Transaction, KKR acquired all of the assets and all of the liabilities of KKR Guernsey.

KKR Guernsey utilizes a reporting schedule comprised of four three-month quarters with an annual accounting period that ends on December 31. The quarterly periods ended on March 31, June 30, September 30 and December 31. Interim results may not be indicative of our results for a full fiscal year. The financial results presented herein include activity for the quarters and nine months ended September 30, 2009 and September 30, 2008.

As of September 30, 2009, KKR Guernsey operated through one reportable business segment for management reporting purposes.

Valuation of Limited Partner Interests

KKR Guernsey recorded its investment in the KPE Investment Partnership at fair value. Because valuing investments requires the application of valuation principles to the specific facts and circumstances of the investments, in satisfying their responsibilities, the Managing Partner utilized the services of KKR to determine the fair values of certain investments and the services of an independent valuation firm, which performed certain agreed upon procedures with respect to valuations that are prepared by KKR, to confirm that such valuations are not unreasonable. Valuation of investments held by the KPE Investment Partnership is further discussed in the notes to the KPE Investment Partnership's consolidated financial statements.

Fair Value Measurements

KKR Guernsey uses a hierarchal disclosure framework to report the fair value of its investments, which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available quoted prices or

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for which fair value can be measured from actively quoted prices generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I —An unadjusted quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level II —Inputs are other than unadjusted quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III —Inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

KKR Guernsey's investments in limited partner interests in the KPE Investment Partnership were considered Level III investments, as the investments did not have a readily available market. As such, the investments in limited partner interests were valued by the Managing Partner and recorded at the determined fair value. Such limited partner interests are generally valued at an amount that is equal to the aggregate value of the assets, which are net of any related liabilities, of the KPE Investment Partnership that KKR Guernsey would have received if such assets were sold in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale and the distribution of the net proceeds from such sales were distributed to KKR Guernsey in accordance with the KPE Investment Partnership's limited partnership agreement. This amount is generally expected to be equal to the KPE Investment Partnership's consolidated net asset value as of the valuation date, as adjusted to reflect the allocation of consolidated net assets to the Associate Investor. The KPE Investment Partnership's net asset value is expected to increase or decrease from time to time based on the amount of investment income, operating expenses and realized gains and losses on the sale of investments and related foreign currency transactions, if any, that it recorded and the net changes in the unrealized appreciation and/or depreciation and related foreign currency transactions of its investments.

Because of the inherent uncertainty of the valuation process, the fair value may differ materially from the actual value that would be realized if such investments were sold in an orderly disposition and the resulting net proceeds that would be distributed in accordance with the KPE Investment Partnership's limited partnership agreement.

Cash and Cash Equivalents

Cash and cash equivalents consisted of cash held at a bank in a liquid investment with a maturity, at the date of acquisition, not exceeding 90 days.

Concentration of Credit Risk

KKR Guernsey made all of its investments through the KPE Investment Partnership and its only substantial assets were limited partner interests in the KPE Investment Partnership. As of

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

September 30, 2009 and December 31, 2008, KKR Guernsey's cash and cash equivalents were held by one financial institution.

Due from Affiliate

As of September 30, 2009, the amount due from affiliate related to previously estimated reimbursements to KKR.

Other Assets

As of September 30, 2009 and December 31, 2008, other assets were comprised of prepaid insurance payments, which are amortized on a straight-line basis over the related period.

Investment Income

Income is recognized when earned. KKR Guernsey recorded its proportionate share of the KPE Investment Partnership's investment income. In addition, KKR Guernsey recorded its own investment income, which was comprised of interest income related to cash management activities during the nine months ended September 30, 2009 and September 30, 2008.

General and Administrative Expenses

Expenses are recognized when incurred. KKR Guernsey recorded its proportionate share of the KPE Investment Partnership's expenses. In addition, KKR Guernsey records its own general and administrative expenses, which were comprised primarily of costs incurred in connection with the Combination Transaction, administrative costs (some of which may be expenses of KKR that are attributable to KKR Guernsey's operations and reimbursable under the services agreement), professional fees, the directors' fees and expenses that the Managing Partner pays to its independent directors and KKR Guernsey's allocated share of the total management fees that are payable under the services agreement, if any.

Neither KKR Guernsey nor its Managing Partner employed any of the individuals who carry out the day-to-day management and operations of KKR Guernsey. The investment professionals and other personnel that carry out investment and other activities are members of KKR's general partner or employees of KKR and its subsidiaries. Their services are provided to KKR Guernsey for its benefit under the services agreement with KKR. None of these individuals, including the Managing Partner's chief financial officer, are required to be dedicated full-time to KKR Guernsey.

Share-Based Compensation Expense

KKR Guernsey accounted for its share-based payment transactions using a fair-value-based measurement method. See Note 8, "Stock Appreciation Rights."

Taxes

KKR Guernsey is not a taxable entity in Guernsey, has made a protective election to be treated as a partnership for U.S. federal income tax purposes and has incurred no U.S. federal income tax liability. Certain subsidiaries of the KPE Investment Partnership also have made elections to be treated as disregarded entities for U.S. federal income tax purposes. Each unitholder takes into account its

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

allocable share of items of income, gain, loss, deduction and credit of the partnership in computing its U.S. federal income tax liability. Items of income, gain, loss, deduction and credit of certain subsidiaries of the KPE Investment Partnership are treated as items of the KPE Investment Partnership for U.S. federal income tax purposes. KKR Guernsey filed U.S. federal and state tax returns for the 2006, 2007 and 2008 tax years, which are subject to the possibility of an audit until the expiration of the applicable statute of limitations.

Distribution Policy

KKR Guernsey intends to distribute to holders of KKR Guernsey units all or substantially all of the distributions that KKR Guernsey receives from KKR Group Holdings L.P. The actual amount and timing of distributions are subject to the discretion of the Managing Partner's board of directors and the amount of distributions, if any, made by KKR, and there can be no assurance that distributions will be made as intended or at all.

Under KKR Guernsey's limited partnership agreement, distributions to unitholders were made only as determined by the Managing Partner in its sole discretion. No distributions were made to unitholders during the nine months ended September 30, 2009.

Guarantees

At the inception of the issuance of guarantees, if any, KKR Guernsey will record the fair value of the guarantee as a liability, with the offsetting entry being recorded based on the circumstances in which the guarantee was issued. KKR Guernsey did not have any such guarantees in place as of September 30, 2009 or December 31, 2008.

Subsequent Events

KKR Guernsey evaluated subsequent events from October 1, 2009 through March 10, 2010, the date the financial statements were issued.

Recently Issued Accounting Pronouncements

Measuring Fair Value

In September 2006, the FASB issued Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosure* (formerly SFAS No. 157, *Fair Value Measurements*). SFAS No. 157 (ASC 820) defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 (ASC 820) applied to reporting periods beginning after November 15, 2007. KKR Guernsey adopted SFAS No. 157 (ASC 820) during the first quarter of 2008. SFAS No. 157 (ASC 820) did not have a material impact on the financial statements of KKR Guernsey.

In October 2008, the FASB issued ASC 820 (formerly FASB Staff Position No. 157-3 (FSP No. 157-3), *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active*). FSP No. 157-3 (ASC 820) clarifies the application of SFAS No. 157 (ASC 820) in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for the financial asset is not active. KKR Guernsey adopted FSP No. 157-3 (ASC 820) during the quarter ended December 31, 2008. FSP No. 157-3 (ASC 820) did not have a material impact on KKR Guernsey's financial statements.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In April 2009, the FASB issued ASC 820 (formerly FSP No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions that are not Orderly*). FSP No. 157-4 (ASC 820) provides additional guidance for estimating fair value in accordance with SFAS No. 157 (ASC 820) when the volume and level of activity for the asset or liability have significantly decreased. FSP No. 157-4 (ASC 820) also includes guidance on identifying circumstances that indicate a transaction is not orderly. KKR Guernsey adopted FSP No. 157-4 (ASC 820) during the quarter ended June 30, 2009. FSP No. 157-4 (ASC 820) did not have a material impact on the financial statements of KKR Guernsey.

In September 2009, the FASB issued Accounting Standards Update (ASU) 2009-12 to provide guidance on measuring the fair value of certain alternative investments. The ASU amends ASC 820 to offer investors a practical expedient for measuring the fair value of investments in certain entities that calculate net asset value per share (NAV). ASU 2009-12 is effective for the first reporting period ending after December 15, 2009; however, early adoption is permitted. KKR Guernsey is evaluating the impact of ASU 2009-12 on its financial statements.

Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued ASC 470-20-25-21, *Fair Value Option* (formerly SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115*). SFAS No. 159 (ASC 470-20-25-21) permits entities to choose to measure many financial instruments and certain other items at fair value, with changes in fair value recognized in earnings. KKR Guernsey adopted SFAS No. 159 (ASC 470-20-25-21) during the first quarter of 2008. SFAS No. 159 did not have a material impact on the financial statements of KKR Guernsey.

Derivative Instruments and Hedging Activities

In March 2008, the FASB issued ASC 815, *Derivatives and Hedging* (formerly SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133*). SFAS No. 161 (ASC 815) requires enhanced disclosures about derivative instruments and hedging activities to enable investors to better understand their effects on an entity's financial position, financial performance and cash flows. KKR Guernsey adopted SFAS No. 161 (ASC 815) on January 1, 2009. SFAS No. 161 (ASC 815) did not have a material impact on the financial statements of KKR Guernsey.

Subsequent Events

In May 2009, the FASB issued ASC 855, *Subsequent Events* (formerly SFAS No. 165, *Subsequent Events*). SFAS No. 165 (ASC 855) establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. SFAS No. 165 (ASC 855) requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. KKR Guernsey adopted SFAS No. 165 (ASC 855) during the quarter ended June 30, 2009. SFAS No. 165 (ASC 855) did not have a material impact on the financial statements of KKR Guernsey.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consolidation of Variable Interest Entities

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R))* . SFAS No. 167 requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. As of November 11, 2009 the FASB tentatively deferred the effective date of SFAS No. 167 (previously effective at the beginning of annual reporting periods that began after November 15, 2009). Because KKR Guernsey does not hold a controlling interest in the KPE Investment Partnership and because of the exclusion for investment companies included in FIN 46, *Consolidation of Variable Interest Entities* , as amended by FIN 46(R), as amended by SFAS No. 167, KKR Guernsey does not expect SFAS No. 167 to have a material impact on its financial statements.

FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles

In May 2008, the FASB issued ASC 105, *GAAP Hierarchy* (formerly SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*). SFAS No. 162 (ASC 105) identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. SFAS No. 162 (ASC 105) was effective November 13, 2008. SFAS No. 162 (ASC 105) was replaced by SFAS No. 168, *FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles, a replacement of SFAS No. 162,* (ASC 105) in June 2009.

SFAS No. 168 (ASC 105) identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP and establishes the *FASB Accounting Standards Codification* ™ as the source of authoritative accounting principles recognized by the FASB. KKR Guernsey adopted SFAS No. 168 during the quarter ended September 30, 2009. SFAS No. 168 did not have a material impact on the financial statements of KKR Guernsey.

3. INVESTMENTS IN LIMITED PARTNER INTERESTS OF THE KPE INVESTMENT PARTNERSHIP

Although investments made with KKR Guernsey's capital by the KPE Investment Partnership do not appear as direct investments in KKR Guernsey's financial statements, KKR Guernsey was directly affected by the overall performance of these investments.

KKR Guernsey's investment in the KPE Investment Partnership consists of limited partner interests that are not registered under the U.S. Securities of Act of 1933, as amended (the "Act"). KKR Guernsey does not have the right to demand the registration of these limited partner interests under the Act.

In connection with the Combination Transaction that was completed on October 1, 2009, KKR Guernsey's investment in limited partner interests of the KPE Investment Partnership was contributed to the Combined Business. As of October 1, 2009, KKR Guernsey's sole investment consisted of limited partner interests in Group Holdings, which represents 30% of the outstanding equity in the Combined Business.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS

As of September 30, 2009 and December 31, 2008, the fair value of KKR Guernsey's cash and cash equivalents was $470.3 million and $2.1 million, respectively, and was classified as Level I.

As of September 30, 2009 and December 31, 2008, KKR Guernsey's investments in limited partner interests in the KPE Investment Partnership were valued at $3,029.1 million and $2,623.0 million, respectively, which represented 86.6% and 99.9%, respectively, of KKR Guernsey's investments. The fair value of such investments was estimated by the Managing Partner in the absence of readily determinable fair values and was classified as Level III.

The changes in limited partner interests measured at fair value for which KKR Guernsey used Level III inputs to determine fair were as follows, with amounts in thousands:

Fair value of limited partner interests as of December 31, 2008	$ 2,622,970
Distributions from the KPE Investment Partnership	(474,148)
Allocations from the KPE Investment Partnership:	
Net investment loss	(19,510)
Net realized loss	(78,401)
Net change in unrealized appreciation	978,160
Fair value of limited partner interests as of September 30, 2009	$ 3,029,071

KKR Guernsey did not hold any Level II category investments.

5. LIABILITIES

As of September 30, 2009 and December 31, 2008, accrued liabilities of $19.9 million and $4.9 million, respectively, were comprised of accrued professional fees related to the Combination Transaction, payments owed to vendors for services provided to KKR Guernsey in the normal course of business and fees and expenses of the Managing Partner's board of directors.

As of December 31, 2008, the amount due to affiliate of $1.6 million, respectively represented reimbursable direct expenses incurred by KKR.

6. COMMON UNITS

Upon completion of the initial offering and related transactions, KKR Guernsey had 204,550,001 common units outstanding. The transactions related to the initial offering and related transactions resulted in aggregate net proceeds to KKR Guernsey of $4,830.1 million. On March 31, 2008, KKR Guernsey issued 352,225 common units to an affiliate of KKR in accordance with the investment agreement at a price of $12.51 per unit, resulting in total proceeds of $4.4 million. As of September 30, 2009, KKR Guernsey had 204,902,226 common units outstanding.

KKR Guernsey established a restricted deposit facility for a portion of its common units pursuant to which common units were deposited with a depositary bank in exchange for restricted depositary units ("RDUs") that were evidenced by restricted depositary receipts, subject to compliance with applicable ownership and transfer restrictions. The RDUs are not listed on any securities exchange.

Effective October 2, 2009, the ticker symbol for KKR Guernsey's common units was changed to "KKR."

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

7. DISTRIBUTABLE EARNINGS (LOSS)

Distributable earnings (loss) were comprised of the following, with amounts in thousands:

Distributable earnings as of December 31, 2007	$ 152,263
Net decrease in net assets resulting from operations during the year ended December 31, 2008	(2,368,111)
Distributable loss as of December 31, 2008	(2,215,848)
Net increase in net assets resulting from operations during the nine months ended September 30, 2009	861,253
Distributable loss as of September 30, 2009	$ (1,354,595)

As of September 30, 2009 and December 31, 2008, the accumulated undistributed net investment income was $20.8 million and $59.3 million, respectively. The accumulated undistributed net realized gain (loss) on investments and foreign currency transactions was a loss of $35.0 million as of September 30, 2009 and a gain of $43.4 million as of December 31, 2008. The accumulated undistributed net unrealized depreciation on investments and foreign currency transactions was $1,252.5 million and $2,230.6 million as of September 30, 2009 and December, 31, 2008, respectively.

8. STOCK APPRECIATION RIGHTS

In March 2007, the board of directors of the Managing Partner approved the KKR Private Equity Investors, L.P. 2007 Equity Incentive Plan (the "Plan"). The Plan provides for the grant of options, share appreciation rights ("SARs"), restricted units and other unit-based awards to eligible directors, officers, employees (if any) and key service providers. The Plan allows for the issuance of awards with respect to an aggregate of 1,000,000 common units. Compensation expense is measured based on the grant date fair value of the SARs and recognized over the vesting period of the SARs on a straight-line basis.

As of September 30, 2009, 190,581 SARs were granted to key service providers at a base value not less than the closing price of common units on the date of grant. The weighted average grant date exercise price and fair value of SARs granted was $5.85 and $2.20, respectively. The SARs were scheduled to vest over a four year period and to have a term not longer than ten years from the date of grant. As of September 30, 2009, a total of 16,874 SARs were vested.

During the nine months ended September 30, 2009 and September 30, 2008, the SARs resulted in share-based compensation expense of less than $0.1 million during each respective period. As of September 30, 2009, there was approximately $0.3 million of total unrecognized compensation cost related to unvested share-based compensation awards granted under the Plan, which did not include the effect of future grants of equity compensation, if any.

In connection with the Combination Transaction, 190,581 SARs became vested in accordance with their terms, of which 152,657 were in-the-money as of October 1, 2009. The remaining SARs were out-of-the-money as of October 1, 2009 and were cancelled or will be cancelled upon the listing, if any, of KKR on a U.S. exchange.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

9. RELATIONSHIP WITH KKR AND RELATED-PARTY TRANSACTIONS

In connection with the formation of KKR Guernsey and the initial offering of its common units, affiliates of KKR contributed $75.0 million in cash to KKR Guernsey and the KPE Investment Partnership, of which $65.0 million was contributed to KKR Guernsey in exchange for common units at the initial offering price of $25.00 per unit and $10.0 million was contributed to the KPE Investment Partnership in respect of general partner interests in the KPE Investment Partnership. On March 31, 2008, affiliates of KKR contributed $4.4 million to KKR Guernsey in exchange for 352,225 additional common units at a price per unit of $12.51 in fulfillment of KKR's obligation to reinvest a portion of the carried interests and incentive distribution rights received by KKR in respect of investments made by the KPE Investment Partnership.

Subject to the supervision of the board of directors of the Managing Partner and the board of directors of the Managing Investor, KKR assists KKR Guernsey and the KPE Investment Partnership in selecting, evaluating, structuring, diligencing, negotiating, executing, monitoring and exiting investments and managing uninvested capital and also provides financial, legal, tax, accounting and other administrative services. These investment activities are carried out by KKR's investment professionals and KKR's investment committee pursuant to the services agreement or under investment management agreements between KKR and its investment funds.

Services Agreement

KKR Guernsey, the Managing Partner, the KPE Investment Partnership, the Associate Investor and the Managing Investor entered into a services agreement with KKR pursuant to which KKR agreed to provide certain investment, financial advisory, operational and other services to them. Under the services agreement, KKR is responsible for the day-to-day operations of the service recipients and is subject at all times to the supervision of their respective governing bodies, including the board of directors of the Managing Partner and the board of directors of the Managing Investor.

The services agreement contains certain provisions requiring KKR Guernsey and the other service recipients to indemnify KKR and its affiliates with respect to all losses or damages arising from acts not constituting bad faith, willful misconduct or gross negligence. The Managing Partner evaluated the impact of these guarantees on the financial statements and determined that they were not material as of September 30, 2009.

In connection with the Combination Transaction, the services agreement was amended on October 1, 2009. The amended and restated services agreement provides for substantially the same services described above.

Management Fees

Under the services agreement, KKR Guernsey and the other service recipients jointly and severally agreed to pay KKR a management fee, quarterly in arrears, in an aggregate amount equal to (prior to the Combination Transaction) one-fourth of the sum of:

(i) KKR Guernsey's equity [1] up to and including $3.0 billion multiplied by 1.25%, plus

(ii) KKR Guernsey's equity [1] in excess of $3.0 billion multiplied by 1%

[1] Generally, equity for purposes of the management fee is approximately equal to KKR Guernsey's net asset value, which would be adjusted for any items discussed below, if necessary.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

9. RELATIONSHIP WITH KKR AND RELATED-PARTY TRANSACTIONS (Continued)

KKR and its affiliates are paid only one management fee, regardless of whether it was payable pursuant to the services agreement or the terms of the KKR investment funds in which the KPE Investment Partnership is invested.

For the purposes of calculating the management fee under the services agreement, "equity" was defined, prior to the Combination Transaction, as the sum of the net proceeds in cash or otherwise from each issuance of KKR Guernsey's limited partner interests, after deducting any managers' commissions, placement fees and other expenses relating to the initial offering and related transactions, plus or minus KKR Guernsey's cumulative distributable earnings or loss at the end of such quarterly period (taking into account actual distributions but without taking into account the management fee relating to such quarterly period and any non-cash equity compensation expense incurred in current or prior periods), as reduced by any amount that KKR Guernsey paid for repurchases of KKR Guernsey's limited partner interests. The foregoing calculation of "equity" was adjusted to exclude (i) one-time events pursuant to changes in U.S. GAAP as well as (ii) any non-cash items jointly agreed to by the Managing Partner (with the approval of a majority of its independent directors) and KKR.

The management fee payable under the services agreement was reduced by an amount equal to the sum of (i) any cash that KKR Guernsey and the other service recipients, as limited partners of KKR's investment funds, paid to KKR or its affiliates during such period in respect of management fees of such funds (or capital that KKR Guernsey contributes to KKR's investment funds for such purposes), regardless of whether such management fees were received by KKR in the form of a management fee or otherwise and (ii) management fees, if any, that KKR Guernsey may have paid third parties in connection with the service recipients' investments.

To the extent that the amount of management fee reductions in respect of a particular quarterly period exceed the amount of the fee that would have otherwise been payable, KKR will be required to credit the difference against any future management fees that became payable under the services agreement. Under no circumstances, however, will credited amounts be reimbursed by KKR or reduce the management fee payable in respect of any quarterly period below zero.

The management fee payable under the services agreement is not subject to reduction based on any other fees that KKR or its affiliates received in connection with KKR Guernsey's investments, including any transaction or monitoring fees that were paid by a third party. In addition, the management fee may not be reduced if the Managing Partner determines, in good faith, that a reduction in the management fee would have jeopardized the classification of KKR Guernsey as a partnership for U.S. federal income tax purposes and is only allowable until expenses incurred in connection with KKR Guernsey's initial offering and related transactions are recouped through profits.

During the nine months ended September 30, 2009 and September 30, 2008, KKR Guernsey did not make any payments or accrue any liabilities related to the management fee; however, the KPE Investment Partnership recorded management fee expense of $28.2 million and $38.3 million during the nine months ended September 30, 2009 and September 30, 2008, respectively.

As of October 1, 2009, the management fee was amended to reflect the terms of the Combination Transaction.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

9. RELATIONSHIP WITH KKR AND RELATED-PARTY TRANSACTIONS (Continued)

Carried Interests and Incentive Distributions

Each investment made by the KPE Investment Partnership is subject to either a carried interest or incentive distribution right, which generally entitles the Associate Investor or an affiliate of KKR to receive a portion of the profits generated by the investment. However, until the profits on the KPE Investment Partnership's consolidated investments that were subject to a carried interest or incentive distribution right equaled the managers' commissions, placement fees and other expenses incurred in connection with the initial offering and related transactions, (i) the Associate Investor had to forego its carried interests and incentive distribution rights on opportunistic investments, temporary investments, co-investments and negotiated equity investments and (ii) the management fee payable under the services agreement was reduced by the amount of carried interests and incentive distributions made pursuant to the terms of the investment funds in which the KPE Investment Partnership was invested, limited to 5% of KKR Guernsey's gross income (other than income that qualified as capital gains) for U.S. federal income tax purposes for a taxable year minus any gross income earned by or allocated to KKR Guernsey for U.S. federal income tax purposes during such taxable year that was not "qualifying income" as defined in Section 7704(d) of the U.S. Internal Revenue Code. This recoupment through profits of expenses incurred in connection with KKR Guernsey's initial offering and related transaction was terminated on October 1, 2009.

As of September 30, 2009, managers' commissions, placement fees and other expenses incurred in connection with the initial offering and related transactions exceeded the amount of profits related to the carried interests and incentive distribution rights payable on certain of the KPE Investment Partnership's consolidated investments. Therefore, no carried interests or incentive distributions based on opportunistic investments, temporary investments, co-investments or negotiated equity investments were payable to the Associate Investor as of September 30, 2009.

Reimbursed Expenses

During the nine months ended September 30, 2009 and September 30, 2008, KKR Guernsey paid KKR $3.8 million and $3.2 million, respectively, for reimbursable direct expenses incurred pursuant to the services agreement. These reimbursed expenses were included in KKR Guernsey's general and administrative expenses.

Investment Agreement

In connection with the initial offering, KKR Guernsey entered into an investment agreement pursuant to which KKR agreed to cause its affiliates to reinvest in KKR Guernsey's common units, on a periodic basis, an amount equal to 25% of the aggregate pre-tax cash distributions, if any and subject to certain exceptions, that were made in respect of the carried interests and incentive distribution rights. Reinvestment could be achieved by either a contribution to KKR Guernsey in exchange for newly issued common units or by acquiring common units in the open market or in negotiated transactions. Under this investment agreement, KKR agreed to cause each affiliate of KKR that acquired common units or RDUs pursuant to this investment agreement to enter into a three-year lock-up agreement with respect to the units acquired.

Upon completion of the Combination Transaction, this investment agreement was terminated.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

9. RELATIONSHIP WITH KKR AND RELATED-PARTY TRANSACTIONS (Continued)

License Agreement

KKR Guernsey, the Managing Partner, the KPE Investment Partnership, the Associate Investor and the Managing Investor, as licensees, entered into a license agreement with KKR pursuant to which KKR granted each party a non-exclusive, royalty-free license to use the name "KKR." Under this agreement, each licensee has the right to use the "KKR" name. Other than with respect to this limited license, none of the licensees have a legal right to the "KKR" name.

Other

One or more investment funds managed by KKR have an opportunity to invest from time to time in KKR Guernsey's common units including certain funds that may raise capital over time. As part of their strategy, these funds may invest in KKR Guernsey in accordance with certain investment parameters and also may invest additional capital in other KKR funds and KKR investments as part of their investment objectives. Purchases and sales of KKR Guernsey's common units are expected to be made through open market transactions over Euronext Amsterdam or in privately negotiated transactions, based on market conditions, the investment strategies of such funds, capital available to such funds and other factors considered relevant. KKR's traditional private equity funds are not among the funds that may invest in KKR Guernsey's common units. These investments would not be made by KKR Guernsey or, prior to the Combination Transaction, any entities in which it invests, and they would not reduce the number of common units that KKR Guernsey has outstanding. As of September 30, 2009, funds managed by KKR owned 4,667,166 of KKR Guernsey's common units or 2.3% of common units outstanding.

As of September 30, 2009, the directors of the Managing Partner had no direct personal interest in the limited partner interests of the KPE Investment Partnership.

During the nine months ended September 30, 2009, KKR Guernsey did not have any meaningful investment transactions, not including cash management activities, and thus none of KKR Guernsey's investment transaction volume may be deemed to have been with an affiliate. Accordingly, there were no associated transaction costs.

During April, 2009, the KPE Investment Partnership, however, sold interests in certain co-investments to a KKR sponsored co-investment fund with an aggregate fair value of $211.0 million as of March 31, 2009, after giving effect to certain post-closing adjustments. Such interests in co-investments had an original cost of $240.3 million and were sold for an aggregate purchase price of $200.4 million, resulting in a realized loss of $39.9 million during the nine months ended September 30, 2009.

During September 2009, KKR Corporate Capital Services LLC, a subsidiary of KKR, acquired a $64.8 million commitment to the KPE Investment Partnership's Credit Agreement from an existing lender.

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

10. FINANCIAL HIGHLIGHTS

Financial highlights for KKR Guernsey were as follows, with amounts in thousands, except per unit and percentage amounts:

	Nine Months Ended	
	September 30, 2009	September 30, 2008
Per unit operating performance:		
Net asset value at the beginning of the period	$ 12.78	$ 24.36
Adjustment to beginning net asset value for units issued during the period	—	(0.05)
	12.78	24.31
Income (loss) from investment operations:		
Net investment loss	(0.19)	(0.32)
Net gain (loss) on investments and foreign currency transactions	4.39	(5.16)
Total from investment operations	4.20	(5.48)
Capital contributions	—	0.02
Net asset value at the end of the period	$ 16.98	$ 18.85
Total return (annualized)	44.0%	(30.2)%
Percentages and supplemental data:		
Net assets at the end of the period	$ 3,479,922	$ 3,862,294
Ratios to average net assets:		
Total expenses (annualized)	3.3%	3.2%
Net investment loss (annualized)	(1.7)	(2.0)

The total return and ratios were calculated based on weighted average net assets.

11. CONTINGENCIES

As with any partnership, KKR Guernsey may become subject to claims and litigation arising in the ordinary course of business. The Managing Partner does not believe that there were any pending or threatened legal proceedings that would have had a material adverse effect on the financial position, operating results or cash flows of KKR Guernsey as of September 30, 2009.

12. SUBSEQUENT EVENTS

On October 1, 2009, in connection with the Combination Transaction, KKR Guernsey transferred all of its assets and liabilities to KKR, including $470.3 million of cash and cash equivalents, in exchange for 100% of the limited partner interests of KKR Group Holdings L.P., which represents a 30% economic interest in KKR's business and is now KKR Guernsey's sole investment. See Note 1, "Business—Combination Transaction."

KKR & CO. (GUERNSEY) L.P.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (Continued)

12. SUBSEQUENT EVENTS (Continued)

As announced on February 24, 2010, a distribution of $0.08 per KKR Guernsey unit, subject to applicable withholding taxes, was paid on or about March 25, 2010 to KKR Guernsey unitholders of record as of the close of business on March 11, 2010. KKR Guernsey currently has 204,902,226 common units issued and outstanding. Prior to making such a distribution, KKR Guernsey received funds from KKR in an amount sufficient to meet its distribution obligation.

On February 24, 2010, KKR elected to seek a listing on the New York Stock Exchange. The election, which was made pursuant to the terms of the investment agreement in effect between KKR and KKR Guernsey, obligates each party to use reasonable efforts to implement the listing, including the preparation and filing by KKR of a registration statement with the U.S. Securities and Exchange Commission as promptly as practicable. In connection with such listing, (i) KKR Guernsey will contribute its assets to KKR in return for KKR's NYSE-listed common units, (ii) KKR Guernsey will make an in-kind distribution of KKR's common units to KKR Guernsey's unitholders and will dissolve, and (iii) each KKR Guernsey unit will cease to be traded on Euronext Amsterdam and will be cancelled.

* * * * * *

Report of Independent Registered Public Accounting Firm

To the Partners of KKR PEI Investments, L.P.:

We have audited the accompanying consolidated statements of assets and liabilities of KKR PEI Investments, L.P. and subsidiaries (the "KPE Investment Partnership"), including the consolidated schedule of investments, as of December 31, 2008, 2007 and 2006, and the related consolidated statements of operations, changes in net assets and cash flows for the years ended December 31, 2008 and 2007 and for the period from April 18, 2006 (Date of Formation) to December 31, 2006. These consolidated financial statements are the responsibility of the KPE Investment Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the KPE Investment Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of KKR PEI Investments, L.P. and subsidiaries as of December 31, 2008, 2007 and 2006, and the consolidated results of its operations, changes in net assets and its cash flows for the years ended December 31, 2008 and 2007 and for the period from April 18, 2006 (Date of Formation) to December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the consolidated financial statements include investments valued at $3,311,439,000 (126% of total assets), $5,446,790,000 (109% of total assets), and $1,743,349,000 (34.5% of total assets) as of December 31, 2008, 2007 and 2006, respectively whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by fund managers or the general partners.

/s/ Deloitte & Touche LLP

New York, New York
February 27, 2009
(April 15, 2010, as to the Business Combination described in Note 1, and
Note 17 as to subsequent events)

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

(Amounts in thousands)

	December 31, 2008	December 31, 2007	December 31, 2006
ASSETS:			
Investments, at fair value:			
Opportunistic investments—Class A (cost of $84,852, $512,607 and $154,474, respectively)	$ 41,181	$ 458,792	$ 158,462
Co-investments in portfolio companies of private equity funds—Class B (cost of $2,663,611, $2,635,583 and $950,145, respectively)	1,414,743	2,653,039	958,065
Negotiated equity investments—Class B (cost of $992,582, $992,582 and $0, respectively)	649,155	985,557	—
Private equity funds—Class C (cost of $1,683,609, $1,813,751 and $630,508, respectively)	1,184,958	1,847,887	701,818
Non-private equity fund—Class D (cost of $161,148, $195,869 and $77,472, respectively)	62,583	189,345	83,466
	3,352,620	6,134,620	1,901,811
Cash and cash equivalents	623,316	255,415	2,139,621
Cash and cash equivalents held by a non-private equity fund	88	1,091	—
Restricted cash	18,011	42,237	1,000,000
Unrealized gain on a foreign currency exchange contract	3,000	—	—
Other assets	7,689	8,044	36,002
Total assets	4,004,724	6,441,407	5,077,434
LIABILITIES:			
Accrued liabilities	37,691	30,730	1,503
Due to affiliates	2,864	11,961	5,722
Securities sold, not yet purchased (proceeds of $1,785, $0 and $0, respectively)	1,916	—	—
Options written (proceeds of $0, $7,290 and $0, respectively)	—	5,265	—
Unrealized loss on foreign currency exchange contracts and an interest rate swap, net	32,331	46,051	5,712
Other liabilities	117	182	18,098
Revolving credit agreement	951,214	1,002,240	—
Long-term debt	350,000	350,000	—
Total liabilities	1,376,133	1,446,429	31,035
COMMITMENTS AND CONTINGENCIES	—	—	—
NET ASSETS	$ 2,628,591	$ 4,994,978	$ 5,046,399
NET ASSETS CONSIST OF:			
Partners' capital contributions	$ 4,836,568	$ 4,836,568	$ 4,836,568
Distributable earnings (loss)	(2,207,977)	158,410	209,831
	$ 2,628,591	$ 4,994,978	$ 5,046,399

See accompanying notes to the consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS

(Amounts in thousands, except percentage amounts)

Investment	Class	December 31, 2008 Cost	Fair Value	Fair Value as a Percentage of Net Assets
INVESTMENTS BY TYPE:				
Opportunistic investments:	A			
Fixed income investments		$ 83,215	$ 40,109	1.5%
Public equities—common stocks		1,637	1,072	0.0
		84,852	41,181	1.5
Co-investments in portfolio companies of private equity funds:	B			
Dollar General Corporation		250,000	275,000	10.5
HCA Inc.		250,000	200,000	7.6
The Nielsen Company B.V.		200,000	180,000	6.8
Alliance Boots GmbH.		301,352	175,123	6.7
Biomet, Inc.		200,000	160,000	6.1
Energy Future Holdings Corp.		200,000	140,000	5.3
First Data Corporation		200,000	120,000	4.6
U.S. Foodservice, Inc.		100,000	80,000	3.0
NXP B.V.		250,000	25,000	1.0
KION Group GmbH.		112,824	23,961	0.9
ProSiebenSat.1 Media AG		226,913	22,159	0.8
Capmark Financial Group Inc.		137,321	13,500	0.5
PagesJaunes Groupe S.A.		235,201	—	—
		2,663,611	1,414,743	53.8
Negotiated equity investments:	B			
Sun Microsystems, Inc. convertible senior notes.		701,164	500,500	19.0
Orient Corporation convertible preferred stock.		169,706	148,655	5.7
Aero Technical Support & Services S.à r.l. (Aveos)		121,712	—	—
		992,582	649,155	24.7
Private equity funds:	C			
KKR 2006 Fund L.P.		1,105,787	821,234	31.2
KKR Millennium Fund L.P.		203,718	132,084	5.0
KKR European Fund, Limited Partnership		202,115	128,298	4.9
KKR Asian Fund L.P.		66,057	49,259	1.9
KKR European Fund II, Limited Partnership		96,955	49,032	1.9
KKR European Fund III, Limited Partnership		8,977	5,051	0.2
		1,683,609	1,184,958	45.1
Non-private equity funds—Investments by KKR Strategic Capital Institutional Fund, Ltd.	D	161,148	62,583	2.4
		$ 5,585,802	$ 3,352,620	127.5%
INVESTMENTS BY GEOGRAPHY:				
North America		$ 3,596,303	$ 2,521,953	95.9%
Europe		1,656,846	554,227	21.1
Asia Pacific		332,653	276,440	10.5
		$ 5,585,802	$ 3,352,620	127.5%
INVESTMENTS BY INDUSTRY:				
Health Care		$ 1,079,698	$ 773,065	29.4%
Technology		1,124,591	624,850	23.8
Retail		625,548	561,093	21.3
Financial Services		947,595	540,861	20.6
Media/Telecom		889,276	329,742	12.5
Energy		371,414	259,161	9.9
Industrial		436,989	187,043	7.1
Consumer Products		91,520	59,194	2.2
Chemicals		19,171	17,611	0.7
		$ 5,585,802	$ 3,352,620	127.5%

See accompanying notes to the consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS

(Amounts in thousands, except percentage amounts)

Investment	Class	December 31, 2007 Cost	Fair Value	Fair Value as a Percentage of Net Assets
INVESTMENTS BY TYPE:				
Opportunistic investments:	A			
Public equities—common stocks		$ 371,667	$ 327,497	6.6%
Fixed income investment		140,940	128,760	2.6
Derivative instruments		—	2,535	0.0
		512,607	458,792	9.2
Co-investments in portfolio companies of private equity funds:	B			
HCA Inc.		250,000	300,000	6.0
Alliance Boots GmbH.		301,352	297,747	6.0
Dollar General Corporation		250,000	250,000	5.0
PagesJaunes Groupe S.A.		235,201	229,038	4.6
NXP B.V.		250,000	215,555	4.3
Biomet, Inc.		200,000	200,000	4.0
Energy Future Holdings Corp.		200,000	200,000	4.0
First Data Corporation		200,000	200,000	4.0
The Nielsen Company B.V.		200,000	200,000	4.0
Capmark Financial Group Inc.		137,321	175,500	3.5
ProSiebenSat.1 Media AG		198,885	160,067	3.2
KION Group GmbH.		112,824	125,132	2.5
U.S. Foodservice, Inc.		100,000	100,000	2.0
		2,635,583	2,653,039	53.1
Negotiated equity investments:	B			
Sun Microsystems, Inc. convertible senior notes.		701,164	668,150	13.4
Orient Corporation convertible preferred stock.		169,706	198,729	4.0
Aero Technical Support & Services S.à r.l. (Aveos)		121,712	118,678	2.3
		992,582	985,557	19.7
Private equity funds:	C			
KKR 2006 Fund L.P.		1,270,416	1,273,596	25.5
KKR European Fund, Limited Partnership		207,695	238,215	4.8
KKR Millennium Fund L.P.		228,365	230,460	4.6
KKR European Fund II, Limited Partnership		83,830	83,226	1.7
KKR Asian Fund L.P.		23,445	22,390	0.4
		1,813,751	1,847,887	37.0
Non-private equity funds—Investments by KKR Strategic Capital Institutional Fund, Ltd.	D	195,869	189,345	3.8
		$ 6,150,392	$ 6,134,620	122.8%
INVESTMENTS BY GEOGRAPHY:				
North America		$ 4,011,321	$ 4,041,570	80.9%
Europe		1,748,529	1,690,352	33.8
Asia Pacific		390,542	402,698	8.1
		$ 6,150,392	$ 6,134,620	122.8%
INVESTMENTS BY INDUSTRY:				
Financial Services		$ 1,123,357	$ 1,166,962	23.4%
Retail		1,166,242	1,136,759	22.8
Technology		1,126,907	1,057,091	21.2
Media		997,810	918,228	18.4
Health Care		701,750	757,131	15.1
Industrial		501,249	551,587	11.0
Energy		478,668	487,500	9.8
Chemicals		26,031	37,341	0.7
Consumer Products		28,378	22,021	0.4
		$ 6,150,392	$ 6,134,620	122.8%

See accompanying notes to the consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS

(Amounts in thousands, except percentage amounts)

Investment	Class	December 31, 2006 Cost	Fair Value	Fair Value as a Percentage of Net Assets
INVESTMENTS BY TYPE:				
Opportunistic investments: Public equities—common stocks	A	$ 154,474	$ 158,462	3.1%
Co-investments in portfolio companies of private equity funds:	B			
NXP B.V.		250,000	259,863	5.1
HCA Inc.		250,000	250,000	5.0
The Nielsen Company B.V.		200,000	200,000	4.0
Capmark Financial Group Inc.		137,321	135,000	2.7
KION Group GmbH.		112,824	113,202	2.2
		950,145	958,065	19.0
Private equity funds:	C			
KKR European Fund, Limited Partnership		270,863	326,932	6.5
KKR Millennium Fund L.P.		164,526	178,157	3.5
KKR 2006 Fund L.P.		139,595	139,595	2.8
KKR European Fund II, Limited Partnership		55,524	57,134	1.1
		630,508	701,818	13.9
Non-private equity funds—Investments by KKR Strategic Capital Institutional Fund, Ltd.	D	77,472	83,466	1.7
		$ 1,812,599	$ 1,901,811	37.7%
INVESTMENTS BY GEOGRAPHY:				
Europe		$ 841,965	$ 918,830	18.2%
North America		859,590	866,512	17.2
Asia Pacific		111,044	116,469	2.3
		$ 1,812,599	$ 1,901,811	37.7%
INVESTMENTS BY INDUSTRY:				
Media		$ 371,178	$ 388,962	$ 7.7%
Technology		326,569	338,400	6.7
Health Care		329,952	330,227	6.5
Financial Services/Banking		307,985	315,117	6.3
Industrial		277,273	294,446	5.9
Retail		90,087	117,703	2.3
Energy/Natural Resources		54,887	55,467	1.1
Chemicals		35,698	39,222	0.8
Consumer Products		18,970	22,297	0.4
		$ 1,812,599	$ 1,901,811	37.7%

See accompanying notes to the consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED SCHEDULES OF SECURITIES SOLD, NOT YET PURCHASED

(Amounts in thousands)

	December 31, 2008		December 31, 2007		December 31, 2006	
Instrument Type/Geography/Industry	Fair Value	Proceeds	Fair Value	Proceeds	Fair Value	Proceeds
Asia Pacific—public equities, common stock:						
Index	$ 1,916	$ 1,785	$ —	$ —	$ —	$ —
	$ 1,916	$ 1,785	$ —	$ —	$ —	$ —

See accompanying notes to the consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED SCHEDULES OF OPTIONS WRITTEN

(Amounts in thousands)

Geography/Instrument Type/Industry	December 31, 2008		December 31, 2007		December 31, 2006	
	Fair Value	Proceeds	Fair Value	Proceeds	Fair Value	Proceeds
North America—public equities, common stock:						
Energy	$ —	$ —	$ 5,265	$ 7,290	$ —	$ —
	$	$	$ 5,265	$ 7,290	$ —	$ —

See accompanying notes to the consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands)

	Year Ended		From April 18, 2006 (Date of Formation) to December 31, 2006
	December 31, 2008	December 31, 2007	
INVESTMENT INCOME:			
Interest income, net of withholding taxes of $155, $0 and $0, respectively	$ 36,250	$ 102,605	$ 143,370
Dividend income, net of withholding taxes of $394, $1,446 and $63, respectively	9,121	24,197	146
Total investment income	45,371	126,802	143,516
EXPENSES:			
Management fees	43,057	46,629	9,874
Incentive fees	—	956	1,044
Interest expense	61,843	48,557	—
Dividend expense	1,320	—	—
General and administrative expenses	3,855	4,677	1,941
Total expenses	110,075	100,819	12,859
NET INVESTMENT INCOME (LOSS)	(64,704)	25,983	130,657
REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS AND FOREIGN CURRENCY:			
Net realized gain (loss), net of withholding tax (benefit) of $(37), $977 and $0, respectively	(104,573)	113,432	34,619
Net change in unrealized appreciation (depreciation)	(2,182,110)	(136,642)	83,500
Net gain (loss) on investments and foreign currency transactions	(2,286,683)	(23,210)	118,119
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ (2,351,387)	$ 2,773	$ 248,776

See accompanying notes to the consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(Amounts in thousands)

	General Partner	Limited Partner	Total
NET ASSETS—APRIL 18, 2006	$ —	$ —	$ —
INCREASE IN NET ASSETS FROM OPERATIONS FOR THE PERIOD FROM APRIL 18, 2006 (date of formation) TO DECEMBER 31, 2006:			
Net investment income	290	130,367	130,657
Net realized gain on investments and foreign currency transactions	72	34,547	34,619
Net change in unrealized appreciation on investments and foreign currency transactions	173	83,327	83,500
Net increase in net assets resulting from operations	535	248,241	248,776
Partners' capital contributions	10,000	4,826,568	4,836,568
Fair value of distributions.	(81)	(38,864)	(38,945)
INCREASE IN NET ASSETS	10,454	5,035,945	5,046,399
NET ASSETS—DECEMBER 31, 2006	10,454	5,035,945	5,046,399
DECREASE IN NET ASSETS FROM OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2007:			
Net investment income	150	25,833	25,983
Net realized gain on investments and foreign currency transactions	236	113,196	113,432
Net change in unrealized depreciation on investments and foreign currency transactions	(283)	(136,359)	(136,642)
Net increase in net assets resulting from operations	103	2,670	2,773
Fair value of distributions.	(112)	(54,082)	(54,194)
DECREASE IN NET ASSETS	(9)	(51,412)	(51,421)
NET ASSETS—DECEMBER 31, 2007	10,445	4,984,533	4,994,978
DECREASE IN NET ASSETS FROM OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2008:			
Net investment loss	(47)	(64,657)	(64,704)
Net realized loss on investments and foreign currency transactions	(217)	(104,356)	(104,573)
Net change in unrealized depreciation on investments and foreign currency transactions	(4,529)	(2,177,581)	(2,182,110)
Net decrease in net assets resulting from operations	(4,793)	(2,346,594)	(2,351,387)
Fair value of distributions.	(31)	(14,969)	(15,000)
DECREASE IN NET ASSETS	(4,824)	(2,361,563)	(2,366,387)
NET ASSETS—DECEMBER 31, 2008	$ 5,621	$ 2,622,970	$ 2,628,591

See accompanying notes to the consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Year Ended		From April 18, 2006 (Date of Formation) to December 31, 2006
	December 31, 2008	December 31, 2007	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net increase (decrease) in net assets resulting from operations	$ (2,351,387)	$ 2,773	$ 248,776
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to cash and cash equivalents provided by (used in) operating activities:			
Amortization of deferred financing costs	869	505	—
Net realized loss (gain) on investments	104,573	(113,432)	(32,691)
Net change in unrealized depreciation (appreciation) on investments	2,198,830	96,303	(89,212)
Increase (decrease) in net unrealized loss on foreign currency exchange contracts and an interest rate swap	(16,720)	40,339	5,712
Changes in operating assets and liabilities:			
Purchase of opportunistic investments	(124,078)	(969,179)	(351,911)
Purchase of securities to settle short sales	(244,936)	—	—
Purchase of options	(7,121)	(1,805)	—
Purchase of co-investments in portfolio companies of private equity funds	(28,028)	(1,685,438)	(950,145)
Purchase of negotiated equity investments	—	(642,582)	—
Purchase of investments by private equity funds	(199,211)	(1,269,765)	(637,981)
Purchase of investments by KKR Strategic Capital Institutional Fund, Ltd.	(14,249)	(130,031)	(77,472)
Proceeds from sale of opportunistic investments	446,484	633,207	228,842
Proceeds from securities sold short, not yet purchased	259,085	—	—
Proceeds from options written	3,529	12,528	—
Proceeds from the termination of certain transactions under forward foreign exchange contracts	38,381	—	—
Proceeds from sale of investments by private equity funds	321,788	174,934	8,759
Proceeds from sale of investments by KKR Strategic Capital Institutional Fund, Ltd.	2,013	19,245	—
Decrease (increase) in cash and cash equivalents held by a non-private equity fund	1,003	(1,091)	—
Decrease (increase) in restricted cash	24,226	957,763	(1,000,000)
Decrease (increase) in other assets	(514)	24,058	(36,002)
Increase in accrued liabilities	6,961	29,227	1,503
Increase (decrease) in due to affiliates	(9,097)	6,239	5,722
Increase (decrease) in other liabilities	(65)	(17,916)	18,098
Net cash flows provided by (used in) operating activities	412,336	(2,834,118)	(2,658,002)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Partners' capital contributions	—	—	4,836,568
Borrowings under the revolving credit agreement	549,921	999,266	—
Payments on borrowings under the revolving credit agreement	(565,324)	—	—
Distributions to partners	(15,000)	(54,194)	(38,945)
Deferred financing costs	—	(4,405)	—
Net cash flows provided by (used in) financing activities	(30,403)	940,667	4,797,623
Effect of foreign exchange rate changes on cash	(14,032)	9,245	—
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	367,901	(1,884,206)	2,139,621
CASH AND CASH EQUIVALENTS—Beginning of period	255,415	2,139,621	—
CASH AND CASH EQUIVALENTS—End of period	$ 623,316	$ 255,415	$ 2,139,621
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 50,381	$ 17,938	$ —
NON-CASH FINANCING ACTIVITIES:			
Increase (decrease) in revolving credit agreement—foreign currency adjustments	$ (20,730)	$ 2,974	$ —
Increase in long-term debt related to Sun financing	—	350,000	—

See accompanying notes to the consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS

KKR PEI Investments, L.P. (the "KPE Investment Partnership") is a Guernsey limited partnership that was comprised of (i) as of December 31, 2008 and prior to the Combination Transaction [1], KKR PEI Associates, L.P. (the "Associate Investor"), which holds 100% of the general partner interests in the KPE Investment Partnership and is responsible for managing its business and affairs, and (ii) KKR & Co. (Guernsey) L.P. ("KKR Guernsey"), formerly KKR Private Equity Investors, L.P. ("KPE"), which as of December 31, 2008 held 100% of the limited partner interests in the KPE Investment Partnership and did not participate in the management of the business and affairs of the KPE Investment Partnership. The general partner interests and the limited partner interests represented 0.2% and 99.8%, respectively, of the total interests in the KPE Investment Partnership as of December 31, 2008, December 31, 2007 and December 31, 2006. Because the Associate Investor is itself a Guernsey limited partnership, its general partner, KKR PEI GP Limited (the "Managing Investor"), a Guernsey limited company that, prior to the Combination Transaction, was owned by individuals affiliated with Kohlberg Kravis Roberts & Co. L.P. (together with its applicable affiliates, "KKR"), is effectively responsible for managing the KPE Investment Partnership's business and affairs.

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[1] As of October 1, 2009, KPE and KKR completed the previously announced transaction to combine the businesses ("Combination Transaction") of KPE and KKR.

The Combination Transaction was consummated on October 1, 2009, and therefore its effects are not included in the presentation of the consolidated financial statements as of and for the years ended December 31, 2008 and December 31, 2007 and as of and for the period from the date of formation on April 18, 2006 to December 31, 2006 included herein. The consolidated financial statements and footnotes do not reflect the results of KKR and are not representative of KKR results going forward.

Prior to the Combination Transaction, the KPE Investment Partnership was the partnership through which KKR Guernsey and the Associate Investor made its investments. The KPE Investment Partnership predominantly invests in private equity investments identified by KKR. Private equity investments consist of investments in certain portfolio companies of those funds and investments significantly negotiated by KKR in equity or equity-linked securities, which we refer to as negotiated equity investments. The KPE Investment Partnership makes other investments in opportunistic investments, which are investments identified by KKR in the course of its business other than private equity investments, including public equities and fixed income investments. The KPE Investment Partnership manages cash and liquidity through temporary investments.

The KPE Investment Partnership's limited partnership agreement provides that its investments must comply with the investment policies and procedures that were established from time to time by the board of directors of KKR Guernsey's general partner (the "Managing Partner"). As of December 31, 2008 and prior to the Combination Transaction, the investment policies and procedures provided, among other things, that the KPE Investment Partnership would invest at least 75% of its adjusted assets in private equity and temporary investments and no more than 25% of its adjusted assets in opportunistic investments. "Adjusted assets" were defined as the KPE Investment Partnership's consolidated assets less the amount of indebtedness that is recorded as a liability on its consolidated statements of assets and liabilities. As of December 31, 2008, the KPE Investment Partnership had invested 96.0% of its adjusted assets in private equity and temporary investments and 4.0% of its adjusted assets in opportunistic investments. These policies were revised in connection with the Combination Transaction to permit the investment of any assets in opportunistic investments subject to certain tax considerations.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. BUSINESS (Continued)

The KPE Investment Partnership's limited partnership agreement established four separate and distinct classes of partner interests with separate rights and obligations, as follows:

	Type of Investments Held by the KPE Investment Partnership
Class A	Opportunistic and temporary investments
Class B	Co-investments in portfolio companies of KKR's private equity funds and negotiated equity investments
Class C	KKR's private equity funds
Class D	KKR's investment funds that are not private equity funds

The Associate Investor may, in its sole discretion, allocate assets and liabilities of the KPE Investment Partnership to the relevant class of interests in accordance with the terms and conditions of the limited partnership agreement. The Managing Investor is effectively responsible for making any such allocations, because the General Partner is itself a limited partnership.

The KPE Investment Partnership, the Associate Investor, the Managing Investor, KKR Guernsey and the Managing Partner have entered into a services agreement with KKR pursuant to which KKR agreed to provide certain investment, financial advisory, operational and other services to them. Under the services agreement, KKR is responsible for the day-to-day operations of the service recipients and is subject at all times to the supervision of their respective governing bodies, including the board of directors of the Managing Investor and the board of directors of the Managing Partner.

On October 1, 2009, the transaction to combine the businesses of KKR Guernsey and KKR ("Combined Business") whereby KKR Guernsey received interests representing 30% of the outstanding equity in the Combined Business and the balance of the equity is owned by KKR's principals became effective. In connection with the Combination Transaction, KPE changed its name to KKR Guernsey and the limited partner interests held by KKR Guernsey in the KPE Investment Partnership were contributed to the Combined Business. KKR Management Holdings L.P., a Delaware limited partnership, and KKR Fund Holdings L.P., a Cayman limited partnership (collectively the "KKR Group Partnerships"), which together own the Combined Business acquired all outstanding non-controlling interests in the KPE Investment Partnership, which became a wholly owned subsidiary of the KKR Group Partnerships upon completion of the Combination Transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the KPE Investment Partnership were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in U.S. dollars. The consolidated financial statements include the financial statements of the KPE Investment Partnership and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The KPE Investment Partnership utilizes the U.S. dollar as its functional currency.

The preparation of financial statements in conformity with U.S. GAAP requires the making of estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Actual results may vary from estimates in amounts that may be material to the

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

consolidated financial statements. The valuation of the KPE Investment Partnership's investments involves estimates that are subject to the Managing Investor's judgment. The consolidated financial statements reflect all adjustments which were, in the opinion of the Managing Investor, necessary to fairly state the results for the periods presented.

The Managing Investor has reviewed the financial condition of the KPE Investment Partnership and its future obligations as of December 31, 2008 and expects the KPE Investment Partnership to continue as a going concern for at least one year. This assessment is based on historic and predicted timing of capital calls for the KPE Investment Partnership's unfunded commitments, its expected operating expenses, present sources of liquidity, its borrowing facilities and the ability to raise cash through sales of investments and other activities.

The KPE Investment Partnership utilizes a reporting schedule comprised of four three-month quarters with an annual accounting period that ends on December 31. The quarterly periods end on March 31, June 30, September 30 and December 31. The financial results presented herein include activity for the years ended December 31, 2008 and December 31, 2007 and the period from the date of formation on April 18, 2006 to December 31, 2006, referred to as "the partial year ended December 31, 2006." The operations of the KPE Investment Partnership effectively commenced on May 10, 2006, upon receipt of its initial capital funding. Therefore, the activity presented for the partial year ended December 31, 2006 is not comparable to the year ended December 31, 2008 or the year ended December 31, 2007.

As of December 31, 2008, December 31, 2007 and December 31, 2006, the KPE Investment Partnership operated through one reportable business segment for management reporting purposes.

Reclassifications

Certain prior period amounts have been reclassed to conform to the current period's presentation.

Valuation of Investments

The investments carried as assets in the KPE Investment Partnership's consolidated financial statements are valued on a quarterly basis. The Managing Investor is responsible for reviewing and approving valuations of investments that are carried as assets in the KPE Investment Partnership's consolidated financial statements. Because valuing investments requires the application of valuation principles to the specific facts and circumstances of the investments, in satisfying its responsibilities, the Managing Investor utilizes the services of KKR to determine the fair values of certain investments and the services of an independent valuation firm, which performs certain agreed upon procedures with respect to valuations that are prepared by KKR, to confirm that such valuations are not unreasonable. An investment for which a market quotation is readily available is valued using a market price for the investment as of the end of the applicable accounting period. An investment for which a market quotation is not readily available is valued at the investment's fair value as of the end of the applicable accounting period, as determined in good faith.

Fair Value Measurements

The KPE Investment Partnership uses a hierarchal disclosure framework to report the fair value of its investments which prioritizes and ranks the level of market price observability used in measuring

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I —An unadjusted quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available. The KPE Investment Partnership does not adjust the quoted price for these investments, even in situations where it holds a large position and a sale could reasonably impact the quoted price. As of December 31, 2008, 0.0% of the KPE Investment Partnership's investments, compared to total investments, were valued as Level I investments.

Level II —Inputs are other than unadjusted quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. As of December 31, 2008, 20.6% of the KPE Investment Partnership's investments, compared to total investments, were valued as Level II investments.

Level III —Inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. As of December 31, 2008, 79.4% of the KPE Investment Partnership's investments, compared to total investments, were valued as Level III investments.

In certain cases, the inputs used to measure the fair value of an investment may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. KKR's assessment of the significance of a particular input to the fair value measurement, in its entirety, requires judgment and KKR considers factors specific to each investment.

Valuation of Investments When a Market Quotation is Readily Available

An investment for which a market quotation is readily available is valued using period-end market prices and is categorized as Level I. When market prices are used, they do not necessarily take into account various factors which may affect the value that the KPE Investment Partnership would actually be able to realize in the future, such as:

- the possible illiquidity associated with a large ownership position;
- subsequent illiquidity in a market for a company's securities;
- future market price volatility or the potential for a future loss in market value based on poor industry conditions or other conditions; and
- the market's view of overall company and management performance.

If the above factors, or other factors deemed relevant, are taken into consideration and the fair value of the investment for which a market quotation is readily available does not rely exclusively on the quoted market price, the consideration of such factors render the fair value measurement at Level II or Level III.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of Investments When a Market Quotation is Not Readily Available

While there is no single standard for determining fair value in good faith, the methodologies described below are generally followed when the fair value of limited partner interests and individual investments that do not have a readily available quotation is determined.

	Valuation Methodology when Determining Fair Value in Good Faith
Level II:	
Investments for which a market quotation is not readily available, but is based on a reference asset for which a market quotation is readily available	The value is generally based on the period-end market price of the reference asset for which a market quotation is readily available, adjusted for one or more factors deemed relevant for the fair value of the investment, which may include, but is not limited to: • terms and conditions of the investment; • discount for lack of marketability; • borrowing costs; • time to maturity of the investment; and • volatility of the reference asset for which a market quotation is readily available.
Level III:	
Limited partner interests in KKR's private equity funds and investments by a non-private equity fund	The value is based on the net asset value of each fund, which depends on the aggregate fair value of each of the fund's investments. The KPE Investment Partnership may be required to value such investments at a premium or discount, if other factors lead the Managing Investor to conclude that the net asset value does not represent fair value. Each fund's net asset value increases or decreases from time to time based on the amount of investment income, operating expenses and realized gains and losses on the sale or realization of investments, if any, that the fund records and the net changes in the unrealized appreciation and/or depreciation of its investments.
Investments in companies for which a market quotation is not readily available	The fund's investments may be in companies for which a market quotation is or is not readily available including investments for which a market quotation is not readily available but is based on a reference asset for which a market quotation is readily available. Generally, a combination of two methods is used, including a market multiple approach that considers one or more financial measures, such as revenues, EBITDA, adjusted EBITDA, EBIT, net income or net asset value of comparable companies, and/or a discounted cash flow or liquidation analysis, is used. Consideration may also be given to such factors as: • the company's historical and projected financial data; • the size and scope of the company's operations; • expectations relating to the market's receptivity to an offering of the company's securities; • any control associated with interests in the company that are held by KKR and its affiliates including the KPE Investment Partnership; • information with respect to transactions or offers for the company's securities (including the transaction pursuant to which the investment was made and the period of time that has elapsed from the date of the investment to the valuation date); • applicable restrictions on transfer; • industry information and assumptions; • general economic and market conditions; and • other factors deemed relevant.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fair values of such investments are estimated by the Managing Investor in the absence of readily determinable fair values. Because of the inherent uncertainty of the valuation process, the fair value may differ materially from the actual value that would be realized if such investments were sold in an orderly disposition between willing parties. Additionally, widespread economic uncertainty and indeterminate financial markets could have a material impact on the actual value that would be realized if such investments were sold in an orderly disposition between willing parties. See Note 4, "Fair Value Measurements."

Foreign Currency

Investments denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of foreign currency denominated investments are translated into U.S. dollar amounts on the respective dates of such transactions. The KPE Investment Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in fair value. Such fluctuations are included within the net realized and unrealized gain (loss) from investments and foreign currency transactions in the consolidated statements of operations.

Derivatives

The KPE Investment Partnership has the option to purchase derivative financial instruments for opportunistic investing and for hedging purposes, which include total return swaps and options. In a total return swap, the KPE Investment Partnership has the right to receive any appreciation and dividends from a reference asset with a specified notional amount and has an obligation to pay to the counterparty any depreciation in the valuation of the reference asset, interest based on the notional amount and any other charge agreed to with the counterparty.

If the KPE Investment Partnership writes an option, an amount equal to the premium received is recorded as a liability and subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the KPE Investment Partnership on the expiration date as realized gains from investments. The difference between the premium and amount paid, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the KPE Investment Partnership has realized a gain or loss. If a put option is exercised, the premium received reduces the cost basis of the securities purchased by the KPE Investment Partnership. The KPE Investment Partnership, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option.

The risks of entering into swap and option agreements include, but are not limited to, the possible lack of liquidity, failure of the counterparty to meet its obligations and unfavorable changes in the underlying investments. The counterparties to the KPE Investment Partnership's derivative agreements are major financial institutions with which the KPE Investment Partnership and its affiliates may also have other financial relationships. The KPE Investment Partnership endeavors to minimize its risk of exposure by dealing with reputable counterparties, although there is no assurance that these counterparties will remain solvent in the current market environment.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative contracts, including total return swaps and option contracts, are recorded at estimated fair value with changes in fair value recorded as unrealized appreciation or depreciation. The fair values of total return swap contracts are included within opportunistic investments and options written are included in liabilities in the KPE Investment Partnership's statements of assets and liabilities.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in banks and liquid investments with maturities, at the date of acquisition, not exceeding 90 days. As of December 31, 2008, December 31, 2007 and December 31, 2006, all of the cash and cash equivalents balances were invested in money market funds sponsored by reputable financial institutions or held by reputable financial institutions in interest-bearing time deposits.

Cash and Cash Equivalents Held by a Non-Private Equity Fund

Cash and cash equivalents held by a non-private equity fund (KKR Strategic Capital Institutional Fund, Ltd., referred to as "SCF") consisted of cash held at a reputable financial institution in highly liquid investments with maturities, at the date of acquisition, not exceeding 90 days.

Restricted Cash

As of December 31, 2008 and December 31, 2007, restricted cash primarily represented amounts pledged to third parties in connection with certain derivative instruments, which included foreign currency forward contracts and an interest rate swap contract. As of December 31, 2006, restricted cash represented a short-term time deposit with an original maturity of greater than 90 days.

Foreign Currency Contracts

The KPE Investment Partnership entered into forward foreign currency exchange contracts to economically hedge against foreign currency exchange rate risks on certain non-U.S. dollar denominated investments. The KPE Investment Partnership agreed to deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed-upon future date. The net gain or loss on the contracts is the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date and is included in the consolidated statements of assets and liabilities. These foreign currency exchange contracts involve market risk and/or credit risk in excess of the amounts recognized in the statements of assets and liabilities. Risks arise from movements in currency, security values and interest rates and the possible inability of the counterparties to meet the terms of the contracts.

Other Assets

As of December 31, 2008, December 31, 2007 and December 31, 2006, other assets consisted primarily of debt issuance costs, interest receivable, prepaid investment transaction costs and other receivables.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Liabilities

Accrued liabilities were comprised of the following, with amounts in thousands:

	December 31, 2008	December 31, 2007	December 31, 2006
Accrued interest, long-term debt	$ 36,719	$ 20,357	$ —
Accrued interest, revolving credit agreement	481	9,198	—
Professional fees	403	1,175	1,278
Other	88	—	225
	$ 37,691	$ 30,730	$ 1,503

Due to Affiliates

The amount due to affiliates was comprised of the following, with amounts in thousands:

	December 31, 2008	December 31, 2007	December 31, 2006
Management fees	$ 2,813	$ 10,713	$ 4,596
Management and incentive fees payable to KKR by SCF	13	1,194	1,126
Reimbursable expenses payable to KKR by the KPE Investment Partnership	38	54	—
	$ 2,864	$ 11,961	$ 5,722

Other Liabilities

Other liabilities consisted primarily of payments owed to vendors of the non-private equity fund investment.

Net Assets

As of December 31, 2008, December 31, 2007 and December 31, 2006, the net assets attributable to the general partner were $5.6 million, $10.4 million and $10.5 million, respectively, and to the limited partner were $2,623.0 million, $4,984.5 million and $5,035.9 million, respectively.

Income Recognition

The assets of the KPE Investment Partnership generate income or loss in the form of capital gains, dividends and interest. Income is recognized when earned. The KPE Investment Partnership also records income or loss in the form of unrealized appreciation or depreciation from investments and foreign currency transactions at the end of each quarterly accounting period when investments are valued, as well as the change in value of an interest rate swap. See "Valuation of Investments" above. Although the Managing Investor, with the assistance of KKR, determines the fair value of each of investment at each balance sheet date, the value of certain investments in privately held companies may not change from period to period. Each reporting period, KKR generally employs two valuation

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

methodologies for each investment, typically (i) a market multiples approach, which considers a specified financial measure (such as EBITDA) for valuing comparable companies, and (ii) a discounted cash flow analysis, and records an amount that is within a range suggested by the methodologies. Each methodology incorporates various assumptions, and the outcome derived from one methodology may offset the outcome of another methodology such that no change in valuation may result from period to period. When an investment carried as an asset is sold and a resulting gain or loss is realized, including any related gain or loss from foreign currency transactions, an accounting entry is made to reverse any unrealized appreciation or depreciation previously recorded in order to ensure that the realized gain or loss recognized in connection with the sale of the investment does not result in the double counting of the previously reported unrealized appreciation or depreciation.

Transactions involving publicly quoted securities are accounted for on the trade date (the date the order to buy or sell is executed). Capital gains and losses on sales of securities are determined on the identified cost basis.

Expense Recognition

Expenses are recognized when incurred and consist primarily of the KPE Investment Partnership's allocated share of the total management fees that are payable under the services agreement, interest expense, administrative costs (some of which may be expenses of KKR that are attributable to the KPE Investment Partnership's operations and reimbursable under the services agreement) and incentive fees incurred by SCF, if any.

Interest expense was comprised primarily of interest related to outstanding borrowings under the KPE Investment Partnership's revolving credit facility, the KPE Investment Partnership's financing of its investment in Sun Microsystems, Inc. ("Sun"), the amortization of debt financing costs, stock borrow costs, breakage costs and commitment fees associated with the revolving credit facility. See Note 7, "Revolving Credit Agreement and Long-Term Debt." In addition, and less significantly, interest expense related to outstanding borrowings by SCF was included in interest expense.

Dividend expense related to dividends paid on securities sold, not yet purchased.

General and administrative expenses included professional fees and other administrative costs.

Taxes

The KPE Investment Partnership is not a taxable entity in Guernsey and has made a protective election to be treated as a partnership for U.S. federal income tax purposes and has incurred no U.S. federal income tax liability. Certain subsidiaries of the KPE Investment Partnership also have made elections to be treated as disregarded entities for U.S. federal income tax purposes. Each partner takes into account its allocable share of items of income, gain, loss, deduction and credit of the KPE Investment Partnership in computing its U.S. federal income tax liability. Items of income, gain, loss, deduction and credit of certain subsidiaries of the KPE Investment Partnership are treated as items of the KPE Investment Partnership for U.S. federal income tax purposes. The KPE Investment Partnership filed U.S. federal tax returns for the 2006 and 2007 and 2008 tax years, which are subject to the possibility of an audit until the expiration of the applicable statute of limitations.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

As of December 31, 2008, December 31, 2007 and December 31, 2006, the majority of the KPE Investment Partnership's cash and cash equivalents and restricted cash balances were held by three financial institutions. As of December 31, 2008 and December 31, 2007, the public equities owned or sold but not yet purchased and options written by the KPE Investment Partnership were held by or effectuated through one financial institution. As of December 31, 2008 and December 31, 2007, cash and cash equivalent balances of a non-private equity fund were held by one financial institution.

Guarantees

At the inception of guarantees, if any, the KPE Investment Partnership will record the fair value of the guarantee as a liability, with the offsetting entry being recorded based on the circumstances in which the guarantee was issued. The KPE Investment Partnership did not have any such guarantees in place as of December 31, 2008, December 31, 2007 or December 31, 2006.

Recently Issued Accounting Pronouncements

Accounting for Uncertainty in Income Taxes

In July 2006, the FASB issued FIN No. 48, *Accounting for Uncertainty in Income Taxes* , which was effective for fiscal years beginning after December 15, 2006. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes* . FIN No. 48 prescribes a comprehensive model for how an entity should recognize, measure, present and disclose in its financial statements uncertain tax positions that the entity has taken or expects to take on a tax return. The KPE Investment Partnership adopted FIN No. 48 during the year ended December 31, 2007. FIN No. 48 did not have a material impact on the consolidated financial statements of the KPE Investment Partnership.

Measuring Fair Value

In September 2006, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 157, *Fair Value Measurements* . SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The KPE Investment Partnership adopted SFAS No. 157 during the first quarter of 2008. SFAS No. 157 did not have a material impact on the consolidated financial statements of the KPE Investment Partnership.

In October 2008, the FASB issued FASB Staff Position No. 157-3 (FSP No. 157-3), *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active* . FSP No. 157-3 clarifies the application of SFAS No. 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for the financial asset is not active. FSP No. 157-3 was effective upon issuance and did not have a material impact on the consolidated financial statements of the KPE Investment Partnership.

Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115.* SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value, with

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

changes in fair value recognized in earnings. The KPE Investment Partnership adopted SFAS No. 159 during the first quarter of 2008. SFAS No. 159 did not have a material impact on the consolidated financial statements of the KPE Investment Partnership.

Derivative Instruments and Hedging Activities

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133* . SFAS No. 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The KPE Investment Partnership is currently evaluating the impact of adopting SFAS No. 161 on its consolidated financial statements.

Hierarchy of Generally Accepted Accounting Principles

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles.* SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. SFAS No. 162 is effective 60 days following the U.S. Securities and Exchange Commission's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Presented Fairly in Conformity with Generally Accepted Accounting Principles* . The KPE Investment Partnership is currently evaluating the impact of adopting SFAS No. 162 on its consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS

Significant Investments

The KPE Investment Partnership's significant investments, which included aggregate private equity investments, with fair values in excess of 5.0% of the KPE Investment Partnership's net assets were as follows, with amounts in thousands, except percentages:

	December 31, 2008		
	Cost	Fair Value	Fair Value as a Percentage of the KPE Investment Partnership's Net Assets
KKR Portfolio Companies (1):			
Dollar General Corporation	$ 345,495	$ 378,135	14.4%
Alliance Boots GmbH	443,114	268,998	10.2
Energy Future Holdings Corp.	365,922	256,146	9.7
HCA Inc.	309,476	247,581	9.4
First Data Corporation	412,293	247,376	9.4
Biomet, Inc.	304,915	243,932	9.3
The Nielsen Company B.V.	216,003	194,402	7.4
U.S. Foodservice, Inc.	193,633	154,906	5.9
Negotiated Equity Investments:			
Sun Microsystems, Inc. (	701,164	500,500	19.1
Orient Corporation	169,707	148,655	5.7
	$ 3,461,722	$ 2,640,631	100.5%

	December 31, 2007		
	Cost	Fair Value	Fair Value as a Percentage of the KPE Investment Partnership's Net Assets
KKR Portfolio Companies (1):			
Alliance Boots GmbH	$ 490,008	$ 486,403	9.7%
First Data Corporation	469,633	469,633	9.4
Energy Future Holdings Corp.	413,636	413,636	8.3
HCA Inc.	323,582	385,355	7.7
Dollar General Corporation	371,288	371,288	7.4
Biomet, Inc.	333,252	333,252	6.7
Negotiated Equity Investments:			
Sun Microsystems, Inc. (	701,164	668,150	13.4
	$ 3,102,563	$ 3,127,717	62.6%

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

	December 31, 2006		
	Cost	Fair Value	Fair Value as a Percentage of the KPE Investment Partnership's Net Assets
KKR Portfolio Companies (1):			
HCA Inc	$ 315,344	$ 315,344	6.2%
NXP B.V	281,204	291,067	5.8
	$ 596,548	$ 606,411	12.0%

(1) Investments in such companies included the co-investment in the underlying portfolio company and the limited partner interest equal to the KPE Investment Partnership's pro rata share of KKR's private equity fund investment.

(2) The KPE Investment Partnership financed $350.0 million related to the Sun investment, for a net fair value investment of $150.5 million, or 5.7% of the KPE Investment Partnership's total net assets, as of December 31, 2008 and $318.2 million, or 6.4% of the KPE Investment Partnership's total net assets, as of December 31, 2007.

The following significant investments were comprised of co-investments in the underlying portfolio company and limited partner interests equal to the KPE Investment Partnership's pro rata share of KKR's private equity funds' aggregate investment in such portfolio company, with amounts in thousands:

	December 31, 2008		
	Fair Value of Co-Investment	Pro Rata Share of KKR's Private Equity Fund Investment	Aggregate Fair Value
Dollar General Corporation	$ 275,000	$ 103,135	$ 378,135
Alliance Boots GmbH	175,123	93,875	268,998
Energy Future Holdings Corp.	140,000	116,146	256,146
HCA Inc.	200,000	47,581	247,581
First Data Corporation	120,000	127,376	247,376
Biomet, Inc.	160,000	83,932	243,932
The Nielsen Company B.V.	180,000	14,402	194,402
U.S. Foodservice, In	80,000	74,906	154,906
	$ 1,330,123	$ 661,353	$ 1,991,476

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

	December 31, 2007		
	Fair Value of Co-Investment	Pro Rata Share of KKR's Private Equity Fund Investment	Aggregate Fair Value
Alliance Boots Gmb	$ 297,747	$ 188,656	$ 486,403
First Data Corporatio	200,000	269,633	469,633
Energy Future Holdings Corp.	200,000	213,636	413,636
HCA Inc.	300,000	85,355	385,355
Dollar General Corporatio	250,000	121,288	371,288
Biomet, Inc.	200,000	133,252	333,252
	$ 1,447,747	$ 1,011,820	$ 2,459,567

	December 31, 2006		
	Fair Value of Co-Investment	Pro Rata Share of KKR's Private Equity Fund Investment	Aggregate Fair Value
HCA Inc.	250,000	65,344	315,344
NXP B.V.	259,863	31,204	291,067
	$ 509,863	$ 96,548	$ 606,411

The KPE Investment Partnership's investments in private equity funds, co-investments and negotiated equity investments consist of securities that are not registered under the U.S. Securities Act of 1933, as amended (the "Act"). The KPE Investment Partnership does not have the right to demand the registration of its interests in the KKR private equity funds under the Act. Generally, the KPE Investment Partnership has the right, acting together with its affiliates, to demand the registration of the securities of the portfolio companies of the KPE Investment Partnership's co-investments and negotiated equity investments under the Act if a distribution of those securities would have been subject to registration under the Act. See Note 2, "Summary of Significant Accounting Policies—Valuation of Investments" for a description of the valuation of these investments.

Non-Private Equity Funds—KKR Strategic Capital Institutional Fund

Non-private equity fund investments consisted of investments by SCF. SCF is a KKR opportunistic credit fund principally investing in Strategic Capital Holdings I, L.P. ("SCH"), which in turn makes debt investments alongside funds managed by investment professionals affiliated with KKR Asset Management, formerly known as KKR Fixed Income. SCH is a shared investment partnership formed in the second quarter of 2007, of which SCF owns approximately 14.0%. The fair value of non-private equity fund investments was comprised of the following, with amounts in thousands:

	December 31, 2008	December 31, 2007
Investment in Strategic Capital Holdings I, L.P., at fair value	$ 56,957	$ 182,772
Special investments, at fair value	5,626	6,573
	$ 62,583	$ 189,345

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

SCF's investment in SCH was comprised of the following allocated portion of net assets held by SCH, with amounts in thousands:

	December 31, 2008	December 31, 2007
Assets:		
Cash and cash equivalents	$ 2,525	$ 33,092
Restricted cash and cash equivalents	36,259	45,492
Securities, at fair value	5,310	45,208
Private equity investments, at fair value	369	—
Corporate loans, at fair value	6,277	3,413
Reverse repurchase agreements	5,344	15,660
Derivative assets	7,661	3,119
Collateralized loan obligation ("CLO") junior notes in affiliates	27,259	73,765
Investments in unconsolidated affiliate	—	20,688
Principal and interest receivable	3,664	4,404
Interest receivable from affiliated CLOs	—	3,949
Other assets	530	568
Total assets	95,198	249,358
Liabilities:		
Repurchase agreements	1,065	37,173
Interest and principal payable	237	300
Securities sold, not yet purchased, at fair value	5,238	19,363
Derivative liabilities	22,874	9,750
Other payables	8,827	—
Total liabilities	38,241	66,586
Net assets	$ 56,957	$ 182,772

As of December 31, 2008 and December 31, 2007, SCF had an investment balance of $5.6 million and $6.6 million, respectively, in special investments. Special investments are certain investments, acquired through direct investment or private placement that are believed to be illiquid, lack a readily assessable market value or should be held until the resolution of a special event or circumstance.

As of December 31, 2006, SCF had investments of $83.5 million, due to affiliates of $1.1 million and other liabilities of $18.1 million.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

In addition to the aggregate private equity investments reflected above under "Significant Investments," SCF, through its investment in SCH, invested in debt securities in these portfolio companies as follows, with amounts in thousands:

	Fair Value as of December 31, 2008	Fair Value as of December 31, 2007	Fair Value as of December 31, 2006
Energy Future Holdings Corp.(1)	$ (990)	$ 4,941	$ —
Dollar General Corporation	—	4,427	—
Biomet, Inc.	—	2,313	—
First Data Corporation	—	1,292	—
HCA Inc.(1)	—	(654)	10,299
	$ (990)	$ 12,319	$ 10,299

(1) Investments in debt securities were executed with derivative instruments.

4. FAIR VALUE MEASUREMENTS

The fair value of the KPE Investment Partnership's investments categorized by the fair value hierarchy levels were as follows, with amounts in thousands:

	Fair Value as of December 31, 2008			
	Total	Level I	Level II	Level III
Assets, at fair value:				
Opportunistic investments				
Fixed income investment	$ 40,109	$ —	$ 40,109	$ —
Public equities—common stocks	1,072	1,072	—	—
Co-investments in portfolio companies	1,414,743	—	—	1,414,743
Negotiated equity investments	649,155	—	649,155	—
Private equity funds	1,184,958	—	—	1,184,958
Non-private equity funds—Investments by KKR Strategic Capital Institutional Fund, Ltd.	62,583	—	—	62,583

	$ 3,352,620	$ 1,072	$ 689,264	$ 2,662,284
Liabilities, at fair value:				
Securities sold, not yet purchased	$ 1,916	$ 1,916	$ —	$ —
	$ 1,916	$ 1,916	$ —	$ —

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

The changes in investments measured at fair value for which the KPE Investment Partnership used Level III inputs to determine fair value were as follows, with amounts in thousands:

Fair value of investments as of December 31, 2007	$ 4,579,911
Purchases, net of sales	47,933
Transfers out of Level III	(131,207)
Net realized loss	(54,527)
Net change in unrealized depreciation	(1,779,826)
Fair value of investments as of December 31, 2008	$ 2,662,284
Net change in unrealized depreciation on investments included in net decrease in net assets resulting from operations related to Level III investments still held as of December 31, 2008	$ 1,767,013

The net change in unrealized depreciation is included under the net change in unrealized depreciation on investments and foreign currency transactions in the KPE Investment Partnership's consolidated statement of operations for the year ended December 31, 2008.

5. SECURITIES SOLD, NOT YET PURCHASED

Whether part of a hedging transaction or a transaction in its own right, securities sold, not yet purchased, or securities sold short, represent obligations of the KPE Investment Partnership to deliver the specified security at the contracted price, and thereby create a liability to repurchase the security in the market at then prevailing prices. Short selling allows the investor to profit from declines in market prices. The liability for such securities sold short is marked to market based on the current value of the underlying security at the date of valuation. These transactions involve a market risk in excess of the amount currently reflected in the KPE Investment Partnership's consolidated statement of assets and liabilities. As of December 31, 2008, the fair value of securities sold short, not yet purchased was $1.9 million. During the years ended December 31, 2008 and December 31, 2007 and the partial year ended December 31, 2006, net realized gain (loss) on investments and foreign currency transactions included $12.4 million, $0 and $0, respectively, from closed positions in securities sold, not yet purchased.

6. DERIVATIVES

The KPE Investment Partnership uses derivative instruments as part of its overall strategy to manage its exposure to market risks primarily associated with fluctuations in foreign currency and interest rates. The KPE Investment Partnership records all derivative instruments at fair value, as either assets or liabilities. The KPE Investment Partnership does not designate its derivative instruments as hedge accounting relationships. The fluctuation in the fair value of these derivative instruments offset the impact of changes in the value of the underlying risk that they are intended to economically hedge. Changes in the fair value of derivative instruments are included in net unrealized gain (loss) from investments and foreign currency transactions in the consolidated statements of operations.

The KPE Investment Partnership entered into forward foreign currency exchange contracts to economically hedge against foreign currency exchange rate risks on certain non-U.S. dollar denominated investments, The KPE Investment Partnership agreed to deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed-upon future date. The gain or loss on the

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. DERIVATIVES (Continued)

contracts is the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date and is included in the consolidated statements of assets and liabilities.

In February 2008, an interest rate swap transaction related to the U.S. dollar denominated borrowings outstanding under the KPE Investment Partnership's five-year revolving credit agreement ("Credit Agreement") with a notional amount of $350.0 million became effective. In this transaction, the KPE Investment Partnership received a floating rate based on the one-month LIBOR interest rate and pays a fixed rate of 3.993% on the notional amount of $350.0 million. The interest rate swap matures February 25, 2010. The KPE Investment Partnership uses the interest rate swap to manage the interest rate risk associated with the floating rate under its Credit Agreement.

The KPE Investment Partnership's unrealized gain (loss) on foreign currency exchange contracts and an interest rate swap contract was comprised of the following, with amounts in thousands:

	December 31, 2008	December 31, 2007	December 31, 2006
ASSETS:			
Foreign currency exchange contract— €150.0 million vs. $209.0 million for settlement in February 2013	$ 3,000	$ —	$ —
LIABILITIES:			
Foreign currency exchange contracts:			
¥10.0 billion vs. $91.6 million for settlement in June 2010	$ (19,792)	$ (3,995)	$ —
€150.0 million vs. $209.0 million for settlement in February 2013	—	(8,111)	—
€196.9 million vs. $265.6 million for settlement in September 2011	—	(15,343)	(5,053)
€180.7 million vs. $246.3 million for settlement in February 2012	—	(13,638)	—
€85.8 million vs. $117.9 million for settlement in December 2011	—	(4,691)	(659)
€17.0 million vs. $24.1 million for settlement in November 2008	—	(348)	—
€18.4 million vs. $25.0 million for settlement in November 2009	—	75	—
	(19,792)	(46,051)	(5,712)

Interest rate swap contract, matures February 2010	(12,539)	—	—
	$ (32,331)	$ (46,051)	$ (5,712)

During the year ended December 31, 2008, the forward foreign currency exchange contracts with a zero balance represented certain terminated transactions.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. DERIVATIVES (Continued)

As of December 31, 2008, the KPE Investment Partnership had posted $18.0 million of restricted cash to collateralize losses on the forward foreign currency exchange contracts and interest rate swap transaction.

The KPE Investment Partnership also purchased derivative financial instruments for investment purposes, which may include total return swaps and options. In a total return swap, the KPE Investment Partnership would have the right to receive any appreciation and dividends from a reference asset with a specified notional amount and would have an obligation to pay the counterparty any depreciation in the valuation of the reference asset, interest based on the notional amount and any other charge agreed to with the counterparty.

The fair value of the derivative instruments included in opportunistic investments in the KPE Investment Partnership's statement of assets and liabilities and related notional amounts were as follows, with amounts in thousands:

	December 31, 2008	December 31, 2007	December 31, 2006
Derivative instrument included in opportunis investment			
Fair value	$ —	$ 2,535	$ —
Notional amounts	—	49,751	—

Changes in the fair value of these financial instruments were recognized in the results of operations.

Transactions in call options written during the years ended December 31, 2008 and December 31, 2007 were as follows, with premiums received in thousands:

	Number of Contracts	Premiums Received
Options outstanding as of December 31, 2006	—	$ —
Options written	29,132	12,528
Options terminated in closing purchase transactions	(18,228)	(5,238)
Options outstanding as of December 31, 2007	10,904	7,290
Options written	6,567	3,528
Options terminated in closing purchase transactions	(17,471)	(10,818)
Options outstanding as of December 31, 2008	—	$ —

There were no call options written during the partial year ended December 31, 2006.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. DERIVATIVES (Continued)

Premiums received with respect to options written were recorded net of unrealized gains, which resulted in fair values as follows on the KPE Investment Partnership's statement of assets and liabilities, with amounts in thousands:

	December 31, 2008	December 31, 2007
Premiums received for options written	$ —	$ 7,290
Unrealized gain	—	(2,025)
	$ —	$ 5,265

During the years ended December 31, 2008 and December 31, 2007, the net realized gain (loss) on investments and foreign currency transactions included $1.9 million and $2.7 million, respectively, from the expiration or closing of options. There were no options written during the partial year ended December 31, 2006.

7. REVOLVING CREDIT AGREEMENT AND LONG-TERM DEBT

Revolving Credit Agreement

In June 2007, the KPE Investment Partnership entered into a five-year revolving Credit Agreement with a syndicate of lenders. The Credit Agreement provides for up to $925.0 million of senior secured credit, subject to availability under a borrowing base determined by the value of certain investments pledged as collateral security under the agreement. The borrowing base is subject to certain investment concentration limitations and the value of the investments constituting the borrowing base is subject to certain advance rates based on type of investment. In August 2009, an original lender under the Credit Agreement that became bankrupt with an initial $75.0 million commitment was removed from the syndicate of lenders, which reduced the availability under the Credit Agreement from $1.0 billion to $925.0 million. As of December 31, 2008, $2,774.0 million of the KPE Investment Partnership's assets were pledged as collateral to the Credit Agreement. As of December 31, 2008, the available amount under the Credit Agreement was $1.0 billion and the remaining availability under the Credit Agreement was $5.0 million.

The interest rates applicable to loans under the Credit Agreement are generally based on either (i) the greater of the administrative agent's base rate or U.S. federal funds rate plus a specified margin of 0.5% or (ii) the Eurodollar rate plus a specified margin ranging from 0.75% to 1.0%, depending on the relevant assets constituting the borrowing base. In addition, the KPE Investment Partnership must pay an annual commitment fee of 0.2% on the undrawn commitments under the Credit Agreement. During the year ended December 31, 2008, interest expense related to borrowings under the Credit Agreement, including commitment fees, breakage costs and the amortization of debt financing costs, were $43.4 million. During the year ended December 31, 2007, interest expense related to borrowings under the Credit Agreement, including commitment fees and the amortization of debt financing costs, were $26.8 million. There was no interest expense during the partial year ended December 31, 2006.

Pursuant to covenants in the Credit Agreement, the KPE Investment Partnership must maintain a ratio of senior secured debt to total assets of 50% or less. In addition, the Credit Agreement contains certain other customary covenants as well as certain customary events of default. As of December 31, 2008, the KPE Investment Partnership was in compliance with all covenants in all material respects.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. REVOLVING CREDIT AGREEMENT AND LONG-TERM DEBT (Continued)

The Credit Agreement will expire on June 11, 2012, unless earlier terminated upon an event of default. The KPE Investment Partnership will be required to repay all outstanding borrowings under the Credit Agreement at that time if the KPE Investment Partnership is unable to refinance the Credit Agreement prior to its expiration or termination. Borrowings under the Credit Agreement may be used for general business purposes of the KPE Investment Partnership, including the acquisition and funding of investments. The KPE Investment Partnership's borrowings outstanding under the Credit Agreement were as follows, with amounts in thousands:

	December 31, 2008	December 31, 2007	December 31, 2006
Borrowings	$ 968,970	$ 999,266	$ —
Foreign currency adjustments:			
Unrealized gain related to borrowings denominated in British pounds sterling	(14,058)	(3,237)	—
Unrealized loss (gain) related to borrowings denominated in Canadian dollars	(3,698)	6,211	—
Total borrowings outstanding	$ 951,214	$ 1,002,240	$ —

During the years ended December 31, 2008 and December 31, 2007 and the partial year ended December 31, 2006, the weighted average dollar amount of borrowings related to the Credit Agreement was $799.2 million, $392.2 million and $0.0 million, respectively, and the weighted average interest rate was 4.6%, 6.7% and 0.0%, respectively.

If total borrowings outstanding exceed 105% of the available amount under the Credit Agreement due to fluctuations in foreign exchange rates, the KPE Investment Partnership may be required to make certain prepayments on outstanding borrowings. As of December 31, 2008 and December 31, 2007, the KPE Investment Partnership was not subject to such prepayment requirements. The prepayment requirements did not apply as of December 31, 2006.

Long-Term Debt

During the year ended December 31, 2007, the KPE Investment Partnership entered into a financing arrangement with a major financial institution with respect to $350.0 million of its $700.0 million convertible notes investment in Sun.

The financing was structured through the use of total return swaps. Pursuant to the terms of the financing arrangement, $350.0 million of the Sun convertible notes were directly held by the KPE Investment Partnership and were pledged to the financial institution as collateral (the "Pledged Notes") and the remaining $350.0 million of the Sun convertible notes were directly held by the financial institution (the "Swap Notes"). The Pledged Notes and Swap Notes were due as follows: $175.0 million were due in January 2012 and the remaining $175.0 million were due in January 2014. Pursuant to the security agreements with respect to the Pledged Notes, the KPE Investment Partnership had the right to vote the Pledged Notes and the financial institution was obligated to follow the instructions of the KPE Investment Partnership, subject to certain exceptions, so long as default did not exist under the security agreements or the underlying swap agreements. The KPE Investment Partnership was also restricted from transferring the Pledged Notes without the consent of the financial institution.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. REVOLVING CREDIT AGREEMENT AND LONG-TERM DEBT (Continued)

At settlement, the KPE Investment Partnership would be entitled to receive payment equal to any appreciation on the value of the Swap Notes and the KPE Investment Partnership would be obligated to pay to the financial institution any depreciation on the value of the Swap Notes. In addition, the financial institution would be obligated to pay the KPE Investment Partnership any interest that would be paid to a holder of the Swap Notes when payment would be received by the financial institution. The per annum rate of interest payable by the KPE Investment Partnership for the financing was equivalent to the three-month LIBOR plus 0.90%, which accrues during the term of the financing and was payable at settlement. During the years ended December 31, 2008, December 31, 2007 and December 31, 2006, interest expense related to the KPE Investment Partnership's financing of the Sun investment was $16.4 million, $20.4 million and nil, respectively.

The financing provided for early settlement upon the occurrence of certain events, including an event based on the value of the collateral and other events of default. The Pledged Notes were held by wholly owned subsidiaries formed by the KPE Investment Partnership to enter into the Sun investment, and the rights and obligations described above with respect to the Pledged Notes and Swap Notes were the rights and obligations of these wholly owned subsidiaries without recourse to the KPE Investment Partnership.

During the years ended December 31. 2008, December 31, 2007 and December 31. 2006, the weighted average dollar amount of borrowings related to the long-term debt was $350.0 million, $350 million and nil, respectively, and the weighted average interest rate was 4.0%, 6.2% and 0.0%, respectively.

During the years ended December 31, 2008 and December 31, 2007 and the partial year ended December 31, 2006, the weighted average dollar amount of borrowings related to the long-term debt was $350.0 million, $326.0 million and $0.0 million, respectively, and the weighted average interest rate was 4.0%, 6.2% and 0.0% respectively.

Fair Value

The KPE Investment Partnership believes the carrying value of its debt approximates fair value as of December 31, 2008 and December 31, 2007. There was no debt outstanding as of December 31, 2006.

Principal Payments

As of December 31, 2008, the KPE Investment Partnership's scheduled principal payments for borrowings under the Credit Agreement and long-term debt related to the financing of Sun were as follows, with amounts in thousands:

		Payments Due by Period			
	Total	Less than 1 year	1 to 3 Years	3 to 5 Years	More than 5 years
Revolving credit agreement	$ 951,214	$ —	$ —	$ 951,214	$ —
Long-term debt	350,000	—	—	175,000	175,000
Total	$ 1,301,214	$ —	$ —	$ 1,126,214	$ 175,000

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. DISTRIBUTABLE EARNINGS (LOSS)

The KPE Investment Partnership's distributable earnings (loss) were comprised of the following, with amounts in thousands:

Distributable earnings (loss) as of April 18, 2006 (date of formation)	$ —
Net increase in net assets resulting from operations during the partial year ended December 31, 2006	248,776
Distribution to partners	(38,945)
Distributable earnings as of December 31, 2006	209,831
Net increase in net assets resulting from operations during the year ended December 31, 2007	2,773
Distribution to partners	(54,194)
Distributable earnings as of December 31, 2007	158,410
Net decrease in net assets resulting from operations during the year ended December 31, 2008	(2,351,387)
Distribution to partners	(15,000)
Distributable loss as of December 31, 2008	$ (2,207,977)

The KPE Investment Partnership's distributions to its general and limited partners were based on their pro rata partner interests.

As of December 31, 2008, December 31, 2007 and December 31, 2006, the accumulated undistributed net investment income was $91.9 million, $156.6 million and $130.7 million, respectively. The accumulated undistributed net realized gain on investments and foreign currency transactions was $43.5 million, $148.1 million and $34.6 million as of December 31, 2008, December 31, 2007 and December 31, 2006, respectively. The accumulated undistributed net unrealized depreciation on investments and foreign currency transactions was $2,235.2 million and $53.1 million as of December 31, 2008 and December, 31, 2007, respectively. As of December 31, 2006 the accumulated undistributed net unrealized appreciation on investments and foreign currency transactions was $83.5 million.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. OPERATING RESULTS ALLOCATED TO THE GENERAL AND LIMITED PARTNERS

Operating results for the general and limited partners of the KPE Investment Partnership were as follows, with amounts in thousands. Income and expenses were allocated to the general partner and limited partner based on their respective ownership percentages.

	Year Ended December 31, 2008		
	General Partner	Limited Partner	Total
Investment income:			
Interest income, net of withholding taxes of $0, $155 and $155, respectively	$ 75	$ 36,175	$ 36,250
Dividend income, net of withholding taxes of $1, $393 and $394, respectively	19	9,102	9,121
Total investment income	94	45,277	45,371
Expenses:			
Management fees	—	43,057	43,057
Interest expense	128	61,715	61,843
Dividend expense	3	1,317	1,320
General and administrative expenses	10	3,845	3,855
Total expenses	141	109,934	110,075
Net investment loss	(47)	(64,657)	(64,704)
Realized and unrealized loss from investments and foreign currency:			
Net realized loss, net of withholding benefit of $0, $(37) and $(37), respectively	(217)	(104,356)	(104,573)
Net change in unrealized depreciation	(4,529)	(2,177,581)	(2,182,110)
Net loss on investments and foreign currency transactions	(4,746)	(2,281,937)	(2,286,683)
Net decrease in net assets resulting from operations	$ (4,793)	$ (2,346,594)	$ (2,351,387)

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. OPERATING RESULTS ALLOCATED TO THE GENERAL AND LIMITED PARTNERS (Continued)

	Year Ended December 31, 2007		
	General Partner	Limited Partner	Total
Investment income:			
Interest income	$ 212	$ 102,393	$ 102,605
Dividend income, net of withholding taxes of $3, $1,443 and $1,446, respectively	50	24,147	24,197
Total investment income	262	126,540	126,802
Expenses:			
Management fees	—	46,629	46,629
Incentive fees	2	954	956
Interest expense	101	48,456	48,557
General and administrative expenses	9	4,668	4,677
Total expenses	112	100,707	100,819
Net investment income	150	25,833	25,983
Realized and unrealized gain (loss) from investments and foreign currency:			
Net realized gain, net of withholding taxes of $2, $975 and $977, respectively	236	113,196	113,432
Net change in unrealized depreciation	(283)	(136,359)	(136,642)
Net loss on investments and foreign currency transactions	(47)	(23,163)	(23,210)
Net increase in net assets resulting from operations	$ 103	$ 2,670	$ 2,773

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. OPERATING RESULTS ALLOCATED TO THE GENERAL AND LIMITED PARTNERS (Continued)

	From April 18, 2006 (Date of Formation) to December 31, 2006		
	General Partner	Limited Partner	Total
Investment income:			
Interest income	$ 296	$ 143,074	$ 143,370
Dividend income, net of withholding taxes of $0, $63 and $63, respectively	—	146	146
Total investment income	296	143,220	143,516
Expenses:			
Management fees	—	9,874	9,874
Incentive fees	2	1,042	1,044
General and administrative expenses	4	1,937	1,941
Total expenses	6	12,853	12,859
Net investment income	290	130,367	130,657
Realized and unrealized gain (loss) from investments and foreign currency:			
Net realized gain	72	34,547	34,619
Net change in unrealized appreciation	173	83,327	83,500
Net gain on investments and foreign currency transactions	245	117,874	118,119
Net increase in net assets resulting from operations	$ 535	$ 248,241	$ 248,776

10. REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS AND FOREIGN CURRENCY

The net gain (loss) from investments and foreign currency transactions in the KPE Investment Partnership's consolidated statements of operations included net realized gains or losses from sales of investments and the net change in unrealized appreciation or depreciation resulting from changes in fair value of investments (including foreign exchange gains and losses attributable to foreign-denominated investments). The following table represents the KPE Investment Partnership's net gain (loss) from investments and foreign currency transactions, with amounts in thousands:

	Year Ended		
	December 31, 2008	December 31, 2007	From April 18, 2006 (Date of Formation) to December 31, 2006
Net realized gain (loss)	$ (104,573)	$ 113,432	$ 34,619
Net change in unrealized appreciation (depreciation)	(2,182,110)	(136,642)	83,500
Net gain (loss) on investments and foreign currency transactions	$(2,286,683)	$ (23,210)	$ 118,119

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS AND FOREIGN CURRENCY (Continued)

The net change in unrealized appreciation (depreciation) on investments and foreign currency transactions was as follows, with amounts in thousands:

	Year Ended		
	December 31, 2008	December 31, 2007	From April 18, 2006 (Date of Formation) to December 31, 2006
Opportunistic and temporary investments	$ 16,453	$ (49,780)	$ 3,988
Co-investments	(1,221,540)	(26,535)	2,208
Negotiated equity investments	(352,200)	(11,020)	—
Investments in private equity funds	(532,781)	(36,789)	71,310
Investments in a non-private equity fund	(92,042)	(12,518)	5,994
	$ (2,182,110)	$ (136,642)	$ 83,500

11. DISTRIBUTIONS

The Associate Investor determines, in its sole discretion, the amount and timing of distributions in respect of the Class A, Class B, Class C and Class D partner interests. If and when made, the distributions will be made pro rata in accordance with the partner's percentage interests, except as otherwise discussed below. During the year ended December 31, 2008, the KPE Investment Partnership made distributions of $15.0 million to its general and limited partners based on their pro rata partner interests.

Except as described below, each investment that is made by the KPE Investment Partnership is subject to either a carried interest or incentive distribution right, which generally entitles the Associate Investor or an affiliate of KKR to receive a portion of the profits generated by the investment.

Gains and losses from investments of any particular investment class are not netted against gains and losses from any other investment class when computing amounts that are payable in respect of carried interests and incentive distribution rights discussed below.

Until the profits on the KPE Investment Partnership's consolidated investments that are subject to a carried interest or incentive distribution right equal the managers' commissions, placement fees and other expenses incurred in connection with KKR Guernsey's initial offering and related transactions, the Associate Investor will forego its carried interest and incentive distribution rights on opportunistic, temporary investments, co-investments and negotiated equity investments, subject to certain limitations.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. DISTRIBUTIONS (Continued)

See Note 12, "Relationship with KKR and Related Party Transactions—Carried Interests and Incentive Distributions."

Distributions in Respect of Class A; Opportunistic and Temporary Investments	• The Associate Investor is entitled to an incentive distribution in an amount equal to 20% of the amount of the annual appreciation in the net asset value of opportunistic and temporary investments, after any previously incurred unrecouped losses have been recovered. • Appreciation is measured at the end of each annual accounting period. • The amount of appreciation is increased to reflect withdrawals of capital and decreased to reflect capital contributions for opportunistic and temporary investments. • Incentive distribution payable was temporarily waived, as discussed in Note 12, "Relationship with KKR and Related Party Transactions—Carried Interests and Incentive Distributions."

During the one-year period following the commencement of the KPE Investment Partnership's operations, through May 10, 2007, the appreciation in the value of temporary investments was disregarded for the purposes of calculating the Associate Investor's incentive distribution.

If the KPE Investment Partnership does not distribute the entire incentive distribution after the end of the applicable period, the undistributed amount will, for the purpose of calculating the Associate Investor's percentage interest, be treated as being contributed by the Associate Investor to the partnership as a capital contribution.

To the extent that the KPE Investment Partnership acquires any interest in a private equity fund or other investment fund sponsored by KKR or any of its affiliates at a price that is greater or less than the net asset value of the fund that is allocable to such interest, the calculation of the incentive distribution to be paid to the general partner in respect of its Class A interest for the annual accounting period during which the disposition of all remaining assets of such fund occurs will be adjusted as follows:

- For any interest acquired at a discount, a gain will be reflected equal to the difference, if positive, between (i) the net asset value of the fund that is allocable to such interest at the date of acquisition or, if lower, the value realized and distributed in respect of such interest from the disposition of all fund assets from and after date of acquisition (in each case reduced by any capital contributed to the fund by the KPE Investment Partnership or its subsidiaries since the date of acquisition) and (ii) the price at which such interest was acquired.

- For any interest acquired at a premium, a loss will be reflected equal to the difference, if positive, between (i) the price at which such interest was acquired and (ii) net asset value of the fund that is allocable to such interest at the date of acquisition or, if higher, the value realized and distributed in respect of such interest from the disposition of all fund assets from and after date of acquisition (in each case reduced by any capital contributed to the fund by the KPE Investment Partnership since the date of acquisition).

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. DISTRIBUTIONS (Continued)

To the extent that the KPE Investment Partnership disposes of any interest in a KKR fund at a price that is greater or less than net asset value, a similar adjustment will be performed. For purposes of the above, the Associate Investor may elect to deem the disposition of all remaining assets of a fund to have occurred by valuing, for such purposes, all remaining fund assets at zero.

Distributions in Respect of Class B; Co-Investments in Portfolio Companies and Negotiated Equity Investments	• The Associate Investor is entitled to a carried interest of 20% on the net realized returns on each co-investment or negotiated equity investment. • Realized returns are calculated after the capital contribution for a particular investment was recovered and all prior realized losses for other co-investments and negotiated equity investments are recovered. • The Associate Investor could make distributions to itself in respect of its Class B carried interest without making corresponding distributions to the limited partner. • Carried interest payable was temporarily waived, as discussed in Note 12, "Relationship with KKR and Related Party Transactions—Carried Interests and Incentive Distributions."
Distributions in Respect of Class C; Investments in KKR's Private Equity Funds	• The Associate Investor is not entitled to a carried interest or incentive distribution right with respect to the Class C interest; however, the general partner of KKR's private equity funds are generally entitled to a carried interest of 20% on the net realized return on each portfolio investment. • Realized returns are generally calculated after capital contributions for the particular portfolio investment have been returned to limited partners, realized losses on other portfolio investments of the fund have been recovered and certain unrealized losses (e.g., certain write-downs in the value of certain portfolio investments), if any, have been recovered. • The realized gains and losses of portfolio investments are not netted across funds and each carried interest applies only to the results of an individual fund.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. DISTRIBUTIONS (Continued)

	• Class C carried interests paid could have offset the management fee payable under the services agreement for a limited time as discussed in Note 12, "Relationship with KKR and Related Party Transactions—Carried Interests and Incentive Distributions."
Distributions in Respect of Class D; Investments in KKR's Investment Funds Other than Private Equity Funds	• The Associate Investor is not entitled to a carried interest or an incentive distribution right with respect to the Class D interest; however, the general partner or the fund manager of a non-private equity fund of KKR is generally entitled to an incentive distribution specific to that particular investment fund.
	• The amount and calculation of the incentive distribution varies from fund to fund.
	• The gains and losses of investments are not netted across funds and each carried interest or incentive distribution applies only to the results of an individual fund.
	• Class D incentive distributions paid could have offset the management fee payable under the services agreement for a limited time as discussed in Note 12, "Relationship with KKR and Related Party Transactions—Carried Interests and Incentive Distributions."

Incentive fees of $1.0 million were incurred by SCF during each of the year ended December 31, 2007 and the partial year ended December 31, 2006, respectively. SCF did not incur any incentive fees during the year ended December 31, 2008.

12. RELATIONSHIP WITH KKR AND RELATED PARTY TRANSACTIONS

In connection with the formation of KKR Guernsey and the initial offering of its common units, affiliates of KKR contributed $75.0 million in cash to the KPE Investment Partnership and KKR Guernsey, of which $10.0 million was contributed to the KPE Investment Partnership in respect of general partner interests in the KPE Investment Partnership and $65.0 million was contributed to KKR Guernsey in exchange for common units.

Subject to the supervision of the board of directors of the Managing Investor and the board of directors of the Managing Partner, KKR assists the KPE Investment Partnership and KKR Guernsey in selecting, evaluating, structuring, diligencing, negotiating, executing, monitoring and exiting investments and managing uninvested capital and also provides financial, legal, tax, accounting and other administrative services. These investment activities are carried out by KKR's investment professionals and KKR's investment committee pursuant to the services agreement or under investment management agreements between KKR and its investment funds.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. RELATIONSHIP WITH KKR AND RELATED PARTY TRANSACTIONS (Continued)

Services Agreement

The KPE Investment Partnership, the Associate Investor, the Managing Investor, KKR Guernsey and the Managing Partner entered into a services agreement with KKR pursuant to which KKR has agreed to provide certain investment, financial advisory, operational and other services to them. Under the services agreement, KKR is responsible for the day-to-day operations of the service recipients and is subject at all times to the supervision of their respective governing bodies, including the board of directors of the Managing Investor and the board of directors of the Managing Partner.

The services agreement contains certain provisions requiring the KPE Investment Partnership and the other service recipients to indemnify KKR and its affiliates with respect to all losses or damages arising from acts not constituting bad faith, willful misconduct or gross negligence. The Managing Investor has evaluated the impact of these guarantees on the consolidated financial statements and determined that they are not material at this time.

Management Fees

Under the services agreement, the KPE Investment Partnership and the other service recipients jointly and severally agreed to pay KKR a management fee, quarterly in arrears, in an aggregate amount equal to (prior to the Combination Transaction) one-fourth of the sum of:

(i) KKR Guernsey's equity [1] up to and including $3.0 billion multiplied by 1.25% plus

(ii) KKR Guernsey's equity [1] in excess of $3.0 billion multiplied by 1%

[1] Generally, subsequent to May 10, 2007, equity for purposes of the management fee is approximately equal to KKR Guernsey's net asset value, which would be adjusted for any items discussed below, if necessary.

KKR and its affiliates are paid only one management fee, regardless of whether it is payable pursuant to the services agreement or the terms of the KKR investment funds in which the KPE Investment Partnership is invested.

For the purposes of calculating the management fee under the services agreement, "equity" was defined prior to the Combination Transaction as the sum of the net proceeds in cash or otherwise from each issuance of KKR Guernsey's limited partner interests, after deducting any managers' commissions, placement fees and other expenses relating to the initial offering and related transactions, plus or minus KKR Guernsey's cumulative distributable earnings or loss at the end of such quarterly period (taking into account actual distributions but without taking into account the management fee relating to such quarterly period and any non-cash equity compensation expense incurred in current or prior periods), as reduced by any amount that KKR Guernsey paid for repurchases of KKR Guernsey's limited partner interests.

The foregoing calculation of "equity" was adjusted to exclude (i) one-time events pursuant to changes in U.S. GAAP as well as (ii) any non-cash items jointly agreed to by the Managing Partner (with the approval of a majority of its independent directors) and KKR. During the one-year period following the commencement of KKR Guernsey's operations, through May 10, 2007, for the purpose of the management fee calculation, equity did not include any portion of the proceeds from the initial offering and related transactions while such proceeds were invested in temporary investments or any distributable earnings that were generated by such temporary investments.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. RELATIONSHIP WITH KKR AND RELATED PARTY TRANSACTIONS (Continued)

The management fee payable under the services agreement will be reduced in current or future periods by an amount equal to the sum of (i) any cash that the KPE Investment Partnership and the other service recipients, as limited partners of KKR's investment funds, paid to KKR or its affiliates during such period in respect of management fees of such funds (or capital that the KPE Investment Partnership contributes to KKR's investment funds for such purposes), regardless of whether such management fees were received by KKR in the form of a management fee or otherwise, (ii) management fees, if any, that the KPE Investment Partnership may have paid third parties in connection with investments and (iii) until the profits on the KPE Investment Partnership's consolidated investments that are subject to a carried interest or incentive distribution right equal the managers' commissions, placement fees and other expenses incurred in connection with KKR Guernsey's initial offering and related transactions, carried interests and incentive distributions made pursuant to the terms of the investment funds in which the KPE Investment Partnership is invested, subject to certain limitations.

The reduction of the management fee payable under the services agreement by the amount of carried interests or incentive distribution rights paid pursuant to the terms of KKR's investment funds is limited to 5% of KKR Guernsey's gross income (other than income that qualifies as capital gains) for U.S. federal income tax purposes for a taxable year minus any gross income earned by or allocated to KKR Guernsey for U.S. federal income tax purposes during such taxable year that is not "qualifying income" as defined in Section 7704(d) of the U.S. Internal Revenue Code.

The KPE Investment Partnership earned income from KKR's private equity funds during the year ended December 31, 2008, which, pursuant to the terms of those funds, was received net of carried interests of $3.4 million. The amount of carried interests paid to KKR's affiliates during the 2008 taxable year was used to offset the management fee at year end.

During the year ended December 31, 2007, the KPE Investment Partnership earned income from KKR's private equity funds, which pursuant to the terms of those funds, was received net of carried interests of $23.5 million. Because the 2007 carried interest amount exceeded the maximum amount the management fee was able to be reduced by, the amount of carried interests used to reduce the management fee payable under the management agreement was limited to $6.4 million. Correspondingly, the profits related to the $17.1 million remainder of 2007 carried interests were not used to determine whether the managers' commissions, placement fees and other expenses incurred in connection with KKR Guernsey's initial offering and related transactions were recouped.

To the extent that the amount of management fee reductions in respect of a particular quarterly period exceed the amount of the fee that would have otherwise been payable, KKR will be required to credit the difference against any future management fees that may become payable under the services agreement. Under no circumstances, however, will credited amounts be reimbursed by KKR or reduce the management fee payable in respect of any quarterly period below zero.

The management fee payable under the services agreement is not subject to reduction based on any other fees that KKR or its affiliates receive in connection with the KPE Investment Partnership's investments, including any transaction or monitoring fees that were paid by a third party. In addition, the management fee may not be reduced if the Managing Partner determines, in good faith, that a reduction in the management fee would jeopardize the classification of KKR Guernsey as a partnership for U.S. federal income tax purposes.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. RELATIONSHIP WITH KKR AND RELATED PARTY TRANSACTIONS (Continued)

During the years ended December 31, 2008 and December 31, 2007 and the partial year ending December 31, 2006, management fee expense was $43.1 million, $46.6 million and $9.9 million, respectively.

Carried Interests and Incentive Distributions

As described in Note 11, "Distributions," each investment that is made by the KPE Investment Partnership is subject to either a carried interest or incentive distribution right, which generally entitles the Associate Investor or an affiliate of KKR to receive a portion of the profits generated by the investment.

Recoupment through Profits of Expenses Incurred in Connections with KKR Guernsey's Initial Offering and Related Transactions

Until the profits on the KPE Investment Partnership's consolidated investments that are subject to a carried interest or incentive distribution right equal the managers' commissions, placement fees and other expenses incurred in connection with KKR Guernsey's initial offering and related transactions, (i) the Associate Investor will forego its carried interest and incentive distribution rights on opportunistic, temporary investments, co-investments and negotiated equity investments and (ii) the management fee payable under the services agreement may be reduced by the amount of carried interests and incentive distributions made pursuant to the terms of the investment funds in which the KPE Investment Partnership is invested.

As of December 31, 2008, managers' commissions, placement fees and other expenses incurred in connection with the initial offering and related transactions exceeded the amount of profits related to the carried interests and incentive distribution rights payable on certain of the KPE Investment Partnership's consolidated investments as follows, with amounts in thousands:

Offering costs	$ 283,640
Versus creditable amounts	141,162
Remainder	$ 142,478

Therefore, no carried interests or incentive distributions based on opportunistic investments, temporary investments, co-investments or negotiated equity investments were payable to the Associate Investor as of December 31, 2008.

Incentive fees of $1.0 million incurred by SCF during each of the year ended December 31, 2007 and the partial year ended December 31, 2006 did not reduce the management fees recorded by the KPE Investment Partnership for such period, as determined by the Managing Partner to be in the best interests of KKR Guernsey's unitholders based on legal and tax advice received from its advisors in light of KKR Guernsey's classification as a partnership for U.S. federal income tax purposes. Correspondingly, the profits of SCF were not taken into account when determining whether the managers' commissions, placement fees and other expenses incurred in connection with KKR Guernsey's initial offering and related transactions were recouped.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. RELATIONSHIP WITH KKR AND RELATED PARTY TRANSACTIONS (Continued)

Investments in Affiliates and Unaffiliated Issuers

Investments in affiliates were $2,662.3 million, $4,690.3 million and $1,743.3 million as of December 31, 2008, December 31, 2007 and December 31, 2006, respectively, which included investments in co-investments in KKR portfolio companies, KKR private equity funds and SCF. All other investments were in unaffiliated issuers, which included negotiated equity and opportunistic (Class A) investments and totaled $690.3 million, $1,444.3 million and $158.5 million as of December 31, 2008, December 31, 2007 and December 31, 2006, respectively.

The net gain (loss) on investments and foreign currency transactions were comprised of the following, with dollars in thousands:

	Year Ended		
	December 31, 2008	December 31, 2007	From April 18, 2006 (Date of Formation) to December 31, 2006
Net realized gain (loss) from:			
Investments in affiliates	$ (54,527)	$ 95,638	$ 1,286
Investments in unaffiliated issuers	(50,046)	17,794	33,333
	(104,573)	113,432	34,619
Net change in unrealized appreciation (depreciation) from:			
Investments in affiliates	(1,891,145)	(39,771)	3,988
Investments in unaffiliated issuers	(290,965)	(96,871)	79,512
	(2,182,110)	(136,642)	83,500
Net gain (loss) on investments and foreign currency transactions	$ (2,286,683)	$ (23,210)	$ 118,119

Reimbursed Expenses

During each of the years ended December 31, 2008 and December 31, 2007 and the partial year ended December 31, 2006, the KPE Investment Partnership paid KKR less than $0.1 million for reimbursable expenses incurred pursuant to the services agreement. These reimbursed expenses were included in the KPE Investment Partnership's general and administrative expenses.

License Agreement

The KPE Investment Partnership, the Associate Investor, the Managing Investor, KKR Guernsey and the Managing Partner, as licensees, entered into a license agreement with KKR pursuant to which KKR granted each party a non-exclusive, royalty-free license to use the name "KKR." Under this agreement, each licensee has the right to use the "KKR" name. Other than with respect to this limited license, none of the

licensees has a legal right to the "KKR" name.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. COMMITMENTS

As of December 31, 2008, the KPE Investment Partnership had the following commitments to KKR private equity funds, with amounts in thousands:

	Capital Commitment	Unfunded Commitment
KKR 2006 Fund L.P.	$ 1,555,000	$ 449,213
KKR European Fund III, Limited Partnership	300,000	291,192
KKR Asian Fund L.P.	285,000	218,943
	$ 2,140,000	$ 959,348

Capital contributions are due on demand; however, given the size of such commitments and rates at with KKR's funds make investments, the KPE Investment Partnership expects that the unfunded capital commitments presented above will be called over a period of several years.

As is common with investments in investment funds, the KPE Investment Partnership follows an over-commitment approach when making investments through KKR's investment funds in order to maximize the amount of capital that is invested at any given time. When an over-commitment approach is followed, the aggregate amount of capital committed by the KPE Investment Partnership to investments at a given time may exceed the aggregate amount of cash that the KPE Investment Partnership has available for immediate investment. Because the general partners of KKR's investment funds are permitted to make calls for capital contributions following the expiration of a relatively short notice period, when an over-commitment approach is used, the KPE Investment Partnership is required to time investments and manage available cash in a manner that allows it to fund its capital commitments as and when capital calls are made.

As the service provider under the services agreement, KKR is primarily responsible for carrying out these activities for the KPE Investment Partnership. KKR takes into account expected cash flows to and from investments, including cash flows to and from KKR's investment funds, when planning investment and cash management activities with the objective of seeking to ensure that the KPE Investment Partnership is able to honor its commitments to funds as and when they become due. KKR also takes into account the senior secured credit facility established by the KPE Investment Partnership. As of December 31, 2008, the KPE Investment Partnership was over-committed.

14. FINANCIAL HIGHLIGHTS

Financial highlights for the KPE Investment Partnership for the year ended December 31, 2008 were as follows:

	Opportunistic and Temporary Investments	Co-Investments and Negotiated Equity Investments	Private Equity Funds	Non-Private Equity Funds	Total
Total return (annualized)	(17.1)%	(48.2)%	(31.0)%	(66.9)%	(47.1)%
Ratios to average net assets:					
Total expenses (annualized)	10.4	0.7	0.0	4.0	2.9
Net investment income (loss) (annualized)	(8.7)	(0.5)	0.6	9.8	(1.7)

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. FINANCIAL HIGHLIGHTS (Continued)

Financial highlights for the KPE Investment Partnership for the year ended December 31, 2007 were as follows:

	Opportunistic and Temporary Investments	Co-Investments and Negotiated Equity Investments	Private Equity Funds	Non-Private Equity Funds	Total
Total return (annualized)	(2.0)%	(1.7)%	4.7%	5.0%	0.1%
Ratios to average net assets:					
Total expenses (annualized)	6.1	0.8	0.0	3.5	2.0
Net investment income (annualized)	0.6	(0.1)	0.6	7.9	0.5

Financial highlights for the KPE Investment Partnership for the partial year ended December 31, 2006 were as follows:

	Opportunistic and Temporary Investments	Co-Investments and Negotiated Equity Investments	Private Equity Funds	Non-Private Equity Funds	Total
Total return (annualized)	6.3%	0.9%	37.6%	41.5%	8.0%
Ratios to average net assets:					
Total expenses (annualized)	0.4	0.0	0.0	11.8	0.4
Net investment income (annualized)	4.9	0.0	0.2	(0.6)	4.2

The total return and ratios were calculated based on the weighted average net assets.

The KPE Investment Partnership's turnover ratio for the years ended December 31, 2008, December 31, 2007 and the partial year ended December 31, 2006 was 9.6%, nil and nil, respectively.

15. CONTINGENCIES

As with any partnership, the KPE Investment Partnership may become subject to claims and litigation arising in the ordinary course of business. The Managing Investor does not believe that there are any pending or threatened legal proceedings that would have a material adverse effect on the consolidated financial position, operating results or cash flows of the KPE Investment Partnership.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. QUARTERLY OPERATING RESULTS (UNAUDITED)

A summary of consolidated quarterly operating results for the KPE Investment Partnership for the years ended December 31, 2008 and ended December 31, 2007 was as follows, with amounts in thousands, except per unit and percentage amounts.

	For the Quarter Ended			
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008
Net investment loss	$ (19,690)	$ (17,196)	$ (13,837)	$ (13,981)
Net loss on investments and foreign currency transactions	(248,345)	(141,522)	(670,037)	(1,226,779)
Net decrease in net assets resulting from operations	(268,035)	(158,718)	(683,874)	(1,240,760)
Net assets at the end of the period	4,721,943	4,563,225	3,874,351	2,628,591
Total return (annualized)	(21.3)%	(13.5)%	(59.6)%	(127.4)%

	For the Quarter Ended			
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Net investment income (loss)	$ 26,492	$ 24,097	$ (4,870)	$ (19,736)
Net gain (loss) on investments and foreign currency transactions	132,141	127,685	(14,881)	(268,155)
Net increase (decrease) in net assets resulting from operations	158,633	151,782	(19,751)	(287,891)
Net assets at the end of the period	5,205,032	5,354,814	5,282,869	4,994,978
Total return (annualized)	12.7%	11.7%	(1.5)%	(21.6)%

		For the Quarter Ended	
	From April 18, 2006 (Date of Formation) to June 30, 2006	September 30, 2006	December 31, 2006
Net investment income	$ 34,731	$ 52,900	$ 43,026
Net gain (loss) on investments and foreign currency transactions	(3,295)	47,749	73,665
Net increase in net assets resulting from operations	31,436	100,649	116,691
Net assets at the end of the period	4,868,004	4,968,653	5,046,399
Total return (annualized)	4.6%	8.2%	9.3%

17. SUBSEQUENT EVENTS

During September, 2009, KKR Corporate Capital Services LLC, a subsidiary of KKR, acquired a $64.8 million commitment to the KPE Investment Partnership's Credit Agreement from an existing lender. In August 2009, the KPE Investment Partnership terminated the $75 million commitment held by a bankrupt lender. As a result, the total commitments available under the Credit Agreement were reduced to $925 million.

On October 1, 2009, the limited partner interests of the KPE Investment Partnership were transferred from KKR Guernsey to KKR pursuant to the Combination Transaction. See Note 1, "Business."

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. SUBSEQUENT EVENTS (Continued)

On October 1, 2009, pursuant to the Combination Transaction, the KPE Investment Partnership and certain of its subsidiaries transferred the following to KKR: (i) $76.6 million of cash and cash equivalents, (ii) its investment in Sun with a fair value as of September 30, 2009, net of debt of $297.5 million, (iii) limited partner interests in co-investments in NXP, ProSieben and Capmark with fair values as of September 30, 2009 of $25.0 million, $8.7 million and nil, respectively, and (iv) $42.1 million of certain other liabilities, net of other assets.

In connection with the Combination Transaction, the services agreement, including the method of calculating the management fee, was amended on October 1, 2009. The amended and restated services agreement provides for substantially the same services as described above.

Subsequent to December 31, 2008 and through April 15, 2010, the KPE Investment Partnership received proceeds of $281.3 million from partial dispositions of holdings in portfolio companies as direct co-investments and within private equity funds. In addition, the KPE Investment Partnership sold the remainder of its opportunistic investments for proceeds of $47.5 million. Subsequent to December 31, 2008, and through April 15, 2010, the KPE Investment Partnership received dividends from portfolio companies of $110.5 million. In December 2009, the KPE Investment Partnership received a distribution in-kind of its assets in SCF.

Subsequent to December 31, 2008 and through April 15, 2010, the KPE Investment Partnership purchased interests in portfolio companies within private equity funds and held as direct co-investments of $183.4 million. Subsequent to December 31, 2008 and through April 15, 2010, the KPE Investment Partnership distributed $475.1 million to KKR Guernsey and the Associate Investor based on their ownership percentages.

Subsequent to December 31, 2008 and through April 15, 2010, the KPE Investment Partnership transferred $50.0 million of its remaining commitment to KKR 2006 Fund L.P. and $50.0 million of its remaining commitment to KKR Asian Fund L.P. to an unrelated third party, thereby reducing its unfunded obligations by a total of $100.0 million.

Subsequent to December 31, 2008 and through April 15, 2010, the KPE Investment Partnership made net repayments to reduce outstanding borrowings of $632.3 million under the Credit Agreement. In January 2010, the KPE Investment Partnership entered into a one-year revolving credit agreement with KKR Management Holdings L.P. ("Management Holdings") that provides for up to $500.0 million of unsecured credit. The one-year revolving credit agreement was assigned to a subsidiary of Management Holdings, and the KPE Investment Partnership has borrowed $380.0 million under it.

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KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES (UNAUDITED)

(Amounts in thousands)

	September 30, 2009	December 31, 2008
ASSETS:		
Investments, at fair value:		
Opportunistic investments—Class A (cost of $0 and $84,852, respectively)	$ —	$ 41,181
Co-investments in portfolio companies of private equity funds—Class B (cost of $2,423,281 and $2,663,611, respectively)	1,629,088	1,414,743
Negotiated equity investments—Class B (cost of $992,582 and $992,582, respectively)	796,458	649,155
Private equity funds—Class C (cost of $1,792,712 and $1,683,609, respectively)	1,567,542	1,184,958
Non-private equity fund—Class D (cost of $144,128 and $161,148, respectively)	114,875	62,583
	4,107,963	3,352,620
Cash and cash equivalents	289,366	623,316
Cash and cash equivalents held by a non-private equity fund	2	88
Restricted cash	8,514	18,011
Unrealized gain on a foreign currency exchange contract	—	3,000
Other assets	3,979	7,689
Total assets	4,409,824	4,004,724
LIABILITIES:		
Accrued liabilities	44,060	37,691
Due to affiliates	4,539	2,864
Securities sold, not yet purchased (proceeds of $0 and $1,785, respectively)	—	1,916
Unrealized loss on foreign currency exchange contracts and an interest rate swap	26,628	32,331
Other liabilities	—	117
Revolving credit agreement	948,997	951,214
Long-term debt	350,000	350,000
Total liabilities	1,374,224	1,376,133
COMMITMENTS AND CONTINGENCIES	—	—
NET ASSETS	$ 3,035,600	$ 2,628,591
NET ASSETS CONSIST OF:		
Partners' capital contributions	$ 4,836,568	$ 4,836,568
Distributable loss	(1,800,968)	(2,207,977)
	$ 3,035,600	$ 2,628,591

See accompanying notes to the unaudited consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS (UNAUDITED)

(Amounts in thousands, except percentage amounts)

Investment	Class	September 30, 2009 Cost	Fair Value	Fair Value as a Percentage of Net Assets
INVESTMENTS BY TYPE:				
Opportunistic investments	A	$ —	$ —	—%
Co-investments in portfolio companies of private equity funds:	B			
Dollar General Corporation		214,686	407,904	13.4
HCA Inc.		201,444	342,454	11.3
Alliance Boots GmbH		301,352	239,694	7.9
The Nielsen Company B.V.		156,839	156,839	5.2
Biomet, Inc.		151,443	136,299	4.5
Energy Future Holdings Corp.		200,000	100,000	3.3
First Data Corporation		135,258	81,155	2.7
U.S. Foodservice, Inc.		100,000	80,000	2.6
PagesJaunes Groupe S.A.		235,201	38,487	1.3
NXP B.V.		250,000	25,000	0.8
KION Group GmbH		112,824	12,551	0.4
ProSiebenSat.1 Media AG		226,913	8,705	0.3
Capmark Financial Group Inc.		137,321	—	—
		2,423,281	1,629,088	53.7
Negotiated equity investments:	B			
Sun Microsystems, Inc. convertible senior notes		701,164	647,500	21.3
Orient Corporation convertible preferred stock		169,706	148,958	4.9
Aero Technical Support & Services S.à r.l. (Aveos)		121,712	—	—
		992,582	796,458	26.2
Private equity funds:	C			
KKR 2006 Fund L.P.		1,164,592	1,038,564	34.2
KKR European Fund, Limited Partnership		199,360	184,287	6.0
KKR Millennium Fund L.P.		203,217	166,389	5.5
KKR Asian Fund L.P.		116,530	114,303	3.8
KKR European Fund II, Limited Partnership		96,672	55,103	1.8
KKR European Fund III, Limited Partnership		12,341	8,896	0.3
		1,792,712	1,567,542	51.6
Non-private equity funds—Investments by KKR Strategic Capital Institutional Fund, Ltd.	D	144,128	114,875	3.8
		$5,352,703	$4,107,963	135.3%
INVESTMENTS BY GEOGRAPHY:				
North America		$3,311,382	$3,022,529	99.6%
Europe		1,661,733	716,838	23.6
Asia Pacific		379,588	368,596	12.1
		$5,352,703	$4,107,963	135.3%
INVESTMENTS BY INDUSTRY:				
Health Care		$ 979,267	$1,039,936	34.3%
Technology		1,182,289	894,979	29.5
Retail		594,495	770,234	25.4
Financial Services		845,829	492,607	16.2
Media/Telecom		770,914	317,301	10.4
Energy		397,558	226,523	7.4
Industrial		438,176	196,164	6.5
Consumer Products		125,004	125,248	4.1
Chemicals		19,171	44,971	1.5
		$5,352,703	$4,107,963	135.3%

See accompanying notes to the unaudited consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS (UNAUDITED)

(Amounts in thousands, except percentage amounts)

Investment	Class	December 31, 2008 Cost	Fair Value	Fair Value as a Percentage of Net Assets
INVESTMENTS BY TYPE:				
Opportunistic investments:	A			
Fixed income investments		$ 83,215	$ 40,109	1.5%
Public equities—common stocks		1,637	1,072	0.0
		84,852	41,181	1.5
Co-investments in portfolio companies of private equity funds:	B			
Dollar General Corporation		250,000	275,000	10.5
HCA Inc.		250,000	200,000	7.6
The Nielsen Company B.V.		200,000	180,000	6.8
Alliance Boots GmbH.		301,352	175,123	6.7
Biomet, Inc.		200,000	160,000	6.1
Energy Future Holdings Corp.		200,000	140,000	5.3
First Data Corporation		200,000	120,000	4.6
U.S. Foodservice, Inc.		100,000	80,000	3.0
NXP B.V.		250,000	25,000	1.0
KION Group GmbH.		112,824	23,961	0.9
ProSiebenSat.1 Media AG		226,913	22,159	0.8
Capmark Financial Group Inc.		137,321	13,500	0.5
PagesJaunes Groupe S.A.		235,201	—	—
		2,663,611	1,414,743	53.8
Negotiated equity investments:	B			
Sun Microsystems, Inc. convertible senior notes		701,164	500,500	19.0
Orient Corporation convertible preferred stock		169,706	148,655	5.7
Aero Technical Support & Services S.à r.l. (Aveos)		121,712	—	—
		992,582	649,155	24.7
Private equity funds:	C			
KKR 2006 Fund L.P.		1,105,787	821,234	31.2
KKR Millennium Fund L.P.		203,718	132,084	5.0
KKR European Fund, Limited Partnership		202,115	128,298	4.9
KKR Asian Fund L.P.		66,057	49,259	1.9
KKR European Fund II, Limited Partnership		96,955	49,032	1.9
KKR European Fund III, Limited Partnership		8,977	5,051	0.2
		1,683,609	1,184,958	45.1
Non-private equity funds—Investments by KKR Strategic Capital Institutional Fund, Ltd.	D	161,148	62,583	2.4
		$5,585,802	$3,352,620	127.5%
INVESTMENTS BY GEOGRAPHY:				
North America		$3,596,303	$2,521,953	95.9%
Europe		1,656,846	554,227	21.1
Asia Pacific		332,653	276,440	10.5
		$5,585,802	$3,352,620	127.5%
INVESTMENTS BY INDUSTRY:				
Health Care		$1,079,698	$ 773,065	29.4%
Technology		1,124,591	624,850	23.8
Retail		625,548	561,093	21.3
Financial Services		947,595	540,861	20.6
Media/Telecom		889,276	329,742	12.5
Energy		371,414	259,161	9.9
Industrial		436,989	187,043	7.1
Consumer Products		91,520	59,194	2.2
Chemicals		19,171	17,611	0.7

	$5,585,802	$3,352,620	127.5%

See accompanying notes to the unaudited consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF SECURITIES SOLD, NOT YET PURCHASED (UNAUDITED)

(Amounts in thousands)

Instrument Type/Geography/Industry	December 31, 2008 Fair Value	Proceeds
Asia Pacific—public equities, common stock:		
Index	$ 1,916	$ 1,785
	$ 1,916	$ 1,785

See accompanying notes to the unaudited consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(Amounts in thousands)

	Nine Months Ended	
	September 30, 2009	September 30, 2008
INVESTMENT INCOME:		
Interest income	$ 12,945	$ 31,663
Dividend income, net of withholding taxes of $7,510 and $334, respectively	24,362	8,955
Total investment income	37,307	40,618
EXPENSES:		
Management fees	28,244	38,298
Interest expense	25,840	48,775
Dividend expense	—	1,090
General and administrative expenses	2,713	3,178
Total expenses	56,797	91,341
NET INVESTMENT LOSS	(19,490)	(50,723)
REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS AND FOREIGN CURRENCY:		
Net realized loss, net of withholding benefit of $0 and $37, respectively	(78,565)	(58,324)
Net change in unrealized appreciation (depreciation)	980,194	(1,001,580)
Net gain (loss) on investments and foreign currency transactions	901,629	(1,059,904)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ 882,139	$ (1,110,627)

See accompanying notes to the unaudited consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)

(Amounts in thousands)

	General Partner	Limited Partner	Total
NET ASSETS—DECEMBER 31, 2007	$ 10,445	$ 4,984,533	$ 4,994,978
DECREASE IN NET ASSETS FROM OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2008:			
Net investment loss	(47)	(64,657)	(64,704)
Net realized loss on investments and foreign currency transactions	(217)	(104,356)	(104,573)
Net change in unrealized depreciation on investments and foreign currency transactions	(4,529)	(2,177,581)	(2,182,110)
Net decrease in net assets resulting from operations	(4,793)	(2,346,594)	(2,351,387)
Fair value of distributions.	(31)	(14,969)	(15,000)
DECREASE IN NET ASSETS	(4,824)	(2,361,563)	(2,366,387)
NET ASSETS—DECEMBER 31, 2008	5,621	2,622,970	2,628,591
INCREASE IN NET ASSETS FROM OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009:			
Net investment income (loss)	20	(19,510)	(19,490)
Net realized loss on investments and foreign currency transactions	(164)	(78,401)	(78,565)
Net change in unrealized appreciation on investments and foreign currency transactions	2,034	978,160	980,194
Net increase in net assets resulting from operations	1,890	880,249	882,139
Fair value of distributions.	(982)	(474,148)	(475,130)
INCREASE IN NET ASSETS	908	406,101	407,009
NET ASSETS—SEPTEMBER 30, 2009	$ 6,529	$ 3,029,071	$ 3,035,600

See accompanying notes to the unaudited consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Amounts in thousands)

	Nine Months Ended	
	September 30, 2009	September 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase (decrease) in net assets resulting from operations	$ 882,139	$ (1,110,627)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to cash and cash equivalents provided by operating activities:		
Amortization of deferred financing costs	826	652
Net realized loss on investments	78,565	58,324
Net change in unrealized depreciation (appreciation) on investments	(977,490)	1,022,351
Increase in net unrealized loss on foreign currency exchange contracts and an interest rate swap	(2,704)	(20,771)
Changes in operating assets and liabilities:		
Purchase of opportunistic investments	—	(78,567)
Purchase of securities to settle short sales	(35,823)	(214,458)
Settlement of futures contracts	(3,856)	—
Purchase of options	—	(5,884)
Purchase of investments by private equity funds	(112,642)	(208,969)
Purchase of investments by a non-private equity fund	(50,295)	(14,249)
Proceeds from the sale of opportunistic investments	47,519	357,417
Proceeds from securities sold, not yet purchased	32,686	240,856
Proceeds from options written	—	2,529
Proceeds from the termination of a transaction under a forward foreign exchange contract	6,078	—
Proceeds from the sale of interests in co-investments	200,399	—
Proceeds from the sale of investments by private equity funds	8,486	321,787
Proceeds from the sale of investments by a non-private equity fund	44,805	2,400
Decrease in cash and cash equivalents held by a non-private equity fund	86	40
Decrease in restricted cash	9,497	21,154
Decrease in other assets	3,814	1,118
Increase in accrued liabilities	6,370	21,168
Increase (decrease) in due to affiliates	1,675	(6,849)
Decrease in other liabilities	(117)	(11)
Net cash flows provided by operating activities	140,018	389,411
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on borrowings under the revolving credit agreement	(253,488)	(492,157)
Borrowings under the revolving credit agreement	245,000	—
Deferred financing costs related to the revolving credit agreement	(930)	—
Distributions to partners	(475,130)	(10,000)
Net cash flows used in financing activities	(484,548)	(502,157)
Effect of foreign exchange rate changes on cash	10,580	—
NET DECREASE IN CASH AND CASH EQUIVALENTS	(333,950)	(112,746)
CASH AND CASH EQUIVALENTS—Beginning of period	623,316	255,415
CASH AND CASH EQUIVALENTS—End of period	$ 289,366	$ 142,669
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 18,731	$ 40,127
SUPPLEMENTAL NON-CASH ACTIVITIES:		
Increase (decrease) in the revolving credit agreement—foreign currency adjustments	$ 11,081	$ (6,764)

See accompanying notes to the unaudited consolidated financial statements.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BUSINESS

KKR PEI Investments, L.P. (the "KPE Investment Partnership") is a Guernsey limited partnership that was comprised of (i) as of September 30, 2009 and prior to the Combination Transaction [1] , KKR PEI Associates, L.P. (the "Associate Investor"), which holds 100% of the general partner interests in the KPE Investment Partnership and is responsible for managing its business and affairs, and (ii) KKR & Co. (Guernsey) L.P. ("KKR Guernsey"), formerly KKR Private Equity Investors, L.P. ("KPE"), which, as of September 30, 2009, held 100% of the limited partner interests in the KPE Investment Partnership and did not participate in the management of the business and affairs of the KPE Investment Partnership. The general partner interests and the limited partner interests represented 0.2% and 99.8%, respectively, of the total interests in the KPE Investment Partnership as of September 30, 2009 and December 31, 2008. Because the Associate Investor is itself a Guernsey limited partnership, its general partner, KKR PEI GP Limited (the "Managing Investor"), a Guernsey limited company that, prior to the Combination Transaction, was owned by individuals affiliated with KKR & Co. L.P. (together with its applicable affiliates, "KKR"), was effectively responsible for managing the KPE Investment Partnership's business and affairs.

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[1] As of October 1, 2009, KPE and KKR completed the previously announced transaction to combine the businesses ("Combination Transaction") of KPE and KKR.

The Combination Transaction was consummated on October 1, 2009, and therefore its effects are not included in the presentation of the consolidated financial statements as of and for the nine months ended September 30, 2009 and September 30, 2008 included herein. The consolidated financial statements and footnotes do not reflect the results of KKR and are not representative of KKR results going forward.

Prior to the Combination Transaction, the KPE Investment Partnership was the partnership through which KKR Guernsey and the Associate Investor made its investments. The KPE Investment Partnership predominantly invests in private equity investments identified by KKR. Private equity investments consist of investments in limited partner interests in KKR's private equity funds, co-investments in certain portfolio companies of those funds and investments significantly negotiated by KKR in equity or equity-linked securities, which we refer to as negotiated equity investments. The KPE Investment Partnership also makes other investments in opportunistic investments, which are investments identified by KKR in the course of its business other than private equity investments, including public equities and fixed income investments. The KPE Investment Partnership manages cash and liquidity through temporary investments.

The KPE Investment Partnership's limited partnership agreement provides that its investments must comply with the investment policies and procedures that were established from time to time by the board of directors of KKR Guernsey's general partner (the "Managing Partner"). As of September 30, 2009 and prior to the Combination Transaction, the investment policies and procedures provided, among other things, that the KPE Investment Partnership would invest at least 75% of its adjusted assets in private equity and temporary investments and no more than 25% of its adjusted assets in opportunistic investments. "Adjusted assets" were defined as the KPE Investment Partnership's consolidated assets less the amount of indebtedness that was recorded as a liability on its consolidated statements of assets and liabilities. As of September 30, 2009, the KPE Investment Partnership had invested 96.2% of its adjusted assets in private equity and temporary investments and 3.8% of its adjusted assets in opportunistic investments. These policies were revised in connection with the

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

1. BUSINESS (Continued)

Combination Transaction to permit the investment of any assets in opportunistic investments, subject to certain tax considerations.

The KPE Investment Partnership's limited partnership agreement established four separate and distinct classes of partner interests with separate rights and obligations, as follows:

	Type of Investments Held by the KPE Investment Partnership
Class A	Opportunistic and temporary investments
Class B	Co-investments in portfolio companies of KKR's private equity funds and negotiated equity investments
Class C	KKR's private equity funds
Class D	KKR's investment funds that are not private equity funds

The Associate Investor may, in its sole discretion, allocate assets and liabilities of the KPE Investment Partnership to the relevant class of interests in accordance with the terms and conditions of the limited partnership agreement. The Managing Investor is effectively responsible for making any such allocations, because the General Partner is itself a limited partnership.

The KPE Investment Partnership, the Associate Investor, the Managing Investor, KKR Guernsey and the Managing Partner entered into a services agreement with KKR pursuant to which KKR agreed to provide certain investment, financial advisory, operational and other services to them. Under the services agreement, KKR is responsible for the day-to-day operations of the service recipients and is subject at all times to the supervision of their respective governing bodies, including the board of directors of the Managing Investor and the board of directors of the Managing Partner.

On October 1, 2009, the transaction to combine the businesses of KKR Guernsey and KKR ("Combined Business") whereby KKR Guernsey received interests representing 30% of the outstanding equity in the Combined Business and the balance of the equity is owned by KKR's principals became effective. In connection with the Combination Transaction, KPE changed its name to KKR Guernsey and the limited partner interests held by KKR Guernsey in the KPE Investment Partnership were contributed to the Combined Business. KKR Management Holdings L.P., a Delaware limited partnership, and KKR Fund Holdings L.P., a Cayman limited partnership (collectively the "KKR Group Partnerships"), which together own the Combined Business acquired all outstanding non-controlling interests in the KPE Investment Partnership, which became a wholly owned subsidiary of the KKR Group Partnerships upon completion of the Combination Transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the KPE Investment Partnership were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in U.S. dollars. The consolidated financial statements include the financial statements of the KPE Investment Partnership and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The KPE Investment Partnership utilizes the U.S. dollar as its functional currency.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The preparation of financial statements in conformity with U.S. GAAP requires the making of estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Actual results may vary from estimates in amounts that may be material to the consolidated financial statements. The valuation of the KPE Investment Partnership's investments involved estimates that were subject to the Managing Investor's judgment. The consolidated financial statements reflect all adjustments which were, in the opinion of the Managing Investor, necessary to fairly state the results for the periods presented.

The Managing Investor has reviewed the current cash balance of the KPE Investment Partnership and its future obligations as of September 30, 2009, and expects the KPE Investment Partnership to continue as a going concern for at least one year. This assessment is based on historic and predicted timing of capital calls for the KPE Investment Partnership's unfunded commitments, its expected operating expenses, present sources of liquidity, its borrowing facilities and the potential ability to raise cash through sales of investments and other activities.

The KPE Investment Partnership utilizes a reporting schedule comprised of four three-month quarters with an annual accounting period that ends on December 31. The quarterly periods end on March 31, June 30, September 30 and December 31. Interim results may not be indicative of our results for a full fiscal year. The financial results presented herein include activity for the nine months ended September 30, 2009 and September 30, 2008.

As of September 30, 2009, The KPE Investment Partnership operated through one reportable business segment for management reporting purposes.

Valuation of Investments

The investments carried as assets in the KPE Investment Partnership's consolidated financial statements are valued on a quarterly basis. The Managing Investor is responsible for reviewing and approving valuations of investments that are carried as assets in the KPE Investment Partnership's consolidated financial statements. Because valuing investments requires the application of valuation principles to the specific facts and circumstances of the investments, in satisfying its responsibilities, the Managing Investor utilizes the services of KKR to determine the fair values of certain investments and the services of an independent valuation firm, which performs certain agreed upon procedures with respect to valuations that are prepared by KKR, to confirm that such valuations are not unreasonable. An investment for which a market quotation is readily available is valued using a market price for the investment as of the end of the applicable accounting period. An investment for which a market quotation is not readily available is valued at the investment's fair value as of the end of the applicable accounting period, as determined in good faith.

Fair Value Measurements

The KPE Investment Partnership uses a hierarchal disclosure framework to report the fair value of its investments, which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I —An unadjusted quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available. The KPE Investment Partnership does not adjust the quoted price for these investments, even in situations where it holds a large position and a sale could reasonably impact the quoted price. As of September 30, 2009, 5.9% of the KPE Investment Partnership's investments, compared to total investments, were valued as Level I investments.

Level II —Inputs are other than unadjusted quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. As of September 30, 2009, 4.3% of the KPE Investment Partnership's investments, compared to total investments, were valued as Level II investments.

Level III —Inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. As of September 30, 2009, 89.8% of the KPE Investment Partnership's investments, compared to total investments, were valued as Level III investments.

In certain cases, the inputs used to measure the fair value of an investment may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. KKR's assessment of the significance of a particular input to the fair value measurement, in its entirety, requires judgment and KKR considers factors specific to each investment.

Valuation of Investments When a Market Quotation is Readily Available

An investment for which a market quotation is readily available is valued using period-end market prices and is categorized as Level I. When market prices are used, they do not necessarily take into account various factors which may affect the value that the KPE Investment Partnership would actually be able to realize in the future, such as:

- the possible illiquidity associated with a large ownership position;
- subsequent illiquidity in a market for a company's securities;
- future market price volatility or the potential for a future loss in market value based on poor industry conditions or other conditions; and
- the market's view of overall company and management performance.

If the above factors, or other factors deemed relevant, are taken into consideration and the fair value of the investment for which a market quotation is readily available does not rely exclusively on the quoted market price, the consideration of such factors rendered the fair value measurement at Level II or III.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of Investments When a Market Quotation is Not Readily Available

While there is no single standard for determining fair value in good faith, the methodologies described below are generally followed when the fair value of limited partner interests and individual investments that do not have a readily available market quotation is determined.

	Valuation Methodology when Determining Fair Value in Good Faith
Level II:	
Investments for which a market quotation is not readily available, but is based on a reference asset for which a market quotation is readily available	The value is generally based on the period-end market price of the reference asset for which a market quotation is readily available, adjusted for one or more factors deemed relevant for the fair value of the investment, which may include, but is not limited to: • terms and conditions of the investment; • discount for lack of marketability; • borrowing costs; • time to maturity of the investment; and • volatility of the reference asset for which a market quotation is readily available.
Level III:	
Limited partner interests in KKR's private equity funds and investments by a non-private equity fund	The value is based on the net asset value of each fund, which depends on the aggregate fair value of each of the fund's investments. The KPE Investment Partnership may be required to value such investments at a premium or discount, if other factors lead the Managing Investor to conclude that the net asset value does not represent fair value. Each fund's net asset value increases or decreases from time to time based on the amount of investment income, operating expenses and realized gains and losses on the sale or realization of investments, if any, that the fund records and the net changes in the unrealized appreciation and/or depreciation of its investments.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Valuation Methodology when Determining Fair Value in Good Faith
	The fund's investments may be in companies for which a market quotation is or is not readily available including investments for which a market quotation is not readily available but is based on a reference asset for which a market quotation is readily available.
Investments in companies for which a market quotation is not readily available	Generally, a combination of two methods is used, including a market multiple approach that considers one or more financial measures, such as revenues, EBITDA, adjusted EBITDA, EBIT, net income or net asset value of comparable companies, and/or a discounted cash flow or liquidation analysis. Consideration may also be given to such factors as: • the company's historical and projected financial data; • the size and scope of the company's operations; • expectations relating to the market's receptivity to an offering of the company's securities; • any control associated with interests in the company that are held by KKR and its affiliates including the KPE Investment Partnership; • information with respect to transactions or offers for the company's securities (including the transaction pursuant to which the investment was made and the period of time that has elapsed from the date of the investment to the valuation date); • applicable restrictions on transfer; • industry information and assumptions; • general economic and market conditions; and • other factors deemed relevant.

The fair values of such investments are estimated by the Managing Investor in the absence of readily determinable fair values. Because of the inherent uncertainty of the valuation process, the fair value may differ materially from the actual value that would be realized if such investments were sold in an orderly disposition between willing parties. See Note 4, "Fair Value Measurements."

Foreign Currency

Investments denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of foreign currency denominated investments are translated into U.S.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

dollar amounts on the respective dates of such transactions. The KPE Investment Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in fair value. Such fluctuations are included within the net realized and unrealized gain (loss) from investments and foreign currency transactions in the consolidated statements of operations.

Derivatives

The KPE Investment Partnership has the option to purchase derivative financial instruments for opportunistic investing and for hedging purposes, which include total return swaps and options. In a total return swap, the KPE Investment Partnership has the right to receive any appreciation and dividends from a reference asset with a specified notional amount and has an obligation to pay to the counterparty any depreciation in the valuation of the reference asset, interest based on the notional amount and any other charge agreed to with the counterparty.

If the KPE Investment Partnership writes an option, an amount equal to the premium received is recorded as a liability and subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expired unexercised are treated by the KPE Investment Partnership on the expiration date as realized gains from investments. The difference between the premium and amount paid, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the KPE Investment Partnership has realized a gain or loss. If a put option is exercised, the premium received reduces the cost basis of the securities purchased by the KPE Investment Partnership. The KPE Investment Partnership, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option.

The risks of entering into swap and option agreements include, but are not limited to, the possible lack of liquidity, failure of the counterparty to meet its obligations and unfavorable changes in the underlying investments. The counterparties to the KPE Investment Partnership's derivative agreements are major financial institutions with which the KPE Investment Partnership and its affiliates may also have other financial relationships. The KPE Investment Partnership endeavors to minimize its risk of exposure by dealing with reputable counterparties of such agreements, although there is no assurance that these counterparties will remain solvent in the current market environment.

Cash and Cash Equivalents

Cash and cash equivalents consisted of cash held in banks and liquid investments with maturities, at the date of acquisition, not exceeding 90 days. As of September 30, 2009 and December 31, 2008, all of the cash and cash equivalents balances were invested in money market funds sponsored by reputable financial institutions or held by reputable financial institutions in interest-bearing time deposits.

Cash and Cash Equivalents Held by a Non-Private Equity Fund

Cash and cash equivalents held by a non-private equity fund consisted of cash held at a reputable financial institution in highly liquid investments with maturities, at the date of acquisition, not exceeding 90 days.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

As of September 30, 2009 and December 31, 2008, restricted cash represented amounts pledged to third parties in connection with certain derivative instruments, which included an interest rate swap contract, futures contracts and forward foreign currency exchange contracts.

Foreign Currency Contracts

The KPE Investment Partnership entered into forward foreign currency exchange contracts to economically hedge against foreign currency exchange rate risks on certain non-U.S. dollar denominated investments. The KPE Investment Partnership agreed to deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed-upon future date. The net gain or loss on the contracts is the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date and is included in the consolidated statements of assets and liabilities. These foreign currency exchange contracts involve market risk and/or credit risk in excess of the amounts recognized in the statements of assets and liabilities. Risks arise from movements in currency, security values and interest rates and the possible inability of the counterparties to meet the terms of the contracts.

Other Assets

As of September 30, 2009 and December 31, 2008, other assets consisted primarily of debt issuance costs, interest receivable and other receivables.

Accrued Liabilities

Accrued liabilities were comprised of the following, with amounts in thousands:

	September 30, 2009	December 31, 2008
Accrued interest, long-term debt	$ 42,923	$ 36,719
Accrued interest, revolving credit agreement	449	481
Professional fees	592	403
Other	96	88
	$ 44,060	$ 37,691

Due to Affiliates

The amount due to affiliates was comprised of the following, with amounts in thousands:

	September 30, 2009	December 31, 2008
Management fees payable to KKR by the KPE Investment Partnership	$ 4,515	$ 2,813
Management fees payable to KKR by Strategic Capital Institutional Fund, Ltd.	24	13
Reimbursable expenses payable to KKR by the KPE Investment Partnership	—	38
	$ 4,539	$ 2,864

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Liabilities

Other liabilities consisted of payments owed to vendors of the non-private equity fund investment.

Net Assets

As of September 30, 2009 and December 31, 2008, the net assets attributable to the general partner were $6.5 million and $5.6 million, respectively, and to the limited partner were $3,029.1 million and $2,623.0 million, respectively.

Income Recognition

The assets of the KPE Investment Partnership generates income or loss in the form of capital gains, dividends and interest. Income is recognized when earned. The KPE Investment Partnership also records income or loss in the form of unrealized appreciation or depreciation from investments and foreign currency transactions at the end of each quarterly accounting period when investments are valued, as well as the change in value of an interest rate swap. See "Valuation of Investments" above. Although the Managing Investor, with the assistance of KKR, determines the fair value of each of investment at each balance sheet date, the value of certain investments in privately held companies may not change from period to period. Each reporting period, KKR generally employs two valuation methodologies for each investment, typically (i) a market multiples approach, which considers a specified financial measure (such as EBITDA) for valuing comparable companies, and (ii) a discounted cash flow analysis, and records an amount that is within a range suggested by the methodologies. Each methodology incorporates various assumptions, and the outcome derived from one methodology may offset the outcome of another methodology such that no change in valuation may result from period to period. When an investment carried as an asset is sold and a resulting gain or loss is realized, including any related gain or loss from foreign currency transactions, an accounting entry is made to reverse any unrealized appreciation or depreciation previously recorded in order to ensure that the realized gain or loss recognized in connection with the sale of the investment does not result in the double counting of the previously reported unrealized appreciation or depreciation.

Expense Recognition

Expenses are recognized when incurred and consist primarily of the KPE Investment Partnership's allocated share of the total management fees that are payable under the services agreement, interest expense, administrative costs (some of which may be expenses of KKR that are attributable to the KPE Investment Partnership's operations and reimbursable under the services agreement) and incentive fees incurred by KKR Strategic Capital Institutional Fund, Ltd. ("SCF"), if any.

Interest expense was comprised primarily of interest related to outstanding borrowings under the KPE Investment Partnership's revolving credit facility, the KPE Investment Partnership's financing of its investment in Sun Microsystems, Inc. ("Sun") and the amortization of debt financing costs. See Note 7, "Revolving Credit Agreement and Long-Term Debt." In addition, and less significantly, interest expense related to outstanding borrowings by SCF was included in interest expense.

Dividend expense related to dividends paid on securities sold, not yet purchased. The KPE Investment Partnership settled all transactions related to securities sold, not yet purchased prior to the nine months ended September 30, 2009. As such, no dividend expense was recorded during such period.

General and administrative expenses included professional fees and other administrative costs.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes

The KPE Investment Partnership is not a taxable entity in Guernsey, has made a protective election to be treated as a partnership for U.S. federal income tax purposes and has incurred no U.S. federal income tax liability. Certain subsidiaries of the KPE Investment Partnership also have made elections to be treated as disregarded entities for U.S. federal income tax purposes. Each partner takes into account its allocable share of items of income, gain, loss, deduction and credit of the partnership in computing its U.S. federal income tax liability. Items of income, gain, loss, deduction and credit of certain subsidiaries of the KPE Investment Partnership are treated as items of the KPE Investment Partnership for U.S. federal income tax purposes. The KPE Investment Partnership filed U.S. federal tax returns for the 2006, 2007 and 2008 tax years, which are subject to the possibility of an audit until the expiration of the applicable statute of limitations.

Concentrations of Credit Risk

As of September 30, 2009 and December 31, 2008, the majority of the KPE Investment Partnership's cash and cash equivalents and restricted cash balances were held by three financial institutions. As of December 31, 2008, the public equities owned or sold but not yet purchased and options written by the KPE Investment Partnership were held by or effectuated through one financial institution. As of September 30, 2009 and December 31, 2008, cash and cash equivalent balances of a non-private equity fund were held by one financial institution.

Guarantees

At the inception of the issuance of guarantees, if any, the KPE Investment Partnership will record the fair value of the guarantee as a liability, with the offsetting entry recorded based on the circumstances in which the guarantee was issued. The KPE Investment Partnership did not have any such guarantees in place as of September 30, 2009 or December 31, 2008.

Subsequent Events

The KPE Investment Partnership evaluated subsequent events from October 1, 2009 through November 19, 2009, the date the financial statements were issued.

Recently Issued Accounting Pronouncements

Measuring Fair Value

In September 2006, the FASB issued Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosure* (formerly SFAS No. 157, *Fair Value Measurements*). SFAS No. 157 (ASC 820) defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 (ASC 820) applied to reporting periods beginning after November 15, 2007. The KPE Investment Partnership adopted SFAS No. 157 (ASC 820) during the first quarter of 2008. SFAS No. 157 (ASC 820) did not have a material impact on the consolidated financial statements of the KPE Investment Partnership.

In October 2008, the FASB issued ASC 820 (formerly FASB Staff Position No. 157-3 (FSP No. 157-3), *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active*). FSP No. 157-3 (ASC 820) clarifies the application of SFAS No. 157 (ASC 820) in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

market for the financial asset is not active. The KPE Investment Partnership adopted FSP No. 157-3 (ASC 820) during the quarter ended December 31, 2008. FSP No. 157-3 (ASC 820) did not have a material impact on the KPE Investment Partnership's consolidated financial statements.

In April 2009, the FASB issued ASC 820 (formerly FSP No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions that are not Orderly*). FSP No. 157-4 (ASC 820) provides additional guidance for estimating fair value in accordance with SFAS No. 157 (ASC 820) when the volume and level of activity for the asset or liability have significantly decreased. FSP No. 157-4 (ASC 820) also includes guidance on identifying circumstances that indicate a transaction is not orderly. The KPE Investment Partnership adopted FSP No. 157-4 (ASC 820) during the quarter ended June 30, 2009. FSP No. 157-4 (ASC 820) did not have a material impact on the consolidated financial statements of the KPE Investment Partnership.

In September 2009, the FASB issued Accounting Standards Update (ASU) 2009-12 to provide guidance on measuring the fair value of certain alternative investments. The ASU amends ASC 820 to offer investors a practical expedient for measuring the fair value of investments in certain entities that calculate net asset value per share (NAV). ASU 2009-12 is effective for the first reporting period ending after December 15, 2009; however, early adoption is permitted. The KPE Investment Partnership is evaluating the impact of ASU 2009-12 on its consolidated financial statements.

Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued ASC 470-20-25-21, *Fair Value Option* (formerly SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115*). SFAS No. 159 (ASC 470-20-25-21) permits entities to choose to measure many financial instruments and certain other items at fair value, with changes in fair value recognized in earnings. The KPE Investment Partnership adopted SFAS No. 159 (ASC 470-20-25-21) during the first quarter of 2008. SFAS No. 159 did not have a material impact on the consolidated financial statements of the KPE Investment Partnership.

Derivative Instruments and Hedging Activities

In March 2008, the FASB issued ASC 815, *Derivatives and Hedging* (formerly SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133*). SFAS No. 161 (ASC 815) requires enhanced disclosures about derivative instruments and hedging activities to enable investors to better understand their effects on an entity's financial position, financial performance and cash flows. The KPE Investment Partnership adopted SFAS No. 161 (ASC 815) on January 1, 2009. SFAS No. 161 (ASC 815) did not have a material impact on the consolidated financial statements of the KPE Investment Partnership.

Subsequent Events

In May 2009, the FASB issued ASC 855, *Subsequent Events* (formerly SFAS No. 165, *Subsequent Events*). SFAS No. 165 (ASC 855) establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. SFAS No. 165 (ASC 855) requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. The KPE Investment Partnership adopted SFAS No. 165 (ASC 855) during the quarter ended June 30, 2009. SFAS No. 165 (ASC 855) did not have a material impact on the consolidated financial statements of the KPE Investment Partnership.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles

In May 2008, the FASB issued ASC 105, *GAAP Hierarchy* (formerly SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*). SFAS No. 162 (ASC 105) identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. SFAS No. 162 (ASC 105) was effective November 13, 2008. SFAS No. 162 (ASC 105) was replaced by SFAS No. 168, *FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles, a replacement of SFAS No. 162,* (ASC 105) in June 2009.

SFAS No. 168 (ASC 105) identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP and establishes the *FASB Accounting Standards Codification* ™ as the source of authoritative accounting principles recognized by the FASB. The KPE Investment Partnership adopted SFAS No. 168 during the quarter ended September 30, 2009. SFAS No. 168 did not have a material impact on the consolidated financial statements of the KPE Investment Partnership.

3. INVESTMENTS

Significant Investments

The KPE Investment Partnership's significant investments, which included aggregate private equity investments, with fair values in excess of 5.0% of the KPE Investment Partnership's net assets were as follows, with amounts in thousands, except percentages:

	September 30, 2009		
	Cost	Fair Value	Fair Value as a Percentage of the KPE Investment Partnership's Net Assets
KKR Portfolio Companies(1):			
Dollar General Corporation	$ 310,181	$ 572,155	18.9%
HCA Inc.	260,920	435,237	14.3
Alliance Boots GmbH	443,114	362,706	12.0
Biomet, Inc.	256,358	230,723	7.6
First Data Corporation	347,551	208,531	6.9
Energy Future Holdings Corp.	365,922	182,961	6.0
The Nielsen Company B.V.	172,841	172,841	5.7
U.S. Foodservice, Inc	193,633	154,906	5.1
Negotiated Equity Investments:			
Sun Microsystems, Ir (2)	701,164	647,500	21.3
	$ 3,051,684	$ 2,967,560	97.8%

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

3. INVESTMENTS (Continued)

	December 31, 2008		
	Cost	Fair Value	Fair Value as a Percentage of the KPE Investment Partnership's Net Assets
KKR Portfolio Companies(1):			
Dollar General Corporation	$ 345,495	$ 378,135	14.4%
Alliance Boots GmbH	443,114	268,998	10.2
Energy Future Holdings Corp.	365,922	256,146	9.7
HCA Inc.	309,476	247,581	9.4
First Data Corporation	412,293	247,376	9.4
Biomet, Inc.	304,915	243,932	9.3
The Nielsen Company B.V.	216,003	194,402	7.4
U.S. Foodservice, Inc	193,633	154,906	5.9
Negotiated Equity Investments:			
Sun Microsystems, Ir (2)	701,164	500,500	19.1
Orient Corporation	169,707	148,655	5.7
	$ 3,461,722	$ 2,640,631	100.5%

(1) Investments in such companies included the co-investment in the underlying portfolio company and the limited partner interest equal to the KPE Investment Partnership's pro rata share of KKR's private equity fund investment.

(2) The KPE Investment Partnership financed $350.0 million related to the Sun investment, for a net fair value investment of $297.5 million, or 9.8% of the KPE Investment Partnership's total net assets, as of September 30, 2009 and $150.5 million, or 5.7% of the KPE Investment Partnership's total net assets, as of December 31, 2008.

The following significant investments were comprised of co-investments in the underlying portfolio company and limited partner interests equal to the KPE Investment Partnership's pro rata share of

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

3. INVESTMENTS (Continued)

KKR's private equity funds' aggregate investment in such portfolio company, with amounts in thousands:

	September 30, 2009		
	Fair Value of Co-Investment	Pro Rata Share of KKR's Private Equity Fund Investment	Aggregate Fair Value
Dollar General Corporation	$ 407,904	$ 164,251	$ 572,155
HCA Inc.	342,454	92,783	435,237
Alliance Boots GmbH	239,694	123,012	362,706
Biomet, Inc.	136,299	94,424	230,723
First Data Corporation	81,155	127,376	208,531
Energy Future Holdings Corp.	100,000	82,961	182,961
The Nielsen Company B.V.	156,839	16,002	172,841
U.S. Foodservice, In	80,000	74,906	154,906
	$ 1,544,345	$ 775,715	$ 2,320,060

	December 31, 2008		
	Fair Value of Co-Investment	Pro Rata Share of KKR's Private Equity Fund Investment	Aggregate Fair Value
Dollar General Corporation	$ 275,000	$ 103,135	$ 378,135
Alliance Boots GmbH	175,123	93,875	268,998
Energy Future Holdings Corp.	140,000	116,146	256,146
HCA Inc.	200,000	47,581	247,581
First Data Corporation	120,000	127,376	247,376
Biomet, Inc.	160,000	83,932	243,932
The Nielsen Company B.V.	180,000	14,402	194,402
U.S. Foodservice, In	80,000	74,906	154,906
	$ 1,330,123	$ 661,353	$ 1,991,476

The KPE Investment Partnership's investments in private equity funds, co-investments and negotiated equity investments consisted of securities that are not registered under the U.S. Securities Act of 1933, as amended (the "Act"). The KPE Investment Partnership does not have the right to demand the registration of its interests in the KKR private equity funds under the Act. Generally, the KPE Investment Partnership has the right, acting together with its affiliates, to demand the registration of the securities of the portfolio companies of the KPE Investment Partnership's co-investments and negotiated equity investments under the Act if a distribution of those securities would have been subject to registration under the Act. See Note 2, "Summary of Significant Accounting Policies—Valuation of Investments" for a description of the valuation of these investments.

Non-Private Equity Funds—KKR Strategic Capital Institutional Fund

Non-private equity fund investments consisted of investments by SCF. SCF is a KKR opportunistic credit fund principally investing in Strategic Capital Holdings I, L.P. ("SCH"), which in turn makes debt investments alongside funds managed by investment professionals affiliated with KKR Asset Management, formerly known as KKR Fixed Income. SCH is a shared investment partnership, of which

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

3. INVESTMENTS (Continued)

SCF owns approximately 14.0%. The fair value of non-private equity fund investments was comprised of the following, with amounts in thousands:

	September 30, 2009	December 31, 2008
Investment in Strategic Capital Holdings I, L.P., at fair value	$ 111,337	$ 56,957
Special investments, at fair value	3,538	5,626
	$ 114,875	$ 62,583

SCF's investment in SCH was comprised of the following allocated portion of net assets held by SCH, with amounts in thousands:

	September 30, 2009	December 31, 2008
Assets:		
Cash and cash equivalents	$ 4,342	$ 2,525
Restricted cash and cash equivalents	919	36,259
Securities	10,541	5,310
Private equity investments	898	369
Corporate loans	68,138	6,277
Collateralized loan obligation in affiliates	27,806	27,259
Reverse repurchase agreements	—	5,344
Interest receivable	1,011	3,664
Derivative assets	—	7,661
Other assets	121	530
Total assets	113,776	95,198
Liabilities:		
Unsettled investments in trades and derivatives	2,439	—
Repurchase agreements	—	1,065
Interest payable	—	237
Securities sold, not yet purchased	—	5,238
Derivative liabilities	—	22,874
Other payables	—	8,827
Total liabilities	2,439	38,241
Net assets	$ 111,337	$ 56,957

As of September 30, 2009 and December 31, 2008, SCF had an investment balance of $3.5 million and $5.6 million, respectively, in special investments. Special investments are certain investments, acquired through direct investment or private placement that are believed to be illiquid, lack a readily assessable market value or should be held until the resolution of a special event or circumstance.

In December 2009, the KPE Investment Partnership received a distribution in-kind of its assets in SCF.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

4. FAIR VALUE MEASUREMENTS

The fair value of the KPE Investment Partnership's investments categorized by the fair value hierarchy levels were as follows, with amounts in thousands:

	Fair Value as of September 30, 2009			
	Total	Level I	Level II	Level III
Assets, at fair value:				
Co-investments in portfolio companies	$ 1,629,088	$ —	$ 38,487	$ 1,590,601
Negotiated equity investments	796,458	—	148,958	647,500
Private equity funds	1,567,542	—	—	1,567,542
Non-private equity funds—Investments by KKR Strategic Capital Institutional Fund, Ltd.	114,875	—	—	114,875
	4,107,963	—	187,445	3,920,518
Cash and cash equivalents (cash held in money market accounts)	255,941	255,941	—	—
	$ 4,363,904	$ 255,941	$ 187,445	$ 3,920,518

	Fair Value as of December 31, 2008			
	Total	Level I	Level II	Level III
Assets, at fair value:				
Opportunistic investments:				
Fixed income investments	$ 40,109	$ —	$ 40,109	$ —
Public equities—common stocks	1,072	1,072	—	—
Co-investments in portfolio companies	1,414,743	—	—	1,414,743
Negotiated equity investments	649,155	—	649,155	—
Private equity funds	1,184,958	—	—	1,184,958
Non-private equity funds—Investments by KKR Strategic Capital Institutional Fund, Ltd.	62,583	—	—	62,583
	$ 3,352,620	$ 1,072	$ 689,264	$ 2,662,284
Liabilities, at fair value:				
Securities sold, not yet purchased	$ 1,916	$ 1,916	$ —	$ —
	$ 1,916	$ 1,916	$ —	$ —

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

The changes in investments measured at fair value for which the KPE Investment Partnership used Level III inputs to determine fair value were as follows, with amounts in thousands:

Fair value of investments as of December 31, 2007	$ 4,579,911
Purchases, net of sales	47,933
Transfers out of Level III	(131,207)
Net realized loss	(54,527)
Net change in unrealized depreciation	(1,779,826)
Fair value of investments as of December 31, 2008	2,662,284
Sales, net of purchases	(90,753)
Transfers into Level III	500,500
Net realized loss	(57,492)
Net change in unrealized appreciation	905,979
Fair value of investments as of September 30, 2009	$ 3,920,518
Net change in unrealized appreciation on investments included in net increase in net assets resulting from operations related to Level III investments still held as of September 30, 2009	$ 860,568

The net change in unrealized appreciation on investments is included under the net change in unrealized appreciation on investments and foreign currency transactions in the KPE Investment Partnership's consolidated statement of operations for the nine months ended September 30, 2009.

5. SECURITIES SOLD, NOT YET PURCHASED

Whether part of a hedging transaction or a transaction in its own right, securities sold, not yet purchased, or securities sold short, represent obligations of the KPE Investment Partnership to deliver the specified security at the contracted price, and thereby create a liability to repurchase the security in the market at then prevailing prices. Short selling allows the investor to profit from declines in market prices. The liability for such securities sold short is marked to market based on the current value of the underlying security at the date of valuation. These transactions involve a market risk in excess of the amount currently reflected in the KPE Investment Partnership's consolidated statement of assets and liabilities. As of September 30, 2009 and December 31, 2008, the fair value of securities sold short, not yet purchased was nil and $1.9 million, respectively. During the nine months ended September 30, 2009 and September 30, 2008, the net realized gain (loss) on investments and foreign currency transactions included losses of $1.4 million and gains of $3.6 million, respectively, from closed positions in securities sold, not yet purchased.

6. DERIVATIVES

The KPE Investment Partnership uses derivative instruments as part of its overall strategy to manage its exposure to market risks primarily associated with fluctuations in foreign currency and interest rates. The KPE Investment Partnership records all derivative instruments at fair value, as either assets or liabilities. The KPE Investment Partnership does not designate its derivative instruments as hedge accounting relationships. The fluctuation in the fair value of these derivative instruments offset the impact of changes in the value of the underlying risk that they are intended to economically hedge.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

6. DERIVATIVES (Continued)

Changes in the fair value of derivative instruments are included in net unrealized gain (loss) from investments and foreign currency transactions in the consolidated statements of operations.

The KPE Investment Partnership entered into forward foreign currency exchange contracts to economically hedge against foreign currency exchange rate risks on certain non-U.S. dollar denominated investments. The KPE Investment Partnership agreed to deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed-upon future date. The gain or loss on the contracts is the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date and is included in the consolidated statements of assets and liabilities.

In February 2008, an interest rate swap transaction related to the U.S. dollar denominated borrowings outstanding under the KPE Investment Partnership's five-year revolving credit agreement ("Credit Agreement") with a notional amount of $350.0 million became effective. In this transaction, the KPE Investment Partnership received a floating rate based on the one-month LIBOR interest rate and pays a fixed rate of 3.993% on the notional amount of $350.0 million. The interest rate swap matures February 25, 2010. The KPE Investment Partnership uses the interest rate swap to manage the interest rate risk associated with the floating rate under its Credit Agreement.

The KPE Investment Partnership's unrealized gain (loss) on foreign currency exchange contracts and an interest rate swap contract was comprised of the following, with amounts in thousands:

	September 30, 2009	December 31, 2008
ASSETS:		
Foreign currency exchange contract—€150.0 million vs. $209.0 million for settlement in February 2013	$ —	$ 3,000
LIABILITIES:		
Foreign currency exchange contracts:		
¥10.0 billion vs. $91.6 million for settlement in June 2010	$ (19,972)	$ (19,792)
€50.0 million vs. $69.7 million for settlement in February 2013	(1,128)	—
Interest rate swap contract, matures February 2010	(5,528)	(12,539)
	$ (26,628)	$ (32,331)

As of September 30, 2009, the KPE Investment Partnership had posted $8.5 million of restricted cash to collateralize losses on the interest rate swap transaction.

The KPE Investment Partnership may also have purchased derivative financial instruments for investment purposes, which may include total return swaps and options. In a total return swap, the KPE Investment Partnership would have the right to receive any appreciation and dividends from a reference asset with a specified notional amount and would have an obligation to pay to the counterparty any depreciation in the valuation of the reference asset, interest based on the notional amount and any other charge agreed to with the counterparty.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

6. DERIVATIVES (Continued)

During the nine months ended September 30, 2009, the net realized gain (loss) on investments and foreign currency transactions included nil from the expiration or closing of options. During the nine months ended September 30, 2008, the net realized gain (loss) on investments and foreign currency transactions included gains of $3.6 million, respectively, from the expiration or closing of options.

7. REVOLVING CREDIT AGREEMENT AND LONG-TERM DEBT

Revolving Credit Agreement

In June 2007, the KPE Investment Partnership entered into a five-year revolving Credit Agreement with a syndicate of lenders. The Credit Agreement provides for up to $925.0 million of senior secured credit, subject to availability under a borrowing base determined by the value of certain investments pledged as collateral security for obligations under the agreement. The borrowing base is subject to certain investment concentration limitations and the value of the investments constituting the borrowing base is subject to certain advance rates based on type of investment. In August 2009, an original lender under the Credit Agreement that became bankrupt with an initial $75.0 million commitment was removed from the syndicate of lenders, which reduced the availability under the Credit Agreement from $1.0 billion to $925.0 million. As of September 30, 2009, $3,144.0 million of the KPE Investment Partnership's assets were pledged as collateral to the Credit Agreement. As of September 30, 2009, the remaining availability under the Credit Agreement was $5.4 million.

The interest rates applicable to loans under the Credit Agreement are generally based on either (i) the greater of the administrative agent's base rate or U.S. federal funds rate plus a specified margin of 0.5% or (ii) the Eurodollar rate plus a specified margin ranging from 0.75% to 1.0%, depending on the relevant assets constituting the borrowing base. In addition, the KPE Investment Partnership must pay an annual commitment fee of 0.2% on the undrawn commitments under the Credit Agreement. During the nine months ended September 30, 2009 and September 30, 2008, interest expense of $19.5 million and $34.8 million, respectively, related to borrowings under the Credit Agreement, including the amortization of debt financing costs.

Pursuant to covenants in the Credit Agreement, the KPE Investment Partnership must maintain a ratio of senior secured debt to total assets of 50% or less. In addition, the Credit Agreement contains certain other customary covenants as well as certain customary events of default. As of September 30, 2009, the KPE Investment Partnership was in compliance with all covenants in all material respects.

The Credit Agreement will expire on June 11, 2012, unless earlier terminated upon an event of default. The KPE Investment Partnership will be required to repay all outstanding borrowings under the Credit Agreement at that time if the KPE Investment Partnership is unable to refinance the Credit Agreement prior to its expiration or termination. Borrowings under the Credit Agreement may be used for general business purposes of the KPE Investment Partnership, including the acquisition and funding

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

7. REVOLVING CREDIT AGREEMENT AND LONG-TERM DEBT (Continued)

of investments. The KPE Investment Partnership's borrowings outstanding under the Credit Agreement were as follows, with amounts in thousands:

	September 30, 2009	December 31, 2008
Borrowings outstanding	$ 955,672	$ 968,970
Foreign currency adjustments—unrealized gains related to borrowings denominated in:		
British pounds sterling	(6,675)	(14,058)
Canadian dollars	—	(3,698)
	$ 948,997	$ 951,214

During the nine months ended September 30, 2009 and September 30, 2008, the weighted average dollar amount of borrowings related to the Credit Agreement was $932.8 million and $790.7 million, respectively, and the weighted average interest rate was 1.3% and 5.3%, respectively.

If total borrowings outstanding exceed 105% of the available amount under the Credit Agreement due to fluctuations in foreign exchange rates, the KPE Investment Partnership may be required to make certain prepayments on outstanding borrowings. As of September 30, 2009 and December 31, 2008, the KPE Investment Partnership was not subject to such prepayment requirements.

Long-Term Debt

During the year ended December 31, 2007, the KPE Investment Partnership entered into a financing arrangement with a major financial institution with respect to $350.0 million of its $700.0 million convertible notes investment in Sun.

The financing was structured through the use of total return swaps. Pursuant to the terms of the financing arrangement, $350.0 million of the Sun convertible notes were directly held by the KPE Investment Partnership and were pledged to the financial institution as collateral (the "Pledged Notes") and the remaining $350.0 million of the Sun convertible notes were directly held by the financial institution (the "Swap Notes"). The Pledged Notes and Swap Notes were due as follows: $175.0 million were due in January 2012 and the remaining $175.0 million were due in January 2014. Pursuant to the security agreements with respect to the Pledged Notes, the KPE Investment Partnership had the right to vote the Pledged Notes and the financial institution was obligated to follow the instructions of the KPE Investment Partnership, subject to certain exceptions, so long as default did not exist under the security agreements or the underlying swap agreements. The KPE Investment Partnership was also restricted from transferring the Pledged Notes without the consent of the financial institution.

At settlement, the KPE Investment Partnership would be entitled to receive payment equal to any appreciation on the value of the Swap Notes and the KPE Investment Partnership would be obligated to pay to the financial institution any depreciation on the value of the Swap Notes. In addition, the financial institution would be obligated to pay the KPE Investment Partnership any interest that would be paid to a holder of the Swap Notes when payment would be received by the financial institution. The per annum rate of interest payable by the KPE Investment Partnership for the financing was equivalent to the three-month LIBOR plus 0.90%, which accrues during the term of the financing and was payable at settlement. During the nine months ended September 30, 2009 and September 30, 2008,

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

7. REVOLVING CREDIT AGREEMENT AND LONG-TERM DEBT (Continued)

interest expense related to the KPE Investment Partnership's financing of the Sun investment was $6.2 million and $12.2 million, respectively.

The financing provided for early settlement upon the occurrence of certain events, including an event based on the value of the collateral and other events of default. The Pledged Notes were held by wholly owned subsidiaries formed by the KPE Investment Partnership to enter into the Sun investment, and the rights and obligations described above with respect to the Pledged Notes and Swap Notes were the rights and obligations of these wholly owned subsidiaries without recourse to the KPE Investment Partnership.

During both the nine months ended September 30, 2009 and September 30, 2008, the weighted average dollar amount of borrowings related to the long-term debt was $350.0 million and the weighted average interest rate was 2.1% and 4.1%, respectively.

Fair Value

The KPE Investment Partnership believes the carrying value of its debt approximates fair value as of September 30, 2009 and December 31, 2008.

Principal Payments

As of September 30, 2009, the KPE Investment Partnership's scheduled principal payments for borrowings under the Credit Agreement and long-term debt related to the financing of Sun were as follows, with amounts in thousands:

		Payments Due by Period			
	Total	Less than 1 year	1 to 3 Years	3 to 5 Years	More than 5 years
Revolving credit agreement	$ 948,997	$ —	$ 948,997	$ —	$ —
Long-term debt	350,000	—	175,000	175,000	—
Total	$ 1,298,997	$ —	$ 1,123,997	$ 175,000	$ —

8. DISTRIBUTABLE EARNINGS (LOSS)

The KPE Investment Partnership's distributable earnings (loss) were comprised of the following, with amounts in thousands:

Distributable earnings as of December 31, 2007	$ 158,410
Net decrease in net assets resulting from operations during the year ended December 31, 2008	(2,351,387)
Distribution to partners	(15,000)
Distributable loss as of December 31, 2008	(2,207,977)
Net increase in net assets resulting from operations during the nine months ended September 30, 2009	882,139
Distribution to partners	(475,130)
Distributable loss as of September 30, 2009	$ (1,800,968)

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

8. DISTRIBUTABLE EARNINGS (LOSS) (Continued)

The KPE Investment Partnership's distributions to its general and limited partners were based on their pro rata partner interests.

As of September 30, 2009 and December 31, 2008, the accumulated undistributed net investment income was $72.4 million and $91.9 million, respectively. The accumulated undistributed net realized gain (loss) on investments and foreign currency transactions was a loss of $35.1 million as of September 30, 2009 and a gain of $43.5 million as of December 31, 2008. The accumulated undistributed net unrealized depreciation on investments and foreign currency transactions was $1,255.1 million and $2,235.2 million as of September 30, 2009 and December, 31, 2008, respectively.

9. OPERATING RESULTS ALLOCATED TO THE GENERAL AND LIMITED PARTNERS

Operating results for the general and limited partners of the KPE Investment Partnership were as follows, with amounts in thousands. Income and expenses were allocated to the general partner and limited partner based on their respective ownership percentages.

	Nine Months Ended September 30, 2009		
	General Partner	Limited Partner	Total
Investment income:			
Interest income	$ 27	$ 12,918	$ 12,945
Dividend income net of withholding taxes of $16, $7,494 and $7,510, respectively	51	24,311	24,362
Total investment income	78	37,229	37,307
Expenses:			
Management fees	—	28,244	28,244
Interest expense	52	25,788	25,840
General and administrative expenses	6	2,707	2,713
Total expenses	58	56,739	56,797
Net investment income (loss)	20	(19,510)	(19,490)
Realized and unrealized gain (loss) from investments and foreign currency:			
Net realized loss	(164)	(78,401)	(78,565)
Net change in unrealized appreciation	2,034	978,160	980,194
Net gain on investments and foreign currency transactions	1,870	899,759	901,629
Net increase in net assets resulting from operations	$ 1,890	$ 880,249	$ 882,139

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

9. OPERATING RESULTS ALLOCATED TO THE GENERAL AND LIMITED PARTNERS (Continued)

	Nine Months Ended September 30, 2008		
	General Partner	Limited Partner	Total
Investment income:			
Interest income	$ 65	$ 31,598	$ 31,663
Dividend income, net of withholding taxes of $0, $249 and $249, respectively	18	8,937	8,955
Total investment income	83	40,535	40,618
Expenses:			
Management fees	—	38,298	38,298
Interest expense	100	48,675	48,775
Dividend expense	2	1,088	1,090
General and administrative expenses	9	3,169	3,178
Total expenses	111	91,230	91,341
Net investment loss	(28)	(50,695)	(50,723)
Realized and unrealized loss from investments and foreign currency:			
Net realized loss, net of withholding benefit of $0, $(37) and $(37)	(120)	(58,204)	(58,324)
Net change in unrealized depreciation	(2,079)	(999,501)	(1,001,580)
Net loss on investments and foreign currency transactions	(2,199)	(1,057,705)	(1,059,904)
Net decrease in net assets resulting from operations	$ (2,227)	$ (1,108,400)	$ (1,110,627)

10. REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS AND FOREIGN CURRENCY

The net gain (loss) from investments and foreign currency transactions in the KPE Investment Partnership's unaudited consolidated statements of operations included net realized gains or losses from sales of investments and the net change in unrealized appreciation or depreciation resulting from changes in fair value of investments (including foreign exchange gains and losses attributable to foreign-

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

10. REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS AND FOREIGN CURRENCY (Continued)

denominated investments). The following table represents the KPE Investment Partnership's net gain (loss) from investments and foreign currency transactions, with amounts in thousands:

	Nine Months Ended	
	September 30, 2009	September 30, 2008
Net realized gain (loss)	$ (78,565)	$ (58,324)
Net change in unrealized appreciation (depreciation)	980,194	(1,001,580)
Net gain (loss) on investments and foreign currency transactions	$ 901,629	$ (1,059,904)

The net change in unrealized appreciation (depreciation) on investments and foreign currency transactions was as follows, with amounts in thousands:

	Nine Months Ended	
	September 30, 2009	September 30, 2008
Opportunistic and temporary investments	$ 39,732	$ (19,380)
Co-investments	450,548	(475,969)
Negotiated equity investments	147,122	(313,147)
Investments in private equity funds	273,480	(169,719)
Investments in a non-private equity fund	69,312	(23,365)
	$ 980,194	$ (1,001,580)

11. DISTRIBUTIONS

The Associate Investor determines, in its sole discretion, the amount and timing of distributions in respect of the Class A, Class B, Class C and Class D partner interests. If and when made, the distributions will be made pro rata in accordance with the partner's percentage interests, except as otherwise discussed below. During the nine months ended September 30, 2009, the KPE Investment Partnership made distributions of $475.1 million to its general and limited partners based on their pro rata partner interests.

Except as described below, each investment that is made by the KPE Investment Partnership is subject to either a carried interest or incentive distribution right, which generally entitles the Associate Investor or an affiliate of KKR to receive a portion of the profits generated by the investment.

Gains and losses from investments of any particular investment class are not netted against gains and losses from any other investment class when computing amounts that are payable in respect of carried interests and incentive distribution rights discussed below.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

11. DISTRIBUTIONS (Continued)

Distributions in Respect of Class A; Opportunistic and Temporary Investments	• The Associate Investor is entitled to an incentive distribution in an amount equal to 20% of the amount of the annual appreciation in the net asset value of opportunistic and temporary investments, after any previously incurred unrecouped losses have been recovered. • Appreciation is measured at the end of each annual accounting period. • The amount of appreciation is increased to reflect withdrawals of capital and decreased to reflect capital contributions for opportunistic and temporary investments. • Incentive distribution payable was temporarily waived, as discussed in Note 12, "Relationship with KKR and Related Party Transactions—Carried Interests and Incentive Distributions."

During the one-year period following the commencement of the KPE Investment Partnership's operations, through May 10, 2007, the appreciation in the value of temporary investments was disregarded for the purposes of calculating the Associate Investor's incentive distribution.

If the KPE Investment Partnership does not distribute the entire incentive distribution after the end of the applicable period, the undistributed amount will, for the purpose of calculating the Associate Investor's percentage interest, be treated as being contributed by the Associate Investor to the partnership as a capital contribution.

To the extent that the KPE Investment Partnership acquires any interest in a private equity fund or other investment fund sponsored by KKR or any of its affiliates at a price that is greater or less than the net asset value of the fund that is allocable to such interest, the calculation of the incentive distribution to be paid to the general partner in respect of its Class A interest for the annual accounting period during which the disposition of all remaining assets of such fund occurs was adjusted as follows:

- For any interest acquired at a discount, a gain will be reflected equal to the difference, if positive, between (i) the net asset value of the fund that is allocable to such interest at the date of acquisition or, if lower, the value realized and distributed in respect of such interest from the disposition of all fund assets from and after date of acquisition (in each case reduced by any capital contributed to the fund by the KPE Investment Partnership or its subsidiaries since the date of acquisition) and (ii) the price at which such interest was acquired.

- For any interest acquired at a premium, a loss will be reflected equal to the difference, if positive, between (i) the price at which such interest was acquired and (ii) net asset value of the fund that is allocable to such interest at the date of acquisition or, if higher, the value realized and distributed in respect of such interest from the disposition of all fund assets from and after date of acquisition (in each case reduced by any capital contributed to the fund by the KPE Investment Partnership since the date of acquisition).

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

11. DISTRIBUTIONS (Continued)

To the extent that the KPE Investment Partnership disposes of any interest in a KKR fund at a price that is greater or less than net asset value, a similar adjustment was performed. For purposes of the above, the Associate Investor may elect to deem the disposition of all remaining assets of a fund to have occurred by valuing, for such purposes, all remaining fund assets at zero.

Distributions in Respect of Class B; Co-Investments in Portfolio Companies and Negotiated Equity Investments	• The Associate Investor is entitled to a carried interest of 20% on the net realized returns on each co-investment or negotiated equity investment. • Realized returns are calculated after the capital contribution for a particular investment was recovered and all prior realized losses for other co-investments and negotiated equity investments are recovered. • The Associate Investor could make distributions to itself in respect of its Class B carried interest without making corresponding distributions to the limited partner. • Carried interest payable was temporarily waived, as discussed in Note 12, "Relationship with KKR and Related Party Transactions—Carried Interests and Incentive Distributions."
Distributions in Respect of Class C; Investments in KKR's Private Equity Funds	• The Associate Investor is not entitled to a carried interest or incentive distribution right with respect to the Class C interest; however, the general partner of KKR's private equity funds are generally entitled to a carried interest of 20% on the net realized return on each portfolio investment. • Realized returns are generally calculated after capital contributions for the particular portfolio investment have been returned to limited partners, realized losses on other portfolio investments of the fund have been recovered and certain unrealized losses (e.g., certain write-downs in the value of certain portfolio investments), if any, have been recovered. • The realized gains and losses of portfolio investments are not netted across funds and each carried interest applies only to the results of an individual fund.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

11. DISTRIBUTIONS (Continued)

	• Class C carried interests paid could have offset the management fee payable under the services agreement for a limited time as discussed in Note 12, "Relationship with KKR and Related Party Transactions—Carried Interests and Incentive Distributions."
Distributions in Respect of Class D; Investments in KKR's Investment Funds Other than Private Equity Funds	• The Associate Investor is not entitled to a carried interest or an incentive distribution right with respect to the Class D interest; however, the general partner or the fund manager of a non-private equity fund of KKR is generally entitled to an incentive distribution specific to that particular investment fund.
	• The amount and calculation of the incentive distribution varies from fund to fund.
	• The gains and losses of investments are not netted across funds and each carried interest or incentive distribution applied only to the results of an individual fund.
	• Class D incentive distributions paid could have offset the management fee payable under the services agreement for a limited time as discussed in Note 12, "Relationship with KKR and Related Party Transactions—Carried Interests and Incentive Distributions."

12. RELATIONSHIP WITH KKR AND RELATED PARTY TRANSACTIONS

In connection with the formation of KKR Guernsey and the initial offering of its common units, affiliates of KKR contributed $75.0 million in cash to the KPE Investment Partnership and KKR Guernsey, of which $10.0 million was contributed to the KPE Investment Partnership in respect of general partner interests in the KPE Investment Partnership and $65.0 million was contributed to KKR Guernsey in exchange for common units.

Subject to the supervision of the board of directors of the Managing Investor and the board of directors of the Managing Partner, KKR assists the KPE Investment Partnership and KKR Guernsey in selecting, evaluating, structuring, diligencing, negotiating, executing, monitoring and exiting investments and managing the uninvested cash of the KPE Investment Partnership and also provides financial, legal, tax, accounting and other administrative services. These investment activities are carried out by KKR's investment professionals and KKR's investment committee pursuant to the services agreement or under investment management agreements between KKR and its investment funds.

Services Agreement

The KPE Investment Partnership, the Associate Investor, the Managing Investor, KKR Guernsey and the Managing Partner entered into a services agreement with KKR pursuant to which KKR has

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

12. RELATIONSHIP WITH KKR AND RELATED PARTY TRANSACTIONS (Continued)

agreed to provide certain investment, financial advisory, operational and other services to them. Under the services agreement, KKR is responsible for the day-to-day operations of the service recipients and is subject at all times to the supervision of their respective governing bodies, including the board of directors of the Managing Investor and the board of directors of the Managing Partner.

The services agreement contains certain provisions requiring the KPE Investment Partnership and the other service recipients to indemnify KKR and its affiliates with respect to all losses or damages arising from acts not constituting bad faith, willful misconduct or gross negligence. The Managing Investor has evaluated the impact of these guarantees on the consolidated financial statements and determined that they are not material at this time.

In connection with the Combination Transaction, the services agreement was amended on October 1, 2009. The amended and restated services agreement provides for substantially the same services described above.

Management Fees

Under the services agreement, the KPE Investment Partnership and the other service recipients jointly and severally agreed to pay KKR a management fee, quarterly in arrears, in an aggregate amount equal to (prior to the Combination Transaction) one-fourth of the sum of:

(i) KKR Guernsey's equity [1] up to and including $3.0 billion multiplied by 1.25%, plus

(ii) KKR Guernsey's equity [1] in excess of $3.0 billion multiplied by 1%

[1] Generally, equity for purposes of the management fee is approximately equal to KKR Guernsey's net asset value, which would be adjusted for any items discussed below, if necessary.

KKR and its affiliates are paid only one management fee, regardless of whether it is payable pursuant to the services agreement or the terms of the KKR investment funds in which the KPE Investment Partnership is invested.

For the purposes of calculating the management fee under the services agreement, "equity" was defined, prior to the Combination Transaction, as the sum of the net proceeds in cash or otherwise from each issuance of KKR Guernsey's limited partner interests, after deducting any managers' commissions, placement fees and other expenses relating to the initial offering and related transactions, plus or minus KKR Guernsey's cumulative distributable earnings or loss at the end of such quarterly period (taking into account actual distributions but without taking into account the management fee relating to such quarterly period and any non-cash equity compensation expense incurred in current or prior periods), as reduced by any amount that KKR Guernsey paid for repurchases of KKR Guernsey's limited partner interests. The foregoing calculation of "equity" was adjusted to exclude (i) one-time events pursuant to changes in U.S. GAAP as well as (ii) any non-cash items jointly agreed to by the Managing Partner (with the approval of a majority of its independent directors) and KKR.

The management fee payable under the services agreement will be reduced in current or future periods by an amount equal to the sum of (i) any cash that the KPE Investment Partnership and the other service recipients, as limited partners of KKR's investment funds, paid to KKR or its affiliates during such period in respect of management fees of such funds (or capital that the KPE Investment Partnership contributes to KKR's investment funds for such purposes), regardless of whether such

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

12. RELATIONSHIP WITH KKR AND RELATED PARTY TRANSACTIONS (Continued)

management fees were received by KKR in the form of a management fee or otherwise and (ii) management fees, if any, that the KPE Investment Partnership may have paid third parties in connection with investments.

To the extent that the amount of management fee reductions in respect of a particular quarterly period exceed the amount of the fee that would have otherwise been payable, KKR will be required to credit the difference against any future management fees that may become payable under the services agreement. Under no circumstances, however, will credited amounts be reimbursed by KKR or reduce the management fee payable in respect of any quarterly period below zero.

The management fee payable under the services agreement is not subject to reduction based on any other fees that KKR or its affiliates received in connection with the KPE Investment Partnership's investments, including any transaction or monitoring fees that were paid by a third party. In addition, the management fee is not reduced if the Managing Partner determined, in good faith, that a reduction in the management fee would jeopardize the classification of KKR Guernsey as a partnership for U.S. federal income tax purposes.

During the nine months ended September 30, 2009 and September 30, 2008, management fee expense was $28.2 million and $38.3 million, respectively. As of October 1, 2009, the management fee was amended to reflect the terms of the Combination Transaction.

Carried Interests and Incentive Distributions

As described in Note 11, "Distributions," each investment that is made by the KPE Investment Partnership is subject to either a carried interest or incentive distribution right, which generally entitles the Associate Investor or an affiliate of KKR to receive a portion of the profits generated by the investment.

Until the profits on the KPE Investment Partnership's consolidated investments that were subject to a carried interest or incentive distribution right equaled the managers' commissions, placement fees and other expenses incurred in connection with KKR Guernsey's initial offering and related transactions, (i) the Associate Investor had to forego its carried interest and incentive distribution rights on opportunistic, temporary investments, co-investments and negotiated equity investments and (ii) the management fee payable under the services agreement was reduced by the amount of carried interests and incentive distributions made pursuant to the terms of the investment funds in which the KPE Investment Partnership was invested, limited to 5% of KKR Guernsey's gross income (other than income that qualified as capital gains) for U.S. federal income tax purposes for a taxable year minus any gross income earned by or allocated to KKR Guernsey for U.S. federal income tax purposes during such taxable year that was not "qualifying income" as defined in Section 7704(d) of the U.S. Internal Revenue Code. This recoupment through profits of expenses incurred in connection with KKR Guernsey's initial offering and related transaction was terminated on October 1, 2009.

As of September 30, 2009, managers' commissions, placement fees and other expenses incurred in connection with the initial offering and related transactions exceeded the amount of profits related to the carried interests and incentive distribution rights payable on certain of the KPE Investment Partnership's consolidated investments. Therefore, no carried interests or incentive distributions based on opportunistic investments, temporary investments, co-investments or negotiated equity investments were payable to the Associate Investor as of September 30, 2009.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

12. RELATIONSHIP WITH KKR AND RELATED PARTY TRANSACTIONS (Continued)

Investments in Affiliates and Unaffiliated Issuers

Investments in affiliates were $3,311.5 million and $2,662.3 million as of September 30, 2009 and December 31, 2008, respectively, which included investments in co-investments in KKR portfolio companies, KKR private equity funds and SCF. All other investments were in unaffiliated issuers, which included negotiated equity investments of $796.5 million as of September 30, 2009 and negotiated equity and opportunistic investments totaling $690.3 million as of December 31, 2008.

The net gain (loss) on investments and foreign currency transactions were comprised of the following, with dollars in thousands:

	Nine Months Ended	
	September 30, 2009	September 30, 2008
Net realized gain (loss) from:		
Investments in affiliates	$ (57,492)	$ (32,774)
Investments in unaffiliated issuers	(21,073)	(25,550)
	(78,565)	(58,324)
Net change in unrealized appreciation (depreciation) from:		
Investments in affiliates	797,466	(696,347)
Investments in unaffiliated issuers	182,728	(305,233)
	980,194	(1,001,580)
Net gain (loss) on investments and foreign currency transactions	$ 901,629	$ (1,059,904)

Reimbursed Expenses

During the nine months ended September 30, 2009 and September 30, 2008, the KPE Investment Partnership paid KKR less than $0.1 million for reimbursable direct expenses incurred pursuant to the services agreement. These reimbursed expenses were included in the KPE Investment Partnership's general and administrative expenses.

License Agreement

The KPE Investment Partnership, the Associate Investor, the Managing Investor, KKR Guernsey and the Managing Partner, as licensees, entered into a license agreement with KKR pursuant to which KKR granted each party a non-exclusive, royalty-free license to use the name "KKR." Under this agreement, each licensee has the right to use the "KKR" name. Other than with respect to this limited license, none of the licensees has a legal right to the "KKR" name.

Other

The KPE Investment Partnership sold interests in certain co-investments to a KKR sponsored co-investment fund with an aggregate fair value of $211.0 million as of March 31, 2009, after giving effect to certain post-closing adjustments. Such interests in co-investments had an original cost of

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

12. RELATIONSHIP WITH KKR AND RELATED PARTY TRANSACTIONS (Continued)

$240.3 million and were sold for an aggregate purchase price of $200.4 million, resulting in a realized loss of $39.9 million during the nine months ended September 30, 2009.

During the nine months ended September 30, 2009, KKR Corporate Capital Services LLC, a subsidiary of KKR, acquired a $64.8 million commitment to the KPE Investment Partnership's Credit Agreement from an existing lender.

13. COMMITMENTS

As of September 30, 2009, the KPE Investment Partnership had the following commitments to KKR private equity funds, with amounts in thousands:

	Capital Commitment	Uncalled Commitment
KKR 2006 Fund L.P.	$ 1,555,000	$ 390,409
KKR Asian Fund L.P.	285,000	168,470
KKR European Fund III, Limited Partnership	282,356	270,183
KKR E2 Investors L.P.	17,644	17,644
	$ 2,140,000	$ 846,706

Capital contributions are due on demand; however, given the size of such commitments and rates at with KKR's funds make investments, the KPE Investment Partnership expects that the unfunded capital commitments presented above will be called over a period of several years.

As is common with investments in investment funds, the KPE Investment Partnership follows an over-commitment approach when making investments through KKR's investment funds in order to maximize the amount of capital that is invested at any given time. When an over-commitment approach is followed, the aggregate amount of capital committed by the KPE Investment Partnership to investments at a given time may exceed the aggregate amount of cash that the KPE Investment Partnership has available for immediate investment. Because the general partners of KKR's investment funds are permitted to make calls for capital contributions following the expiration of a relatively short notice period, when an over-commitment approach is used, the KPE Investment Partnership is required to time investments and manage available cash in a manner that allows it to fund its capital commitments as and when capital calls are made.

As the service provider under the services agreement, KKR is primarily responsible for carrying out these activities for the KPE Investment Partnership. KKR takes into account expected cash flows to and from investments, including cash flows to and from KKR's investment funds, when planning investment and cash management activities with the objective of seeking to ensure that the KPE Investment Partnership is able to honor its commitments to funds as and when they become due. KKR also takes into account the senior secured credit facility established by the KPE Investment Partnership. As of September 30, 2009, the KPE Investment Partnership was over-committed.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

14. FINANCIAL HIGHLIGHTS

Financial highlights for the KPE Investment Partnership for the nine months ended September 30, 2009 were as follows:

	Opportunistic and Temporary Investments (Class A)	Co-Investments and Negotiated Equity Investments (Class B)	Private Equity Funds (Class C)	Non-Private Equity Funds (Class D)	Total
Total return (annualized)	(5.7)%	53.4%	30.3%	111.7%	44.9%
Ratios to average net assets:					
Total expenses (annualized)	8.3	0.5	0.0	1.5	2.7
Net investment income (loss) (annualized)	(7.8)	0.8	1.1	8.2	(0.9)

Financial highlights for the KPE Investment Partnership for the nine months ended September 30, 2008 were as follows:

	Opportunistic and Temporary Investments	Co-Investments and Negotiated Equity Investments	Private Equity Funds	Non-Private Equity Funds	Total
Total return (annualized)	(39.8)%	(33.1)%	(13.1)%	(25.3)%	(29.7)%
Ratios to average net assets:					
Total expenses (annualized)	27.6	0.6	0.0	3.4	2.8
Net investment income (loss) (annualized)	(23.3)	(0.4)	0.7	9.9	(1.5)

The total return and ratios were calculated based on weighted average net assets.

15. CONTINGENCIES

As with any partnership, the KPE Investment Partnership may become subject to claims and litigation arising in the ordinary course of business. The Managing Investor does not believe that there are any pending or threatened legal proceedings that would have a material adverse effect on the consolidated financial position, operating results or cash flows of the KPE Investment Partnership.

16. SUBSEQUENT EVENTS

On October 1, 2009, the limited partner interests of the KPE Investment Partnership were transferred from KKR Guernsey to KKR, pursuant to the Combination Transaction. See Note 1, "Business."

On October 1, 2009, pursuant to the Combination Transaction, the KPE Investment Partnership and certain of its subsidiaries transferred the following to KKR: (i) $76.6 million of cash and cash equivalents, (ii) its investment in Sun with a fair value as of September 30, 2009, net of debt of $297.5 million, (iii) limited partner interests in co-investments in NXP, ProSieben and Capmark with fair values as of September 30, 2009 of $25.0 million, $8.7 million and nil, respectively, and (iv) $42.1 million of certain other liabilities, net of other assets.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

16. SUBSEQUENT EVENTS (Continued)

Subsequent to September 30, 2009 and through April 15, 2010, the KPE Investment Partnership received proceeds of $158.5 million in the form of dividends and partial dispositions of holdings in portfolio companies from direct co-investments and within private equity funds. In addition, the KPE Investment Partnership made investments in private equity funds and co-investments totaling $70.7 million during the same period.

Subsequent to September 30, 2009 and through April 15, 2010, the KPE Investment Partnership transferred $50.0 million of its remaining commitment to KKR 2006 Fund L.P. and $50.0 million of its remaining commitment to KKR Asian Fund L.P. to an unrelated third party, thereby reducing its unfunded obligations by a total of $100.0 million.

Subsequent to September 30, 2009 and through April 15, 2010, the KPE Investment Partnership made net repayments to reduce outstanding borrowings of $623.8 million under the Credit Agreement. In January 2010, the KPE Investment Partnership entered into a one-year revolving credit agreement with KKR Management Holdings L.P. ("Management Holdings") that provides for up to $500.0 million of unsecured credit. The one-year revolving credit agreement was assigned to a subsidiary of Management Holdings, and the KPE Investment Partnership has borrowed $380.0 million under it.

* * * * *

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204,902,226 Common Units
Representing Limited Partner Interests

PRELIMINARY PROSPECTUS

, 2010

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the expenses payable by the Registrant in connection with the issuance and distribution of the common units being registered hereby. All of such expenses are estimates, other than the filing and listing fees payable to the Securities and Exchange Commission and the New York Stock Exchange.

Filing Fee—Securities and Exchange Commission	$ *
Listing Fee—New York Stock Exchange	*
Fees and Expenses of Counsel	*
Printing Expenses	*
Fees and Expenses of Accountants	*
Blue Sky Fees and Expenses	*
Transfer Agent Fees and Expenses	*
Miscellaneous Expenses	*
Total	$ *

* To be provided by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Subject to any terms, conditions or restrictions set forth in the applicable partnership agreement, Section 17-108 of the Delaware Limited Partnership Act empowers a Delaware limited partnership to indemnify and hold harmless any partner or other persons from and against all claims and demands whatsoever. The section of the prospectus entitled "Description of Our Limited Partnership Agreement—Indemnification" discloses that we will generally indemnify our Managing Partner and the officers, directors and affiliates of our Managing Partner, to the fullest extent permitted by law, against all losses, claims, damages or similar events and is incorporated by reference herein.

We currently maintain liability insurance for our directors and officers. In connection with the Transactions, we will obtain additional liability insurance for our directors and officers. Such insurance would be available to our directors and officers in accordance with its terms.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

None.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

Exhibit Index

2.1	Amended and Restated Purchase and Sale Agreement*
2.2	Amended and Restated Investment Agreement*
3.1	Certificate of Limited Partnership of the Registrant**
3.2	Form of Amended and Restated Limited Partnership Agreement of the Registrant**
3.3	Certificate of Formation of the Managing Partner of the Registrant**
3.4	Form of Amended and Restated Limited Liability Company Agreement of the Managing Partner of the Registrant**
5.1	Opinion of Simpson Thacher & Bartlett LLP †
8.1	Form of Opinion of Simpson Thacher & Bartlett LLP regarding certain tax matters
10.1	Second Amended and Restated Limited Partnership Agreement of KKR Management Holdings L.P.**
10.2	Second Amended and Restated Limited Partnership Agreement of KKR Fund Holdings L.P.**
10.3	Form of Registration Rights Agreement †
10.4	Form of KKR & Co. L.P. Equity Incentive Plan †
10.5	Form of Tax Receivable Agreement**
10.6	Form of Exchange Agreement**
10.7	Credit Agreement dated as of February 26, 2008 among Kohlberg Kravis Roberts & Co. L.P., the other borrowers party thereto, and HSBC Bank PLC, as administrative agent
10.8	Revolving Credit Agreement dated as of June 11, 2007 among KKR PEI Investments, L.P., as Borrower, the lenders party thereto, Citibank, N.A., as administrative agent, and Citigroup Global Markets Inc., Goldman Sachs Credit Partners, L.P. and Morgan Stanley Bank as joint lead arrangers and joint bookrunners
10.9	Form of Confidentiality and Restrictive Covenant Agreement (Senior Principals)**
10.10	Form of Confidentiality and Restrictive Covenant Agreement (Founders)**
10.11	Amendment No. 1 to Revolving Credit Agreement dated as of August 14, 2009 among KKR PEI Investments, L.P., as Borrower, the lenders party thereto, Citibank, N.A., as administrative agent, and Citigroup Global Markets Inc., Goldman Sachs Credit Partners, L.P. and Morgan Stanley Bank as joint lead arrangers and joint bookrunners
21.1	Subsidiaries of the Registrant †
23.1	Consent of Independent Registered Public Accounting Firm Relating to the Financial Statements of the KKR Group Holdings L.P., KKR & Co. L.P., KKR Management LLC, KKR & Co. (Guernsey) L.P. and KKR PEI Investments, L.P. and Subsidiaries
23.2	Consent of Simpson Thacher & Bartlett LLP (included as part of Exhibits 5.1 and 8.1) †
24.1	Power of Attorney**

* The disclosure schedules to this exhibit are not being filed herewith. The registrant agrees to furnish supplementally a copy of any such schedules to the Securities and Exchange Commission upon request.

** Previously filed.

† To be filed by amendment.

ITEM 17. UNDERTAKINGS

(a) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed

in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(b) The undersigned registrant hereby undertakes that, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. *Provided, however* , that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, New York, on the 16th day of April 2010.

KKR & Co. L.P.

By: KKR Management LLC
Its General Partner

By: /s/ WILLIAM J. JANETSCHEK

Name: William J. Janetschek
Title: *Chief Financial Officer*

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on the 16th day of April 2010.

Signature	Title
*	Co-Chairman and Co-Chief Executive Officer (principal executive officer) of KKR Management LLC
Henry R. Kravis	
*	Co-Chairman and Co-Chief Executive Officer (principal executive officer) of KKR Management LLC
George R. Roberts	
/s/ WILLIAM J. JANETSCHEK	Chief Financial Officer (principal financial and accounting officer) of KKR Management LLC
William J. Janetschek	

*By: /s/ WILLIAM J. JANETSCHEK

Name: William J. Janetschek
Title: *Attorney-in-fact*

Exhibit 2.1

AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT

by and among

KKR & CO. L.P.,

KKR PRIVATE EQUITY INVESTORS, L.P.,

KKR GROUP HOLDINGS L.P.

(solely for purposes of Section 1.1, Section 1.2, Section 3 and Section 9.2),

KKR PEI ASSOCIATES, L.P.

(solely for purposes of Section 1.4),

KKR HOLDINGS L.P.

(solely for purposes of Section 4, Section 5.4, Section 5.7, Section 5.10(b) and Section 9.10),

KKR MANAGEMENT HOLDINGS L.P.

(solely for purposes of Section 6)

and

KKR FUND HOLDINGS L.P.

(solely for purposes of Section 6)

Dated as of July 19, 2009

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Exhibits

Exhibit A:	Press Release
Exhibit B:	Transaction Structure
Exhibit C:	Structuring Memorandum
Exhibit D:	Form of Investment Agreement
Exhibit E:	Form of Exchange Agreement
Exhibit F:	Form of Confidentiality and Restrictive Covenant Agreement
Exhibit G:	Form of Amended and Restated Limited Partnership Agreement of the Purchaser
Exhibit H:	Form of Amended and Restated Limited Partnership Agreement of KKR Management Holdings L.P.
Exhibit I:	Form of Amended and Restated Limited Partnership Agreement of KKR Fund Holdings L.P.
Exhibit J:	Form of Amended and Restated Limited Liability Company Agreement of the Controlling Partnership GP
Exhibit K:	Forms of Lock-Up Agreements
Exhibit L:	Form of Tax Receivables Agreement
Exhibit M:	Termination of Investment Agreement
Exhibit N:	Amended and Restated Services Agreement
Exhibit O:	Investment Policies and Procedures
Exhibit P:	Amended and Restated Acquired Partnership LPA
Exhibit Q:	Audit Committee Charter
Exhibit R:	Amendment to Articles of Incorporation of Seller GP

INDEX OF DEFINED TERMS

AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT

This AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT, dated as of July 19, 2009 (as amended, supplemented or otherwise modified from time to time, this " Agreement "), is entered into by and among (1) KKR & Co. L.P., a Delaware limited partnership (the " Controlling Partnership "), acting through KKR Management LLC, a Delaware limited liability company (the " Controlling Partnership GP ") in its capacity as the general partner of the Controlling Partnership, (2) KKR Private Equity Investors, L.P., a Guernsey limited partnership (the " Seller "), acting through KKR Guernsey GP Limited, a Guernsey company limited by shares (the " Seller GP ") in its capacity as the general partner of the Seller, (3) KKR PEI Associates, L.P., a Guernsey limited partnership (the " Acquired Partnership GP "), acting in its capacity as the general partner of KKR PEI Investments, L.P., a Guernsey limited partnership (the " Acquired Partnership "), and acting through KKR PEI GP Limited, a Guernsey company limited by shares in its capacity as general partner of the Acquired Partnership GP (solely for purposes of Section 1.4), (4) KKR Holdings L.P., a Cayman Islands exempted limited partnership (" Holdings "), acting through KKR Holdings GP Limited in its capacity as general partner of Holdings (solely for purposes of Section 4, Section 5.4, Section 5.7, Section 5.10 (b) and Section 9.10), (5) KKR Management Holdings L.P., a Delaware limited partnership (" Management Holdings "), acting through KKR Management Holdings Corp. in its capacity as the general partner of Management Holdings (solely for purposes of Section 6), (6) KKR Fund Holdings L.P. (" Fund Holdings "), a Cayman Islands exempted limited partnership, acting through KKR Management LLC in its capacity as the general partner of the general partner of Fund Holdings (solely for purposes of Section 6) (Management Holdings and Fund Holdings are sometimes collectively referred to herein as the " Group Partnerships ") and (7) KKR Group Holdings L.P. (the " Purchaser "), a Cayman Islands exempted limited partnership, acting through KKR Group Limited, a Cayman limited company (the " Purchaser GP ") in its capacity as the general partner of the Purchaser (solely for purposes of Section 1.1, Section 1.2, Section 3 and Section 9.2).

WHEREAS, the parties hereto (other than the Purchaser) entered into a Purchase and Sale Agreement, dated as of July 27, 2008 (the " Original Agreement ");

WHEREAS, the parties hereto now desire to amend and restate the Original Agreement in its entirety as provided in this Agreement;

WHEREAS, the Seller owns all of the limited partner interests (the " Limited Partner Interests ") in the Acquired Partnership and certain other assets;

WHEREAS, the Seller desires to sell, and the Purchaser desires to purchase, all of the Limited Partner Interests and all of the other assets of the Seller upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Controlling Partnership, the Purchaser, Holdings and Messrs. Henry Kravis and George Roberts have each disclosed to the Seller and the board of directors of the Seller GP (the " Board ") in accordance with the organizational documents of the Seller GP and the Seller Limited Partnership Agreement (as defined below) that each of them is an Interested Party (as such term is defined in the Seller Limited Partnership Agreement) and

accordingly this Agreement and the transactions contemplated hereby are required, among other things, to be approved by a majority of the directors of the Seller GP who are not affiliated with the Controlling Partnership, the Purchaser, the Purchaser GP or Holdings (the " Independent Directors ");

WHEREAS, the Board approved guidelines to govern the conduct of the Independent Directors' review of the transactions contemplated by this Agreement, which guidelines, among other things, provided that the Independent Directors have the authority to set up their own process for evaluating the transactions contemplated by this Agreement, have the sole authority to select their advisors, have the sole authority to negotiate for and on behalf of the Seller the terms and conditions of this Agreement, and have the sole authority to recommend to the Board that the Board approve or not approve the transactions contemplated by this Agreement;

WHEREAS, the Independent Directors have unanimously recommended to the Board that the Board approve this Agreement and the transactions contemplated by this Agreement; and

WHEREAS, the Board, acting upon the unanimous recommendation of the Independent Directors, has unanimously determined that this Agreement and the transactions contemplated hereby are fair to and in the best interests of the Seller and the holders of common units, including restricted depository units, of the Seller (the " Seller Common Units ") and has approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

1. THE PURCHASE AND SALE

1.1 Purchase and Sale . Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time, the Seller shall sell, convey, assign and transfer to the Purchaser, and the Purchaser shall purchase from the Seller, the Limited Partner Interests and all of the other assets of the Seller, free and clear of all liens, claims, charges, mortgages, pledges, security interests or other encumbrances of any kind (" Liens "), other than Permitted Liens (as defined below). In consideration of the sale, conveyance, assignment and transfer of the Limited Partner Interests and all of the other assets of the Seller and upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time, the Purchaser shall deliver to the Seller a number of common units representing limited partner interests of the Purchaser (the " Purchaser Common Units ") equal to the number of Seller Common Units then outstanding, as a result of which the Seller will at the Effective Time own 100% of the outstanding Purchaser Common Units. The transactions contemplated by this Section 1.1 are sometimes referred to herein as the " Purchase and Sale ".

1.2 Assumption of Liabilities . Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time, the Purchaser shall assume and pay, perform

and discharge when due and indemnify the Seller and the Seller GP and hold the Seller and the Seller GP harmless against all of the Liabilities of the Seller and the Seller GP as of the Effective Time and all of the Liabilities of the Seller and the Seller GP incurred at or arising after the Effective Time. The Purchaser shall have the right to cause one or more of its designated affiliates to assume and pay, perform and discharge when due the Liabilities, but in no event shall the Purchaser be released from its obligation in this Section 1.2 to indemnify the Seller and the Seller GP and hold the Seller and the Seller GP harmless against such Liabilities. For purposes of the foregoing, " Liability " means any debt, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, present or future, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), including any off-balance sheet liabilities and all liabilities relating to or incurred in connection with any suit, claim, action, proceeding, arbitration or investigation arising out of or related to this Agreement or the transactions contemplated by this Agreement.

1.3 Satisfaction of Conditions; Effective Time .

(a) All of the conditions set forth in Section 7 of this Agreement shall be deemed to be irrevocably satisfied or waived for all purposes of this Agreement on the first date on which all of the conditions set forth in Section 7 of this Agreement have been satisfied or lawfully waived (such date, the " Satisfaction Date ") (it being understood and agreed that for purposes of determining the Satisfaction Date, the conditions set forth in Section 7.2(a)-(c) and Section 7.3(a)-(c) shall be deemed satisfied or waived on the date on which all of the other conditions set forth in Section 7 of this Agreement have been satisfied or waived if the conditions set forth in Section 7.2(a)-(c) and Section 7.3 (a)-(c) are waived or capable of being satisfied (and in the case of Section 7.2(b) and Section 7.3(b) have been satisfied) as of such date, or if not capable of being satisfied as of such date, on the first date after such date on which the conditions set forth in Section 7.2(a)-(c) and Section 7.3 (a)-(c) are waived or capable of being satisfied (and in the case of Section 7.2(b) and Section 7.3(b) have been satisfied)); provided that in no event shall the Satisfaction Date be prior to August 14, 2009 unless the Controlling Partnership has consented to an earlier Satisfaction Date.

(b) Each party agrees to deliver, or cause to be delivered, any documents or instruments that are required to be delivered in order to satisfy the conditions set forth in Section 7.2 and Section 7.3 on the date that would constitute the Satisfaction Date assuming that such documents and instruments have been delivered on such date, and the delivery of those documents shall occur at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017, or such other place as the parties shall mutually agree.

(c) The transfer of assets contemplated pursuant to Section 1.1 hereof, and the assumption of liabilities contemplated pursuant to Section 1.2 hereof, shall not be effected, or deemed to be effected, until the Effective Time. For purposes of this Agreement, the " Effective Time " shall mean 12:01 am Eastern Time on October 1, 2009 or, in the event the Satisfaction Date has not occurred on or prior to October 1, 2009, 12:01 am Eastern Time on the first day of the fiscal quarter of the Controlling Partnership immediately succeeding the fiscal quarter in which the Satisfaction Date occurs; provided however without the consent of the Seller the Effective Time shall not occur if (i) the Controlling Partnership or Holdings has not performed in

all material respects all obligations required to be performed by it under Section 5.4, Section 5.5, Section 5.6, Section 5.7 and Section 5.9 during the period from the Satisfaction Date to the Effective Time, (ii) the Restructuring Transactions shall not have been implemented in a manner consistent with the steps set forth in the structure memorandum set forth as Exhibit C hereto, except for deviations thereto which would not reasonably be expected to have an adverse impact in more than an insignificant respect on the Seller, the Controlling Partnership or the holders of the Seller Common Units or deviations consented to by the Seller, which consent shall not be unreasonably withheld or delayed or (iii) the Seller shall not have received the certificate required to be delivered pursuant to Section 5.4(d). For the avoidance of doubt, notwithstanding the occurrence of the Satisfaction Date, the beneficial ownership of the assets and liabilities of the Seller and the Consolidated Persons will be retained by the Seller and the Consolidated Persons, respectively, until the Effective Time and neither the Seller nor the Consolidated Persons shall begin to share in or receive any of the assets, liabilities, profits, losses or distributions of each other until the Effective Time.

1.4 Acquired Partnership GP Consent . In accordance with the requirements of Clause 9.2 of the limited partnership agreement of the Acquired Partnership (as amended, supplemented or otherwise modified from time to time, the " Acquired Partnership LPA "), the Acquired Partnership GP, acting as general partner of the Acquired Partnership, hereby consents to the transfer of the Limited Partner Interests upon the terms and subject to the conditions set forth in this Agreement and agrees, subject to the Purchaser becoming a party to the Acquired Partnership LPA and assuming the Seller's obligations thereunder, to register the Purchaser as the sole limited partner of the Acquired Partnership in the books of the Acquired Partnership.

2. REPRESENTATIONS AND WARRANTIES OF THE SELLER.

The Seller GP acting as the general partner of the Seller hereby represents and warrants to the Controlling Partnership as follows:

2.1 Organization . The Seller is a limited partnership duly organized, validly existing and in good standing under the laws of the Island of Guernsey.

2.2 Authority . The Seller (acting through the Seller GP) has the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Seller and the Seller GP and, except as contemplated by Section 2.4, no other action is necessary on the part of the Seller or the Seller GP for the execution, delivery and performance by the Seller (acting through the Seller GP) of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Seller GP acting as the general partner of the Seller and, assuming due authorization, execution and delivery by the Controlling Partnership, the Purchaser, Holdings, the Group Partnerships and the Acquired Partnership GP, constitutes a valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles. The Board, acting upon the unanimous

recommendation of the Independent Directors, has unanimously determined that this Agreement and the transactions contemplated hereby are fair to and in the best interests of the Seller and the holders of the Seller Common Units and has approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

2.3 No Conflicts .

(a) Neither the execution and delivery of this Agreement by the Seller nor the consummation by the Seller of the transactions contemplated hereby (including the Restructuring Transactions and including the execution and performance of each of the agreements referenced in Section 3.20), nor compliance by the Seller with any of the terms or provisions hereof, will (i) violate any provision of the amended and restated limited partnership agreement of the Seller, dated as of May 2, 2007 (as amended, supplemented or otherwise modified from time to time, the " Seller Limited Partnership Agreement ") and (ii) assuming that the consents, approvals and filings referred to in Section 2.4 are duly obtained or made and except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (as defined below) on the Acquired Partnership, violate any statute, code, ordinance, rule or regulation applicable to the Seller.

(b) For purposes of this Agreement, " Material Adverse Effect " means, with respect to any person (other than the holders of the Seller Common Units), a material adverse effect on the business, results of operations or financial condition of such person and any person (other than the Acquired Partnership and its subsidiaries in the case of the Purchaser) whose financial results are consolidated with such person (including, in the case of the Purchaser, the KKR Funds (as defined below)), taken as a whole, and, with respect to the holders of the Seller Common Units, a material adverse effect on the overall economic value to be received as of the date of this Agreement by the Seller as a result of the Purchase and Sale, taken as a whole (it being understood that for purposes of determining whether there has been a Material Adverse Effect with respect to the holders of the Seller Common Units, any Effect that does not generally affect holders of a material proportion of Seller Common Units will be disregarded); provided , however , that in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur, there shall be excluded any effect, event, development, occurrence or change (each, an " Effect ") on the referenced person to the extent the cause of such Effect is (i) changes in general economic or political conditions, (ii) changes in the financial or securities markets generally, (iii) entry into or announcement of the execution of this Agreement, (iv) the commencement, occurrence or continuation of any war, armed hostilities or acts of terrorism, (v) general changes or developments in the industries in which the referenced person operates, (vi) changes in law, rules, regulations, accounting principles generally accepted in the United States of America (" GAAP ") or interpretations thereof and (vii) with respect to the Acquired Partnership, any actions or omissions on the part of the Seller that are directed by the Controlling Partnership or any of its affiliates including the Seller GP or the Seller, acting through the Seller GP, except for such actions or omissions of the Seller GP or the Seller, acting through the Seller GP, that are due to the taking of any action, or failure to take any action, by the Independent Directors (in their capacity as such); except, in the cases of clauses (ii), (v) and (vi) to the extent that the referenced person, taken as a whole, together with any person (other than the Acquired Partnership and its subsidiaries in the case of the Purchaser) whose financial results are consolidated with such person, is materially disproportionately affected thereby as

compared with other participants in the applicable industry or industries in which any such persons operate. The parties hereto acknowledge and agree that the exclusions set forth in clauses (i) through (vii) above shall not include, and in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur there may be taken into account, any Effect the cause of which is any enacted change in United States Tax law, rules, regulations or interpretations thereof, including, for the avoidance of doubt, the enactment of the Levin-Rangel bill (H.R. 1935), the Welch bill (H.R. 2762) and/or any Tax law, statute, rule, ordinance and/or regulation enacted by any Governmental Entity (as defined below) in the United States having a similar effect.

2.4 Consents and Approvals . No order, permission, consent, approval, license, authorization, registration, or validation of, or filing with, or notice to, or exemption by, any court, administrative agency or commission or other governmental authority or instrumentality, legislative body or self-regulatory organization (each a " Governmental Entity ") by the Seller is necessary in connection with the execution, delivery and performance of this Agreement by the Seller and the consummation by the Seller of the transactions contemplated hereby, except (i) for the giving of written notice by the Seller GP to the Guernsey Financial Services Commission, (ii) for the giving of notice by the Seller to the Authority for the Financial Markets in The Netherlands and/or Euronext Amsterdam by NYSE Euronext, the regulated market of Euronext Amsterdam N.V., (iii) filings necessary to comply with the applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the " HSR Act ") and (iv) for compliance with Section 3.01 of the Authorised Closed-Ended Investment Schemes Rules 2008 or for the granting by the Guernsey Financial Services Commission of a modification to Rule 3.01(12) of the Authorised Closed-Ended Investment Schemes Rules 2008 to the effect that the Purchase and Sale satisfies the criteria for independent valuation if the value of the property being sold is subject to an independent fairness opinion from a person qualified to provide such an opinion.

2.5 Ownership of Limited Partner Interests . The Seller owns beneficially and of record the Limited Partner Interests free and clear of any Liens other than Liens for Taxes (as defined below) and other governmental charges and assessments not yet due and payable or that are being contested in good faith and for which adequate accruals or reserves have been established (" Permitted Liens "). The Limited Partner Interests to be sold pursuant to Section 1.1 of this Agreement consist of Class A limited partner interests, Class B limited partner interests, Class C limited partner interests and Class D limited partner interests. There are no voting trusts, proxies, powers of attorney or other agreements or understandings with respect to the voting of any of the Limited Partner Interests.

2.6 Brokers . The Seller has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees or commissions in connection with the transactions contemplated by this Agreement for which the Controlling Partnership, the Purchaser or the Acquired Partnership is or will become liable, except for the fees of Lazard Frères & Co. LLC and Citigroup Global Markets Limited in connection with the transactions contemplated by this Agreement as advisors to the Seller and the Independent Directors the amount of which have been disclosed to the Controlling Partnership and will be borne by the Purchaser in accordance with Section 9.2 in the event the Effective Time occurs and otherwise will be borne by the Seller.

2.7 Other Agreements . Each of the Investment Agreement, the Exchange Agreement and the Tax Receivables Agreement will be duly authorized, executed and delivered by the Seller, and, assuming due authorization, execution and delivery by the other parties thereto, will be a valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles.

3. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER AND THE CONTROLLING PARTNERSHIP

Except as otherwise specified in a correspondingly enumerated section of the disclosure schedule delivered to the Seller by the Controlling Partnership concurrently with the execution of this Agreement (the " Confidential Controlling Partnership Disclosure Schedule ") (it being understood that any matter set forth under any item under any section or subsection of the Confidential Controlling Partnership Disclosure Schedule shall be deemed disclosure with respect to any other section or subsection to the extent such matter is disclosed in such a way as to make its relevance to the information called for by such other section or subsection reasonably apparent), the Controlling Partnership GP acting as the general partner of the Controlling Partnership and the Purchaser GP acting as the general partner of the Purchaser hereby represents and warrants to the Seller as follows:

3.1 Organization .

(a) Each of the Purchaser, the Controlling Partnership, the Consolidated Persons (as defined below) and each of the KKR Funds (as defined below) (i) is duly organized, validly existing and in good standing (to the extent such a concept exists in the relevant jurisdiction) in the jurisdiction in which it is organized, (ii) has the power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and (iii) is licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties or assets owned or leased by it makes such licensing or qualification necessary, except, in the cases of clauses (ii) and (iii) where the failure to have such power and authority, or to be so licensed or qualified would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser (after giving effect to the Restructuring Transactions, but excluding the Acquired Partnership and its subsidiaries).

(b) For purposes of this Agreement, (i) " Consolidated Persons " means the Purchaser and each of the persons whose financial results will be consolidated with the Purchaser in accordance with GAAP upon the consummation of the Restructuring Transactions (as defined below) other than (A) the KKR Funds and (B) the Acquired Partnership and its subsidiaries and (ii) " KKR Funds " means investment funds or investment vehicles that are from time-to-time managed, sponsored or otherwise advised by one or more members of the KKR Group

whose financial results will be required to be consolidated with the Purchaser in accordance with GAAP upon the consummation of the Restructuring Transactions, other than the Acquired Partnership and its subsidiaries.

3.2 Authority . The Controlling Partnership (acting through the Controlling Partnership GP), the Purchaser (acting through the Purchaser GP) and the Group Partnerships have the requisite power and authority to execute and deliver this Agreement, to perform their obligations hereunder and to consummate the transactions contemplated hereby (including the Restructuring Transactions). The execution, delivery and performance of this Agreement have been and the consummation of the transactions contemplated hereby (including the Restructuring Transactions) have been, or will be, duly authorized by all necessary action on the part of the Controlling Partnership, the Purchaser, the Purchaser GP and the Group Partnerships and no other action will be necessary on the part of the Controlling Partnership, the Purchaser, the Controlling Partnership GP and the Group Partnerships for the execution, delivery and performance by the Controlling Partnership (acting through the Controlling Partnership GP), the Purchaser and the Group Partnerships of this Agreement and the consummation of the transactions contemplated hereby (including the Restructuring Transactions). This Agreement has been duly executed and delivered by the Controlling Partnership, the Purchaser and the Group Partnerships and, assuming due authorization, execution and delivery by the Seller, Holdings and the Acquired Partnership GP, constitutes a valid and binding obligation of the Controlling Partnership, the Purchaser and the Group Partnerships, enforceable against the Controlling Partnership, the Purchaser and the Group Partnerships in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles.

3.3 No Conflicts . Neither the execution and delivery of this Agreement by the Controlling Partnership, the Purchaser and the Group Partnerships nor the consummation by the Controlling Partnership, the Purchaser and the Group Partnerships of the transactions contemplated hereby (including the Restructuring Transactions and including the execution and performance of each of the agreements referenced in Section 3.20), nor compliance by the Controlling Partnership, the Purchaser or the Group Partnerships with any of the terms or provisions hereof, will (i) violate any provision of the certificate of formation or limited partnership agreement of the Controlling Partnership or any similar organizational documents of any of the Consolidated Persons or any of the KKR Funds or of the Purchaser GP and (ii) assuming that the consents, approvals and filings referred to in Section 3.4 are duly obtained or made and except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser (after giving effect to the Restructuring Transactions, but excluding the Acquired Partnership and its subsidiaries), (x) violate any statute, code, ordinance, rule, regulation, judgment, order, award, decree or injunction applicable to the Controlling Partnership, the Purchaser GP, any of the Consolidated Persons or any of the KKR Funds or any of their respective properties or assets, or (y) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, or require redemption or repurchase or otherwise require the purchase or sale of any securities, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the properties or assets of the Controlling Partnership, the Purchaser GP, any of the Consolidated Persons or any of the KKR Funds under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation (each, a " Contract ") to which the Controlling Partnership, the Purchaser GP or any of the Consolidated Persons is a

party, or by which any of them or any of their respective properties or assets may be bound or affected.

3.4 Consents and Approvals . No order, permission, consent, approval, license, authorization, registration, or validation of, or filing with, or notice to, or exemption by, any Governmental Entity by the Controlling Partnership, the Purchaser or the Group Partnerships is necessary in connection with the execution, delivery and performance of this Agreement by the Controlling Partnership, the Purchaser or the Group Partnerships and the consummation by the Controlling Partnership, the Purchaser or the Group Partnerships of the transactions contemplated hereby (including the Restructuring Transactions and including the execution of the agreements referenced in Section 3.20), except filings necessary to comply with the applicable requirements of the HSR Act.

3.5 Absence of Material Adverse Effect . Since March 31, 2009, there has been no Effect that, individually or in the aggregate, has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser (after giving effect to the Restructuring Transactions, but excluding the Acquired Partnership and its subsidiaries).

3.6 Contributed Interests; Financial Statements .

(a) Except as set forth in Section 3.6(a) of the Confidential Controlling Partnership Disclosure Schedule, upon consummation of the Restructuring Transactions, the Group Partnerships will own, directly and indirectly, all of the controlling and economic interests in the group of entities (the " KKR Group ") whose financial position, results of operations and cash flows are reflected in the historical condensed combined financial statements of the KKR Group as of December 31, 2008 and for the year then ended and as of March 31, 2009 and for the three months then ended (the " Interim Financial Statements "). Such interests (other than those included in the exceptions set forth in the preceding sentence) are sometimes referred to herein as the " Contributed Interests ."

(b) Complete, true and correct copies of the Interim Financial Statements and the historical combined financial statements of the KKR Group as of December 31, 2007 and for the year then ended and as of December 31, 2008 and for the year then ended are attached hereto as Section 3.6(b) of the Confidential Controlling Partnership Disclosure Schedule. Such financial statements (including, in each case, any notes thereto) comply in all material respects with the published rules and regulations of the SEC in effect as of the date of this Agreement and have been prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto). The combined financial statements of the KKR Group as of December 31, 2008 and for the year then ended were audited by Deloitte & Touche LLP and fairly present, in all material respects, the combined financial condition, results of operations, changes in equity and cash flows of the KKR Group as of December 31, 2008 and for the year then ended. The Interim Financial Statements were prepared in a manner that is consistent with the preparation of the annual financial statements and fairly present in all material respects, the combined financial position, results of operations, changes in equity and cash flows of the KKR Group as of the dates and for the periods presented therein (subject to normal year-end audit adjustments which are not expected to be, individually or in the aggregate,

materially adverse to the KKR Group taken as a whole and the absence of certain footnote disclosures not required with respect to interim dates).

(c) Deloitte & Touche LLP is, and during the periods covered by the KKR Group's financial statements referred to in Section 3.6(b), was an independent registered public accounting firm as required under the United States Securities Act of 1933, as amended (the " Securities Act "), and the published rules and regulations thereunder adopted by the United States Securities and Exchange Commission (the " SEC ") and the Public Company Accounting Oversight Board (United States).

3.7 No Undisclosed Liabilities .

(a) Except (i) for those liabilities that are reflected or reserved against on the combined statement of financial condition included in the Interim Financial Statements or described in the footnotes to the Interim Financial Statements, (ii) for liabilities incurred in the ordinary course of business since March 31, 2009 and (iii) for liabilities incurred in connection with this Agreement and the transactions contemplated hereby, including the Restructuring Transactions, the KKR Group has not incurred any material liabilities or obligations that would be required to be reflected or reserved against on a combined statement of financial condition of the KKR Group prepared in accordance with GAAP.

(b) The Controlling Partnership, the Purchaser, the Purchaser GP and KKR Management Holdings Corp. (i) have been formed solely for the purpose of engaging in the transactions contemplated hereby (including the Restructuring Transactions) and (ii) have engaged and, prior to the Satisfaction Date, will have engaged in no other business activities, and have incurred and, prior to the Satisfaction Date, will have incurred no liabilities or obligations other than in furtherance of the transactions contemplated hereby (including the Restructuring Transactions).

3.8 Internal Controls . The Controlling Partnership, each of the Consolidated Persons and each of the KKR Funds have established and maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Since December 31, 2008, there has been no change in the KKR Group's internal controls over financial reporting that has materially adversely affected, or is reasonably likely to materially adversely affect, the KKR Group's internal controls over financial reporting.

3.9 Capitalization .

(a) The Purchaser Common Units and the limited partnership interests evidenced thereby to be issued to the Seller pursuant to Section 1.1 will be duly authorized prior to issuance and, when issued pursuant to the terms and conditions of this Agreement, will be

validly issued and fully paid and free and clear of any Liens. Except for (i) Purchaser Common Units issuable to the Seller pursuant to Section 1.1 or in connection with an exchange by Holdings or its designees of partner interests in the Group Partnerships in accordance with the Exchange Agreement (as defined below), and (ii) non-economic general partner interests in the Purchaser, there are no (A) outstanding equity interests in the Purchaser, (B) outstanding securities or other instruments or rights of any person convertible or exchangeable for equity interests in the Purchaser or (C) options or other rights to acquire from the Purchaser any equity interests in the Purchaser or obligations of the Purchaser to issue any equity interests in the Purchaser.

(b) All of the issued shares of capital stock, partnership interests, member interests or other equity interests of each other Consolidated Person have been or will be, duly authorized and validly issued and fully paid (in the case of any other Consolidated Persons that are organized as limited liability companies, limited partnerships or other business entities, to the extent required under the applicable limited liability company, limited partnership or other organizational agreement) and non-assessable (except in the case of interests held by general partners or similar entities under the applicable laws of other jurisdictions, in the case of any Consolidated Persons that are organized as limited liability companies, as such non-assessability may be affected by Section 18-303, Section 18-607 or Section 18-804 of the Delaware Limited Liability Company Act or similar provisions under the applicable laws of other jurisdictions or the applicable limited liability company agreement and, in the case of any Consolidated Persons that are organized as limited partnerships, as such non-assessability may be affected by Section 17-303, Section 17-607 or Section 17-804 of the Delaware Revised Uniform Limited Partnership Act or similar provisions under the applicable laws of other jurisdictions or the applicable limited partnership agreement) and are owned or will be owned, as the case may be, directly or indirectly by the Purchaser or Holdings, free and clear of any Liens other than Permitted Liens.

(c) Other than as referred to in Section 3.9(a), there are no preemptive rights or other rights to subscribe for, to purchase, to exchange any securities or interests for or to convert any securities or interests into, any partnership interests or partnership units or membership interests or shares of capital stock of the Controlling Partnership or any of the Consolidated Persons pursuant to any partnership or limited liability company agreement, any articles or certificates of incorporation or other governing documents or any agreement or other instrument to which the Controlling Partnership or such Consolidated Person is a party or by which the Controlling Partnership or such Consolidated Person may, directly or indirectly, be bound, and there are no outstanding options or warrants to purchase any securities of the Controlling Partnership or any of the Consolidated Persons.

3.10 Investment Company . Neither the Controlling Partnership nor any of the Consolidated Persons is, nor on the Satisfaction Date, after giving effect to the transactions contemplated hereby (including the Restructuring Transactions), will be required to register as an investment company under the United States Investment Company Act of 1940, as amended (the " Investment Company Act ").

3.11 Compliance with Law . The businesses of the Controlling Partnership, the Consolidated Persons and the KKR Funds are being, and since January 1, 2007, have been, conducted in compliance in all material respects with any law, statute, rule, ordinance or

regulation of any Governmental Entity. Since January 1, 2007, neither the Controlling Partnership nor any of the Consolidated Persons nor any of the KKR Funds has received any written communication or notice from any Governmental Entity that alleges that the Controlling Partnership or a Consolidated Person or a KKR Fund is not in compliance in any material respect with any law, statute, rule, ordinance or regulation of any Governmental Entity and that is reasonably likely to give rise to any material liability on the part of the Controlling Partnership, any of the Consolidated Persons or any of the KKR Funds .

3.12 Permits . The Controlling Partnership, the Consolidated Persons and the KKR Funds have received all material permits, certificates, licenses and authorizations (the " Permits ") to own or hold under lease and operate their respective assets and to conduct the business of the Controlling Partnership, the Consolidated Persons and the KKR Funds as currently conducted. All such Permits are validly held by the Controlling Partnership, the Consolidated Persons and the KKR Funds, as the case may be, and each of the Controlling Partnership, the Consolidated Persons and the KKR Funds has complied in all material respects with all terms and conditions of any such Permit.

3.13 Absence of Litigation . There is no suit, claim, action, proceeding, arbitration or investigation pending or, to the knowledge of the Controlling Partnership, threatened against the Controlling Partnership, any of the Consolidated Persons or any KKR Fund that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser (after giving effect to the Restructuring Transactions, but excluding the Acquired Partnership and its subsidiaries). Neither the Controlling Partnership nor any of the Consolidated Persons nor any KKR Fund is subject to or bound by any outstanding order, injunction, judgment, award or decree that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser (after giving effect to the Restructuring Transactions, but excluding the Acquired Partnership and its subsidiaries).

3.14 Taxes . Each of the Controlling Partnership, the Consolidated Persons and, to the knowledge of the Controlling Partnership, the KKR Funds has (i) duly and timely filed (including pursuant to applicable extensions) all material returns, reports, information returns or other documents required to be filed with any taxing authority with respect to any taxes, charges, levies, penalties, interest, fees or other assessments imposed by any United States federal, state, local or foreign taxing authority (" Taxes ") and such returns, reports and other documents are true and correct and (ii) paid in full all material Taxes due or claimed to be due or owing from such entity, other than any such amounts being contested in good faith and by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There are no material Tax audits or investigations of which the Controlling Partnership, any of the Consolidated Persons or, to the knowledge of the Controlling Partnership, any of the KKR Funds has notice, nor does the Controlling Partnership have notice of any proposed additional material Tax assessments against the Controlling Partnership, any of the Consolidated Persons or, to the knowledge of the Controlling Partnership, any of the KKR Funds.

3.15 Material Contracts . As of the date of this Agreement, except for this Agreement, neither the Controlling Partnership nor any of the Consolidated Persons nor any KKR Fund is a party to or bound by any Contract that is a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K but without giving effect to the provisions of

clause (i) thereof relating to the exclusion of contracts entered into more than two years before the filing of a registration statement) of the Controlling Partnership (after giving effect to the Restructuring Transactions, but excluding the Acquired Partnership and its subsidiaries) (each such Contract, a " Material Contract "). As of the date of this Agreement, each of the Material Contracts is valid and binding on the Controlling Partnership or the Consolidated Person or the KKR Fund party thereto and is in full force and effect in all material respects. There is no material breach or default under any Material Contract or any material management agreement by the Controlling Partnership or the Consolidated Person or the KKR Fund party thereto or, to the knowledge of the Controlling Partnership, any other party thereto and no event has occurred that with or without the lapse of time or the giving of notice or both would constitute a material breach or default thereunder by the Controlling Partnership, the Consolidated Person, the KKR Fund party thereto or, to the knowledge of the Controlling Partnership, any other party thereto. None of the Controlling Partnership or any of the applicable Consolidated Persons or KKR Funds has received prior to the date of this Agreement any notice of the intention of any party to terminate any Material Contract or any material management agreement. Complete, true and correct copies of all Material Contracts, together with all existing modifications and amendments thereto, have been made available to the Seller prior to the date of this Agreement.

3.16 Benefits . No condition exists that would subject the Controlling Partnership or any of the Consolidated Persons, either directly or by reason of their affiliation with any member of their "controlled group" (defined as any organization which is a member of a controlled group of organizations within the meaning of Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended (the " Code ")), to any material Tax, fine, lien, penalty or other liability imposed by the Employee Retirement Income Security Act of 1974, as amended, the Code or other applicable laws, rules and regulations. There are no plans, programs, policies, agreements, arrangements or understandings of the Controlling Partnership or any of the Consolidated Persons pursuant to the express terms of which any partner, member, director, officer, employee or consultant of the Controlling Partnership or any of the Consolidated Persons (each, a " Participant ") would reasonably be expected to become entitled to (a) any additional compensation, enhanced severance or other benefits or grant of Purchaser Common Units or awards related thereto or any acceleration of the time of payment or vesting of any compensation, severance or other benefits or any funding of any compensation or benefits by the Controlling Partnership or any of the Consolidated Persons, in each case, as a result of the Restructuring Transactions or (b) any other compensation or benefits from the Controlling Partnership or any of the Consolidated Persons that is related to, contingent upon, or the value of which would be calculated on the basis of the Purchaser Common Units (each such plan, program, policy, agreement, arrangement or understanding described in the foregoing clause (a) or (b), a " Purchaser Enhanced Arrangement "). Neither the Controlling Partnership nor any of the Consolidated Persons (other than Holdings or an affiliate thereof (other than the Controlling Partnership or any of the Consolidated Persons)) is a party to any written employment, retention bonus, change in control, severance or termination agreement with any Participant who is entitled to compensation from the Controlling Partnership or any of the Consolidated Persons in excess of $1,000,000 per year.

3.17 Brokers . Neither the Controlling Partnership, the Purchaser, the Purchaser GP, nor any Consolidated Person has incurred any obligation or liability, contingent or

otherwise, for brokers' or finders' fees or commissions in connection with the transactions contemplated by this Agreement for which the Seller is or will become liable.

3.18 Press Release . (a) The press release to be issued on announcement of the execution of this Agreement, including any attachments thereto, is attached hereto as Exhibit A (the " Press Release "). The information set forth in the Press Release is true and correct in all material respects and is not misleading in any material respect. The Press Release contains, in summary form, all the information about the Purchaser (after giving effect to the Restructuring Transactions), the terms and conditions of the Purchase and Sale, the Restructuring Transactions, the Investment Agreement and the consideration to be received by the Seller pursuant hereto, including information necessary for assessing the value of such consideration, that is required to be made publicly available as of the date of this Agreement pursuant to the Dutch Financial Markets Supervision Act or the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. Without limiting the provisions set forth in the preceding sentence, the parties acknowledge that additional information with respect to the Purchaser, the terms and conditions of the Purchase and Sale, the Restructuring Transaction, the Investment Agreement and the consideration to be received by the Seller, including pro forma financial information, will be included in the Consent Solicitation Documents.

(b) The ranges of economic net income, assets under management and fee-related earnings of the total reportable segments of the KKR Group and the range of net asset value of the Seller included in the Press Release as of and for the three months ended June 30, 2009 are the Controlling Partnership's good faith estimates of such ranges. The economic net income of the total reportable segments of the KKR Group shall be reported by the Controlling Partnership in the footnotes to its financial statements as at June 30, 2009 within the range included in the Press Release.

3.19 No Registration Rights . There are no Contracts between the Controlling Partnership or any Consolidated Person and any person granting such a person the right to require the Controlling Partnership or a Consolidated Person to register any securities of any Consolidated Person.

3.20 Other Agreements . Each of the agreements referred to in Section 5.7 will be duly authorized, executed and delivered by the Controlling Partnership or the parties thereto that are affiliated with the Controlling Partnership (other than the Seller), as applicable, and, assuming due authorization, execution and delivery by the other parties thereto, will be a valid and binding obligation of the Controlling Partnership or the parties thereto that are affiliated with the Controlling Partnership (other than the Seller), as applicable, enforceable against them in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles.

3.21 Intellectual Property . (i) The Consolidated Persons own or have the right to use in perpetuity, without payment to any other person, and have duly registered or filed for registration with the appropriate Governmental Entities, the "KKR" trademark in the United States and, to the knowledge of the Controlling Partnership, in all other countries or jurisdictions where such trademark is reasonably necessary for the conduct of the business of the Controlling

Partnership and the Consolidated Persons as presently conducted, (ii) the consummation of the Purchase and Sale and the other transactions contemplated hereby (including the Restructuring Transactions) does not and will not conflict with, alter or impair any such rights, (iii) since January 1, 2007, none of the Controlling Partnership or any of the Consolidated Persons has received any written communication or notice from any person asserting any ownership interest in the "KKR" trademark and (iv) none of the Controlling Partnership or any of the Consolidated Persons has granted any license of any kind relating to the "KKR" trademark to any unaffiliated third party or is bound by or a party to any written option, license or similar Contract relating to the "KKR" trademark with any unaffiliated third party.

4. REPRESENTATIONS AND WARRANTIES OF HOLDINGS

Holdings hereby represents and warrants to the Seller as follows:

4.1 Organization . Holdings is duly organized and validly existing and in good standing under the laws of the Cayman Islands.

4.2 Authority . Holdings has the requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby (including the Restructuring Transactions). The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby (including the Restructuring Transactions) have been, or will be, duly authorized by all necessary action on the part of Holdings and no other action will be necessary on the part of Holdings for the execution, delivery and performance by Holdings of this Agreement and the consummation of the transactions contemplated hereby (including the Restructuring Transactions). This Agreement has been duly executed and delivered by Holdings and, assuming due authorization, execution and delivery by the Purchaser, the Controlling Partnership, the Seller, the Group Partnerships and the Acquired Partnership GP, constitutes a valid and binding obligation of Holdings enforceable against Holdings in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles.

4.3 No Conflicts . Neither the execution and delivery of this Agreement by Holdings nor the consummation of the transactions contemplated hereby, nor compliance by Holdings with any of the terms or provisions hereof, will (i) violate any provision of the certificate of formation or limited partnership agreement of Holdings and (ii) assuming that the consents, approvals and filings referred to in Section 3.4 are duly obtained or made and except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Holdings (after the giving effect to the Restructuring Transactions), (x) violate any statute, code, ordinance, rule, regulation, judgment, order, award, decree or injunction applicable to Holdings or any of its properties or assets, or (y) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, or require redemption or repurchase or otherwise require the purchase or sale of any securities or constitute a default under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the properties or assets of Holdings under, any of the terms, conditions or provisions of any Contract to which Holdings is a party, or by which Holdings or any of its properties or assets may be bound or affected.

4.4 Consents and Approvals . No order, permission, consent, approval, license, authorization, registration, or validation of, or filing with, or notice to, or exemption by, any Governmental Entity by Holdings is necessary in connection with the execution, delivery and performance of this Agreement by Holdings and the consummation by Holdings of the transactions contemplated hereby.

5. ADDITIONAL AGREEMENTS

5.1 Consent Solicitation .

(a) The Controlling Partnership and the Seller shall as promptly as practicable prepare a written consent and such other documents, substantially in the form of the draft provided by the Controlling Partnership to the Seller concurrently with the execution of this Agreement with such changes as deemed reasonably necessary by the Controlling Partnership and Seller acting in good faith (collectively, the " Consent Solicitation Documents ") that may be necessary or desirable (as agreed reasonably and in good faith by the Controlling Partnership and the Seller, taking into account requirements under applicable law) to obtain the consent of the holders of at least a majority of the Seller Common Units for which a properly submitted consent form is submitted in response to the Consent Solicitation Documents (excluding in both the numerator and the denominator any Seller Common Units whose consent rights are controlled by the Controlling Partnership or its affiliates) to consummate the Purchase and Sale (the " Requisite Unitholder Consent "), all pursuant to the procedures to be agreed reasonably and in good faith by the Controlling Partnership and the Seller, taking into account requirements under applicable law. To the extent that the consent of holders of at least a majority of the Seller Common Units outstanding (excluding from the numerator and the denominator any Seller Common Units whose consent rights are controlled by the Controlling Partnership or its affiliates and any Seller Common Units whose consent rights are controlled as of the applicable record date by a person who has informed the Seller in writing that it will not submit a consent form in response to the Consent Solicitation Documents) have been obtained, all consents shall cease to be revocable and the Requisite Unitholder Consent shall be deemed to have been obtained on such date. Subject to Section 5.1(e), the Board has recommended that the holders of Seller Common Units consent to the matters included in the Requisite Unitholder Consent (the " Seller Recommendation "), and the Seller shall include the Seller Recommendation in the Consent Solicitation Documents.

(b) On July 24, 2009, or as promptly as possible thereafter, the Seller shall mail, or otherwise disseminate in a manner that complies with any applicable law, rule, regulation and the Seller Limited Partnership Agreement, the Consent Solicitation Documents to the holders of the Seller Common Units. The Seller shall use its reasonable best efforts to obtain the Requisite Unitholder Consent as promptly as practicable following the mailing or other dissemination of the Consent Solicitation Documents. In the event that the consent solicitation period contemplated by the Consent Solicitation Documents has expired, or would otherwise expire, and the condition set forth in Section 7.1(a) was not, or would not be, satisfied upon such expiration, the expiry time of the consent solicitation shall be extended from time to time upon the request of either the Controlling Partnership or the Seller; provided that in no event will the expiry time be extended beyond the Outside Date or in violation of the Seller Limited

Partnership Agreement without in either case the prior consent of both the Controlling Partnership and the Seller.

(c) The Controlling Partnership shall furnish to the Seller all information concerning the Controlling Partnership and each of the Consolidated Persons and KKR Funds and such other matters as may be reasonably necessary or advisable in connection with the Consent Solicitation Documents. The Seller shall provide the Controlling Partnership with a reasonable opportunity to review and comment (and the Seller shall consider in good faith the inclusion of any comments provided by the Controlling Partnership) on the Consent Solicitation Documents and any amendments or supplements thereto prior to the mailing or other dissemination thereof to the holders of the Seller Common Units. The Controlling Partnership represents that the preliminary unaudited pro forma segment information to be included in the Consent Solicitation Documents will be based on historical segment information of the KKR Group and historical financial information of the Acquired Partnership and its subsidiaries and will give effect in all material respects to the aspects of the transactions contemplated hereby (including the Restructuring Transactions) described therein as if such transaction aspects had occurred on January 1, 2008 with respect to the preliminary unaudited pro forma statement of operations segment information and as of March 31, 2009 with respect to the preliminary unaudited pro forma statement of financial condition segment information by applying the adjustments described in the accompanying notes. Such adjustments are based on information that is available and determinable as of the date of this Agreement and are based on assumptions that management of the Controlling Partnership believes are reasonable as of the date of this Agreement in order to reflect, on a pro forma basis, the impact of the transaction aspects described therein on the historical segment financial information of the KKR Group .

(d) The Controlling Partnership and, with respect only to the Specified Information (as defined below), the Seller, agree that none of the information included or incorporated by reference in the Consent Solicitation Documents will, at the time the Consent Solicitation Documents are mailed or otherwise disseminated to the holders of the Seller Common Units, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If at any time prior to the date on which the Requisite Unitholder Consent is received any information should be discovered by either the Controlling Partnership or the Seller that should be set forth in an amendment or supplement to the Consent Solicitation Documents so that the Consent Solicitation Documents would not include any misstatement of a material fact or omit to state any material fact necessary to make the statement therein, in the light of the circumstances under which they were made, not misleading, the party that discovers such information shall promptly notify the other party, and to the extent required by law, rules or regulations, an appropriate amendment or supplement describing such information shall be promptly mailed or otherwise disseminated to the holders of the Seller Common Units. For purposes of this Agreement, " Specified Information " shall mean any information concerning the Independent Directors and the process conducted by them in connection with the transactions contemplated hereby furnished in writing by or on behalf of the Independent Directors specifically for use in the Consent Solicitation Documents, it being understood that such information shall be identified as such by the Seller prior to the mailing or other dissemination of the Consent Solicitation Documents.

(e) At any time prior to the obtaining of the Requisite Unitholder Consent, the Independent Directors may change their recommendation to the Board in response to any material events or circumstances, if the Independent Directors have concluded in good faith, after consultation with, and taking into account the advice of, their outside legal counsel, that had such material events or circumstances occurred and/or been known to the Independent Directors prior to the date of this Agreement, the Independent Directors would, in compliance with their fiduciary duties under applicable law, not have recommended, or would have modified the terms of their recommendation, to the Board that the Board approve this Agreement and the transactions contemplated by this Agreement.

5.2 Reasonable Best Efforts .

(a) Subject to the terms and conditions of this Agreement, each of the Controlling Partnership and the Seller shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to ensure that the conditions set forth in Section 7 of this Agreement are satisfied and to consummate the transactions contemplated by this Agreement as promptly as practicable, including using its reasonable best efforts to (i) obtain (and to cooperate with the other party to obtain) any consent, authorization, order or approval of, or any exemption by, any Governmental Entity or any third party which is required to be obtained in connection with the transactions contemplated by this Agreement from Governmental Entities or third parties and (ii) making all registrations, notifications and filings with any Governmental Entity or any third party that are required to be made in connection with the transactions contemplated by this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall be deemed to require the Controlling Partnership or the Seller to take, or agree to take, any action if the taking of such action would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser (after giving effect to the Restructuring Transactions, but excluding the Acquired Partnership and its subsidiaries) or the Seller, as applicable. Notwithstanding the foregoing, nothing contained in this Agreement shall be deemed to require the Controlling Partnership or any of its affiliates to take any action that would require the Controlling Partnership or any of its affiliates to become subject to regulation under the Investment Company Act.

(b) Each of the Controlling Partnership and the Seller shall in connection with the efforts referenced in Section 5.2 (a) (i) promptly cooperate with and furnish information to the other in connection with any action required to be taken pursuant to Section 5.2(a), and (ii) permit the other to review any communication given by it to, and consult with each other in advance of any meeting or conference with, any Governmental Entity in connection with the foregoing, and to the extent permitted by law, give the other the opportunity to attend and participate in such meetings and conferences.

5.3 No Solicitation .

(a) The Seller shall not, and shall cause its investment bankers, attorneys, accountants, agents and other representatives

not to, directly or indirectly, (i) solicit, initiate, knowingly encourage, or take any action intended to, or which could reasonably be expected to, facilitate the making by any person of an Acquisition Proposal (as defined below) or any inquiry

or proposal that could reasonably be expected to lead to an Acquisition Proposal, (ii) participate in any discussions or negotiations regarding an Acquisition Proposal or any inquiry that constitutes or could reasonably be expected to lead to an Acquisition Proposal, (iii) furnish to any person any information or data with respect to it or any of its assets or otherwise cooperate with or take any action to knowingly facilitate any proposal that constitutes or could reasonably be expected to lead to an Acquisition Proposal or (iv) enter into any letter of intent, memorandum of understanding or other agreement or understanding relating to, or that could reasonably be expected to lead to, an Acquisition Proposal. The Seller shall promptly notify the Controlling Partnership of the receipt of any Acquisition Proposal (or any request for any information or data or other inquiry or request that could reasonably be expected to lead to an Acquisition Proposal). For the avoidance of doubt, the parties understand and agree that nothing in this Agreement is intended to give the Independent Directors the power or authority to participate in any discussions or negotiations regarding, or entering into any agreement or understanding on behalf of the Seller with any person with respect to, any direct or indirect acquisition of any Limited Partner Interests, any of the outstanding Seller Common Units or any of the assets of the Acquired Partnership.

(b) For purposes of this Agreement, " Acquisition Proposal " means any inquiry, proposal or offer, whether or not conditional, from any person other than the Controlling Partnership or its affiliates relating to any direct or indirect acquisition of (i) any Limited Partner Interests, (ii) 20% or more of the outstanding Seller Common Units or (iii) 20% or more of the consolidated assets of the Acquired Partnership.

5.4 Restructuring Transactions .

(a) Holdings shall use its reasonable best efforts to take, or cause to be taken, such actions as are necessary so that at the Effective Time: (i) the Group Partnerships shall own, directly or indirectly, all of the Contributed Interests, (ii) upon the completion of the Purchase and Sale, the Purchaser shall contribute all of the Limited Partnership Interests and any assets of the Acquired Partnership distributed to the Purchaser in respect of such Limited Partnership Interests, directly or indirectly, to the Group Partnerships in exchange for a direct or indirect controlling interest and 30% of the outstanding Class A units representing limited partner interests in each of the Group Partnerships (it being understood that no Class A units that are permitted to be issued pursuant to Section 5.9(a)(iv)(C) shall be deemed outstanding for purposes of the foregoing), and (iii) upon the completion of the Purchase and Sale, the structure of the KKR Group shall be consistent with the structure set forth in Exhibit B hereto. The transactions contemplated by this Section 5.4 are sometimes referred to herein as the " Restructuring Transactions ".

(b) The Restructuring Transactions shall be implemented in a manner that is consistent with the steps set forth in the structure memorandum attached as Exhibit C hereto, except for deviations thereto (including to address a change in law) which would not reasonably be expected to have an adverse impact in more than an insignificant respect on the Seller, the Controlling Partnership or the holders of the Seller Common Units or deviations consented to by the Seller, which consent shall not be unreasonably withheld or delayed. The Controlling Partnership shall consider in good faith any deviations to the steps (or methods of implementing the steps) set forth in Exhibit C requested by the Seller or its representatives, it being understood

that the decision of whether or not to implement any such requested deviations or methods shall be in the sole determination of the Controlling Partnership acting in good faith.

(c) In connection with the Restructuring Transactions, the Seller and KKR Management Holdings Corp. shall not make an election under Section 362(e)(2)(C) of the Code to reduce the tax basis in the Seller Common Units held by holders of Seller Common Units immediately before the Restructuring Transactions unless a majority of the Independent Directors, prior to the US Listing (as defined in the Investment Agreement) consent to such election in their sole discretion. Notwithstanding the foregoing, the Independent Directors shall consult in good faith with the Controlling Partnership about whether to make such an election.

(d) At or prior to the Effective Time, the Controlling Partnership shall deliver to the Seller a certificate signed by a senior officer on behalf of each of the Controlling Partnership GP and the general partner of Holdings in form and substance reasonably satisfactory to the Seller certifying that each has performed in all material respects all obligations required to be performed by it under Section 5.4, Section 5.5, Section 5.6, Section 5.7 and Section 5.9 during the period from the Satisfaction Date to the Effective Time. The certificate shall be delivered at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017 or such other place as the parties may mutually agree.

5.5 Insurance . Except as otherwise set forth in Section 5.5 of the Confidential Controlling Partnership Disclosure Schedules, from the Effective Time until the occurrence of the closing contemplated by the Investment Agreement, the Seller shall, and to the extent required, the Controlling Partnership shall cause the non-Independent Directors of the Seller GP to authorize the Seller to, maintain directors' and officers' liability insurance for the benefit of the directors and officers (and former directors and officers) of the Seller GP containing at least the same coverage and amounts as the existing directors' and officers' liability insurance of the Seller GP in effect on the date of this Agreement; provided that (i) the Seller shall use its commercially reasonable efforts to increase the coverage limit for such insurance coverage to $100 million and (ii) the Seller shall not be permitted to expend annually in excess of the percentage set forth in Section 5.5 of the Confidential Controlling Partnership Disclosure Schedule of the annual premium currently paid by the Seller for such insurance; provided that if the annual premium for such insurance coverage exceeds such amount, the Seller shall be required to obtain a policy with the greatest coverage available for a cost not exceeding such amount.

5.6 Modifications to Existing Agreements . Each of the Controlling Partnership and the Seller shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to cause, prior to the Satisfaction Date, or as promptly as practicable thereafter and in any event prior to the Effective Time (i) the Investment Agreement, dated as of May 10, 2006, between Kohlberg Kravis Roberts & Co. L.P. and the Seller, as amended, supplemented or otherwise modified from time to time, to be terminated at the Effective Time pursuant to the Termination Agreement substantially in the form attached hereto as Exhibit M , (ii) the Services Agreement, dated as of April 23, 2006 among the Seller, Kohlberg Kravis Roberts & Co. L.P., the Seller GP and the other service recipients named therein to be amended effective at or immediately following the Effective Time so as to read substantially in the form attached hereto as Exhibit N , (iii) the

Investment Policies and Procedures of the Seller to be amended effective as of the Effective Time so as to read substantially in the form attached hereto as Exhibit O , (iv) the limited partnership agreement of the Acquired Partnership to be amended as of the Effective Time so as to read substantially in the form attached hereto as Exhibit P , (v) the audit committee charter of the board of the Seller GP to be amended as of the Effective Time so as to read substantially in the form attached hereto as Exhibit Q and (vi) the articles of incorporation of the Seller GP to be amended effective as of the Effective Time so as to read in substantially the form attached hereto as Exhibit R .

5.7 Execution of Additional Agreements . The Controlling Partnership and Holdings shall use its reasonable best efforts to execute, or to cause the other parties thereto to execute, prior to the Satisfaction Date (it being understood that the provisions of the following agreements shall not be effective until the Effective Time), the Investment Agreement between the Controlling Partnership, the Seller and the Group Partnerships, substantially in the form attached hereto as Exhibit D (the " Investment Agreement "), the Exchange Agreement between the Seller, the Group Partnerships, Holdings and the Purchaser, substantially in the form attached hereto as Exhibit E (the " Exchange Agreement "), the Amended and Restated Limited Partnership of the Purchaser, substantially in the form attached hereto as Exhibit G (the " Purchaser LPA "), the Amended and Restated Limited Partnership Agreement of Management Holdings, substantially in the form attached hereto as Exhibit H (the " Management Holdings LPA "), the Amended and Restated Limited Partnership Agreement of Fund Holdings, substantially in the form attached hereto as Exhibit I (the " Fund Holdings LPA "),the Lock-Up Agreements, substantially in the forms attached hereto as Exhibit K (the " Lock-Up Agreement ") and the Tax Receivables Agreement between the Seller, Holdings, Management Holdings Corp. and Management Holdings substantially in the form attached hereto as Exhibit L (the " Tax Receivables Agreement "). The Controlling Partnership shall use its reasonable best efforts to execute, or to cause the other parties thereto to execute, prior to the Effective Time, the Confidentiality and Restrictive Covenant Agreement between the applicable employing entity and those persons who are members of KKR & Co. L.L.C. immediately prior to the consummation of the Restructuring Transactions, substantially in the form attached hereto as Exhibit F , and the Amended and Restated Limited Liability Company Agreement of the Controlling Partnership GP, substantially in the form attached hereto as Exhibit J (the " Controlling Partnership GP Agreement "). The Seller shall use its reasonable best efforts to execute, prior to the Satisfaction Date, the Investment Agreement, the Exchange Agreement and the Tax Receivables Agreement, substantially in the forms attached as exhibits hereto.

5.8 Delivery of Letters .

(a) The Controlling Partnership shall use its reasonable best efforts to cause to be delivered to the Seller a "comfort" letter from Deloitte & Touche LLP with respect to financial information contained in the Consent Solicitation Documents, dated the date of the Consent Solicitation Documents, in a form customary in scope and substance for "comfort" letters delivered by independent public accountants in connection with registration statements related to equity securities of an issuer (it being understood that such "comfort" letters shall also provide comfort on the interim financial statements included in the Consent Solicitation Documents in accordance with applicable Statement on Auditing Standards, customary comfort on the pro forma financial statements (except that it is anticipated that the pro forma financial

statements will not be compliant with Rule 11-02 of Regulation S-X) and other data and customary negative assurance comfort).

(b) The Controlling Partnership shall use its reasonable best efforts to cause to be delivered to the Seller a "negative assurance" letter from Simpson Thacher & Bartlett LLP with respect to the absence of material misstatements or omissions in the Consent Solicitation Documents, dated the date of the Consent Solicitation Documents in a form customary in scope and substance for "negative assurance" letters delivered by issuer's counsel in connection with registration statements relating to equity securities of an issuer.

(c) The Controlling Partnership shall use its reasonable best efforts to cause to be delivered to the Seller an opinion from Simpson Thacher & Bartlett LLP dated as of the date of the Consent Solicitation Documents, substantially to the effect that, subject to the qualifications, assumptions and limitations stated therein, the statements made in the Consent Solicitation Documents under the caption "Material U.S. Federal Income Tax Considerations," insofar as they purport to constitute summaries of matters of United States federal tax law and regulations or legal conclusions with respect thereto, constitute accurate summaries of the matters described therein in all material respects.

5.9 Conduct of Business of the Controlling Partnership .

(a) Except as contemplated by this Agreement, including the Restructuring Transactions, as set forth in Section 5.9 of the Confidential Controlling Partnership Disclosure Schedule, as required by applicable law, statute, rule, ordinance or regulation or with the prior written consent of the Seller, during the period from the date of this Agreement until the Effective Time, the Controlling Partnership shall, and shall cause each of the Consolidated Persons to, conduct its business in all material respects in the usual, regular and ordinary course. Without limiting the generality of the foregoing, except as contemplated by this Agreement, including the Restructuring Transactions, as set forth in Section 5.9 of the Confidential Controlling Partnership Disclosure Schedule or as required by applicable, law, statute, rule, ordinance or regulation or with the prior written consent of the Seller, from the date of this Agreement until the Effective Time:

(i) the Controlling Partnership shall not, and shall not permit any Consolidated Person to, amend its respective partnership agreement, articles of association, certificate of incorporation, bylaws or equivalent organizational documents in any manner that would adversely affect the holders of Seller Common Units in any material respect;

(ii) the Controlling Partnership shall not, and shall not permit any Consolidated Person to, make any change in any method of accounting or accounting practice or policy other than those required by GAAP or the SEC;

(iii) the Controlling Partnership shall not, and shall not permit the Purchaser to, adopt, enter into, amend or modify any Purchaser Enhanced Arrangement;

(iv) the Controlling Partnership shall not, and shall not permit any Consolidated Person to, (1) subdivide, combine or reclassify, directly or indirectly, any of

the partnership units or partnership interests, membership interests, shares of capital stock, other equity securities or interests, (2) redeem, purchase or otherwise acquire, or call for redemption any partnership units or partnership interests, membership interests, shares of capital stock, other equity securities or interests or (3) issue any partnership units or partnership interests, membership interests, shares of capital stock or other equity securities or interests or any option, warrant or right relating thereto or any securities convertible into or exchangeable therefor, other than (A) to the Purchaser or another Consolidated Person, (B) grants of equity awards to any officer, employee, consultant, director or other service provider of the Purchaser or any of its affiliates but only to the extent such grants do not, and will not, reduce the percentage of the Class A common units of the Group Partnerships that will be owned directly or indirectly by the Seller below 30% of the outstanding Class A common units of the Group Partnerships, (C) issuances not involving securities of the Controlling Partnership or the Purchaser to third parties pursuant to an arms-length transaction, (D) issuances not involving securities of the Controlling Partnership or the Purchaser to persons who will hold a direct or indirect equity interest in Holdings following the Restructuring Transactions so long as any equity interests so issued will constitute Contributed Interests, except as otherwise set forth in Section 3.6(a) of the Confidential Controlling Partnership Disclosure Schedule, or (E) redemptions or repurchases of equity securities or interests or options, warrants or rights relating thereto or securities convertible into or exchangeable therefor from former or departing employees, members, partners, or consultants of any Consolidated Person consistent with such Consolidated Person's ordinary practice;

(v) the Controlling Partnership shall not, and shall not permit any Consolidated Person to, declare, set aside, pay or make any dividend or other distribution to the holders of its respective partnership units or partnership interests, membership interests, shares of capital stock or other equity securities or interests, except for dividends or distributions to the Purchaser or another Consolidated Person;

(vi) the Controlling Partnership shall not, and shall not permit any Consolidated Person to, enter into any related party transaction as such term is defined in Item 404(a) of Regulation S-K under the Securities Act other than any such transaction the terms of which are no less favorable to the Controlling Partnership or the Consolidated Person, as applicable, than those that would be available on an arm's-length basis with a third party;

(vii) none of the Controlling Partnership, the Purchaser GP, KKR Management Holdings Corp. or the Purchaser shall incur or assume any indebtedness for borrowed money or guarantee any such indebtedness; and

(viii) the Controlling Partnership shall not, and shall not permit any Consolidated Persons to commit or agree to take, whether in writing or otherwise, any of the foregoing actions that the Controlling Partnership or such Consolidated Persons are prohibited from taking under clauses (i) through (vii) above.

In addition, the Controlling Partnership shall take the actions set forth in Section 5.9(ii) of the Confidential Controlling Partnership Disclosure Schedule on or prior to the Effective Time.

(b) Notwithstanding Section 5.9(a), nothing in this Agreement shall prohibit or otherwise prevent the Controlling Partnership or the Consolidated Persons from expanding any of their existing businesses or entering into new lines of business in the asset management or financial services industries.

5.10 Publicity .

(a) The Controlling Partnership and the Seller shall consult with each other prior to issuing any press release or other public announcement materials with respect to this Agreement or the transactions contemplated by this Agreement and neither the Controlling Partnership or the Seller shall issue any such press release or other public announcement materials without the prior consent of the other party (such consent not to be unreasonably withheld or delayed), except as may be required by law, rule or regulation, in which case the party required to make the release or announcement shall allow the other party reasonable time to comment on such release or announcement in advance of such issuance. The Controlling Partnership and the Seller shall consult with each other regarding communications with holders of the Seller Common Units, analysts, journalists and prospective investors related to this Agreement and the transactions contemplated hereby.

(b) Notwithstanding any other provisions of this Agreement, nothing contained in this Agreement shall prohibit the Seller from making any disclosure to the holders of Seller Common Units or to the public (including with respect to any change in the Independent Directors recommendation made in accordance with Section 5.1) if, in the good faith judgment of the Independent Directors after consultation with outside legal counsel, such disclosure would be required under applicable law or stock exchange rules and would be true and correct in all material respects; provided that the Controlling Partnership shall be given, to the extent possible, a reasonable time to comment on such disclosure prior to it being made to the holders of Seller Common Units or to the public. The Controlling Partnership and Holdings acknowledge that the Seller is a publicly listed limited partnership in the Netherlands and is accordingly required to comply with applicable Dutch disclosure rules of the Dutch Financial Markets Supervision Act.

5.11 Anti-takeover Statutes . If any anti-takeover or similar statute or regulation is or may become applicable to the transactions contemplated by this Agreement, the Seller shall grant such approvals and take such other actions as are necessary so that such transactions may be consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise act to eliminate or minimize the effects of such statute or regulation on such transactions.

5.12 Access to Information . Upon reasonable notice and subject to the terms of the Confidentiality Agreement, dated June 20, 2008, between the Seller and Kohlberg Kravis Roberts & Co. L.P., the Controlling Partnership shall, and shall cause the Consolidated Persons to, afford the Seller, the Independent Directors and the respective representatives reasonable access, during normal business hours during the period prior to the Effective Time, to their respective personnel and documents (including, books, accounts, contracts, commitments, tax returns and other records) and shall furnish to the Seller, the Independent Directors and their respective representatives as promptly as practicable after receiving a request therefor such other

information concerning the business of the Controlling Partnership and the Consolidated Persons as the Seller, the Independent Directors or their respective representatives may reasonably request; provided , that the foregoing shall not obligate the Controlling Partnership to disclose any information of the Controlling Partnership or the Consolidated Persons that the Controlling Partnership reasonably determines, based on the advice of counsel, to be privileged; provided that the Controlling Partnership shall use reasonable best efforts to make appropriate substitute disclosure arrangements under circumstances in which the immediately preceding proviso applies.

5.13 Litigation . In the event a Proceeding (as defined below) relating to this Agreement, the Purchase and Sale or the other transactions contemplated hereby is initiated by a third party between the date of the Original Agreement and the Effective Time against the Seller, during such period the Seller shall conduct and control such Proceeding. The Seller shall give the Controlling Partnership the opportunity to comment with respect to the defense of such Proceedings and such comments shall be duly taken into account. The Seller shall give the Controlling Partnership the opportunity to participate in the defense of any such Proceeding, shall keep the Controlling Partnership informed of the progress of such Proceeding and its or their defense and shall make available to the Controlling Partnership all documents, notices, communications and filings (including court papers) as may be requested by the Group Partnerships. The Seller shall not settle or compromise any such Proceeding without the prior written consent of the Controlling Partnership, which shall not be unreasonably withheld or delayed. Following the Effective Time, the Group Partnerships shall be entitled to take control of and to conduct such Proceeding.

6. INDEMNIFICATION

(a) To the fullest extent permitted by applicable law, from the Effective Time through the earlier of (i) the sixth anniversary thereof and (ii) until such time as the beneficiaries of this Section 6 become entitled to the benefits of the covenants and agreements contained in Section 5 of the Investment Agreement, the Group Partnerships shall indemnify, defend and hold harmless, and provide advancement of expenses to, each present and former director and officer of the Seller GP and the persons identified in Section 6.1 of the Confidential Controlling Partnership Disclosure Schedule against all losses, liabilities, damages, judgments and fines (" Losses ") incurred in connection with any suit, claim, action, proceeding, arbitration or investigation (" Proceedings ") arising out of or related to actions taken by them in their capacity as directors or officers of the Seller GP (including, this Agreement and the transactions contemplated hereby) or taken by them at the request of the Seller or the Seller GP, whether asserted or claimed prior to, at or after the Effective Time.

(b) The Group Partnerships shall indemnify and hold harmless to the fullest extent permitted by applicable law the Purchaser, the Purchaser GP, the Controlling Partnership, the Seller and each present and former director and officer of the Seller GP and the persons identified in Section 6.1 of the Confidential Controlling Partnership Disclosure Schedule against any and all Losses to which they or any of them may become subject under the Securities Act, the Exchange Act or other applicable law, statute, rule or regulation insofar as such Losses arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Consent Solicitation Documents, the Press Release, any other document issued

by the Controlling Partnership, the Seller or any of their respective affiliates in connection with or otherwise relating to the Purchase and Sale, or in any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and the Group Partnerships agree to reimburse each such person, as incurred, for any legal or other expenses reasonably incurred by such person in connection with investigating or defending against any such Losses to the fullest extent permitted by applicable law; provided , however that the Group Partnerships shall not be liable in any such case to the extent that any such Losses arise out of or are based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Consent Solicitation Documents, the Press Release or in any amendment thereof or supplement thereto, or in any such other document in reliance upon and in conformity with the Specified Information.

(c) The Group Partnerships shall, in respect of any indemnified person that was a director of the Seller GP as of the date of this Agreement who may be called upon, subsequent to the date of his resignation or expiration of his term, to testify in any Proceeding in connection with this Agreement or the transactions contemplated hereby, provide such person with reasonable compensation for his time spent testifying in such Proceeding and preparing for such testimony.

(d) If the indemnification provided for this Section 6.1 is unavailable (other than as a result of application of the proviso to Section 6.1(b)) to or insufficient to hold harmless the indemnified person in respect of any Losses, then the Group Partnerships shall contribute to the amount paid or payable by the indemnified person as a result of such Losses (A) in such proportion as is appropriate to reflect the relative fault of the Group Partnerships, on the one hand, and the indemnified person, on the other or (B) if the allocation provided by clause (A) is not permitted by applicable law, or provides a lesser sum to the indemnified person than the amount hereinafter calculated, in such proportion as is appropriate to reflect not only the relative fault of the Group Partnerships, on the one hand, and the indemnified person, on the other, in respect of such Losses but also the relative benefits received by the Group Partnerships, on the one hand, and the indemnified person, on the other, from the transactions contemplated by this Agreement as well as any other relevant equitable considerations. The amount paid or payable by the indemnified person as a result of the Losses referred to above in this Section 6.1 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified person in connection with investigating or defending any such action or claim. For purposes of this Section 6, any benefit or fault in respect of the transactions contemplated by this Agreement attributable to Holdings and its affiliates shall be attributed to the Group Partnerships.

(e) In case any Proceeding shall be commenced or instituted involving any person in respect of which indemnity or contribution may be sought pursuant to this Section 6.1, such person shall promptly notify the Group Partnerships thereof in writing; provided that the failure to so notify the Group Partnerships will not affect the rights of such person under this Section 6.1 except to the extent that the Group Partnerships are actually prejudiced by such failure. The Group Partnerships shall be entitled to take control of and conduct such Proceeding and to appoint counsel (including local counsel) of the Group Partnerships' choosing to represent the indemnified party in connection with such Proceeding (in which case the Group Partnerships

shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party). Notwithstanding the Group Partnerships' election to appoint counsel (including local counsel) to represent the indemnified party in connection with a Proceeding, the indemnified party shall have the right to employ separate counsel (including local counsel), and the Group Partnerships shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the Group Partnerships to represent the indemnified party would present such counsel with a conflict of interest (based on the advice of counsel to the indemnified person), (ii) such Proceeding includes both the indemnified party and the Group Partnerships, and the indemnified party shall have reasonably concluded (based on the advice of counsel to the indemnified person) that there may be legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the Group Partnerships or (iii) the Group Partnerships shall authorize the indemnified party to employ separate counsel at the expense of the Group Partnerships. It is understood that the Group Partnerships shall not, in respect of the legal expenses of any indemnified party in connection with any Proceeding or related Proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties. The Group Partnerships shall not be liable under this Section 6.1 for any settlement or compromise or consent to the entry of any judgment with respect to any pending or threatened Proceeding in respect of which indemnification or contribution may be sought under this Section 6.1 (whether or not the indemnified parties are actual or potential parties to such claim or action), unless such settlement, compromise or consent is consented to by the Group Partnerships, such consent not to be unreasonably withheld or delayed.

(f) Notwithstanding any other provision of this Agreement to the contrary, the indemnified parties specified in this Section 6.1 shall be third party beneficiaries of this Section 6.1 . The provisions of this Section 6.1 are intended to be for the benefit of each such person to whom this Section 6.1 applies (and, in the case of each director of the Seller GP, for the benefit of such director in his individual capacity) and his or her heirs. The obligations of the Group Partnerships under this Section 6.1 shall not be terminated or modified in such a manner as to adversely affect any such person to whom this Section 6.1 applies without the express written consent of such affected person.

(g) If any of the Group Partnerships or their successors or assigns shall (i) consolidate with or merge into any person and shall not be the continuing or surviving person in such consolidation or merger or (ii) transfer all or substantially all of its assets to any other persons, then, and in each such case, proper provisions shall be made so that the successors and assigns of the Group Partnerships shall assume the obligations of the Group Partnerships set forth in this Section 6.1.

(h) The Group Partnerships or their successors or assigns shall be entitled to repayment of all applicable expenses advanced to any person pursuant to this Section 6 if it is ultimately determined by a non-appealable judgment that such person is not entitled to indemnification hereunder with respect to the matter for which any such expenses were advanced.

(i) The obligations of the Group Partnerships set forth in this Section 6 shall be joint and several.

7. CONDITIONS PRECEDENT

7.1 Mutual Conditions . The respective obligations of each party to consummate the Purchase and Sale shall be subject to the satisfaction or waiver on the Satisfaction Date by the Controlling Partnership and the Seller of each of the following conditions:

(a) Unitholder Approval . The Requisite Unitholder Consent shall have been obtained and shall be in full force and effect.

(b) Regulatory Approvals . Any applicable waiting period (and any extension thereof) under the HSR Act relating to the transactions contemplated by this Agreement shall have expired or been terminated.

(c) No Injunctions or Restraints; Illegality . No order, injunction, judgment, award or decree issued by any Governmental Entity of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Purchase and Sale shall be in effect. No law, statute, rule, ordinance or regulation shall have been enacted, entered, promulgated or enforced by any Governmental Entity which prohibits or makes illegal the consummation of the Purchase and Sale.

7.2 Conditions to Obligations of the Purchaser . The obligations of the Purchaser to consummate the Purchase and Sale are also subject to the satisfaction or waiver on the Satisfaction Date by the Controlling Partnership of each of the following conditions:

(a) Representations and Warranties . The representations and warranties of the Seller set forth in this Agreement shall be true and correct as of the date of this Agreement and (except to the extent such representations and warranties are expressly limited to an earlier date) as of the Satisfaction Date as though made on and as of the Satisfaction Date, except where the failure of such representations and warranties to be so true and correct (without giving effect to any materiality or Material Adverse Effect or similar qualifiers set forth therein), individually or in the aggregate, has not had, and would not reasonably be expected to have, a Material Adverse Effect on the Acquired Partnership. The Controlling Partnership shall have received on the Satisfaction Date a certificate, signed on behalf of the Seller by the Chief Financial Officer of the Seller, attesting to the foregoing in form and substance reasonably satisfactory to the Controlling Partnership.

(b) Performance of Obligations by the Seller . The Seller shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Satisfaction Date. The Controlling Partnership shall have received on the Satisfaction Date a certificate, signed on behalf of the Seller by the Chief Financial Officer of the Seller, attesting to the foregoing in form and substance reasonably satisfactory to the Controlling Partnership.

(c) Absence of Material Adverse Effect . Since the date of this Agreement, there shall not have been any Effect that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Acquired Partnership.

(d) Execution of Other Agreements . The Investment Agreement, the Exchange Agreement and the Tax Receivables Agreement, in substantially the forms attached as an exhibit to this Agreement shall have been duly authorized, executed and delivered by the Seller and shall be in full force (it being understood that the provisions of such agreements shall not be effective until the Effective Time).

7.3 Conditions to Obligations of the Seller . The obligations of the Seller to consummate the Purchase and Sale are also subject to the satisfaction or waiver on the Satisfaction Date by the Seller of each of the following conditions:

(a) Representations and Warranties . (i) The representations and warranties of the Controlling Partnership set forth in Section 3.18 shall be true and correct as of the date of this Agreement, except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate has not had, and would not reasonably be expected to have, a Material Adverse Effect on the holders of Seller Common Units and (ii) the other representations and warranties of the Controlling Partnership and the representations and warranties of Holdings and the Purchaser set forth in this Agreement shall be true and correct as of the date of this Agreement and (except to the extent such representations and warranties are expressly limited to an earlier date) as of the Satisfaction Date as though made on and as of the Satisfaction Date, except where the failure of such representations and warranties to be so true and correct (without giving effect to any materiality or Material Adverse Effect or similar qualifiers set forth therein), individually or in the aggregate, has not had, and would not reasonably be expected to have, a Material Adverse Effect on (1) the Purchaser in the case of the other representations and warranties of the Controlling Partnership and the Purchaser, or (2) Holdings, in the case of the representations and warranties of Holdings (in each case after giving effect to the Restructuring Transactions, but, in the case of the Purchaser, excluding the Acquired Partnership and its subsidiaries). The Seller shall have received a certificate on the Satisfaction Date signed on behalf of a senior officer of each of the Controlling Partnership GP and the general partner of Holdings attesting to the foregoing in form and substance reasonably satisfactory to the Seller.

(b) Performance of Obligations of the Controlling Partnership. Each of the Controlling Partnership, the Purchaser and Holdings shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Satisfaction Date. The Seller shall have received a certificate on the Satisfaction Date signed on behalf of a senior officer of each of the Controlling Partnership GP and the general partner of Holdings attesting to the foregoing in form and substance reasonably satisfactory to the Seller.

(c) Absence of Material Adverse Effect . Since the date of this Agreement, there shall not have been any Effect that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the holders of the Seller Common Units.

(d) Execution of Other Agreements . Each of the Investment Agreement, the Exchange Agreement, the Tax Receivables Agreement, the Purchaser LPA, the Management Holdings LPA, the Fund Holdings LPA and the Lock-Up Agreements in substantially the forms attached as exhibits to this Agreement shall have been duly authorized, executed and delivered

by each of the parties thereto (other than the Seller) and shall be in full force (it being understood that the provisions of such agreements shall not be effective until the Effective Time).

(e) Delivery of Letters . The Seller shall have received the "comfort" letter, the "negative assurance" letter and the opinion letter contemplated by Section 5.8 of this Agreement, each in form and substance reasonably satisfactory to the Seller.

8. TERMINATION

8.1 Termination . This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Satisfaction Date (or the Effective Time, in the case of clauses (a) and (b)):

(a) by mutual written consent of the Controlling Partnership and the Seller;

(b) by either the Controlling Partnership or the Seller if any Governmental Entity of competent jurisdiction shall have issued an order, injunction, judgment, award or decree or taken any other action permanently enjoining, restraining or otherwise prohibiting the Purchase and Sale and such order, injunction, judgment, award, decree or other action shall have become final and non-appealable; provided , however , that the right to terminate this Agreement pursuant to this Section 8.1(b) shall not be available to any party who has not used its reasonable best efforts to cause such order, injunction, judgment, award, decree or other action to be vacated, annulled or lifted;

(c) by either the Controlling Partnership or the Seller if the consent solicitation contemplated by the Consent Solicitation Documents expires (and is not extended) and the Requisite Unitholder Consent is not obtained; provided , however , that the right to terminate this Agreement pursuant to this Section 8.1(c) shall not be available to any party whose failure to fulfill any of its obligations under this Agreement has been a principal cause of the failure of the Requisite Unitholder Consent to be obtained;

(d) by either the Controlling Partnership or the Seller if the Satisfaction Date shall not have occurred on or before October 31, 2009 (the " Outside Date "); provided , however , that the right to terminate this Agreement pursuant to this Section 8.1(d) shall not be available to any party whose failure to fulfill any of its obligations under this Agreement has been a principal cause of or has resulted in the failure of the Satisfaction Date to occur on or before such date;

(e) by the Controlling Partnership if any of the conditions set forth in Section 7.1 or Section 7.2 shall become incapable of being satisfied on or before the Outside Date; provided that if the condition giving rise to the right to terminate under this Section 8.1(e) is incapable of being satisfied due to a breach by the Seller of any of its representations, warranties, covenants or agreements in this Agreement or the failure of any representation or warranty of the Seller to be true, the Controlling Partnership shall not be permitted to terminate this Agreement unless such breach or failure to be true has not been cured prior to the earlier of (i) 30 days after the giving of written notice by the Controlling Partnership to the Seller of such breach or failure to be true and (ii) the Outside Date; provided , further , that the right to terminate this Agreement pursuant to this Section 8.1(e) shall not be available to the Controlling Partnership if the Controlling Partnership is then in breach of any representation, warranty, covenant or agreement

in this Agreement that would cause any of the conditions set forth in Section 7.1 or Section 7.3 not to be satisfied; or

(f) by the Seller if any of the conditions set forth in Section 7.1 or Section 7.3 shall become incapable of being satisfied on or before the Outside Date; provided , that if the condition giving rise to the right to terminate under this Section 8.1(f) is incapable of being satisfied due to a breach by the Controlling Partnership, the Purchaser or Holdings of any of their respective representations, warranties, covenants or agreements in this Agreement or the failure of any representation or warranty of the Controlling Partnership, the Purchaser or Holdings to be true, the Seller shall not be permitted to terminate this Agreement unless such breach or failure to be true has not been cured prior to the earlier of (i) 30 days after the giving of written notice by the Seller to the Controlling Partnership, the Purchaser or Holdings, as applicable, of such breach or failure to be true and (ii) the Outside Date; provided , further that the right to terminate this Agreement pursuant to this Section 8.1(f) shall not be available to the Seller if the Seller is then in breach of any representation, warranty, covenant or agreement in this Agreement that would cause any of the conditions set forth in Section 7.1 or Section 7.2 not to be satisfied.

8.2 Effect of Termination . In the event of termination of this Agreement and the abandonment of the transactions contemplated hereby pursuant to Section 8.1, this Agreement shall forthwith become void and have no effect, and no party or any of their respective affiliates, employees or representatives shall have any liability of any nature whatsoever under this Agreement, or in connection with the transactions contemplated by this Agreement, except that (i) Section 5.10 (Publicity), this Section 8.2 (Effect of Termination) and Section 9 (General Provisions) shall survive any termination of this Agreement and (ii) neither the Seller, the Purchaser, the Controlling Partnership, the Group Partnerships nor Holdings shall be relieved or released from any liabilities or damages arising out of its willful or intentional breach of any provision of this Agreement.

9. GENERAL PROVISIONS

9.1 Nonsurvival of Representations, Warranties and Agreements . None of the representations, warranties, covenants, agreements and provisions contained in this Agreement or in any officer's certificate delivered pursuant to this Agreement, including any rights arising out of any breach of such representations, warranties, covenants, agreements and provisions, shall survive following the Satisfaction Date, except (i) those covenants and agreements contained in, Section 1.3, Section 5.2, Section 5.4, Section 5.6, Section 5.7, Section 5.9, Section 5.10, Section 5.11 and Section 5.12 shall survive until the Effective Time, (ii) those covenants contained in Section 5.5 shall survive in accordance with the terms thereof, (iii) those covenants and agreements contained in Section 6 shall survive until such time as the beneficiaries thereof become entitled to the benefits of the covenants and agreements contained in Section 5 of the Investment Agreement, and (iv) those covenants and agreements contained in Section 1.1, Section 1.2, Section 1.4, Section 5.4(c), Section 5.13 and Section 9 shall survive indefinitely.

9.2 Expenses . All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses; provided that if the Effective Time occurs, (i) all costs and expenses incurred by the Seller or the Seller GP in connection with this Agreement and the transactions

contemplated hereby shall be paid by the Purchaser and (ii) all other costs and expenses incurred in connection with this Agreement shall be paid by one or more Consolidated Persons in which the Purchaser, directly or indirectly, has a 30% economic interest (it being understood that no Class A common units in the Group Partnership that are issued in accordance with Section 5.9(a)(iv)(C) or Class B common units in the Group Partnerships shall be deemed to be outstanding for purposes of calculating the Purchaser's direct or indirect economic interest in a Consolidated Person).

9.3 Notices . All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, (b) on the first business day following the date of dispatch if delivered by a recognized next-day courier service or (c) on the fifth business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

if to the Controlling Partnership, to:

KKR & Co. L.P.
9 W. 57 th Street, Suite 4200
New York, NY 10019
Attention: David J. Sorkin
Facsimile: (212) 750-0003

with a copy to (which shall not constitute notice):

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attention: Alan M. Klein
Joseph H. Kaufman
Facsimile: (212) 455-2502

if to the Seller, to:

KKR Private Equity Investors, L.P.
P.O. Box 255
Trafalgar Court, Les Banques
St. Peter Port, Guernsey GY1 3QL
Channel Islands
Attention: Christopher Lee
Facsimile: +44.1481.745.074

with a copy to (which shall not constitute notice):

Bredin Prat
130 rue du Faubourg Saint Honor é
75008 Paris
France
Attention: Patrick Dziewolski

Benjamin Kanovitch
Facsimile: +33 (0)1.42.89.10.73

and

Cravath, Swaine & Moore LLP
CityPoint | One Ropemaker Street
London EC2Y 9HR
UK
Attention: George Stephanakis
Facsimile: +44 (0)207 860 1150

and

Cravath, Swaine & Moore LLP
825 Eighth Avenue
New York, NY 10019
Attention: Sarkis Jebejian
Facsimile: (212) 474-3700

9.4 Interpretation. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and the schedules hereto and not to any particular provision of this Agreement, and Section references are to this Agreement unless otherwise specified. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The word "or" shall be inclusive and not exclusive. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. This Agreement shall be construed without regard to any presumption or interpretation against the party drafting or causing any instrument to be drafted. All schedules accompanying this Agreement and all information specifically referenced in any such schedule form an integral part of this Agreement, and references to this Agreement include references to them. The term "affiliate" has the meaning given to it in Rule 12b-2 of the United States Securities Exchange Act of 1934, as amended (the " Exchange Act "), and the term "person" has the meaning given to it in Sections 3(a)(9) and 13(d)(3) of the Exchange Act. Whenever this Agreement requires the Seller or the Controlling Partnership to take, or not take, any action, such requirement shall be deemed to include an undertaking on the part of the Seller GP or the Controlling Partnership GP, as the case may be, to cause the Seller or the Partnership to take, or not take, such action. For the avoidance of doubt, no representations, warranties, covenants or agreements set forth in this Agreement are intended to apply to any portfolio companies of any of the KKR Funds.

9.5 Amendment; Waiver. Subject to compliance with applicable law, this Agreement may be amended by the parties hereto, by a written instrument authorized and executed on behalf of the parties hereto (provided that in the case of the Seller in addition to any other requirement under applicable law, any such amendment shall be valid only if approved by all of the Independent Directors). At any time prior to the Effective Time, each party hereto may, to the extent legally allowed, (a) extend the time for the performance of any of the

obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties by the other parties hereto contained herein or in any document delivered pursuant hereto and (c) waive compliance by the other parties hereto with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party (provided that in the case of the Seller in addition to any other requirement under applicable law, any such extension or waiver shall be valid only if approved by all of the Independent Directors), but such extension or waiver or failure to insist on strict compliance with an obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

9.6 Counterparts. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that all parties need not sign the same counterpart.

9.7 Entire Agreement. This Agreement (together with the documents, schedules and the instruments referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

9.8 Severability. Any term or provision of this Agreement which is determined by a court of competent jurisdiction to be invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction, and if any provision of this Agreement is determined to be so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable, in all cases so long as neither the economic nor legal substance of the transactions contemplated hereby is affected in any manner materially adverse to any party.

9.9 Assignment; Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations of any party hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties hereto. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns. This Agreement (including the documents and instruments referred to herein), except for the provisions of Section 5.5 and Section 6, is not intended to, and does not, confer upon any person other than the parties hereto any rights or remedies hereunder.

9.10 Further Assurances. The Purchaser, the Controlling Partnership, the Seller and Holdings each agrees to execute and deliver such other documents or agreements and to use their respective reasonable best efforts to take such other actions as may be reasonably necessary or desirable for the implementation of this Agreement and the consummation of the transactions contemplated hereby.

9.11 Actions of the Seller. The parties agree that, in accordance with Article 22(3) of the Articles of Association of the Seller GP, during the period from the date of this Agreement until the earlier of the Effective Time and the termination of this Agreement in accordance with the terms hereof, the Independent Directors, acting based on the affirmative vote of a majority of the Independent Directors, shall be entitled to implement on behalf of the Seller the transactions contemplated by this Agreement, to exercise the rights of the Seller under this Agreement and to enforce this Agreement against the Purchaser, the Controlling Partnership and/or Holdings. The parties hereto further agree that (i) the Seller shall not be deemed to have breached this Agreement unless such breach was due to the taking of any action, or failure to take any action, by the Independent Directors and (ii) the Controlling Partnership shall be deemed to have breached this Agreement if the Controlling Partnership or any of its affiliates (other than the Seller or the Seller GP) takes any action, or fails to take any action, that causes the Seller to breach this Agreement; provided that if the taking of such action, or failure to take such action, would not reasonably have been expected to cause the Seller to breach this Agreement, the Controlling Partnership shall not be deemed to have breached this Agreement as a result of the taking of, or failure to take, such action other than for purposes of determining whether the condition set forth in Section 7.3(b) has been satisfied and the Controlling Partnership shall have no liability to the Seller as a result of the taking of, or failure to take, such action.

9.12 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of New York.

9.13 Submission to Jurisdiction. Each party irrevocably submits to the jurisdiction of (a) the Supreme Court of the State of New York, New York County, and (b) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each party agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York or, if such suit, action or other proceeding may not be brought in such court for reasons of subject matter jurisdiction, in the Supreme Court of the State of New York, New York County. Each party irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or any transaction contemplated hereby in (i) the Supreme Court of the State of New York, New York County, or (ii) the United States District Court for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. Each party further irrevocably consents to the service of process out of any of the aforementioned courts in any such suit, action or other proceeding by the mailing of copies thereof by mail to such party at its address set forth in this Agreement, such service of process to be effective upon acknowledgment of receipt of such registered mail; provided that nothing in this Section 9.13 shall affect the right of any party to serve legal process in any other manner permitted by law. The consent to jurisdiction set forth in this Section 9.13 shall not constitute a general consent to service of process in the State of New York and shall have no effect for any purpose except as provided in this Section 9.13. The

parties agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

9.14 Enforcement . The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms on a timely basis or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court identified in Section 9.13, this being in addition to any other remedy to which they are entitled at law or in equity.

9.15 WAIVER OF JURY TRIAL . EACH OF THE PARTIES HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING DIRECTLY INVOLVING ANY MATTERS (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

9.16 Effect on Original Agreement . The parties agree that this Agreement amends and restates the Original Agreement in its entirety and upon execution and delivery of this Agreement by the parties hereto the Original Agreement shall cease to have any force or effect and no person shall have any rights or obligations with respect thereto.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

KKR & CO. L.P.

By: KKR MANAGEMENT LLC, its general partner

By: /s/ WILLIAM J. JANETSCHEK
Name: William J. Janetschek
Title: Chief Financial Officer

KKR PRIVATE EQUITY INVESTORS, L.P.

By: KKR GUERNSEY GP LIMITED, its general partner (Registration No. 44666)

By: /s/ KENDRA DECIOUS
Name: Kendra Decious
Title: Chief Financial Officer

KKR PEI ASSOCIATES, L.P., in its capacity as general partner of KKR PEI Investments, L.P. (solely for purposes of Section 1.4)

By: KKR PEI GP LIMITED, its general partner (Registration No. 44667)

By: /s/ KENDRA DECIOUS
Name: Kendra Decious
Title: Vice President

[PURCHASE AND SALE AGREEMENT SIGNATURE PAGE]

KKR HOLDINGS L.P. (solely for purposes of Section 4, Section 5.4, Section 5.7, Section 5.10(b) and Section 9.10)

By: KKR HOLDINGS GP LIMITED, its general partner

By: /s/ WILLIAM J. JANETSCHEK
Name: William J. Janetschek
Title: Director

KKR FUND HOLDINGS L.P. (solely for purposes of Section 6)

By: KKR & CO. L.P., its general partner

By: KKR MANAGEMENT LLC, its general partner

By: /s/ WILLIAM J. JANETSCHEK
Name: William J. Janetschek
Title: Chief Financial Officer

KKR MANAGEMENT HOLDINGS L.P. (solely for purposes of Section 6)

By: KKR MANAGEMENT HOLDINGS CORP., its general partner

By: /s/ WILLIAM J. JANETSCHEK
Name: William J. Janetschek
Title: Chief Financial Officer

KKR GROUP HOLDINGS L.P. (solely for purposes of Section 1.1, Section 1.2, Section 3 and Section 9.2)

By: KKR GROUP LIMITED, its general partner

By: /s/ WILLIAM J. JANETSCHEK
Name: William J. Janetschek
Title: Director

[PURCHASE AND SALE AGREEMENT SIGNATURE PAGE]

Exhibit A

KKR Private Equity Investors and KKR Agree to Business Combination
KPE Board Unanimously Approves Revised Transaction

Guernsey, Channel Islands, July 20, 2009 — KKR Private Equity Investors, L.P. (Euronext Amsterdam: KPE) and KKR & Co. L.P. (collectively with certain affiliates, "KKR") today announced that they have entered into a revised purchase and sale agreement to combine the businesses of KPE and KKR whereby KPE would receive interests representing 30% of the outstanding equity in the combined business and the balance of the equity would be owned by KKR's existing owners and employees.

The amended and restated purchase and sale agreement was unanimously approved by the board of directors of KPE's general partner, acting upon the unanimous recommendation of the three directors of KPE's general partner who are independent of both KPE and KKR under the standards of the New York Stock Exchange.

The independent directors of KPE issued the following statement related to the transaction: "In our role as Independent Directors we have unanimously recommended that the KPE Board approve this transaction. Through this transaction, KPE unitholders will gain direct access to all of KKR's businesses and resources, thereby improving the long-term prospects of their investments."

Under the agreement, KKR will acquire all of the assets and all of the liabilities of KPE, and, in exchange, KPE will receive equity in the combined business. KPE unitholders' holdings of KPE units would not change as a result of the business combination. The transaction does not involve the payment of any cash consideration or involve an offering of any newly issued securities to the public; KKR executives are not selling any interests in the transaction. KPE would retain its listing on the Euronext Amsterdam and the KPE units will continue to be subject to existing restrictions on ownership and transfer.

In addition, after a certain period, each of KPE and KKR will have the ability to seek a listing of the combined business in the United States following the completion of the transaction. Additional details regarding the terms and conditions of the transaction are set forth on Annex A to this press release.

While not legally required, KKR and KPE have agreed that the consummation of the transaction be conditioned upon, among other things, the consent of KPE unitholders representing a majority of the KPE units for which a properly completed consent form is properly submitted (excluding KPE units whose consent rights are controlled by KKR or its affiliates). As previously announced, holders of approximately 44% of KPE's outstanding units have stated that they would consent to a revised transaction on the terms set forth above.

The record date for determining the KPE unitholders entitled to receive notice of, and to consent to, the transaction is the close of business on July 23, 2009. For purposes of determining KPE unitholders as of the record date, only transactions in KPE units that have been settled as of the record date will be taken into account. The s olicitation of

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consents from KPE unitholders is anticipated to commence on July 24 or as soon as practicable thereafter and the commencement will be announced by KPE by press release.

Henry R. Kravis and George R. Roberts, co-founders of KKR, said, "We are thrilled to be taking this next step in KKR's evolution. Our new unitholders will participate in the financial performance of all of KKR's businesses and benefit as we grow our asset management efforts around the world. At the same time, we will own an even greater share of our own investments, further aligning our interests with those of our investors. We believe the combined business will be well positioned to take advantage of the dynamic and exciting opportunities in asset management and financial services. We appreciate the support and trust of our new unitholders and the Board and look forward to continuing our partnership."

KPE expects that its net asset value as of June 30, 2009 on a preliminary basis will be approximately $3.0 billion, or between approximately $14.55 and $14.75 per unit, and will issue its financial report for the six months ended June 30, 2009 on or before August 30, 2009. KKR expects its assets under management as of June 30, 2009 to be approximately $50.8 billion and that its economic net income (ENI) and fee related earnings for the three months ended June 30, 2009 to be between approximately $345 million and $370 million and between approximately $45 million and $55 million, respectively.

If the consent of a majority of the KPE unitholders as described above is obtained and the other conditions precedent to the transaction are satisfied or waived during the third quarter, the transaction is expected to be consummated on October 1, 2009.

Citi is acting as sole financial advisor to KPE. Lazard is acting as financial advisor to the independent directors, and Bredin Prat and Cravath Swaine & Moore LLP are acting as lead legal counsels to KPE and the independent directors.

Goldman Sachs and Morgan Stanley are acting as financial advisors to KKR and Simpson Thacher & Bartlett LLP is acting as lead legal counsel to KKR.

Citi and Lazard have each delivered to the independent directors their respective opinions to the effect that, as of the date of such opinion and based upon and subject to the assumptions made, matters considered and limitations on the scope of review undertaken by each of Citi and Lazard as set forth in their respective opinions, the consideration to be received by KPE in the transaction is fair, from a financial point of view, to KPE. The full texts of each written opinion will be disclosed in the consent solicitation materials provided to holders of KPE common units.

About KPE

KKR Private Equity Investors, L.P. (Euronext Amsterdam: KPE) is a Guernsey limited partnership that seeks to create long-term value by participating predominantly in private equity investments identified by Kohlberg Kravis Roberts & Co. (KKR). As of June 30, 2009, KPE's investment portfolio was substantially comprised of limited partner interests in six KKR private equity funds, co-investments in 13 companies alongside the private equity funds and three negotiated equity investments. KPE is governed by its general partner's board of directors, which is required to have a majority of independent directors, and makes its investments as the sole limited partner of another Guernsey limited partnership, KKR PEI Investments, L.P.

The common units and related restricted depositary units of KPE are subject to a number of ownership and transfer restrictions. Information concerning these ownership and transfer restrictions is included on the Investor Relations section of KPE's website at www.kkrprivateequityinvestors.com.

About KKR

Established in 1976, KKR is a leading global alternative asset manager. KKR's franchise is sponsoring and managing funds that make investments in private equity, fixed income and other assets in North America, Europe, Asia and the Middle East. Throughout its history, KKR has brought a long-term investment approach, focusing on working in partnership with management teams of its portfolio companies and investing for future competitiveness and growth. KKR has more than $37.5 billion in private equity assets under management and more than $13.3 billion in credit assets under management as of June 30, 2009 through various private and publicly traded funds and separately managed accounts. KKR also carries out capital markets activities through its broker dealer subsidiaries. KKR has offices in New York, Menlo Park, San Francisco, Houston, Washington D.C., London, Paris, Hong Kong, Tokyo, Beijing, Mumbai, Dubai and Sydney. More information about KKR is available at: www.kkr.com.

No Offering Statement

This release does not constitute an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from KPE and that will contain detailed information about KPE and management, as well as financial statements.

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 KPE's and KKR's beliefs, assumptions and expectations of their future performance, taking into account all information currently available to them. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to KPE and KKR or are

within their control. If a change occurs, KPE's and KKR's business, financial condition, liquidity and results of operations, including net asset value, assets under management, economic net income and fee-related earnings, 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 risk that the transaction may not be completed on the time frame expected by the parties or at all; the possibility that the listing of the interests in the combined business on the New York Stock Exchange or The NASDAQ Stock Market may not occur; the risk that the anticipated benefits of the combined business may not be achieved; the general volatility of the capital markets; changes in KPE's and KKR's business strategy; 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; increased rates of default and/or decreased recovery rates on KPE's investments; and the degree and nature of KPE's and KKR's competition. Neither KPE nor KKR undertakes 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 and KPE's business strategy is focused on the long-term and financial results are subject to significant volatility.

Media Contacts:
Peter McKillop or Kristi Huller
Email: media@kkr.com
Mobile: + 202.841.6693 or
+ 917.940.1233

KPE Investor Relations:
Laurie Poggi
Telephone: +1.212.659.2026

Exhibit A

Annex A

TRANSACTION TERMS AND CONDITIONS

Transaction	Acquisition by KKR Group Holdings L.P., a Cayman Islands limited partnership (the "Purchaser"), of all of the assets of KKR Private Equity Investors, L.P. ("KPE"), including all of the limited partner interests in KKR PEI Investments, L.P., and the assumption by the Purchaser of all of the liabilities of KPE (the "Combination Transaction"). Executives of Kohlberg Kravis Roberts & Co. L.P. ("KKR") will not sell any equity in the Combined Business (as defined below) in the transaction. Upon completion of the transaction, KPE unitholders will own 30% of the equity in the business resulting from the transaction (the "Combined Business") and KKR principals will own 70% of the equity in the Combined Business.
Conditions Precedent / Unitholder Consent	Transaction conditioned on the consent of the holders of a majority of KPE units for which a properly completed consent form is properly submitted (excluding KPE common units whose consent rights are controlled by KKR or its affiliates). Transaction subject to other customary closing conditions precedent. The closing conditions will be deemed to be irrevocably satisfied on the first date on which all of the conditions to closing have been satisfied or waived (the "Satisfaction Date"), which may occur prior to the date on which the Combination Transaction will become effective as described below.
Timing	Notwithstanding the occurrence of the Satisfaction Date, the effective date of the Combination Transaction will be the first day following the end of the quarter during which the Satisfaction Date occurs. If the Satisfaction Date occurs on or prior to September 30, 2009, October 1, 2009 will be the date on which the Combination Transaction will become effective and accordingly will be the date on which KPE and KKR would begin to share ratably in the assets, liabilities, profits, losses and distributions, if any, of the Combined Business and that reporting as a combined company would begin.
Distribution Policy	Intend to distribute substantially all of the cash earnings of the asset management business. Distributions to be made on a pro rata basis to KKR principals and KPE without priority, except that distributions with respect to approximately 40% of the carried interest will be allocated to KKR's principals and other professionals.

Equity Incentive Plan	The Combined Business will have an equity incentive plan that is consistent with equity incentive plans of publicly traded US alternative asset managers. The total number of interests in the Combined Business which may initially be issued under the plan is equivalent to 15% of the number of fully diluted interests in the Combined Business. No grants are expected to be made under the plan prior to the consummation of the Combination Transaction and any grants made under the plan in the future would dilute KPE's and the KKR principals' interests in the Combined Business on a pro rata basis. In addition, no grants under the plan are permitted to be made to current senior members of KKR until the earlier of one year following completion of the Combination Transaction and the listing of the Combined Business in the United States.
Governance	Following completion of the Combination Transaction, KPE unitholders will continue to hold interests in KPE and be governed by KPE's limited partnership agreement. KPE's limited partnership agreement provides for the management of its business and affairs by its general partner, which has a majority-independent board of directors. Following the completion of the Combination Transaction, KPE's only asset will be its interests in the Purchaser. An affiliate of KKR will be the ultimate general partner of the Purchaser (the "KKR Managing Partner") and will manage the business and affairs of the Purchaser. KPE will not hold securities of the KKR Managing Partner. The audit committee of the general partner of KPE will have an oversight function for the financial statements of the Combined Business and the independent directors of the general partner of KPE will also have certain consent and information rights with respect to the Combined Business.
Listing	Following completion of the Combination Transaction, the holdings of KPE units by KPE unitholders will not change. The Transaction does not involve the payment of any consideration to KPE unitholders or involve an offering of any securities to KPE unitholders. KPE common units will continue to be listed and traded on Euronext Amsterdam and will continue to be subject to applicable restrictions on ownership and transfer. Following the completion of the Combination Transaction, KPE and KKR will have the ability to require that the other use its reasonable best efforts to cause KPE's interests in the Combined Business to be listed and traded in the United States. KKR will be permitted to exercise this right following the six-month anniversary of the Satisfaction Date and KPE will be permitted to exercise this right following the 12-month anniversary of the Satisfaction Date.

Exhibit B

Organizational Structure

The following diagram illustrates the ownership and organizational structure upon completion of the Restructuring Transactions and the Purchase and Sale

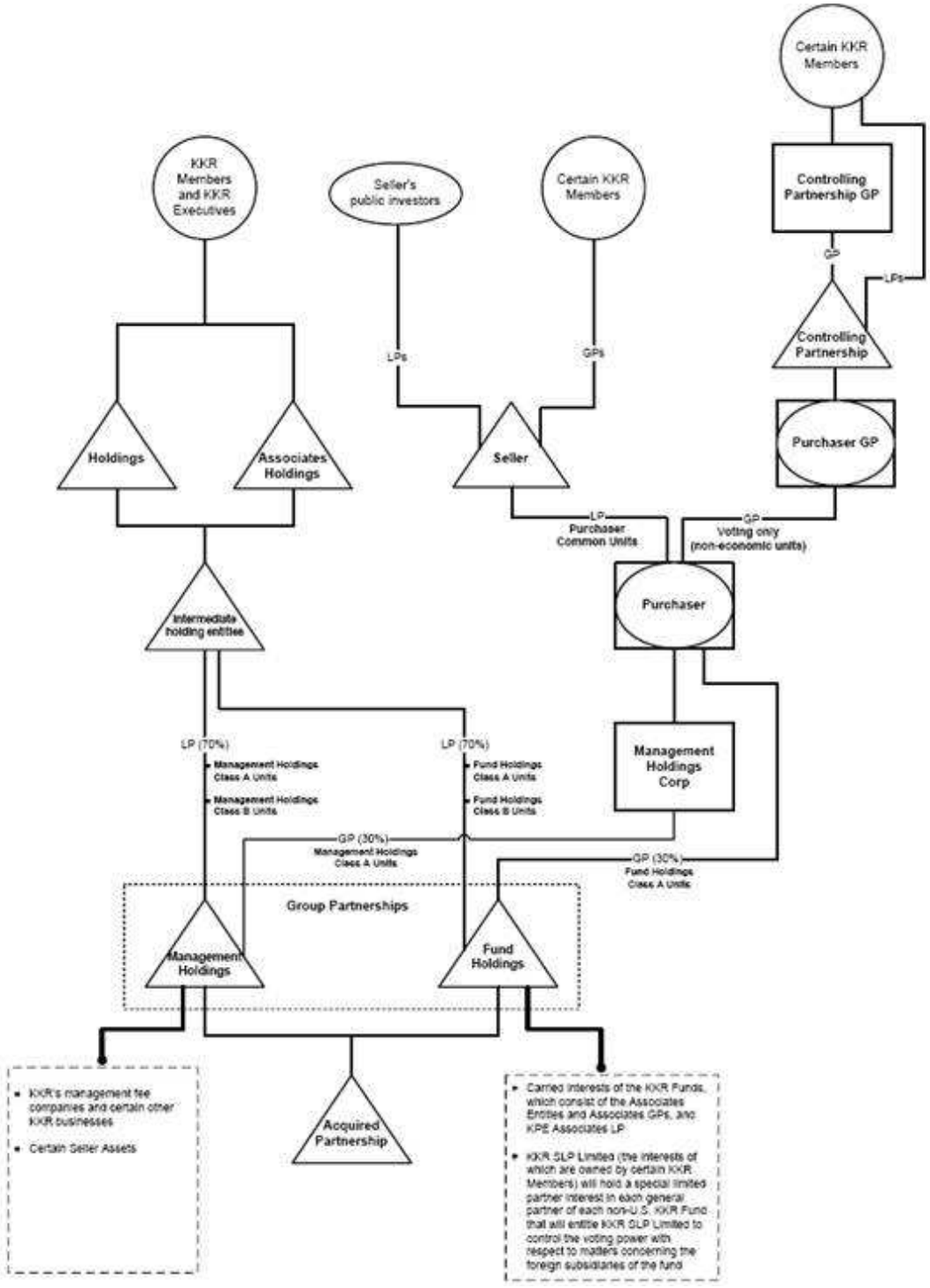

Certain KKR Members
Controlling Partnership GP
GP
LPs
Controlling Partnership
Purchaser GP
KKR Members and KKR Executives
Seller's public investors
Certain KKR Members
LPs
GPs
Holdings
Associates Holdings
Seller
LP
Purchaser Common Units
GP
Voting only (non-economic units)
Purchaser
Intermediate holding entities
LP (70%)
Management Holdings Class A Units
Management Holdings Class B Units
LP (70%)
Fund Holdings Class A Units
Fund Holdings Class B Units
Management Holdings Corp
GP (30%)
Management Holdings Class A Units
GP (30%)
Fund Holdings Class A Units
Group Partnerships
Management Holdings
Fund Holdings
KKR's management fee companies and certain other KKR businesses
Certain Seller Assets
Acquired Partnership
Carried interests of the KKR Funds, which consist of the Associates Entities and Associates GPs, and KPE Associates LP
KKR GLP Limited (the interests of which are owned by certain KKR Members) will hold a special limited partner interest in each general partner of each non-U.S. KKR Fund that will entitle KKR GLP Limited to control the voting power with respect to matters concerning the foreign subsidiaries of the fund

Exhibit C

Structuring Memorandum

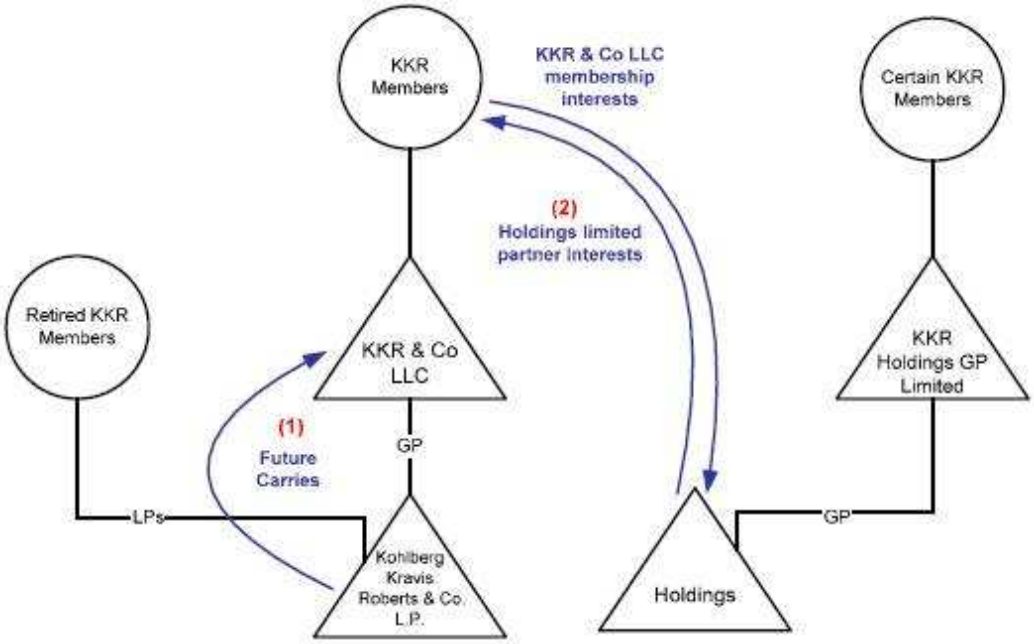
This is Exhibit C to the Purchase and Sale Agreement by and among KKR & Co L.P., KKR Private Equity Investors, L.P., KKR Group Holdings L.P. (solely for purposes of Section 1.1, Section 1.2, Section 3 and Section 9.2), KKR PEI Associates, L.P. (solely for purposes of Section 1.4), KKR Holdings L.P. (solely for purposes of Section 4, Section 5.4, Section 5.10(b) and Section 9.10), KKR Management Holdings L.P. (solely for purposes of Section 6) and KKR Fund Holdings L.P. (solely for purposes of Section 6), as may be amended, supplemented or otherwise modified from time to time (the "Agreement"). Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Agreement.

This memorandum is intended to set forth the significant steps to be taken in order to effect the Restructuring Transactions but does not purport to be a complete summary of each step that may be taken in order to effect the Restructuring Transactions. As contemplated by the Agreement, deviations to the steps set forth herein may be made, and additional steps may be taken, so long as such deviations or additional steps would not reasonably be expected to have an adverse impact in any material respect on the Seller, the Purchaser or the holders of the Seller Common Units or are otherwise consented to by the Seller, such consent not to be unreasonably withheld.

The order in which steps are set forth herein is for ease of presentation and is not necessarily indicative of the order in which such steps will actually be implemented.

Any tax advice included in this written communication was not intended or written to be used, and it cannot be used by the taxpayer, for the purpose of avoiding any penalties that may be imposed by any governmental taxing authority or agency.

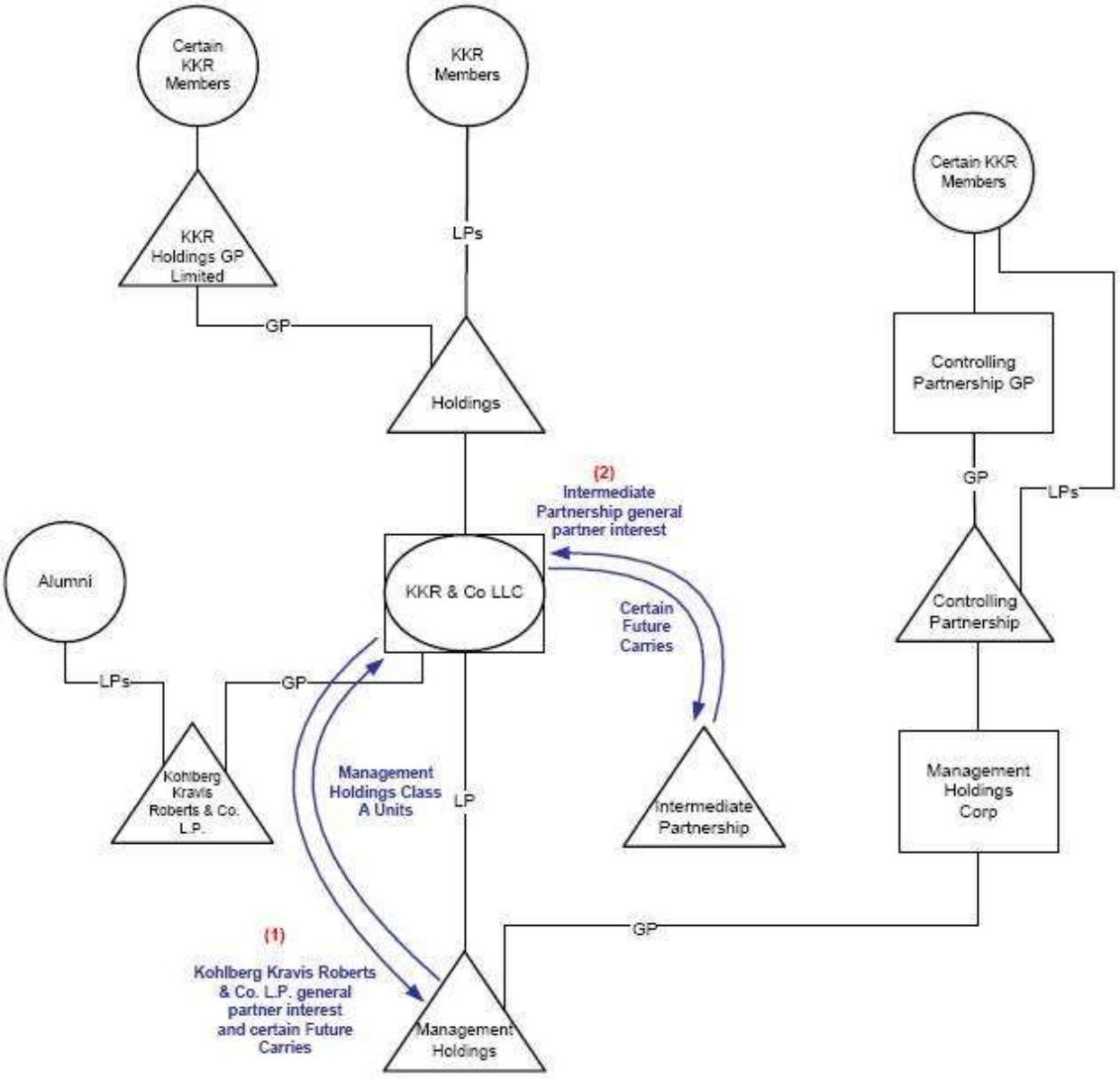
1. Transfer of Future Carries and contribution of the membership interests in KKR & Co LLC to Holdings



(1) Kohlberg Kravis Roberts & Co. L.P. will distribute the allocable rights to carried interests in respect of future investments (the "Future Carries") to KKR & Co. L.L.C. ("KKR & Co LLC"), a Delaware limited liability company.

(2) The individuals who are members ("KKR Members") of KKR & Co LLC will contribute their membership interests in KKR & Co LLC to Holdings in exchange for limited partner interests in Holdings.

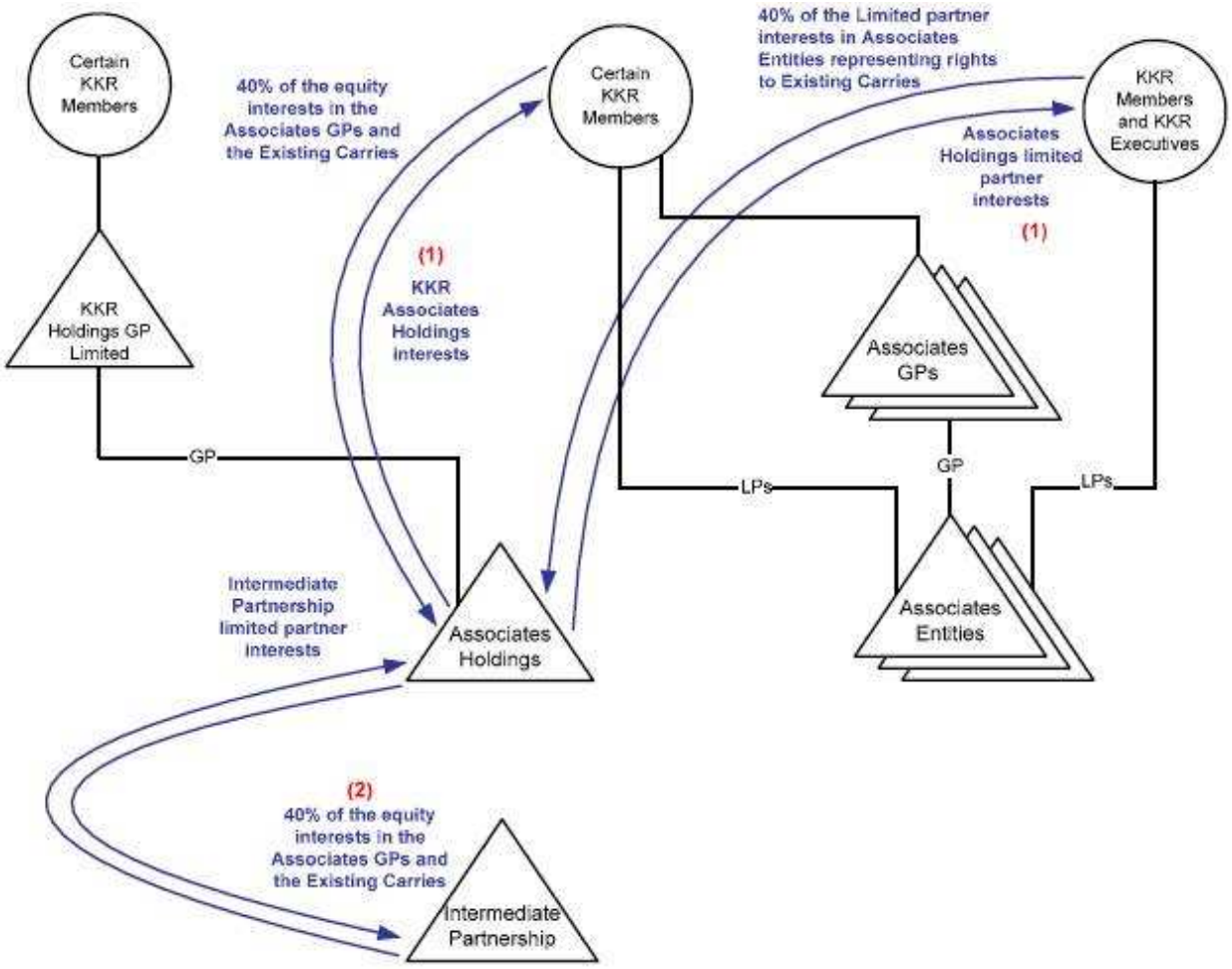
2. Restructuring of KKR & Co LLC



(1) KKR & Co LLC will contribute its general partner interest in Kohlberg Kravis Roberts & Co. L.P. and certain of the Future Carries (previously received in transaction step 1) to Management Holdings in exchange for common units ("Management Holdings Class A Units") representing limited partner interests in Mangement Holdings LP. (KKR & Co LLC will acquire additional Class A units in transaction step 5.)

(2) KKR & Co LLC will contribute the remaining Future Carries (previously received in transaction step 1) to KKR Intermediate Partnership L.P. ("Intermediate Partnership"), a Cayman Islands limited partnership, in exchange for a general partner interest in Intermediate Partnership.

3. Contribution of 40% of Carried Interests to KKR Associates Holdings

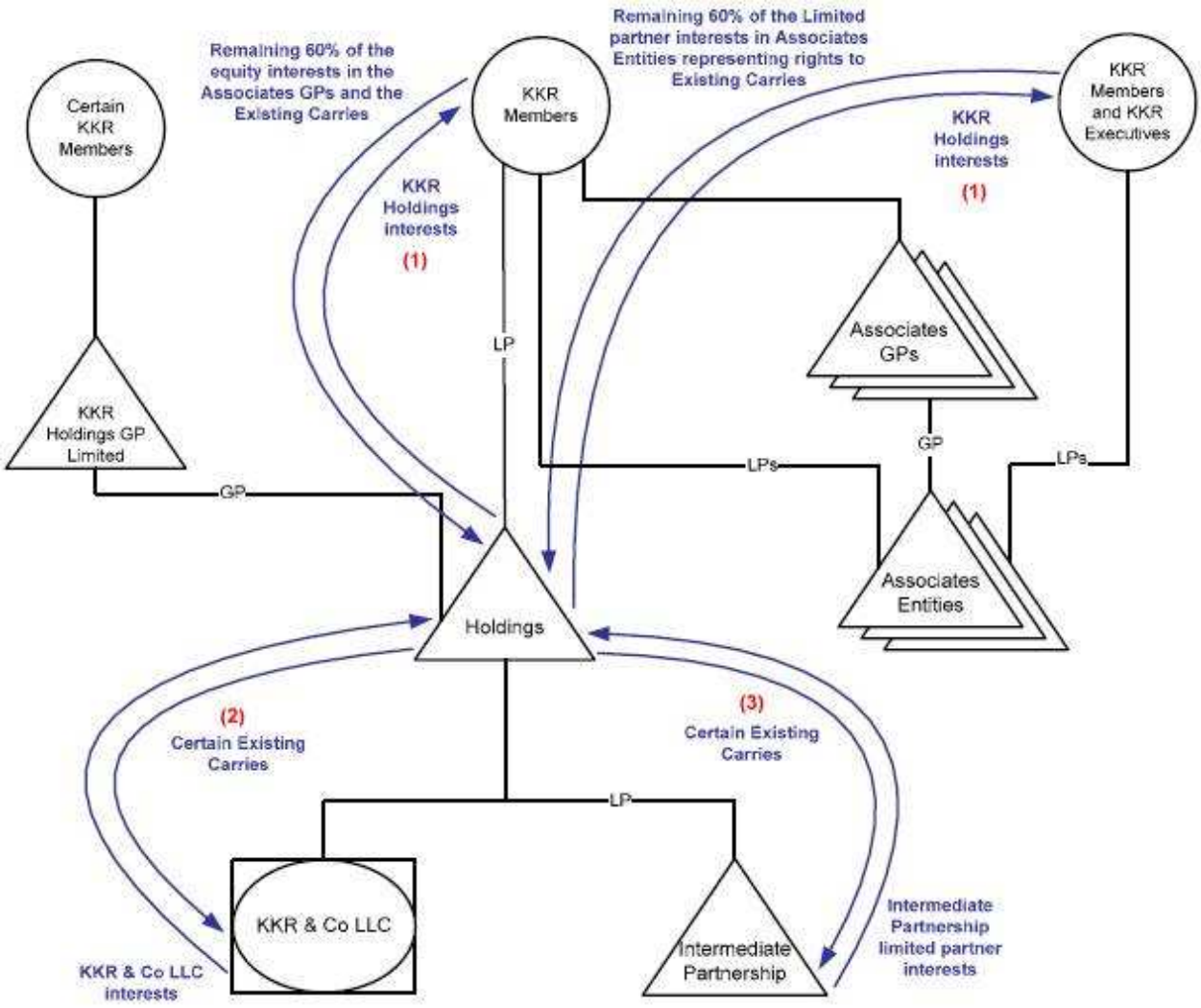


(1) The KKR Members and non-member executives (the "KKR Executives") will contribute (i) 40 percent of the class of their equity interests in those general partners (the "Associates GPs") of the various limited partnerships (the "Associates Entities") that hold the general partner interests in certain KKR Funds and in Acquired Partnership that constitute Contributed Interests, and (ii) 40 percent of the class of their limited partnership interests of the Associates Entities that constitute Contributed Interests representing rights to carried interests on existing investments (the "Existing Carries") to Associates Holdings in exchange for limited partner interests in Associates Holdings. The equity interests of certain Associates GPs contributed by the KKR Members to Associates Holdings may also represent economic rights to Existing Carries.

(2) KKR Associates Holdings will contribute the equity interests in the Associates GPs and the Existing Carries received in the immediately preceding step to Intermediate Partnership in exchange for limited partner interests in Intermediate Partnership.

Certain KKR Members will retain the interests of a separate KKR affiliated entity ("KKR SLP Limited") that will be issued (immediately prior to step (1) above) a non-economic limited partner interest in each non-U.S. Associates Entity that will provide KKR SLP Limited with voting power relating to foreign subsidiaries held by the foreign KKR Funds.

4. Contribution of 60% of Carried Interests to KKR Holdings

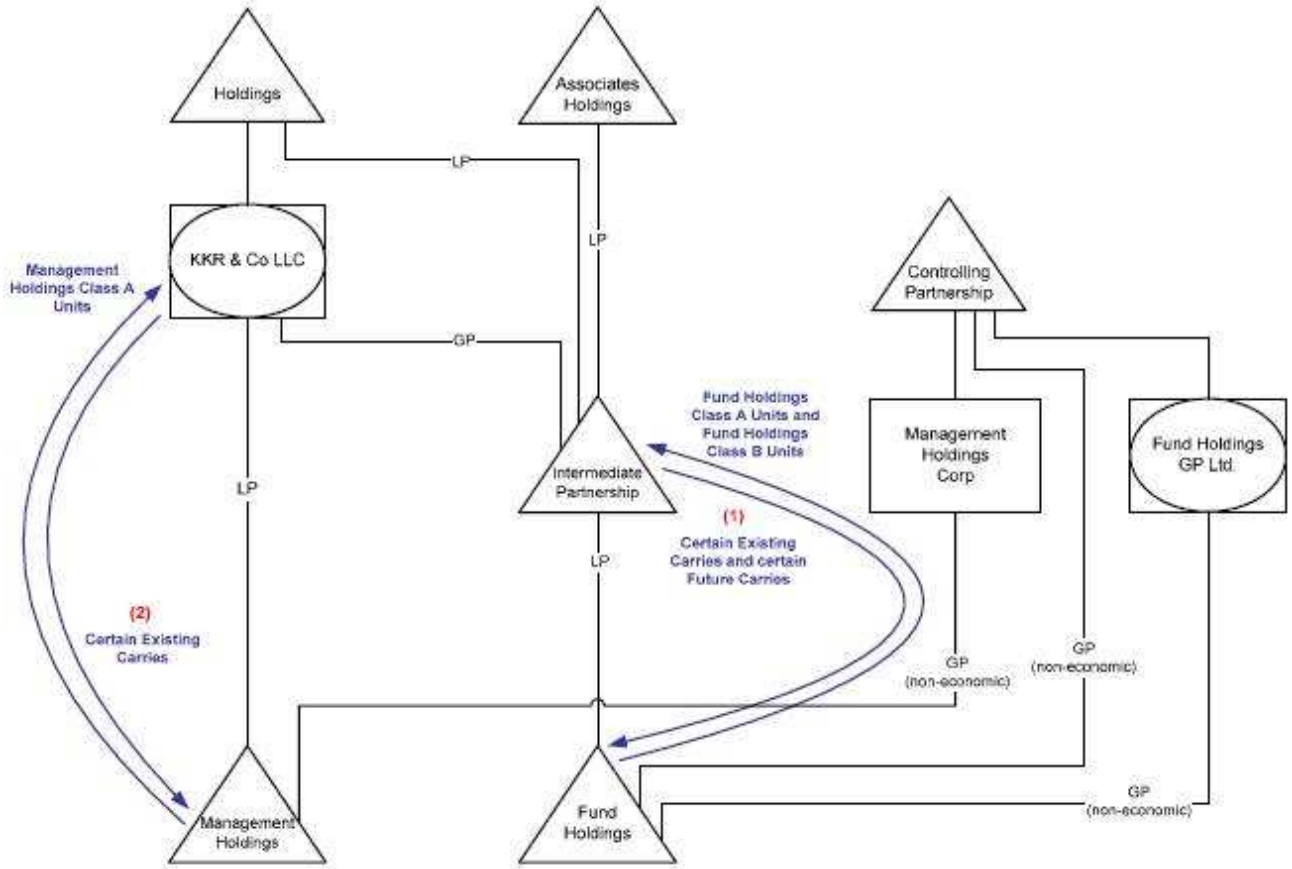


(1) The KKR Members and KKR Executives will contribute the remaining 60 percent of the class of their equity interests in the Associates GPs that constitute Contributed Interests and 60 percent of the class of their limited partnership interests of the Associates Entities that constitute Contributed Interests and represent Existing Carries to Holdings in exchange for limited partner interests in Holdings.

(2) KKR Holdings will contribute certain of the equity interests in the Associates GPs and the Existing Carries received in the immediately preceding step to KKR & Co LLC in exchange for additional KKR & Co LLC interests.

(3) KKR Holdings will contribute the remaining equity interests in the Associates GPs and the remaining Existing Carries to Intermediate Partnership in exchange for limited partner interests in Intermediate Partnership.

5. Contribution of Carried Interests to the Group Partnerships

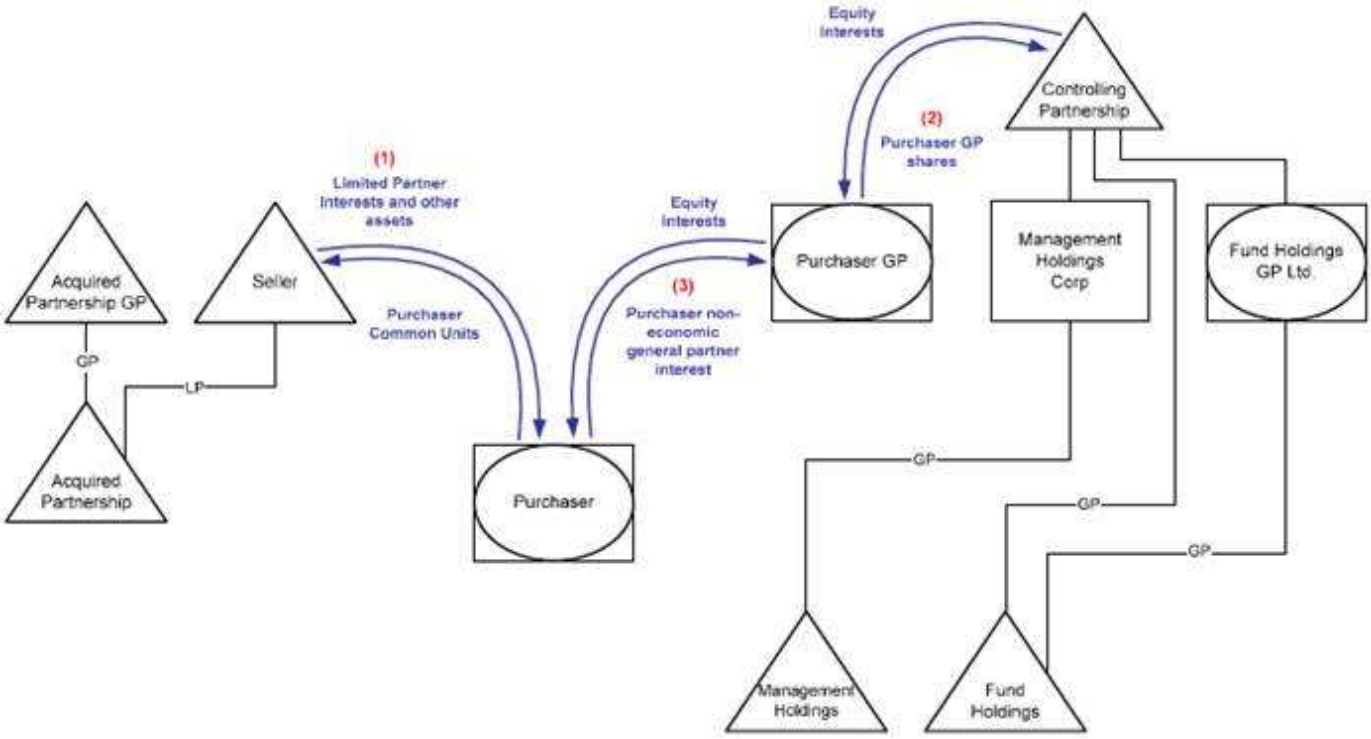


(1) Intermediate Partnership will contribute certain of the Future Carries and certain of the Existing Carries to Fund Holdings in exchange for a combination of (i) common units ("Fund Holdings Class A Units") representing limited partner interests in Fund Holdings, and (ii) a separate class of units ("Fund Holdings Class B Units") that entitle Intermediate Partnership to 40 percent of all distributions in respect of the Existing Carries contributed to Fund Holdings by Intermediate Partnership.

(2) KKR & Co LLC will contribute certain of the Existing Carries to Management Holdings in exchange for additional Management Holdings Class A Units representing limited partner interests in Management Holdings.

The Fund Holdings Class A Units received by Intermediate Partnership in this transaction step 5 and the Management Holdings Class A units received by KKR & Co LLC in this transaction step 5 (and in previous transaction Step 2) will collectively provide Holdings with a 70 percent economic interest in each Group Partnership (after taking into account the economic interest of the holder of Class B units issued by Management Holdings and Fund Holdings).

6. The Purchase and Sale and certain transfers by Controlling Partnership

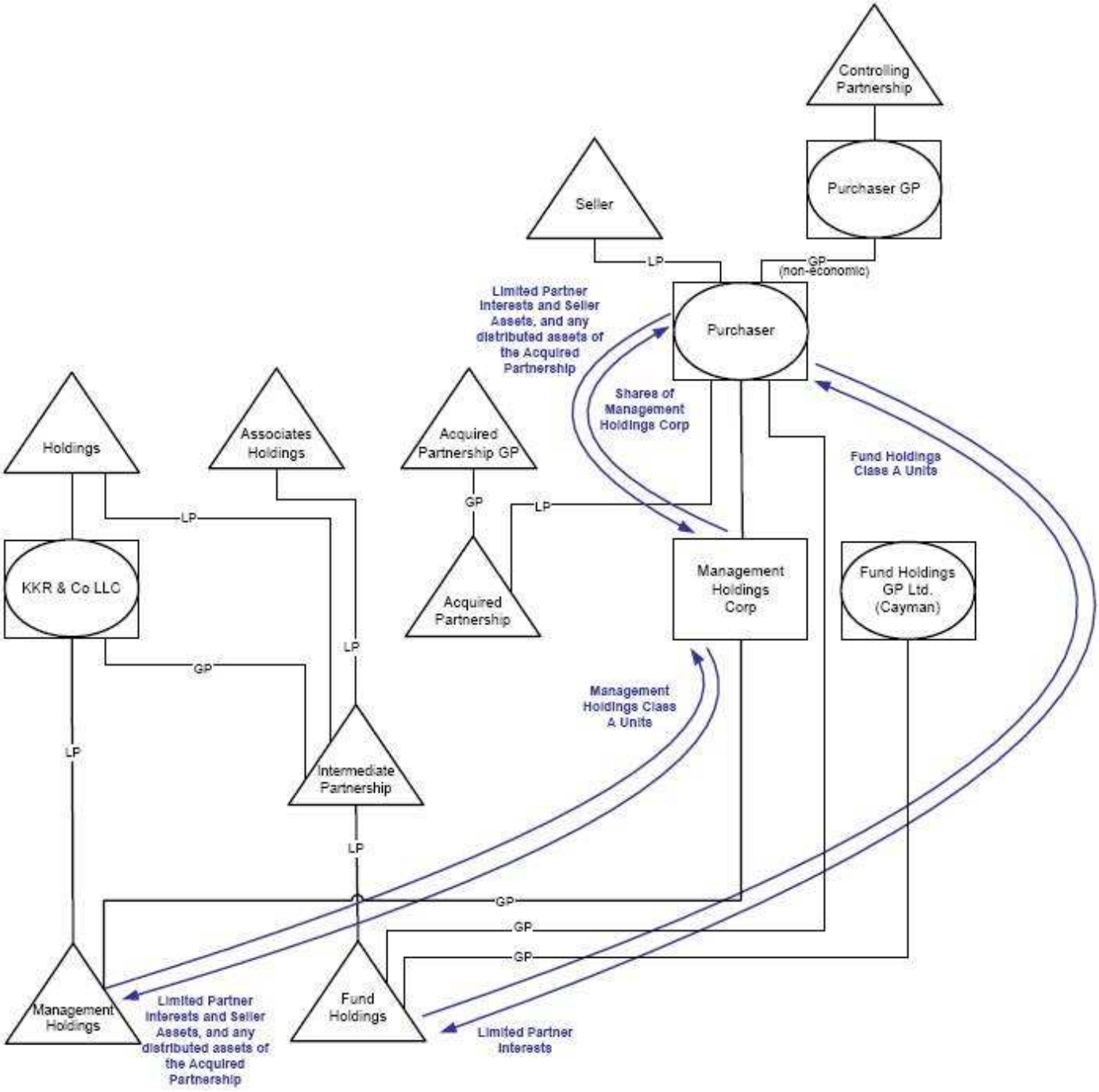


(1) Pursuant to Section 1.1 of the Agreement, the Seller will transfer to the Purchaser the Limited Partner Interests and all other assets of the Seller, in exchange for Purchaser Common Units.

(2) Controlling Partnership will transfer to KKR Group Limited ("Purchaser GP"), a Cayman Islands limited company, all of the equity interests in: (i) KKR Management Holdings Corp. ("Management Holdings Corp"), a Delaware corporation, (ii) Fund Holdings GP Ltd., a Cayman Islands limited company, and (iii) Fund Holdings, in exchange for all of the shares of Purchaser GP

(3) Purchaser GP will transfer to the Purchaser all of the equity interests received in the immediately preceding step in exchange for a non-economic general partner interest in the Purchaser.

7. Transfer of Assets to the Group Partnerships



The Purchaser will contribute all of the Limited Partner Interests and any assets of the Seller (the "Seller Assets"), and any assets of the Acquired Partnership distributed to the Purchaser in respect of the Limited Partner Interests, directly or indirectly, to the Group Partnerships in exchange for Management Holdings Class A Units and Fund Holdings Class A Units that represent a general partner interest and provide a direct or indirect 30 percent economic interest in each respective Group Partnership (after taking into account the economic interests entitled to the Management Holdings Class B Units and Fund Holdings Class B Units).

Exhibit D

A copy of this document has been filed as Exhibit 2.2 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

Exhibit E

This document is superseded in its entirety by the Form of Exchange Agreement, a copy of which has been filed as Exhibit 10.6 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

Exhibit F

A copy of this document has been filed as Exhibit 10.9 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

Exhibit G

SECOND AMENDED AND RESTATED

LIMITED PARTNERSHIP AGREEMENT

OF

KKR GROUP HOLDINGS L.P.

dated as of October 1, 2009

THE PARTNERSHIP UNITS OF KKR GROUP HOLDINGS L.P. HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES LAWS OF ANY STATE, PROVINCE OR ANY OTHER APPLICABLE SECURITIES LAWS AND ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. SUCH UNITS MUST BE ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR PROVINCE, AND ANY OTHER APPLICABLE SECURITIES LAWS; AND (II) THE TERMS AND CONDITIONS OF THIS AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT. THE UNITS MAY NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS AND THIS LIMITED PARTNERSHIP AGREEMENT. THEREFORE, PURCHASERS AND OTHER TRANSFEREES OF SUCH UNITS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT OR ACQUISITION FOR AN INDEFINITE PERIOD OF TIME.

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SECOND AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT
OF
KKR GROUP HOLDINGS L.P.

THIS SECOND AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF KKR GROUP HOLDINGS L.P. dated as of October 1, 2009, is entered into by and among KKR Group Limited, an exempted limited company formed under the laws of the Cayman Islands, as general partner, William J. Janetschek, as withdrawing limited partner (the " Withdrawing Limited Partner "), together with any other Persons who become Partners in the Partnership or parties hereto as provided herein.

WHEREAS, the Partnership was formed and registered as an exempted limited partnership pursuant to the Act (as defined herein), by the filing of a statement with respect to section 9 of the Act (the " Statement ") with the Registrar of Exempted Limited Partnerships in the Cayman Islands and the execution by the General Partner and the Withdrawing Limited Partner of the Limited Partnership Agreement of the Partnership dated July 17, 2009 (the " Original Agreement ");

WHEREAS, the Original Agreement was amended and restated on August 4, 2009 by and among KKR Group Limited, the Withdrawing Limited Partner and KPE (the " First Amended and Restated Limited Partnership Agreement ") to provide for the governance of the Partnership and to set forth in detail their respective rights and duties relating to the Partnership and to amend and restate the Original Agreement in its entirety; and

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto agree to amend and restate the First Amended and Restated Limited Partnership Agreement in its entirety to read as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Definitions .

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

" *Act* " means the Exempted Limited Partnership Law (2007 Revision) of the Cayman Islands, as it may be amended from time to time.

" *Acquired Partnership Interests* " means the limited partner interests in KKR PEI Investments L.P., a Guernsey limited partnership .

" *Affiliate* " means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

" *Agreement* " means this Second Amended and Restated Limited Partnership Agreement of KKR Group Holdings L.P., as it may be amended, supplemented or restated from time to time.

" *Associate* " means, when used to indicate a relationship with any Person, (a) any corporation, other entity or organization of which such Person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock or other voting interest; (b) any trust or other estate in which such Person has at least a 20% beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same principal residence as such Person.

" *Beneficial Owner* " has the meaning assigned to such term in Rules 13d-3 and 13d-5 under the Securities Exchange Act (and "Beneficially Own" and "Beneficial Ownership" shall have correlative meanings).

" *Capital Account* " has the meaning assigned to such term in Section 6.1.

" *Capital Contribution* " means any cash or cash equivalents or other property valued at its fair market value that a Partner contributes to the Partnership pursuant to this Agreement.

" *Carrying Value* " means, with respect to any Partnership asset, the asset's adjusted basis for U.S. federal income tax purposes, except that the initial carrying value of assets contributed to the Partnership shall be their respective gross fair market values on the date of contribution as determined by the General Partner, and the Carrying Values of all Partnership assets shall be adjusted to equal their respective fair market values, in accordance with the rules set forth in United States Treasury Regulation Section 1.704-1(b)(2)(iv)(f), except as otherwise provided herein, as of: (a) the date of the acquisition of any additional Partnership Interest by any new or existing Partner in exchange for more than a *de minimis* Capital Contribution; (b) the date of the distribution of more than a *de minimis* amount of Partnership assets to a Partner in exchange for a Partnership Interest; (c) the date a Partnership Interest is relinquished to the Partnership; (d) the date that the Partnership issues more than a *de minimis* Partnership Interest to a new Partner in exchange for services; or (e) any other date specified in the United States Treasury Regulations; provided however that adjustments pursuant to clauses (a), (b) (c), (d) and (e) above shall be made only if such adjustments are deemed necessary or appropriate by the General Partner to reflect the relative economic interests of the Partners. In the case of any asset that has a Carrying Value that differs from its adjusted tax basis, Carrying Value shall be adjusted by the amount of depreciation calculated for purposes of the definition of "Net Income (Loss)" rather than the amount of depreciation determined for U.S. federal income tax purposes.

" *Certificate* " means a certificate, in such form as may be adopted by the General Partner, issued by the Partnership evidencing ownership of one or more Common Units or a certificate, in such form as may be adopted by the General Partner, issued by the Partnership evidencing ownership of one or more other Partnership Securities.

" *Class* " means the classes of Units into which the interests in the Partnership may be classified or divided from time to time pursuant to the provisions of this Agreement.

" *Code* " means the U.S. Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of any successor law.

" *Combined Interest* " has the meaning assigned to such term in Section 11.3(a).

" *Commission* " means the U.S. Securities and Exchange Commission.

" *Common Unit* " means a Limited Partner Interest representing a fractional part of the Limited Partner Interests of all Limited Partners and having the rights and obligations specified with respect to Common Units in this Agreement.

" *Conflicts Committee* " means a committee of the board of directors of KKR Management LLC composed entirely of one or more directors or managers who meet the independence standards (but not, for the avoidance of doubt, the financial literacy or financial expert qualifications) required to serve on an audit committee of a board of directors established by the Securities Exchange Act and the rules and regulations of the New York Stock Exchange; provided, however, that to the extent such committee shall not have been fully constituted, "Conflicts Committee" means the independent directors of the Board of Directors of the general partner of KPE.

" *Departing General Partner* " means a former General Partner from and after the effective date of any withdrawal of such former General Partner pursuant to Section 11.1.

" *Disabling Event* " means the events specified in section 15(5) of the Act relative to the sole or last general partner of the Partnership.

" *Effective Time* " shall have the meaning set forth in the Purchase and Sale Agreement.

" *Encumbrance* " means any mortgage, claim, lien, encumbrance, conditional sales or other title retention agreement, right of first refusal, preemptive right, pledge, option, charge, security interest or other similar interest, easement, judgment or imperfection of title of any nature whatsoever.

" *ERISA* " means the U.S. Employee Retirement Income Security Act of 1974, as amended.

" *Event of Withdrawal* " has the meaning assigned to such term in Section 11.1(a).

" *Exchange Agreement* " means one or more exchange agreements providing for the exchange of Group Partnership Units or other securities issued by members of the Group Partnership Group for common units of KPE, as contemplated by the Purchase and Sale Agreement.

" *First Amended and Restated Limited Partnership Agreement* " has the meaning set forth in the preamble of this Agreement.

" *Fiscal Year* " has the meaning assigned to such term in Section 8.2.

" *Fund* " has the meaning assigned to such term in Section 7.7(a).

" *General Partner* " means KKR Group Limited, a Cayman Islands exempted limited company and wholly-owned subsidiary of KKR & Co. L.P., as the general partner of the Partnership and any successor or permitted assign that is admitted to the Partnership as general partner of the Partnership, each in its capacity as a general partner of the Partnership (except as the context otherwise requires).

" *General Partner Interest* " means the direct or indirect management and ownership interest of the General Partner in the Partnership (in its capacity as a general partner of the Partnership without reference to any Limited Partner Interest held by it), and includes any and all benefits to which a General Partner is entitled as provided in this Agreement, together with all obligations of a General Partner to comply with the terms and provisions of this Agreement.

" *General Partner Unit* " means a fractional part of the interest of the General Partner in the Partnership.

" *Group* " means a Person that with or through any of its Affiliates or Associates has any contract, arrangement, understanding or relationship for the purpose of acquiring, holding, voting, exercising investment power or disposing of any Partnership Securities with any other Person that Beneficially Owns, or whose Affiliates or Associates Beneficially Own, directly or indirectly, Partnership Interests.

" *Group Member* " means a member of the Partnership Group.

" *Group Partnership I* " means KKR Management Holdings L.P., a Delaware limited partnership, and any successor thereto.

" *Group Partnership I General Partner* " means KKR Management Holdings Corp., a Delaware corporation and the general partner of Group Partnership I, and any successor thereto.

" *Group Partnership II* " means KKR Fund Holdings L.P., a Cayman limited partnership, and any successor thereto.

" *Group Partnership II General Partners* " means the Partnership and KKR Fund Holdings GP Limited, a Cayman limited company, as general partners of Group Partnership II, and any successor thereto.

"*Group Partnership Agreements* " means, collectively, the Amended and Restated Limited Partnership Agreement of Group Partnership I and the Amended and Restated Limited Partnership Agreement of Group Partnership II (and the partnership agreement then in effect of any future partnership designated as a Group Partnership), as they may each be amended, supplemented or restated from time to time.

" *Group Partnership General Partners* " means, collectively, Group Partnership I General Partner and Group Partnership II General Partners (and the general partner of any future partnership designated as a Group Partnership).

" *Group Partnership Group* " means, collectively, the Group Partnerships and their respective Subsidiaries.

" *Group Partnership Unit* " means, collectively, one partnership unit in each of Group Partnership I and Group Partnership II (and any future partnership designated as a Group Partnership) issued under its respective Group Partnership Agreement.

" *Group Partnerships* " means, collectively, Group Partnership I and Group Partnership II (and any future partnership designated as a Group Partnership).

" *Indemnitee* " means (a) KKR Management LLC, (b) KKR & Co. L.P., (c) the General Partner, (d) any Departing General Partner, (e) any Person who is or was an Affiliate of the General Partner or any Departing General Partner, (f) any Person who is or was a member, partner, Tax Matters Partner (as defined in the Code), officer, director, employee, agent, fiduciary or trustee of any Group Member, any Group Partnership, the Partnership and its Subsidiaries, the General Partner or any Departing General Partner or any Affiliate of any Group Member, the General Partner or any Departing General Partner, (g) any Person who is or was serving at the request of the General Partner or any Departing General Partner or any Affiliate of the General Partner or any Departing General Partner as an officer, director, employee,

member, partner, Tax Matters Partner (as defined in the Code), agent, fiduciary or trustee of another Person; provided that a Person shall not be an Indemnitee by reason of providing, on a fee-for-services basis or similar arms-length compensatory basis, agency, advisory, consulting, trustee, fiduciary or custodial services and (h) any Person the General Partner in its sole discretion designates as an "Indemnitee" for purposes of this Agreement.

" *Initial Limited Partner* " means KPE upon being admitted to the Partnership in accordance with Section 10.1.

" *Investment Agreement* " means the investment agreement between the Partnership, KKR & Co. L.P. and the other parties thereto, as amended from time to time.

" *KKR & Co. L.P.* " means KKR & Co. L.P., a Delaware limited partnership.

" *KKR Holdings* " means KKR Holdings L.P., a Cayman limited partnership.

" *KKR Management LLC* " means KKR Management LLC, a Delaware limited liability company and general partner of KKR & Co. L.P.

"KPE" means KKR Private Equity Investors, L.P., a Guernsey limited partnership .

" *KPE Transaction* " means the transaction contemplated in the Purchase and Sale Agreement.

" *Limited Partner* " means, unless the context otherwise requires, the Initial Limited Partner, each additional Person that acquires a Limited Partner Interest and is admitted to the Partnership as a limited partner of the Partnership pursuant to the terms of this Agreement and any Departing General Partner upon the change of its status from General Partner to Limited Partner pursuant to Section 11.3, in each case, in such Person's capacity as a limited partner of the Partnership as long as such Person holds at least one Limited Partner Interest. For purposes of the Act, the Limited Partners shall constitute a single class or group of limited partners.

" *Limited Partner Interest* " means the ownership interest of a Limited Partner in the Partnership, which may be evidenced by Common Units or other Partnership Securities or a combination thereof or interest therein, and includes any and all benefits to which such Limited Partner is entitled as provided in this Agreement, including voting rights, together with all obligations of such Limited Partner to comply with the terms and provisions of this Agreement.

" *Liquidation Date* " means (a) in the case of an event giving rise to the dissolution of the Partnership of the type described in clauses (a) and (b) of the first sentence of Section 12.2, the date on which the applicable time period during which the holders of Outstanding Units have the right to elect to continue the business of the Partnership has expired without such an election being made, and (b) in the case of any other event giving rise to the dissolution of the Partnership, the date on which such event occurs.

" *Liquidator* " means the General Partner or one or more Persons as may be selected by the General Partner to perform the functions described in Section 12.3 as liquidating trustee of the Partnership within the meaning of the Act.

" *Merger Agreement* " has the meaning assigned to such term in Section 14.1.

" *Net Income (Loss)* " for any Fiscal Year (or other fiscal period) means the taxable income or loss of the Partnership for such period as determined in accordance with the accounting method used by the Partnership for U.S. federal income tax purposes with the following adjustments: (i) any income of the Partnership that is exempt from U.S. federal income taxation and not otherwise taken into account in computing Net Income (Loss) shall be added to such taxable income or loss; (ii) if the Carrying Value of any asset differs from its adjusted tax basis for U.S. federal income tax purposes, any depreciation, amortization or gain or loss resulting from a disposition of such asset shall be calculated with reference to such Carrying Value; (iii) upon an adjustment to the Carrying Value of any asset, pursuant to the definition of Carrying Value, the amount of the adjustment shall be included as gain or loss in computing such taxable income or loss; and (iv) any expenditures of the Partnership not deductible in computing taxable income or loss, not properly capitalizable and not otherwise taken into account in computing Net Income (Loss) pursuant to this definition shall be treated as deductible items.

" *Opinion of Counsel* " means a written opinion of counsel or, in the case of tax matters, a qualified tax advisor (who may be regular counsel or tax adviser, as the case may be, to the Partnership or the General Partner or any of its Affiliates) acceptable to the General Partner in its discretion.

" *Original Agreement* " has the meaning assigned to such term in the preamble of this Agreement.

" *Outstanding* " means, with respect to Partnership Securities, all Partnership Securities that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination; provided however that if at any time any Person or Group (other than the General Partner or its Affiliates) Beneficially Owns 20% or more of any class of Outstanding Common Units, all Common Units owned by such Person or Group shall not be entitled to be voted on any matter and shall not be considered to be Outstanding when sending notices of a meeting of Limited Partners to vote on any matter (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under this Agreement (such Common Units shall not, however, be treated as a separate class of Partnership Securities for purposes of this Agreement); provided further that the foregoing limitation shall not apply (i) to KPE, (ii) to any Person or Group who acquired 20% or more of any Outstanding Common Units of any class then Outstanding directly from the General Partner or its Affiliates, (iii) to any Person or Group who acquired 20% or more of any Outstanding Common Units of any class then Outstanding directly or indirectly from a Person or Group described in clause (ii) provided that the General Partner shall have notified such Person or Group in writing that such limitation shall not apply or (iv) to any Person or Group who acquired 20% or more of any Common Units issued by the Partnership with the prior approval of the General Partner. The determinations of the matters described in clauses (ii), (iii) and (iv) of the foregoing sentence shall be conclusively determined by the General Partner in its sole discretion, which determination shall be final and binding on all Partners.

" *Partners* " means the General Partner and the Limited Partners.

" *Partnership* " means KKR Group Holdings L.P., a limited partnership formed under the laws of the Cayman Islands.

" *Partnership Group* " means the Partnership and its Subsidiaries treated as a single consolidated entity.

" *Partnership Interest* " means an interest in the Partnership, which shall include the General Partner Interests and Limited Partner Interests.

" *Partnership Security* " means any equity interest in the Partnership (but excluding any options, rights, warrants and appreciation rights relating to an equity interest in the Partnership), including without limitation Common Units and General Partner Units.

" *Percentage Interest* " means, as of any date of determination, (i) as to any holder of Common Units in its capacity as such, the quotient obtained by dividing (x) the number of Common Units held by such holder by (y) the total number of all Outstanding Common Units, and (ii) as to any holder of General Partner Units in its capacity as such with respect to such General Partner Units, 0%.

" *Person* " means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association (including any group, organization, co-tenancy, plan, board, council or committee), government (including a country, state, county, or any other governmental or political subdivision, agency or instrumentality thereof) or other entity (or series thereof).

" *Pro Rata* " means (a) in respect of Units or any class thereof, apportioned equally among all designated Units, and (b) in respect of Partners or Record Holders, apportioned among all Partners or Record Holders, as the case may be, in accordance with their relative Percentage Interests.

" *Purchase and Sale Agreement* " means the amended and restated purchase and sale agreement between the Partnership, KPE and the other parties thereto, dated July 19, 2009.

" *Quarter* " means, unless the context requires otherwise, a fiscal quarter of the Partnership, or with respect to the first fiscal quarter of the Partnership after the Effective Time the portion of such fiscal quarter after the Effective Time or, with respect to the final fiscal quarter of the Partnership, the relevant portion of such fiscal quarter.

" *Record Date* " means the date and time established by the General Partner pursuant to Section 13.4 or, if applicable, the Liquidator pursuant to Section 12.4, in each case in its sole discretion for determining (a) the identity of the Record Holders entitled to notice of, or to vote at, any meeting of Limited Partners or entitled to vote by ballot or give approval of Partnership action in writing without a meeting or entitled to exercise rights in respect of any lawful action of Limited Partners or (b) the identity of Record Holders entitled to receive any report or distribution or to participate in any offer or other business of the Partnership.

" *Record Holder* " means the Person in whose name a Partnership Interest is registered on the books of the Partnership as of the Record Date.

" *Securities Act* " means the U.S. Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

" *Securities Exchange Act* " means the U.S. Securities Exchange Act of 1934, as amended, supplemented or restated from time to time and any successor to such statute.

" *Similar Law* " means any law or regulation that could cause the underlying assets of the Partnership to be treated as assets of the Limited Partner by virtue of its limited partner interest in the Partnership and thereby subject the Partnership, the General Partner, KKR & Co. L.P. or KKR Management LLC (or other persons responsible for the investment and operation of the Partnership's assets) to laws that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the Code.

" *Special Approval* " means either (a) approval by a majority of the members of the Conflicts Committee or, if there is only one member of the Conflicts Committee, approval by the sole member of the Conflicts Committee, or (b) approval by the vote of the Record Holders representing a majority of the voting power of the Voting Units (excluding Voting Units owned by the General Partner and its Affiliates).

" *Statement* " has the meaning assigned to such term in the preamble of this Agreement.

" *Subsidiary* " means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person or (d) any other Person the financial information of which is consolidated by such Person for financial reporting purposes under U.S. GAAP.

" *Tax Receivable Agreement* " means the Tax Receivable Agreement to be entered into substantially concurrently with the KPE Transaction among KPE and KKR Holdings, or certain transferees of its limited partner interests in the Group Partnerships.

" *Unit* " means a Partnership Interest that is designated as a "Unit" and shall include Common Units and General Partner Units.

" *Unitholders* " means the holders of Units.

" *U.S. GAAP* " means U.S. generally accepted accounting principles consistently applied.

" *US Listing* " shall have the meaning set forth in the Investment Agreement.

" *Voting Unit* " means a Common Unit and any other Partnership Interest that is designated as a "Voting Unit" from time to time.

" *Withdrawing Limited Partner* " has the meaning assigned to such term in the preamble to this Agreement.

SECTION 1.2. Construction .

Unless the context requires otherwise: (a) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (b) references to Articles and Sections refer to Articles and Sections of this Agreement; and (c) the terms "include," "includes," "including" or words of like import shall be deemed to be followed by the words "without limitation;" and the terms "hereof," "herein" or "hereunder" refer to this Agreement as a whole and not to any particular provision of this Agreement. The

table of contents and headings contained in this Agreement are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement.

ARTICLE II

ORGANIZATION

SECTION 2.1. Formation .

The Partnership was formed and registered as an exempted limited partnership under the provisions of the Act by the filing on July 17, 2009 of the Statement as provided in the preamble of this Agreement and the execution of the Original Agreement. If requested by a General Partner, the Limited Partners shall promptly execute all certificates and other documents consistent with the terms of this Agreement necessary for a General Partner to accomplish all filing, recording, publishing and other acts as may be appropriate to comply with all requirements for (a) the formation and operation of an exempted limited partnership under the laws of the Cayman Islands, (b) if a General Partner deems it advisable, the operation of the Partnership as a limited partnership, or partnership in which the Limited Partners have limited liability, in all jurisdictions where the Partnership proposes to operate and (c) all other filings required to be made by the Partnership.

SECTION 2.2. Name .

The name of the Partnership shall be "KKR Group Holdings L.P." The Partnership's business may be conducted under any other name or names as determined by the General Partner in its sole discretion, including the name of the General Partner. The words "Limited Partnership," "LP," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purpose of complying with the laws of any jurisdiction that so requires. The General Partner may change the name of the Partnership at any time and from time to time by filing an amendment to the Statement and Original Agreement (and upon any such filing this Agreement shall be deemed automatically amended to change the name of the Partnership) and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

SECTION 2.3. Registered Office .

To the extent required by the Act, the Partnership will continuously maintain a registered office at the offices of Maples Corporate Services Limited, Ugland House, PO Box 309, George Town, Grand Cayman KY1-1104, Cayman Islands or at such other place within the Cayman Islands as a General Partner from time to time may select.

SECTION 2.4. Purpose and Business .

The Partnership was formed for the object and purpose of, and the nature and character of the business to be conducted by the Partnership is, engaging in any lawful act or activity to be carried out and undertaken either in or from within the Cayman Islands or elsewhere, including holding limited and general partner interests in other limited partnerships, upon the terms, with the rights and powers, and subject to the conditions, limitations, restrictions and liabilities set forth herein.

SECTION 2.5. Powers .

Subject to the limitations set forth in this Agreement, the Partnership will possess and may exercise all of the powers and privileges granted to it by the Act including, without limitation, the

ownership and operation of the assets contributed to the Partnership by the Partners, by any other law or this Agreement, together with all powers incidental thereto, so far as such powers are necessary or convenient to the conduct, promotion or attainment of the purpose of the Partnership set forth in Section 2.4.

SECTION 2.6. Term .

The term of the Partnership commenced on the execution of the Original Agreement, and the term shall continue until the dissolution of the Partnership in accordance with Article XII. The existence of the Partnership shall continue until a notice of dissolution signed by a General Partner has been filed with the Cayman Islands Registrar of Exempted Limited Partnerships.

SECTION 2.7. Title to Partnership Assets .

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, one or more of its Affiliates or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership assets for which record title is held in the name of the General Partner or one or more of its Affiliates or one or more nominees shall be held by the General Partner or such Affiliate or nominee for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided however, that the General Partner shall use reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner in its sole discretion determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable; provided further that prior to the withdrawal of the General Partner or as soon thereafter as practicable, the General Partner shall use reasonable efforts to effect the transfer of record title to the Partnership and, prior to any such transfer, will provide for the use of such assets in a manner satisfactory to the General Partner. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership assets is held.

SECTION 2.8. Certain Undertakings Relating to the Separateness of the Partnership .

(a) Separateness Generally . The Partnership shall conduct its business and operations separate and apart from those of any other Person (other than the General Partner) in accordance with this Section 2.8.

(b) Separate Records . The Partnership shall maintain (i) its books and records, (ii) its accounts, and (iii) its financial statements separate from those of any other Person except for a Person whose financial results are required to be consolidated with the financial results of the Partnership.

(c) No Effect . Failure by the General Partner or the Partnership to comply with any of the obligations set forth above shall not affect the status of the Partnership as a separate legal entity, with its separate assets and separate liabilities.

SECTION 2.9. Withdrawing Limited Partner .

The execution of this Agreement by the Withdrawing Limited Partner constitutes his withdrawal as a limited partner of the Partnership as of the Effective Time. Because of such withdrawal, the

Withdrawing Limited Partner has no further right, interest or obligation of any kind whatsoever as a limited partner of the Partnership, effective immediately after Effective Time. Any capital contribution of the Withdrawing Limited Partner will be returned to him at the Effective Time.

ARTICLE III

RIGHTS OF LIMITED PARTNERS

SECTION 3.1. Limitation of Liability .

The Limited Partners shall have no liability under this Agreement except as expressly provided in this Agreement or the Act.

SECTION 3.2. Management of Business .

No Limited Partner, in its capacity as such, shall take part in the operation, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. Any action taken by any Affiliate of the General Partner or any officer, director, employee, manager, member, general partner, agent or trustee of the General Partner or any of its Affiliates, or any officer, director, employee, manager, member, general partner, agent or trustee of a Group Member, in its capacity as such, shall not be deemed to be taking part in the conduct of the business of the Partnership by a limited partner of the Partnership and shall not affect, impair or eliminate the limitations on the liability of the Limited Partners under this Agreement or the Act.

SECTION 3.3. Outside Activities of the Limited Partners .

Any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership Group or an Affiliate of a Group Member. Neither the Partnership nor any of the other Partners shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner.

SECTION 3.4. Rights of Limited Partners .

(a) In addition to other rights provided by this Agreement or by applicable law, and except as limited by Section 3.4(b), each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a Limited Partner in the Partnership, upon reasonable written demand stating the purpose of such demand and at such Limited Partner's own expense:

(i) promptly after its becoming available, to obtain a copy of the Partnership's U.S. federal income tax returns for each year; and

(ii) to obtain a copy of this Agreement and the Original Agreement and all amendments thereto, together with a copy of the executed copies of all powers of attorney pursuant to which this Agreement, the Original Agreement and all amendments thereto have been executed.

(b) The General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its sole discretion, (i) any information that the General Partner reasonably believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner believes (A) is not in the best interests of the Partnership Group, (B) could damage the

Partnership Group or its business or (C) that any Group Member is required by law or by agreement with any third party to keep confidential (other than agreements with Affiliates of the Partnership the primary purpose of which is to circumvent the obligations set forth in this Section 3.4).

ARTICLE IV

CERTIFICATES; RECORD HOLDERS; TRANSFER OF PARTNERSHIP INTERESTS; REDEMPTION OF PARTNERSHIP INTERESTS

SECTION 4.1. Certificates .

Notwithstanding anything otherwise to the contrary herein, unless the General Partner shall determine otherwise in respect of some or all of any or all Classes of Partnership Interests, Partnership Interests shall not be evidenced by Certificates. Certificates that may be issued shall be executed on behalf of the Partnership by the General Partner (and by any appropriate officer of the General Partner on behalf of the General Partner).

SECTION 4.2. [Intentionally omitted] .

SECTION 4.3. Record Holders .

The Partnership shall be entitled to recognize the Record Holder as the owner with respect to any Partnership Interest and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Partnership Interest on the part of any other Person, regardless of whether the Partnership shall have actual or other notice thereof, except as otherwise required by law or applicable rule, regulation or guideline. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring or holding Partnership Interests, as between the Partnership on the one hand, and such other Persons on the other, such representative Person shall be the Record Holder of such Partnership Interest.

SECTION 4.4. Transfer Generally .

(a) The term “transfer,” when used in this Agreement with respect to a Partnership Interest, shall be deemed to refer to a transaction (i) by which the General Partner assigns its General Partner Units to another Person who becomes a General Partner, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange, or any other disposition by law or otherwise or (ii) by which the holder of a Limited Partner Interest assigns such Limited Partner Interest to another Person, and includes a sale, assignment, gift, exchange or any other disposition by law or otherwise, including any transfer upon foreclosure of any pledge, encumbrance, hypothecation or mortgage.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article IV. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article IV shall be null and void.

(c) Nothing contained in this Agreement shall be construed to prevent a disposition by any limited partner or other beneficial owner of the General Partner of any or all of the issued and outstanding limited partnership interests or other interests in the General Partner.

SECTION 4.5. Restrictions on Transfers .

(a) No Limited Partner or Assignee may transfer all or any portion of its Partnership Interests (or any beneficial interest therein) unless the General Partner and each of the Limited Partners consent in writing thereto, which consent may be given or withheld, or made subject to such conditions as are determined by the General Partner, in the General Partner's sole discretion.

(b) No Limited Partner or Assignee may create an Encumbrance with respect to all or any portion of its Partnership Interests (or any beneficial interest therein) other than Encumbrances that run in favor of the Limited Partner unless the General Partner consents in writing thereto, which consent may be given or withheld, or made subject to such conditions as are determined by the General Partner, in the General Partner's sole discretion. Consent of the General Partner shall be withheld until the holder of the Encumbrance acknowledges the terms and conditions of this Agreement. Any purported Encumbrance that is not in accordance with this Agreement shall be, to the fullest extent permitted by law, null and void.

SECTION 4.6. Further Restrictions . Notwithstanding any contrary provision in this Agreement, in no event may any transfer of a Partnership Interest be made by any Limited Partner or Assignee if:

(A) such transfer is made to any Person who lacks the legal right, power or capacity to own such Partnership Interest;

(B) such transfer would require the registration of such transferred Partnership Interest or of any class of Partnership Interest pursuant to any applicable U.S. federal or state securities laws (including, without limitation, the Securities Act or the Securities Exchange Act) or other non-U.S securities laws or would constitute a non-exempt distribution pursuant to applicable provincial or state securities laws;

(C) such transfer would cause (i) all or any portion of the assets of the Partnership to (A) constitute "plan assets" (under ERISA, the Code or any applicable Similar Law) of any existing or contemplated Limited Partner, or (B) be subject to the provisions of ERISA, Section 4975 of the Code or any applicable Similar Law, or (ii) the General Partner to become a fiduciary with respect to any existing or contemplated Limited Partner, pursuant to ERISA, any applicable Similar Law, or otherwise;

(D) to the extent requested by the General Partner, the Partnership does not receive such legal or tax opinions and written instruments (including, without limitation, copies of any instruments of transfer and such Assignee's consent to be bound by this Agreement as an Assignee) that are in a form satisfactory to the General Partner, as determined in the General Partner's sole discretion.

ARTICLE V

CAPITAL CONTRIBUTIONS AND ISSUANCE OF PARTNERSHIP INTERESTS

SECTION 5.1. Contributions by the General Partner and its Affiliates .

The General Partner shall not be obligated to make any Capital Contributions to the Partnership.

SECTION 5.2. Contributions by KPE .

At or about the Effective Time and pursuant to the Purchase and Sale Agreement, KPE shall contribute the Acquired Partnership Interests and all of the other assets of KPE to the Partnership and the Partnership shall issue the number of Common Units required to be issued pursuant to the Purchase and Sale Agreement to KPE in accordance with the Purchase and Sale Agreement, and KPE shall be admitted to the Partnership as the Initial Limited Partner subject to and in accordance with Section 10.1.

SECTION 5.3. Interest and Withdrawal .

No interest on Capital Contributions shall be paid by the Partnership. No Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent, if any, that distributions are made pursuant to this Agreement or upon dissolution of the Partnership and then in each case only to the extent provided for in this Agreement. Except to the extent expressly provided in this Agreement (including with respect to Partnership Securities subsequently issued by the Partnership), no Partner shall have priority over any other Partner either as to the return of Capital Contributions or as to profits, losses or distributions.

SECTION 5.4. Issuances of Additional Partnership Securities .

(a) The Partnership may issue additional Partnership Securities and options, rights, warrants and appreciation rights relating to Partnership Securities for any Partnership purpose at any time and from time to time to such Persons for such consideration and on such terms and conditions as the General Partner shall determine in its sole discretion, all without the approval of any Limited Partners, including pursuant to Section 7.4(c).

(b) Each additional Partnership Security authorized to be issued by the Partnership pursuant to Section 5.4(a) and Section 7.4(c) may be issued in one or more classes, or one or more series of any such classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of Partnership Securities), as shall be fixed by the General Partner in its sole discretion, including (i) the right to share in Partnership Net Income (Loss) or items thereof; (ii) the right to share in Partnership distributions; (iii) the rights upon dissolution and liquidation of the Partnership; (iv) whether, and the terms and conditions upon which, the Partnership may or shall be required to redeem the Partnership Security (including sinking fund provisions); (v) whether such Partnership Security is issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which each Partnership Security will be issued, evidenced by Certificates and assigned or transferred; (vii) the method for determining the Percentage Interest as to such Partnership Security; and (viii) the right, if any, of the holder of each such Partnership Security to vote on Partnership matters, including matters relating to the relative designations, preferences, rights, powers and duties of such Partnership Security.

(c) The General Partner is hereby authorized to take all actions that it determines to be necessary or appropriate in connection with (i) each issuance of Partnership Securities and options, rights, warrants and appreciation rights relating to Partnership Securities pursuant to this Section 5.4 and Section 7.4(c), including the admission of additional Limited Partners in connection therewith and any related amendment of this Agreement, and (ii) all additional issuances of Partnership Securities and options, rights, warrants and appreciation rights relating to Partnership Securities. The General Partner shall determine in its sole discretion the relative rights, powers and duties of the holders of the Units or other Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities being so issued. The General Partner is authorized to do all things that it determines to be necessary or appropriate in connection with any future issuance of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities, including compliance with any statute, rule, regulation or guideline of any governmental agency.

SECTION 5.5. Preemptive Rights .

Unless otherwise determined by the General Partner, in its sole discretion, no Person shall have any preemptive, preferential or other similar right with respect to the issuance of any Partnership Security, whether unissued, held in the treasury or hereafter created.

SECTION 5.6. Splits and Combinations .

(a) Subject to Section 5.6(d), the Partnership may make a Pro Rata distribution of Partnership Securities to all Record Holders or may effect a subdivision or combination of Partnership Securities so long as, after any such event, each Partner shall have the same Percentage Interest in the Partnership as before such event, and any amounts calculated on a per Unit basis or stated as a number of Units are proportionately adjusted retroactive to the beginning of the Partnership.

(b) Whenever such a distribution, subdivision or combination of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities is declared, the General Partner shall select a Record Date as of which the distribution, subdivision or combination shall be effective and shall provide notice thereof at least 20 days prior to such Record Date to Unitholders not less than 10 days prior to the date of such notice. The General Partner also may cause a firm of independent public accountants selected by it to calculate the number of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities to be held by each Record Holder after giving effect to such distribution, subdivision or combination. The General Partner shall be entitled to rely on any certificate provided by such firm as conclusive evidence of the accuracy of such calculation.

(c) Promptly following any such distribution, subdivision or combination, the Partnership may issue Certificates to the Record Holders of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities as of the applicable Record Date representing the new number of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities held by such Record Holders, or the General Partner may adopt such other procedures that it determines to be necessary or appropriate to reflect such changes. If any such combination results in a smaller total number of Partnership Securities Outstanding or outstanding options, rights, warrants or appreciation rights relating to Partnership Securities, the Partnership shall require, as a condition to the delivery to a Record Holder of any such new Certificate, the surrender of any Certificate held by such Record Holder immediately prior to such Record Date.

(d) The Partnership shall not be required to issue fractional Units upon any distribution, subdivision or combination of Units. If a distribution, subdivision or combination of Units would result in the issuance of fractional Units but for the provisions of this Section 5.6(d), the General Partner in its sole discretion may determine that each fractional Unit shall be rounded to the nearest whole Unit (and a 0.5 Unit shall be rounded to the next higher Unit).

ARTICLE VI

ALLOCATIONS AND DISTRIBUTIONS

SECTION 6.1. Establishment and Maintenance of Capital Accounts .

There shall be established for each Partner on the books of the Partnership as of the date such Partner becomes a Partner a capital account (each being a “Capital Account”). Each Capital Contribution by any Partner, if any, shall be credited to the Capital Account of such Partner on the date such Capital

Contribution is made to the Partnership. In addition, each Partner's Capital Account shall be (a) credited with (i) such Partner's allocable share of any Net Income (or items thereof) of the Partnership, and (ii) the amount of any Partnership liabilities that are assumed by the Partner or secured by any Partnership property distributed to the Partner and (b) debited with (i) the amount of distributions (and deemed distributions) to such Partner of cash or the fair market value of other property so distributed, (ii) such Partner's allocable share of Net Loss (or items thereof) of the Partnership, and (iii) the amount of any liabilities of the Partner assumed by the Partnership or which are secured by any property contributed by the Partner to the Partnership. Any other item which is required to be reflected in a Partner's Capital Account under Section 704(b) of the Code and the United States Treasury Regulations promulgated thereunder or otherwise under this Agreement shall be so reflected. The General Partner shall make such adjustments to Capital Accounts as it determines in its sole discretion to be appropriate to ensure allocations are made in accordance with a Partner's interest in the Partnership. Interest shall not be payable on Capital Account balances. The Partnership Capital Accounts shall be maintained in accordance with the provisions of Treasury Regulations section 1.704-1(b)(2)(iv)(f) and, to the extent not inconsistent with such regulation, the provisions of this Agreement. The Capital Account of each holder of General Partner Units shall at all times be zero, except to the extent such holder also holds Partnership Interests other than General Partner Units.

SECTION 6.2. Allocations .

Net Income (Loss) (including items thereof) of the Partnership for each Fiscal Year shall be allocated to each Partner in accordance with such Partner's Percentage Interest, except as otherwise determined by the General Partner in its sole discretion in order to comply with the Code or applicable regulations thereunder.

SECTION 6.3. Requirement and Characterization of Distributions; Distributions to Record Holders .

(a) The General Partner, in its sole discretion, may authorize distributions by the Partnership to the Partners, which distributions shall be made Pro Rata in accordance with the Partners' respective Percentage Interests.

(b) The General Partner shall treat taxes paid by the Partnership on behalf of, or amounts withheld with respect to, less than all of the Partners, as a distribution of cash to such Partners.

(c) Notwithstanding Section 6.3(a), in the event of the dissolution of the Partnership, all receipts received during or after the Quarter in which the Liquidation Date occurs shall be applied and distributed solely in accordance with, and subject to the terms and conditions of, Section 12.4.

(d) Each distribution in respect of a Partnership Interest shall be paid by the Partnership, directly or through any other Person or agent, only to the Record Holder of such Partnership Interest as of the Record Date set for such distribution. Such payment shall constitute full payment and satisfaction of the Partnership's liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

(e) Notwithstanding any provision to the contrary contained in this Agreement, the Partnership, and the General Partner on behalf of the Partnership, shall not be required to make a distribution to a Partner or a Record Holder if such distribution would violate applicable law.

ARTICLE VII

MANAGEMENT AND OPERATION OF BUSINESS

SECTION 7.1. Management .

(a) The General Partner shall conduct, direct and manage all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and no Limited Partner shall take part in the conduct of the business of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or that are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 7.3, shall have full power and authority to do all things and on such terms as it determines, in its sole discretion, to be necessary or appropriate to conduct the business of the Partnership, to exercise all powers set forth in Section 2.5 and to effectuate the purposes set forth in Section 2.4, including the following:

(i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness, including indebtedness that is convertible or exchangeable into Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities, and the incurring of any other obligations;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(iii) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters described in this clause (iii) being subject, however, to any prior approval that may be required by Section 7.3 and Article XIV);

(iv) the use of the assets of the Partnership (including cash on hand) for any purpose consistent with the terms of this Agreement, including the financing of the conduct of the operations of the Partnership Group; subject to Section 7.6(a), the lending of funds to other Persons; the repayment or guarantee of obligations of any Group Member and the making of Capital Contributions to any Group Member;

(v) the negotiation, execution and performance of any contracts, conveyances or other instruments (including instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than their interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case);

(vi) the distribution of Partnership cash;

(vii) the selection and dismissal of employees (including employees having such as titles as the General Partner may determine in its sole discretion) and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring;

(viii) the maintenance of insurance for the benefit of the Partnership Group, the Partners and Indemnitees;

(ix) the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any further limited or general partnerships, joint ventures, limited liability companies, corporations or other relationships (including the acquisition of interests in, and the contributions of property to, the Partnership's Subsidiaries from time to time) subject to the restrictions set forth in Section 2.4;

(x) the control of any matters affecting the rights and obligations of the Partnership, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation, arbitration or mediation and the incurring of legal expense and the settlement of claims and litigation;

(xi) the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(xii) the purchase, sale or other acquisition or disposition of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities;

(xiii) the undertaking of any action in connection with the Partnership's participation in the management of the Partnership Group through its directors, officers or employees or the Partnership's direct or indirect ownership of the Group Members, including all things described in or contemplated by the Purchase and Sale Agreement and the agreements described in or attached as exhibits to the Purchase and Sale Agreement; and

(xiv) cause to be registered for resale under the Securities Act and applicable state or non-U.S. securities laws, any securities of, or any securities convertible or exchangeable into securities of, the Partnership held by any Person, including the General Partner or any Affiliate of the General Partner.

(b) In exercising its authority under this Agreement, the General Partner may, but shall be under no obligation to, take into account the tax consequences to any Partner (including the General Partner) of any action taken (or not taken) by it. The General Partner and the Partnership shall not have any liability to a Limited Partner for monetary damages, equitable relief or otherwise for losses sustained, liabilities incurred or benefits not derived by such Limited Partner in connection with such decisions so long as the General Partner has acted pursuant to its authority under this Agreement.

(c) Notwithstanding any other provision of this Agreement, the Act or any applicable law, rule or regulation, each of the Partners and each other Person who may acquire an interest in Partnership Securities hereby (i) approves, ratifies and confirms the execution, delivery and performance by the parties thereto of the Purchase and Sale Agreement, the Exchange Agreement, the Tax Receivable Agreement, the Group Partnership Agreements and the other agreements described in or attached as exhibits to the Purchase and Sale Agreement that are related to the transactions contemplated by the Purchase and Sale Agreement; (ii) agrees that the General Partner (on its own or through its delegation of such authority to any officer of the Partnership) is authorized to execute, deliver and perform the agreements referred to in clause (i) of this sentence and the other agreements, acts, transactions and matters described in or contemplated by the Purchase and Sale Agreement on behalf of the Partnership, in each case in such form and with such terms as it in its sole discretion shall determine, without any further act, approval or vote of the Partners or the other Persons who may acquire an interest in Partnership Securities; and (iii) agrees that the execution, delivery or performance by the General Partner, any Group

Member or any Affiliate of any of them, of this Agreement or any agreement authorized or permitted under this Agreement, shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement (or any other agreements) or of any duty existing at law, in equity or otherwise.

SECTION 7.2. Tax Adjustments .

In the event that the General Partner determines the Partnership should seek relief pursuant to Section 7704(e) of the Code to preserve the status of the Partnership as a partnership for U.S. federal (and applicable U.S. state) income tax purposes, the Partnership and each Partner shall agree to adjustments required by the U.S. tax authorities, and the Partnership shall pay such amounts as required by the U.S. tax authorities, to preserve the status of the Partnership as a partnership for U.S. federal (and applicable U.S. state) income tax purposes.

SECTION 7.3. Partnership Group Assets; General Partner's Authority .

Except as provided in Articles XII and XIV, t he General Partner may not sell, exchange or otherwise dispose of all or substantially all of the Partnership Group's assets, taken as a whole, in a single transaction or a series of related transactions, without the approval of holders of a majority of the voting power of Outstanding Voting Units; provided however that this provision shall not preclude or limit the General Partner's ability, in its sole discretion, to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of the Partnership Group (including for the benefit of Persons other than members of the Partnership Group, including Affiliates of the General Partner) and shall not apply to any forced sale of any or all of the assets of the Partnership Group pursuant to the foreclosure of, or other realization upon, any such encumbrance. Without the approval of holders of a majority of the voting power of Outstanding Voting Units, the General Partner shall not, on behalf of the Partnership, except as permitted under Sections 11.1 and 11.2, elect or cause the Partnership to elect a successor general partner of the Partnership.

SECTION 7.4. Reimbursement of the General Partner .

(a) Except as provided in this Section 7.4 and elsewhere in this Agreement, the General Partner shall not be compensated for its services as managing member of any Group Member.

(b) The General Partner shall be reimbursed on a monthly basis, or such other reasonable basis as the General Partner may determine, in its sole discretion, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership Group (including salary, bonus, incentive compensation and other amounts paid to any Person including Affiliates of the General Partner to perform services for the Partnership Group or for the General Partner in the discharge of its duties to the Partnership Group), and (ii) all other expenses allocable to the Partnership Group or otherwise incurred by the General Partner in connection with operating the Partnership Group's business (including expenses allocated to the General Partner by its Affiliates). The General Partner in its sole discretion shall determine the expenses that are allocable to the Partnership Group. Reimbursements pursuant to this Section 7.4 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 7.7 .

(c) The General Partner may, in its sole discretion, without the approval of the Limited Partners (who shall have no right to vote in respect thereof), propose and adopt on behalf of the Partnership Group equity benefit plans, programs and practices (including plans, programs and practices involving the issuance of or reservation of issuance of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities), or cause the Partnership to issue or to reserve for issuance

Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities in connection with, or pursuant to, any such equity benefit plan, program or practice or any equity benefit plan, program or practice maintained or sponsored by the General Partner or any of its Affiliates in respect of services performed directly or indirectly for the benefit of the Partnership Group. The Partnership agrees to issue and sell to the General Partner or any of its Affiliates any Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities that the General Partner or such Affiliates are obligated to provide pursuant to any equity benefit plans, programs or practices maintained or sponsored by them. Expenses incurred by the General Partner in connection with any such plans, programs and practices (including the net cost to the General Partner or such Affiliates of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities purchased by the General Partner or such Affiliates from the Partnership to fulfill options or awards under such plans, programs and practices) shall be reimbursed in accordance with Section 7.4(b). Any and all obligations of the General Partner under any equity benefit plans, programs or practices adopted by the General Partner as permitted by this Section 7.4(c) shall constitute obligations of the General Partner hereunder and shall be assumed by any successor General Partner approved pursuant to Section 11.1 or the transferee of or successor to all of the General Partner's General Partner Interest.

SECTION 7.5. Outside Activities .

(a) At and after the Effective Time, the General Partner, for so long as it is a General Partner of the Partnership (i) agrees that its sole business will be to act as managing member of the Partnership and any other partnership or limited liability company of which the Partnership is, directly or indirectly, a partner, member, trustee or stockholder and to undertake activities that are ancillary or related thereto (including being a limited partner in the Partnership) and (ii) shall not engage in any business or activity or incur any debts or liabilities except in connection with or incidental to (A) its performance as general partner, managing member, trustee or stockholder of one or more Group Members or as described in or contemplated by the Purchase and Sale Agreement or (B) the acquiring, owning or disposing of debt or equity securities in any Group Member.

(b) Except insofar as the General Partner is specifically restricted by Section 7.5(a), each Indemnitee shall have the right to engage in businesses of every type and description and other activities for profit and to engage in and possess an interest in other business ventures of any and every type or description, whether in businesses engaged in or anticipated to be engaged in by any Group Member, independently or with others, including business interests and activities in direct competition with the business and activities of any Group Member, and none of the same shall constitute a breach of this Agreement or any duty otherwise existing at law, in equity or otherwise to any Group Member or any Partner or Record Holder. None of any Group Member, any Limited Partner or any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any Indemnitee.

(c) Subject to the terms of Section 7.5(a) and Section 7.5(b), but otherwise notwithstanding anything to the contrary in this Agreement, (i) the engagement in competitive activities by any Indemnitees (other than the General Partner) in accordance with the provisions of this Section 7.5 is hereby approved by the Partnership and all Partners, (ii) it shall not be a breach of the General Partner's or any other Indemnitee's duties or any other obligation of any type whatsoever of the General Partner or any other Indemnitee if the Indemnitee (other than the General Partner) engages in any such business interests or activities in preference to or to the exclusion of any Group Member, (iii) the General Partner and the Indemnities shall have no obligation hereunder or as a result of any duty otherwise existing at law, in equity or otherwise to present business opportunities to any Group Member and (iv) the doctrine of "corporate opportunity" or other analogous doctrine shall not apply to any such Indemnitee.

(d) The General Partner and any of its Affiliates may acquire Units or other Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities and, except as otherwise expressly provided in this Agreement, shall be entitled to exercise all rights of a General Partner or Limited Partner, as applicable, relating to such Units or Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities.

SECTION 7.6. Loans from the General Partner; Loans or Contributions from the Partnership; Contracts with Affiliates; Certain Restrictions on the General Partner .

(a) The General Partner or any of its Affiliates may, but shall be under no obligation to, lend to any Group Member, and any Group Member may borrow from the General Partner or any of its Affiliates, funds needed or desired by the Group Member for such periods of time and in such amounts as the General Partner may determine, in each case on terms that are fair and reasonable to the Partnership; provided however that the requirements of this Section 7.6(a) conclusively shall be deemed satisfied and not a breach of any duty hereunder or existing at law, in equity or otherwise as to any transaction (i) approved by Special Approval, (ii) the terms of which are, in the aggregate, no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or (iii) that is fair and reasonable to the Partnership, taking into account the totality of the relationships between the parties involved (including other transactions that may be or have been particularly favorable or advantageous to the Partnership).

(b) Any Group Member (including the Partnership) may lend or contribute to any other Group Member, and any Group Member may borrow from any other Group Member (including the Partnership), funds on terms and conditions determined by the General Partner. The foregoing authority shall be exercised by the General Partner in its sole discretion and shall not create any right or benefit in favor of any Group Member or any other Person.

(c) The General Partner may itself, or may enter into an agreement with any of its Affiliates to, render services to a Group Member or to the General Partner in the discharge of its duties as a general partner of the Partnership. Any services rendered to a Group Member by the

General Partner or any of its Affiliates shall be on terms that are fair and reasonable to the Partnership; provided however that the requirements of this Section 7.6(c) conclusively shall be deemed satisfied and not a breach of any duty hereunder or existing at law, in equity or otherwise as to any transaction (i) approved by Special Approval, (ii) the terms of which are, in the aggregate, no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or (iii) that is fair and reasonable to the Partnership, taking into account the totality of the relationships between the parties involved (including other transactions that may be or have been particularly favorable or advantageous to the Partnership). The provisions of Section 7.4 shall apply to the rendering of services described in this Section 7.6(c).

(d) The Partnership may transfer assets to joint ventures, other partnerships, corporations, limited liability companies or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as are consistent with this Agreement and applicable law.

(e) The General Partner or any of its Affiliates may sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, pursuant to transactions that are fair and reasonable to the Partnership; provided however that the requirements of this Section 7.6(e) conclusively shall be deemed to be satisfied and not a breach of any duty hereunder or existing at law, in equity or otherwise as to (i) the transactions effected pursuant to Section 5.2 and any other transactions described in or contemplated by the Purchase and Sale Agreement, (ii) any transaction approved by Special Approval, (iii) any transaction, the terms of which are, in the aggregate, no less favorable to the

Partnership than those generally being provided to or available from unrelated third parties, or (iv) any transaction that is fair and reasonable to the Partnership, taking into account the totality of the relationships between the parties involved (including other transactions that may be or have been particularly favorable or advantageous to the Partnership).

(f) The General Partner and its Affiliates will have no obligation to permit any Group Member to use any facilities or assets of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use, nor shall there be any obligation on the part of the General Partner or its Affiliates to enter into such contracts.

SECTION 7.7. Indemnification .

(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, all Indemnitees shall be indemnified and held harmless by the Partnership on an after tax basis from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all threatened, pending or completed claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, and whether formal or informal and including appeals, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as an Indemnitee whether arising from acts or omissions to act occurring on, before or after the Effective Time; provided that the Indemnitee shall not be indemnified and held harmless if there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnitee is seeking indemnification pursuant to this Section 7.7, the Indemnitee acted in bad faith or engaged in fraud or willful misconduct. Notwithstanding the preceding sentence, except as otherwise provided in Section 7.7(j), the Partnership shall be required to indemnify a Person described in such sentence in connection with any claim, demand, action, suit or proceeding (or part thereof) commenced by such Person only if (x) the commencement of such claim, demand, action, suit or proceeding (or part thereof) by such Person was authorized by the General Partner in its sole discretion or (y) there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such Person was entitled to indemnification by the Partnership pursuant to Section 7.7(j). The indemnification of an Indemnitee of the type identified in clause (g) of the definition of Indemnitee shall be secondary to any and all indemnification to which such Indemnitee is entitled from, firstly, the relevant other Person, and from, secondly, the relevant Fund (if applicable), and will only be paid to the extent the primary indemnification is not paid and the proviso set forth in the first sentence of this Section 7.7(a) does not apply; provided that such other Person and such Fund shall not be entitled to contribution or indemnification from or subrogation against the Partnership, unless otherwise mandated by applicable law. If, notwithstanding the foregoing sentence, the Partnership makes an indemnification payment or advances expenses to such an Indemnitee entitled to primary indemnification, the Partnership shall be subrogated to the rights of such Indemnitee against the Person or Persons responsible for the primary indemnification. "Fund" means any fund, investment vehicle or account whose investments are managed or advised by the Partnership (if any) or an affiliate thereof.

(b) To the fullest extent permitted by law, expenses (including legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 7.7(a) in appearing at, participating in or defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to a final and non-appealable determination that the Indemnitee is not entitled to be indemnified upon receipt by the Partnership of an undertaking by or on behalf of the Indemnitee to repay such amount if it ultimately shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 7.7. Notwithstanding the preceding sentence, except as otherwise provided in Section 7.7(j), the Partnership shall be required to indemnify a Person described in such sentence in connection with any claim, demand, action, suit or proceeding (or part thereof) commenced by such

Person only if (x) the commencement of such claim, demand, action, suit or proceeding (or part thereof) by such Person was authorized by the General Partner in its sole discretion or (y) there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such Person was entitled to indemnification by the Partnership pursuant to Section 7.7(j).

(c) The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, insurance, pursuant to any vote of the holders of Outstanding Voting Units entitled to vote on such matter, as a matter of law, in equity or otherwise, both as to actions in the Indemnitee's capacity as an Indemnitee and as to actions in any other capacity (including any capacity under the Purchase and Sale Agreement), and shall continue as to an Indemnitee who has ceased to serve in such capacity.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner, its Affiliates, the Indemnitees and such other Persons as the General Partner shall determine in its sole discretion, against any liability that may be asserted against, or expense that may be incurred by, such Person in connection with the Partnership's activities or such Person's activities on behalf of the Partnership, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 7.7, (i) the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; (ii) excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 7.7(a); and (iii) any action taken or omitted by an Indemnitee with respect to any employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the best interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose that is in the best interests of the Partnership.

(f) Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership. The General Partner shall not be personally liable for such indemnification and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate such indemnification. In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 7.7 are for the benefit of the Indemnitees and their heirs, successors, assigns, executors and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 7.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligations of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or-in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

(j) If a claim for indemnification (following the final disposition of the action, suit or proceeding for which indemnification is being sought) or advancement of expenses under this Section 7.7 is not paid in full within thirty (30) days after a written claim therefor by any Indemnitee has been received by the Partnership, such Indemnitee may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expenses of prosecuting such claim, including reasonable attorneys' fees. In any such action the Partnership shall have the burden of proving that such Indemnitee is not entitled to the requested indemnification or advancement of expenses under applicable law.

(k) This Section 7.7 shall not limit the right of the Partnership, to the extent and in the manner permitted by law, to indemnify and to advance expenses to, and purchase and maintain insurance on behalf of, Persons other than Indemnitees.

SECTION 7.8. Liability of Indemnitees .

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable to the Partnership, the Partners or any other Persons who have acquired interests in the Partnership Securities or are bound by this Agreement, for any losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising as a result of any act or omission of an Indemnitee, or for any breach of contract (including breach of this Agreement) or any breach of duties (including breach of fiduciary duties) whether arising hereunder, at law, in equity or otherwise, unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter in question, the Indemnitee acted in bad faith or engaged in fraud or willful misconduct.

(b) The General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct, negligence or wrongdoing on the part of any such agent appointed by the General Partner in good faith.

(c) Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability of the Indemnitees under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted, and provided such Person became an Indemnitee hereunder prior to such amendment, modification or repeal.

SECTION 7.9. Resolution of Conflicts of Interest; Standards of Conduct and Modification of Duties .

(a) Unless otherwise expressly provided in this Agreement, whenever a potential conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership, any Group Member or any Partner, on the other, any resolution or course of action by the General Partner or its Affiliates in respect of such conflict of interest shall be permitted and deemed approved by all Partners, and shall not constitute a breach of this Agreement, any Group Partnership Agreement, or any agreement contemplated herein or therein, or of any duty hereunder or existing at law, in equity or otherwise, if the resolution or course of action in respect of such conflict of interest is (i) approved by Special Approval, (ii) on terms which are, in the aggregate, no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or (iii) fair and reasonable to the Partnership, taking into account the totality of the relationships between the parties involved (including other transactions that may be or have been particularly favorable or advantageous to

the Partnership). The General Partner shall and the Conflicts Committee (in connection with any Special Approval by the Conflicts Committee) each shall be authorized in connection with its resolution of any conflict of interest to consider such factors as it determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. The General Partner shall be authorized but not required in connection with its resolution of any conflict of interest to seek Special Approval of such resolution, and the General Partner may also adopt a resolution or course of action that has not received Special Approval. Failure to seek Special Approval shall not be deemed to indicate that a conflict of interest exists or that Special Approval could not have been obtained. If Special Approval is not sought and the General Partner determines that the resolution or course of action taken with respect to a conflict of interest satisfies either of the standards set forth in clauses (ii) or (iii) above, then it shall be presumed that, in making its determination, the General Partner acted in good faith and in any proceeding brought by or on behalf of any Limited Partner, the Partnership or any other Person bound by this Agreement challenging such determination, the Person bringing or prosecuting such proceeding shall have the burden of overcoming such presumption. Notwithstanding anything to the contrary in this Agreement or any duty otherwise existing at law or equity, and without limitation of Section 7.6 to the fullest extent permitted by the Act, the existence of the conflicts of interest described in or contemplated by the consent solicitation statement included as an exhibit to the Purchase and Sale Agreement are hereby approved, and all such conflicts of interest are waived, by all Partners and shall not constitute a breach of this Agreement or any duty existing at law or otherwise.

(b) Notwithstanding any other provision of this Agreement or otherwise applicable provision of law or equity, whenever in this Agreement or any other agreement contemplated hereby or otherwise the General Partner, in its capacity as the general partner of the Partnership or its Affiliates, or the Conflicts Committee in connection with a Special Approval, is permitted to or required to make a decision in its "sole discretion" or "discretion" or that it deems "necessary or appropriate" or "necessary or advisable" or under a grant of similar authority or latitude, then the General Partner, or such Affiliates causing it to do so or the Conflicts Committee, as appropriate, shall, to the fullest extent permitted by law, make such decision in its sole discretion (regardless of whether there is a reference to "sole discretion" or "discretion"), and shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting the Partnership or the Partners, and shall not be subject to any other or different standards imposed by this Agreement, any other agreement contemplated hereby, under the Act or under any other law, rule or regulation or in equity. Whenever in this Agreement or any other agreement contemplated hereby or otherwise the General Partner or the Conflicts Committee, as appropriate, is permitted to or required to make a decision in its "good faith" then for purposes of this Agreement, the General Partner, or any of its Affiliates that cause it to make any such decision or the Conflicts Committee, as appropriate, shall be conclusively presumed to be acting in good faith if such Person or Persons subjectively believe(s) that the decision made or not made is in the best interests of the Partnership.

(c) Whenever the General Partner makes a determination or takes or fails to take any other action, or any of its Affiliates causes it to do so, in its individual capacity as opposed to in its capacity as a general partner of the Partnership, whether under this Agreement or any other agreement or circumstance contemplated hereby or otherwise, then the General Partner, or such Affiliates causing it to do so, are entitled, to the fullest extent permitted by law, to make such determination or to take or not to take such other action free of any duty (including any fiduciary duty) or obligation, whatsoever to the Partnership, any Partner, any Record Holder or any other Person bound by this Agreement, and the General Partner, or such Affiliates causing it to do so, shall not, to the fullest extent permitted by law, be required to act pursuant to any other standard imposed by this Agreement, any other agreement contemplated hereby or under the Act or any other law, rule or regulation or at equity.

(d) Notwithstanding anything to the contrary in this Agreement, the General Partner and its Affiliates shall have no duty or obligation, express or implied, to (i) sell or otherwise dispose of any asset of the Partnership Group other than in the ordinary course of business or (ii) permit any Group Member to use any facilities or assets of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use. Any determination by the General Partner or any of its Affiliates to enter into such contracts shall be in its sole discretion.

(e) Except as expressly set forth in this Agreement, to the fullest extent permitted by law, neither the General Partner nor any other Indemnitee shall have any duties or liabilities, including fiduciary duties, to the Partnership, any Limited Partner or any other Person bound by this Agreement, and the provisions of this Agreement, to the extent that they restrict or otherwise modify or eliminate the duties and liabilities, including fiduciary duties, of the General Partner or any other Indemnitee otherwise existing at law or in equity, are agreed by the Partners to replace such other duties and liabilities of the General Partner or such other Indemnitee.

(f) The Limited Partners, hereby authorize the General Partner, on behalf of the Partnership as a partner or member of a Group Member, to approve of actions by the general partner or managing member of such Group Member similar to those actions permitted to be taken by the General Partner pursuant to this Section 7.9.

(g) The Limited Partners expressly acknowledge that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including the tax consequences to Limited Partners) in deciding whether to cause the Partnership to take (or decline to take) any actions, and that the General Partner shall not be liable to the Limited Partners for monetary damages or equitable relief for losses sustained, liabilities incurred or benefits not derived by Limited Partners in connection with such decisions.

SECTION 7.10. Other Matters Concerning the General Partner .

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the advice or opinion (including an Opinion of Counsel) of such Persons as to matters that the General Partner reasonably believes to be within such Person’s professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such advice or opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers or any duly appointed attorney or attorneys-in-fact.

SECTION 7.11. Purchase or Sale of Partnership Securities .

The General Partner may cause the Partnership or any other Group Member to purchase or otherwise acquire Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities. The General Partner or any of its Affiliates may also purchase or otherwise acquire

and sell or otherwise dispose of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities for their own account, subject to the provisions of Articles IV and X.

SECTION 7.12. Reliance by Third Parties .

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner and any officer of the General Partner purporting to act on behalf of and in the name of the Partnership has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any authorized contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner or any such officer as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner or any such officer in connection with any such dealing. In no event shall any Person dealing with the General Partner or any such officer or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or any such officer. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or any such officer shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the General Partner or any such officer executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership, and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VIII

BOOKS, RECORDS, ACCOUNTING

SECTION 8.1. Records and Accounting .

The General Partner shall keep or cause to be kept at the principal office of the Partnership or any other place designated by the General Partner in its sole discretion appropriate books and records with respect to the Partnership's business, including all books and records necessary to provide to the Limited Partners any information required to be provided pursuant to Section 3.4(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including the record of the Record Holders of Units or other Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities, books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard drives, magnetic tape, photographs, micrographics or any other information storage device; provided that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with U.S. GAAP.

SECTION 8.2. Fiscal Year .

The fiscal year of the Partnership (each, a "Fiscal Year") shall be a year ending December 31. The General Partner in its sole discretion may change the Fiscal Year of the Partnership at any time and from time to time in each case as may be required or permitted under the Code or applicable United States Treasury Regulations and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

ARTICLE IX

TAX MATTERS

SECTION 9.1. Tax Returns and Information .

The Partnership shall provide the Partners with such other information as may be reasonably required in the discretion of the General Partner for purposes of allowing the Partners to prepare and file their own U.S. federal, state and local tax returns. Each Partner shall be required to report for all tax purposes consistently with such information provided by the Partnership. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for U.S. federal income tax purposes.

SECTION 9.2. Tax Elections .

The General Partner shall determine whether to make, refrain from making or revoke any and all elections permitted by the tax laws of the United States, the several states and other relevant jurisdictions, in its sole discretion.

SECTION 9.3. Tax Controversies .

Subject to the provisions hereof, the General Partner is designated as the Tax Matters Partner (as defined in the Code) and is authorized to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner agrees to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

SECTION 9.4. Withholding .

Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that may be required or be necessary or appropriate to cause the Partnership or any other Group Member to comply with any withholding requirements established under the Code or any other U.S. federal, state, local or non-U.S. law including pursuant to Sections 1441, 1442, 1445, 1446 and 3406 of the Code. To the extent that the Partnership is required or elects to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner (including by reason of Section 1446 of the Code), the General Partner shall treat the amount withheld as a distribution of cash pursuant to Section 6.3 in the amount of such withholding from such Partner.

SECTION 9.5. Classification as a Disregarded Entity; Election to be Treated as a Corporation .

Notwithstanding anything to the contrary contained herein, the Partnership will not undertake any activity or make any investment or fail to take any action that will (i) cause the Partnership to earn or to be allocated income other than qualifying income as defined in Section 7704(d) of the Code, except to the extent permitted under Section 7704(c)(2) of the Code or (ii) jeopardize its owner's status or, if applicable, its status as a partnership for U.S. federal income tax purposes. The General Partner shall not permit the Partnership to take any action that would result in the Partnership no longer being classified as a disregarded entity for U.S. federal income tax purposes, provided, however if the General Partner determines in its sole discretion that it is no longer in the interest of the Partnership to continue as a disregarded entity for U.S. federal income tax purposes, the General Partner may elect to treat the

Partnership as an association taxable as a corporation for U.S. federal (and applicable state) income tax purposes or may effect such change by merger or conversion or otherwise under applicable law.

ARTICLE X

ADMISSION OF PARTNERS

SECTION 10.1. Admission of Initial Limited Partners .

Upon the issuance by the Partnership of Common Units to KPE as described in Section 5.2 in connection with the KPE Transaction, the General Partner shall admit KPE to the Partnership as Initial Limited Partner in respect of the Common Units issued to them.

SECTION 10.2. Admission of Additional Limited Partners .

(a) By acceptance of the transfer of any Limited Partner Interests in accordance with this Section 10.2 or the issuance of any Limited Partner Interests in accordance herewith (including in a merger, consolidation or other business combination pursuant to Article XIV), and except as provided in Section 4.6, each transferee or other recipient of a Limited Partner Interest (including any nominee holder or an agent or representative acquiring such Limited Partner Interests for the account of another Person) (i) shall be admitted to the Partnership as a Limited Partner with respect to the Limited Partner Interests so transferred or issued to such Person when any such transfer or issuance is reflected in the books and records of the Partnership, with or without execution of this Agreement, (ii) shall become bound by the terms of, and shall be deemed to have agreed to be bound by, this Agreement, (iii) shall become the Record Holder of the Limited Partner Interests so transferred or issued, (iv) represents that the transferee or other recipient has the capacity, power and authority to enter into this Agreement, (v) grants the powers of attorney set forth in this Agreement and (vi) makes the consents, acknowledgments and waivers contained in this Agreement. The transfer of any Limited Partner Interests and the admission of any new Limited Partner shall not constitute an amendment to this Agreement. A Person may become a Record Holder without the consent or approval of any of the Partners. A Person may not become a Limited Partner without acquiring a Limited Partner Interest.

(b) The name and mailing address of each Record Holder shall be listed on the books and records of the Partnership maintained for such purpose by the Partnership. The General Partner shall update the books and records of the Partnership from time to time as necessary to reflect accurately the information therein.

(c) Any transfer of a Limited Partner Interest shall not entitle the transferee to share in the profits and losses, to receive distributions, to receive allocations of income, gain, loss, deduction or credit or any similar item or to any other rights to which the transferor was entitled until the transferee becomes a Limited Partner pursuant to Section 10.2(a).

(d) Notwithstanding anything to the contrary contained herein, no Limited Partner, other than KPE, shall be issued a Limited Partner Interest that entitles such Limited Partner to an economic interest in the Partnership prior to the US Listing.

SECTION 10.3. Admission of Successor General Partner .

A successor General Partner approved pursuant to Section 11.1 or the transferee of or successor to all of the General Partner Interest pursuant to Section 4.4 who is proposed to be admitted as a successor

General Partner shall be admitted to the Partnership as the General Partner effective immediately prior to the withdrawal of the predecessor or transferring General Partner pursuant to Section 11.1 or the transfer of such General Partner's General Partner Interest pursuant to Section 4.4; provided however, that no such successor shall be admitted to the Partnership until compliance with the terms of Article IV has occurred and such successor has executed and delivered such other documents or instruments as may be required to effect such admission. Any such successor is hereby authorized to and shall, subject to the terms hereof, carry on the business of the Partnership without dissolution. Notwithstanding anything to the contrary contained herein, no General Partner, shall be issued a General Partner Interest that entitles such General Partner to an economic interest in the Partnership.

SECTION 10.4. Amendment of Agreement and Statement to Reflect the Admission of Partners .

To effect the admission to the Partnership of any Partner, the General Partner is authorized to take all steps necessary under the Act to amend the records of the Partnership to reflect such admission and, if necessary, to prepare as soon as practicable an amendment to this Agreement and, the General Partner is authorized to prepare and file an amendment to the Statement.

ARTICLE XI

WITHDRAWAL OR REMOVAL OF PARTNERS

SECTION 11.1. Withdrawal of the General Partner .

(a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an "Event of Withdrawal"):

(i) The General Partner voluntarily withdraws from the Partnership by giving written notice to the other Partners;

(ii) The General Partner transfers all of its General Partner Interest pursuant to Section 4.4;

(iii) The General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition for relief under Chapter 7 of the United States Bankruptcy Code; (C) files a petition or answer seeking for itself a liquidation, dissolution or similar relief (but not a reorganization) under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this Section 11.1(a)(iii); or (E) seeks, consents to or acquiesces in the appointment of a trustee (but not a debtor-in-possession), receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(iv) A final and non-appealable order of relief under Chapter 7 of the United States Bankruptcy Code is entered by a court with appropriate jurisdiction pursuant to a voluntary or involuntary petition by or against the General Partner; or

(v) (A) in the event the General Partner is a corporation, a certificate of dissolution or its equivalent is filed for the General Partner, or 90 days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation; (B) in the event the General Partner is a partnership or a limited

liability company, the dissolution and commencement of winding up of the General Partner; (C) in the event the General Partner is acting in such capacity by virtue of being a trustee of a trust, the termination of the trust; (D) in the event the General Partner is a natural person, his death or adjudication of incompetency; and (E) otherwise in the event of the termination of the General Partner.

If an Event of Withdrawal specified in Section 11.1(a)(i), (iii) or (v)(A), (B), (C) or (E) occurs, the withdrawing General Partner shall give notice to the Limited Partners within 30 days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 11.1 shall result in the withdrawal of the General Partner from the Partnership.

SECTION 11.2. No Removal of the General Partner .

The Unitholders shall have no right to remove or expel, with or without cause, the General Partner.

SECTION 11.3. Interest of Departing General Partner and Successor General Partner .

(a) In the event of the withdrawal of a General Partner, if a successor General Partner is elected in accordance with the terms of Section 11.1, the Departing General Partner shall have the option exercisable prior to the effective date of the withdrawal of such Departing General Partner to require its successor to purchase (x) its General Partner Interest and (y) its general partner interest (or equivalent interest), if any, in the other Group Members ((x) and (y) collectively, the "Combined Interest") in exchange for an amount in cash equal to the fair market value of such Combined Interest, such amount to be determined and payable as of the effective date of its withdrawal. The Departing General Partner shall be entitled to receive all reimbursements due such Departing General Partner pursuant to Section 7.4, including any employee-related liabilities (including severance liabilities), incurred in connection with the termination of any employees employed by the Departing General Partner or its Affiliates (excluding any Group Member) for the benefit of the Partnership or the other Group Members.

For purposes of this Section 11.3(a), the fair market value of a Departing General Partner's Combined Interest shall be determined by agreement between the Departing General Partner and its successor or, failing agreement within 30 days after the effective date of such Departing General Partner's departure, by an independent investment banking firm or other independent expert selected jointly by the Departing General Partner and its successor, which, in turn, may rely on other experts, and the determination of which shall be conclusive as to such matter. If such parties cannot agree upon one independent investment banking firm or other independent expert within 45 days after the effective date of such departure, then the Departing General Partner shall designate an independent investment banking firm or other independent expert, the Departing General Partner's successor shall designate an independent investment banking firm or other independent expert, and such firms or experts shall mutually select a third independent investment banking firm or independent expert, which third independent investment banking firm or other independent expert shall determine the fair market value of the Combined Interest of the Departing General Partner. In making its determination, such third independent investment banking firm or other independent expert may consider the then current trading price of Units on any National Securities Exchange on which Common Units are then listed, the value of the Partnership's assets, the rights and obligations of the Departing General Partner and other factors it may deem relevant.

(b) If the Combined Interest is not purchased in the manner set forth in Section 11.3(a), the Departing General Partner (or its transferee) shall automatically become a Limited Partner and its Combined Interest shall be converted into Common Units pursuant to a valuation made by an investment

banking firm or other independent expert selected pursuant to Section 11.3(a), without reduction in such Partnership Interest (but subject to proportionate dilution by reason of the admission of its successor).

Any successor General Partner shall indemnify the Departing General Partner (or its transferee) as to all debts and liabilities of the Partnership arising on or after the date on which the Departing General Partner (or its transferee) becomes a Limited Partner. For purposes of this Agreement, conversion of the Combined Interest of the Departing General Partner to Common Units will be characterized as if the Departing General Partner (or its transferee) contributed its Combined Interest to the Partnership in exchange for the newly-issued Common Units.

SECTION 11.4. Withdrawal of Limited Partners .

No Limited Partner shall have any right to withdraw from the Partnership; provided however that when a transferee of a Limited Partner's Limited Partner Interest becomes a Record Holder of the Limited Partner Interest so transferred, such transferring Limited Partner shall cease to be a Limited Partner with respect to the Limited Partner Interest so transferred.

ARTICLE XII

DISSOLUTION AND LIQUIDATION

SECTION 12.1. Dissolution .

The Partnership shall not be dissolved by the admission of additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, if a successor General Partner is elected or admitted pursuant to Sections 4.4, 10.3, 11.1 or 12.2, the Partnership shall not be dissolved and such successor General Partner is hereby authorized to, and shall, continue the business of the Partnership. Subject to Section 12.2 and the Act, the Partnership shall dissolve, and its affairs shall be wound up, upon:

(a) an Event of Withdrawal of the General Partner as provided in Section 11.1(a) (other than Section 11.1(a)(ii)), unless a successor is elected and such successor is admitted to the Partnership pursuant to this Agreement;

(b) in the event of a Disabling Event, provided that the Partnership shall not be dissolved if, within 90 days after the date of service of a notice by the General Partner (or its legal representative) to all Partners of such Disabling Event, the Partners unanimously elect in writing to continue the business of the Partnership and to the appointment of another general partner;

(c) an election to dissolve the Partnership by the General Partner that is approved by the Unitholders holding a majority of the voting power of Outstanding Voting Units;

(d) on an application brought in accordance with section 15(4)(f) of the Act;

(e) the entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act; or

(f) at any time there are no Limited Partners, unless the Partnership is continued without dissolution in accordance with the Act.

SECTION 12.2. Continuation of the Business of the Partnership After Event of Withdrawal .

Upon an Event of Withdrawal caused by (a) the withdrawal of the General Partner as provided in Sections 11.1(a)(i) and the failure of the Partners to select a successor to such Departing General Partner pursuant to Section 11.1, then within 90 days thereafter, or (b) an event constituting an Event of Withdrawal as defined in Sections 11.1(a)(iii), (iv) or (v), then, to the maximum extent permitted by law, within 180 days thereafter, the Unitholders holding a majority of the voting power of Outstanding Voting Units may elect to continue the business of the Partnership on the same terms and conditions set forth in this Agreement by appointing as the successor General Partner a Person approved by the Unitholders holding a majority of the voting power of Outstanding Voting Units. Unless such an election is made within the applicable time period as set forth above, the Partnership shall dissolve and conduct only activities necessary to wind up its affairs. If such an election is so made, then:

(i) the Partnership shall continue without dissolution unless earlier dissolved in accordance with this Article XII;

(ii) if the successor General Partner is not the former General Partner, then the interest of the former General Partner shall be treated in the manner provided in Section 11.3; and

(iii) the successor General Partner shall be admitted to the Partnership as General Partner, effective as of the Event of Withdrawal, by agreeing in writing to be bound by this Agreement;

provided that the right of the Unitholders holding a majority of the voting power of Outstanding Voting Units to approve a successor General Partner and to continue the business of the Partnership shall not exist and may not be exercised unless the Partnership has received an Opinion of Counsel (x) that the exercise of the right would not result in the loss of limited liability of any Limited Partner and (y) neither the Partnership nor any Group Member (other than the Group Partnership I General Partner or other Group Member that is formed or existing as a corporation) would be treated as an association taxable as a corporation or otherwise be taxable as an entity for U.S. federal income tax purposes upon the exercise of such right to continue (to the extent not so treated or taxed).

SECTION 12.3. Liquidator .

Upon dissolution of the Partnership, unless the Partnership is continued pursuant to Section 12.2, the General Partner shall act, or select in its sole discretion one or more Persons to act, as Liquidator. If the General Partner is acting as the Liquidator, it shall not be entitled to receive any additional compensation for acting in such capacity. If a Person other than the General Partner acts as Liquidator, such Liquidator (1) shall be entitled to receive such compensation for its services as may be approved by either the General Partner (or similar governing body) or Unitholders holding at least a majority of the voting power of the Outstanding Voting Units voting as a single Class, (2) shall agree not to resign at any time without 15 days' prior notice and (3) may be removed at any time, with or without cause, by notice of removal approved by Unitholders holding at least a majority of the voting power of the Outstanding Voting Units voting as a single Class. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within 30 days thereafter be approved by holders of at least a majority of the voting power of the Outstanding Voting Units voting as a single Class. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XII, the Liquidator approved in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 7.3)

necessary or appropriate to carry out the duties and functions of the Liquidator hereunder for and during the period of time required to complete the winding up and liquidation of the Partnership as provided for herein.

SECTION 12.4. Liquidation .

The Liquidator shall proceed to dispose of the assets of the Partnership, discharge its liabilities, and otherwise wind up its affairs in such manner and over such period as the Liquidator determines to be in the best interest of the Partners, subject to the Act and the following:

(a) Disposition of Assets . The assets may be disposed of by public or private sale or by distribution in kind to one or more Partners on such terms as the Liquidator and such Partner or Partners may agree. If any property is distributed in kind, the Partner receiving the property shall be deemed for purposes of Section 12.4(c) to have received cash equal to its fair market value; and contemporaneously therewith, appropriate distributions of cash (to the extent any cash is available) must be made to the other Partners. The Liquidator may defer liquidation or distribution of the Partnership's assets for a reasonable time if it determines that an immediate sale or distribution of all or some of the Partnership's assets would be impractical or would cause undue loss to the Partners. The Liquidator may distribute the Partnership's assets, in whole or in part, in kind if it determines that a sale would be impractical or would cause undue loss to the Partners.

(b) Discharge of Liabilities . Liabilities of the Partnership include amounts owed to the Liquidator as compensation for serving in such capacity (subject to the terms of Section 12.3) and amounts to Partners otherwise than in respect of their distribution rights under Article VI. With respect to any liability that is contingent, conditional or unmatured or is otherwise not yet due and payable, the Liquidator shall either settle such claim for such amount as it thinks appropriate or establish a reserve of cash or other assets to provide for its payment.

(c) Liquidation Distributions . All cash and other property in excess of that required to discharge liabilities (whether by payment or the making of reasonable provision for payment thereof) as provided in Section 12.4(b) shall be distributed to the Partners in accordance with their respective Percentage Interests as of a Record Date selected by the Liquidator.

SECTION 12.5. Return of Contributions .

The General Partner shall not be personally liable for, and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate, the return of the Capital Contributions of the Limited Partners or Unitholders, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

SECTION 12.6. Waiver of Partition .

To the maximum extent permitted by law, each Partner hereby waives any right to partition of the Partnership property.

SECTION 12.7. Capital Account Restoration .

No Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership or otherwise.

ARTICLE XIII

AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS; RECORD DATE

SECTION 13.1. Amendments to be Adopted Solely by the General Partner .

Each Partner agrees that the General Partner, without the approval of any Partner, any Unitholder or any other Person may amend any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) the admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that the General Partner determines in its sole discretion to be necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or other jurisdiction or to ensure that the Group Members (other than the Group Partnership I General Partner) will not be treated as associations taxable as corporations or otherwise taxed as entities for U.S. federal income tax purposes (to the extent not so treated);

(d) a change that the General Partner determines in its sole discretion to be necessary or appropriate to address changes in Cayman Islands, U.S. federal, state and local income tax regulations, legislation or interpretation, or permit the Partnership to be classified as a partnership for U.S. federal income tax purposes;

(e) a change that the General Partner determines (i) does not adversely affect the Limited Partners considered as a whole (or adversely affect any particular Class of Partnership Interests as compared to another Class of Partnership Interests, treating the Common Units as a separate Class for this purpose except under clause (h) below) in any material respect, (ii) to be necessary or appropriate to (A) satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any U.S. federal, state, local or non-U.S. agency or judicial authority or contained in any U.S. federal, state, local or non-U.S. statute (including the Act) or (B) facilitate the trading of the Limited Partner Interests (including the division of any class or classes of Outstanding Limited Partner Interests into different classes to facilitate uniformity of tax consequences within such classes of Limited Partner Interests) or comply with any rule, regulation or guideline, (iii) to be necessary or appropriate in connection with action taken by the General Partner pursuant to Section 5.6 or (iv) is required to effect the intent expressed in the Purchase and Sale Agreement or the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement;

(f) a change in the Fiscal Year or taxable year of the Partnership and any other changes that the General Partner determines to be necessary or appropriate as a result of a change in the Fiscal Year or taxable year of the Partnership including, if the General Partner shall so determine in its sole discretion, a change in the definition of “Quarter” and the periods of time with respect to which distributions are to be made by the Partnership;

(g) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership, the General Partner or its Indemnitees, from having a material risk of being in any manner subjected to registration under the provisions of the U.S. Investment Company Act of 1940, as amended, the U.S.

Investment Advisers Act of 1940, as amended, or "plan asset" regulations adopted under the U.S. Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(h) an amendment that the General Partner determines in its sole discretion to be necessary or appropriate in connection with the creation, authorization or issuance of any class or series of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities pursuant to Section 5.4;

(i) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(j) an amendment effected, necessitated or contemplated by a Merger Agreement permitted by Article XIV;

(k) an amendment that the General Partner determines in its sole discretion to be necessary or appropriate to reflect and account for the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other Person, in connection with the conduct by the Partnership of activities permitted by the terms of Sections 2.4 or 7.1(a);

(l) an amendment effected, necessitated or contemplated by an amendment to any Group Partnership Agreement that requires unitholders of any Group Partnership to provide a statement, certification or other proof of evidence to the Group Partnerships regarding whether such unitholder is subject to U.S. federal income taxation on the income generated by the Group Partnerships;

(m) a merger, conversion or conveyance pursuant to Section 14.2(d);

(n) any amendment that the General Partner determines to be necessary or appropriate to cure any ambiguity, omission, mistake, defect or inconsistency; or

(o) any other amendments substantially similar to the foregoing.

SECTION 13.2. Amendment Procedures .

Except as provided in Sections 5.6, 13.1 and 13.3, all amendments to this Agreement shall be made in accordance with the following requirements. Amendments to this Agreement may be proposed only by the General Partner; provided however that, to the fullest extent permitted by law, the General Partner shall have no duty or obligation to propose or consent to any amendment to this Agreement and may decline to do so free of any duty (including any fiduciary duty) or obligation whatsoever to the Partnership or any Limited Partner or other Person bound by or entitled to enjoy the benefits under this Agreement. A proposed amendment shall be effective upon its approval by the Unitholders holding a majority of the voting power of the Outstanding Voting Units, unless a greater or different percentage is required under this Agreement or by the Act. Each proposed amendment that requires the approval of the holders of a specified percentage of the voting power of Outstanding Voting Units shall be set forth in a writing that contains the text or summary of the proposed amendment. If such an amendment is proposed, the General Partner shall seek the written approval of the requisite percentage of the voting power of Outstanding Voting Units or call a meeting of the Unitholders to consider and vote on such proposed amendment, in each case in accordance with the other provisions of this Article XIII. The General Partner shall notify all Record Holders upon final adoption of any such proposed amendments.

SECTION 13.3. Amendment Requirements .

(a) Notwithstanding the provisions of Sections 13.1 and 13.2, no provision of this Agreement that requires the vote or consent of Unitholders holding, or holders of, a percentage of the voting power of Outstanding Voting Units (including Voting Units deemed owned by the General Partner and its Affiliates) required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of reducing such voting percentage unless such amendment is approved by the written consent or the affirmative vote of Unitholders or holders of Outstanding Voting Units whose aggregate Outstanding Voting Units constitute not less than the voting or consent requirement sought to be reduced.

(b) Notwithstanding the provisions of Sections 13.1 and 13.2, no amendment to this Agreement may (i) enlarge the obligations of any Limited Partner without its consent, unless such shall be deemed to have occurred as a result of an amendment approved pursuant to Section 13.3 (c), or (ii) enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable to the General Partner or any of its Affiliates without the General Partner's consent, which consent may be given or withheld in its sole discretion.

(c) Except as provided in Section 13.1, any amendment that would have a material adverse effect on the rights or preferences of any Class of Partnership Interests in relation to other Classes of Partnership Interests (treating the Common Units as a separate Class for this purpose) must be approved by the holders of not less than a majority of the Outstanding Partnership Interests of the Class affected.

(d) Notwithstanding any other provision of this Agreement, except for amendments pursuant to Section 13.1 and except as otherwise provided by Article XIV, no amendments shall become effective without the approval of Unitholders holding at least 90% of the voting power of the Outstanding Voting Units unless the Partnership obtains an Opinion of Counsel to the effect that such amendment will not affect the limited liability of any Limited Partner under the Act.

(e) Except as provided in Section 13.1, this Section 13.3 shall only be amended with the approval of the Unitholders holding of at least 90% of the voting power of the Outstanding Voting Units.

SECTION 13.4. Record Date .

For purposes of determining the Limited Partners entitled to give approvals without a meeting as provided in Section 13.5, the General Partner may set a Record Date, which shall not be less than 10 nor more than 60 days before the date by which Limited Partners are requested in writing by the General Partner to give such approvals. If the General Partner does not set a Record Date, then the Record Date for determining the Limited Partners entitled to give approvals without a meeting shall be the date the first written approval is deposited with the Partnership in care of the General Partner in accordance with Section 13.5.

SECTION 13.5. Action Without a Meeting .

If authorized by the General Partner, any action that may be taken at a meeting of the Limited Partners may be taken without a meeting, without a vote and without prior notice, if an approval in writing setting forth the action so taken is signed by Limited Partners owning not less than the minimum percentage of the voting power of the Outstanding Limited Partner Interests (including Limited Partner Interests deemed owned by the General Partner) that would be necessary to authorize or take such action at a meeting at which all the Limited Partners were present and voted. Prompt notice of the taking of action without a meeting shall be given to the Limited Partners who have not approved such action in

writing. The General Partner may specify that any written ballot, if any, submitted to Limited Partners for the purpose of taking any action without a meeting shall be returned to the Partnership within the time period, which shall be not less than 20 days, specified by the General Partner in its sole discretion. If a ballot returned to the Partnership does not vote all of the Limited Partner Interests held by the Limited Partners, the Partnership shall be deemed to have failed to receive a ballot for the Limited Partner Interests that were not voted. If approval of the taking of any action by the Limited Partners is solicited by any Person other than by or on behalf of the General Partner, the written approvals shall have no force and effect unless and until (a) they are deposited with the Partnership in care of the General Partner, (b) approvals sufficient to take the action proposed are dated as of a date not more than 90 days prior to the date sufficient approvals are deposited with the Partnership and (c) an Opinion of Counsel is delivered to the General Partner to the effect that the exercise of such right and the action proposed to be taken with respect to any particular matter (i) will not cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership within the meaning of the Act so as to jeopardize the Limited Partners' limited liability, and (ii) is otherwise permissible under the U.S. state statutes then governing the rights, duties and liabilities of the Partnership and the Partners. Nothing contained in this Section 13.5 shall be deemed to require the General Partner to solicit all Limited Partners in connection with a matter approved by the requisite percentage of the voting power of Limited Partners or other holders of Outstanding Voting Units acting by written consent without a meeting.

SECTION 13.6. Voting and Other Rights .

(a) Only those Record Holders of the Outstanding Limited Partner Interests on the Record Date set pursuant to Section 13.4 (and also subject to the limitations contained in the definition of "Outstanding") shall be entitled to act with respect to matters as to which the holders of the Outstanding Limited Partner Interests have the right to vote or to act. All references in this Agreement to votes of, or other acts that may be taken by, the Outstanding Limited Partner Interests shall be deemed to be references to the votes or acts of the Record Holders of such Outstanding Limited Partner Interests. Each Common Unit shall entitle the holder thereof to one vote for each Common Unit held of record by such holder as of the relevant Record Date.

(b) With respect to Limited Partner Interests that are held for a Person's account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or an agent of any of the foregoing), in whose name such Limited Partner Interests are registered, such other Person shall, in exercising the voting rights in respect of such Limited Partner Interests on any matter, and unless the arrangement between such Persons provides otherwise, vote such Limited Partner Interests in favor of, and at the direction of, the Person who is the Beneficial Owner, and the Partnership shall be entitled to assume it is so acting without further inquiry. The provisions of this Section 13.6(b) (as well as all other provisions of this Agreement) are subject to the provisions of Section 4.3.

ARTICLE XIV

MERGER

SECTION 14.1. Authority .

The Partnership may merge or consolidate or otherwise combine with or into one or more corporations, limited liability companies, statutory trusts or associations, real estate investment trusts, common law trusts, unincorporated businesses or other Person permitted by the Act, including a partnership (whether general or limited (including a limited liability partnership or a limited liability limited partnership)), pursuant to a written agreement of merger, consolidation or other business combination ("Merger Agreement") in accordance with this Article XIV.

SECTION 14.2. Approval by Limited Partners of Merger, Consolidation or Other Business Combination; Conversion of the Partnership into another Limited Liability Entity .

(a) Except as provided in Section 14.2(d), the General Partner, upon its approval of the Merger Agreement, shall direct that the Merger Agreement and the merger, consolidation or other business combination contemplated thereby be submitted to a vote of Limited Partners in accordance with the requirements of Article XIII. A copy or a summary of the Merger Agreement shall be included in or enclosed with the notice of a meeting or the written consent.

(b) Except as provided in Section 14.2(d), the Merger Agreement and the merger, consolidation or other business combination contemplated thereby shall be approved upon receiving the affirmative vote or consent of the holders of a majority of the voting power of Outstanding Voting Units.

(c) Except as provided in Section 14.2(d), after such approval by vote or consent of the Limited Partners, and at any time prior to the filing of the certificate of merger or consolidation or similar certificate, the merger, consolidation or other business combination may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

(d) Notwithstanding anything else contained in this Article XIV or otherwise in this Agreement, the General Partner is permitted, without Limited Partner approval, to convert the Partnership or any Group Member into a new limited liability entity, to merge the Partnership or any Group Member into, or convey all of the Partnership's assets to, another limited liability entity, which shall be newly formed and shall have no assets, liabilities or operations at the time of such conversion, merger or conveyance other than those it receives from the Partnership or other Group Member or those arising from its incorporation or formation; provided that (A) the General Partner has received an Opinion of Counsel that the merger or conveyance, as the case may be, would not result in the loss of the limited liability of any Limited Partner, (B) the sole purpose of such conversion, merger or conveyance is to effect a mere change in the legal form of the Partnership into another limited liability entity and (C) the governing instruments of the new entity provide the Limited Partners and the General Partner with substantially the same rights and obligations as are herein contained.

SECTION 14.3. Effect of Merger .

(a) At the effective time of the certificate of merger or consolidation or similar certificate:

(i) all of the rights, privileges and powers of each of the business entities that has merged, consolidated or otherwise combined, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities, shall be vested in the Surviving Business Entity and after the merger, consolidation or other business combination shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and is not in any way impaired because of the merger, consolidation or other business combination;

(iii) all rights of creditors and all liens on or security interests in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger, consolidation or other business combination effected pursuant to this Article shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another.

ARTICLE XV

GENERAL PROVISIONS

SECTION 15.1. Addresses and Notices .

(a) Any notice, demand, request, report, document or proxy materials required or permitted to be given or made to a Partner under this Agreement shall be in writing and shall be deemed given or made when delivered in person, when sent by first class United States mail or by other means of written communication to the Partner at the address in Section 15.1(b), or when made in any other manner, including by press release, if permitted by applicable law.

(b) Any payment, distribution or other matter to be given or made to a Partner hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been fully satisfied, when delivered in person or upon sending of such payment, distribution or other matter to the Record Holder of such Partnership Securities at his address as shown on the records of the Partnership, regardless of any claim of any Person who may have an interest in such Partnership Securities by reason of any assignment or otherwise.

(c) Notwithstanding the foregoing, if (i) a Partner shall consent to receiving notices, demands, requests, reports, documents or proxy materials via electronic mail or by the Internet or (ii) the rules of the Commission shall permit any report or proxy materials to be delivered electronically or made available via the Internet, any such notice, demand, request, report or proxy materials shall be deemed given or made when delivered or made available via such mode of delivery.

(d) An affidavit or certificate of making of any notice, demand, request, report, document, proxy material, payment, distribution or other matter in accordance with the provisions of this Section 15.1 executed by the General Partner, its agents or the mailing organization shall be prima facie evidence of the giving or making of such notice, demand, request, report, document, proxy material, payment, distribution or other matter. If any notice, demand, request, report, document, proxy material, payment, distribution or other matter given or made in accordance with the provisions of this Section 15.1 is returned marked to indicate that it was unable to be delivered, such notice, demand, request, report, documents, proxy materials, payment, distribution or other matter and, if returned by the United States Postal Service (or other physical mail delivery mail service outside the United States of America), any subsequent notices, demands, requests, reports, documents, proxy materials, payments, distributions or other matters shall be deemed to have been duly given or made without further mailing (until such time as such Record Holder or another Person notifies the Partnership of a change in his address) or other delivery if they are available for the Partner at the principal office of the Partnership for a period of one year from the date of the giving or making of such notice, demand, request, report, document, proxy material, payment, distribution or other matter to the other Partners. Any notice to the Partnership shall be deemed given if received in writing by the General Partner at the principal office of the Partnership

designated pursuant to Section 2.3. The General Partner may rely and shall be protected in relying on any notice or other document from a Partner or other Person if believed by it to be genuine.

SECTION 15.2. Further Action .

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

SECTION 15.3. Binding Effect .

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns. The Indemnitees and their heirs, executors, administrators and successors shall be entitled to receive the benefits of this Agreement.

SECTION 15.4. Integration .

This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

SECTION 15.5. Creditors .

None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

SECTION 15.6. Waiver .

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

SECTION 15.7. Counterparts .

This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto or, in the case of a Person acquiring a Limited Partner Interest pursuant to Section 10.2(a), without execution hereof.

SECTION 15.8. Applicable Law .

This Agreement shall be construed in accordance with and governed by the laws of the Cayman Islands, without regard to the principles of conflicts of law.

SECTION 15.9. Invalidity of Provisions .

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

SECTION 15.10. Consent of Partners .

Each Partner hereby expressly consents and agrees that, whenever in this Agreement it is specified that an action may be taken upon the affirmative vote or consent of less than all of the Partners, such action may be so taken upon the concurrence of less than all of the Partners and each Partner shall be bound by the results of such action.

SECTION 15.11. Power of Attorney .

Each of the Limited Partners hereby appoints the General Partner with full power of substitution as the true and lawful representative of such Limited Partner and attorney-in-fact, in such Limited Partner's name, place and stead:

(a) to execute all instruments relating to an assignment or transfer of all or part of a Limited Partner's interest in the Partnership or to the admission of any new or substitute Partner;

(b) to complete or correct, on behalf of such Limited Partner, all documents to be executed by such Limited Partner in connection with such Limited Partner's subscription for an interest in the Partnership, including, without limitation, filling in or amending amounts, dates, and other pertinent information; and

(c) to make, execute, sign, acknowledge, swear to deliver and file any and all instruments, certificates, and other documents which may be deemed necessary or desirable to effect the winding-up and termination of the Partnership.

The power of attorney hereby granted by each of the Limited Partners is intended to secure an interest in property and the obligations of each relevant Limited Partner under this Agreement and shall survive the transfer of the Limited Partner's interest in the Partnership and shall survive, and shall not be affected by, the subsequent death, disability, incapacity, incompetency, termination, bankruptcy, insolvency or dissolution of such Limited Partner.

SECTION 15.12. Effectiveness .

This Agreement shall become effective upon the Effective Time and prior to such time this Agreement shall have no force or effect and the Original Agreement, as may be amended other than pursuant to this Agreement, shall remain in full force and effect and shall continue to constitute the limited partnership agreement of the Partnership until the Effective Time.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above:

GENERAL PARTNER

KKR Group Limited

By: _____
Name: William J. Janetschek
Title: Director

WITHDRAWING LIMITED PARTNER

By: _____
Name: William J. Janetschek

LIMITED PARTNER:

KKR Private Equity Investors, L.P.

By: KKR Guernsey GP Limited,
its General Partner (Registration No. 44666)

By: _____
Name: Kendra Decious
Title: Chief Financial Officer

Exhibit H

A copy of this document has been filed as Exhibit 10.1 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

Exhibit I

A copy of this document has been filed as Exhibit 10.2 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

Exhibit J

A copy of this document has been filed as Exhibit 3.4 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

Exhibit K

KKR HOLDINGS L.P. (1)

[•], 2009

KKR & Co. L.P.
9 West 57 th Street, Suite 4200
New York, New York 10019

Re: Lock-Up Agreement

Ladies and Gentlemen:

In connection with the Amended and Restated Purchase and Sale Agreement, dated as of July 19, 2009 (the " Purchase and Sale Agreement ") among KKR Group Holdings L.P., a Cayman Islands exempted limited partnership (the " Purchaser "), KKR Private Equity Investors, L.P., a Guernsey limited partnership (the " Partnership "), and the other parties thereto, the Partnership has agreed to contribute its assets to the Purchaser in exchange for common units to be issued by the Purchaser.

In consideration of the agreements by the Partnership set forth in the Purchase and Sale Agreement, and of other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that, during the period specified in the following paragraph (the " Lock-Up Period "), the undersigned will not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any common units of the Group Partnerships (as defined in the Purchase Agreement) (the " Securities ") or any securities convertible into or exercisable or exchangeable for the Securities, whether now owned or hereafter acquired, owned directly by the undersigned or with respect to which the undersigned has beneficial ownership within the rules and regulations of the United States Securities and Exchange Commission (collectively the " Undersigned's Securities "). The foregoing restriction is expressly agreed to preclude the undersigned from engaging in any hedging or other transaction that is designed to or that reasonably could be expected to lead to or result in a sale or disposition of the Undersigned's Securities even if such Securities would be disposed of by someone other than the undersigned. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Undersigned's Securities or with respect to any security that includes, relates to, or derives any significant part of its value from such Securities.

The Lock-Up Period will commence on the date on which the Effective Time (as defined in the Purchase and Sale Agreement) occurs and continue for 180 days after such date.

Notwithstanding the foregoing, the undersigned may transfer the Undersigned's Securities (i) with the prior consent of a majority of the Independent Directors (as defined in the Purchase and Sale Agreement), (ii) as a *bona fide* gift or gifts, provided that the donee or donees thereof agree to be bound in writing by the restrictions set forth herein, (iii) to any trust, partnership, corporation or limited liability company for the direct or indirect benefit of the undersigned, provided that the trustee of the trust or such

(1) This form of Lock-Up Agreement will be executed by KKR Holdings and any other entity that will at the Effective Time hold Group Partnership Units exchangeable for common units of the Partnership.

partnership, corporation or limited liability company, as the case may be, agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, (iv) as a distribution to partners, members, stockholders or other equity holders of the undersigned, provided that each transferee agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value or (v) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permitted under this Lock-Up Agreement. The undersigned now has, and, except for any transfer contemplated above, for the duration of this Lock-Up Agreement will have, good and marketable title to the Undersigned's Securities, free and clear of all liens, encumbrances, and claims whatsoever. The undersigned also agrees and consents to the entry of stop transfer instructions with the Partnership's transfer agent and registrar or depositary, as applicable, against the transfer of the Undersigned's Securities except in compliance with the foregoing restrictions.

The undersigned understands that the Partnership is relying upon this Lock-Up Agreement in connection with the Purchase and Sale Agreement. The undersigned further understands that this Lock-Up Agreement shall be binding upon the undersigned's heirs, legal representatives, successors, and assigns. If for any reason the Purchase and Sale Agreement shall be terminated prior to the time any Securities are issued pursuant thereto, this Lock-Up Agreement shall be terminated and the undersigned shall be released from its obligations hereunder.

This agreement may be enforced against the undersigned by a majority of the Independent Directors.

Very truly yours,

KKR Holdings L.P.

By: KKR Holdings GP Limited, its general partner

Name:
Title:

KKR GROUP HOLDINGS L.P.

[•], 2009

KKR Management LLC
9 West 57 th Street, Suite 4200
New York, New York 10019

Re: Lock-Up Agreement

Ladies and Gentlemen:

In connection with the Amended and Restated Purchase and Sale Agreement, dated as of July 19, 2009 (the " Purchase and Sale Agreement ") among KKR Group Holdings L.P., a Cayman Islands exempted limited partnership (the " Issuer "), KKR Private Equity Investors, L.P., a Guernsey limited partnership (the " Partnership "), and the other parties thereto, the Partnership has agreed to contribute its assets to the Issuer in exchange for common units to be issued by the Issuer (the " Securities ").

In consideration of the agreements by the Partnership set forth in the Purchase and Sale Agreement, and of other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that, during the period specified in the following paragraph (the " Lock-Up Period "), the Issuer will not (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Securities or any securities convertible into or exercisable or exchangeable for the Securities (including, without limitation, any issuance of securities under the terms of the Exchange Agreement (as defined in the Purchase and Sale Agreement)), (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Securities or such other securities, in cash or otherwise, (3) file any registration statement with the United States Securities and Exchange Commission relating to the offering of any Securities or any securities convertible into or exercisable or exchangeable for Securities or (4) publicly disclose the intention to do any of the foregoing.

The Lock-Up Period will commence on the date on which the Effective Time (as defined in the Purchase and Sale Agreement) occurs and continue for 180 days after such date.

The restrictions contained in the preceding paragraph shall not apply to (i) transactions where the the prior consent of a majority of the Independent Directors (as defined in the Purchase and Sale Agreement) has been obtained, (ii) the Securities to be issued pursuant to the Purchase and Sale Agreement and (iii) the issuance by the Issuer of up to a number of its common units equal to 5% of the common units of the Partnership outstanding immediately after the Effective Time (as defined in the Purchase and Sale Agreement) (assuming all interests held by KKR Holdings L.P. have been exchanged for common units of the Partnership) or securities convertible into or exercisable or exchangeable for common units in connection with mergers or acquisitions, joint ventures, commercial relationships or other strategic transactions, provided that, the acquiree of any such common units or securities convertible into or exercisable or exchangeable for common units pursuant to this clause (iii) enters into an agreement consistent in all material respects with the letter agreement dated the date hereof delivered by KKR Holdings L.P. with respect to restrictions on transfer of such securities.

The undersigned understands that the Partnership is relying upon this Lock-Up Agreement in connection with the Purchase and Sale Agreement. The undersigned further understands that this Lock-Up Agreement shall be binding upon the undersigned's legal representatives, successors, and assigns. If for any reason the Purchase and Sale Agreement shall be terminated prior to the time any Securities are issued pursuant thereto, this Lock-Up Agreement shall be terminated and the undersigned shall be released from its obligations hereunder.

This agreement may be enforced against the undersigned by the prior consent of a majority of the Independent Directors.

Very truly yours,

KKR Group Holdings L.P.

By: KKR Group Limited, its general partner

Name:
Title:

Exhibit L

This document is superseded in its entirety by the Form of Tax Receivable Agreement, a copy of which has been filed as Exhibit 10.5 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

Exhibit M

TERMINATION AGREEMENT

This Termination Agreement (this " Termination Agreement ") is made as of September 29, 2009 by and between KOHLBERG KRAVIS ROBERTS & CO. L.P., a Delaware limited partnership and KKR PRIVATE EQUITY INVESTORS, L.P., a Guernsey limited partnership. The foregoing are collectively referred to herein as the "Parties" and each individually as a "Party."

WHEREAS , the Parties entered into that certain Investment Agreement, dated as of May 10, 2006 (as amended by Amendment No. 1 thereto, dated as of November 7, 2006, as further amended by Amendment No. 2 thereto, dated as of January 31, 2007, the " Investment Agreement "); and

WHEREAS , in connection with the transaction contemplated by the Amended Purchase and Sale Agreement, dated as of July 19, 2009, among KKR & Co. L.P., KKR Private Equity Investors, L.P. and the other parties thereto (the " Purchase and Sale Agreement "), the Parties desire to terminate the Investment Agreement pursuant to Section 6 thereof;

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the Parties hereby agree as follows:

1. **Termination and Release of the Investment Agreement** . Effective as of the Effective Time (as defined in the Purchase and Sale Agreement), the Investment Agreement is terminated and has no further force and effect, and each Party releases and forever discharges the other Party and its affiliates from any and all liabilities, obligations and payments which may have arisen out of or in connection with or under the Investment Agreement.

2. **Termination of Purchase and Sale Agreement** . If the Purchase and Sale Agreement is terminated in accordance with its terms prior to the consummation of the Purchase and Sale (as defined in the Purchase and Sale Agreement), this Termination Agreement shall automatically terminate and cease to have any force or effect upon such termination of the Purchase and Sale Agreement.

3. **Governing Law** . This Termination Agreement and the rights and obligations of the parties under this Termination Agreement shall be governed by and construed in accordance with the laws of the State of New York.

4. **Counterparts** . This Termination Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any Party whose signature appears thereon and all of which together constitute one and the same instrument. This Termination Agreement shall be binding when one or more counterparts of this Agreement, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Termination Agreement as of the date first above written.

KOHLBERG KRAVIS ROBERTS & CO., L.P.

By: KKR & Co. L.L.C., its general partner

By: _____
Name: William J. Janetschek
Title: Member

KKR PRIVATE EQUITY INVESTORS, L.P.

By: KKR Guernsey GP Limited, its general partner
(Registration No. 44666)

By: _____
Name: Kendra Decious
Title: Chief Financial Officer

Exhibit N

AMENDED AND RESTATED
SERVICES AGREEMENT

Dated as of July , 2009

Among

KOHLBERG KRAVIS ROBERTS & CO. L.P.

KKR PRIVATE EQUITY INVESTORS, L.P.

KKR GUERNSEY GP LIMITED

and

EACH OTHER KPE ENTITY AND KKR ENTITY NAMED HEREIN

This Amended and Restated Services Agreement (this "Agreement") is made as of July , 2009 by and among Kohlberg Kravis Roberts & Co. L.P., a Delaware limited partnership (the " Service Provider "), KKR Private Equity Investors, L.P., a Guernsey limited partnership (the " KPE "), KKR Guernsey GP Limited, a Guernsey limited company with Registration No. 44666, and each other KPE Entity and KKR Entity named herein.

WHEREAS, the parties hereto entered into the Services Agreement, dated as of April 23, 2006 (the " Original Agreement "), as amended by Amendment No. 1 thereto, dated as of September 29, 2006, providing for the retention of the Service Provider to provide certain investment management, operational, financial advisory and other services to the KPE Entities and KKR Entities;

WHEREAS, the parties hereto desire to amend and restate the Original Agreement to reflect the provisions of the aforesaid amendment and to make such further modifications to the Original Agreement as are hereinafter set forth;

NOW THEREFORE, in consideration of the mutual agreements herein set forth, the parties hereto agree as follows:

SECTION 1. Definitions.

For purposes of the Agreement, the following words and phrases have the meanings assigned to them below:

(a) " Affiliate " means, with respect to a specified Person, any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the specified Person.

(b) " Agreement " means this Amended and Restated Services Agreement, as amended, supplemented or otherwise modified from time to time.

(c) " Business Day " means a day other than a Saturday or a Sunday on which banks are generally open for business in the City of London, the City of New York, the City of Amsterdam and Guernsey.

(d) " Control ," " controlled by " and " under common control " mean, with respect to a specified Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(e) " Governing Body " means (i) with respect to a corporation or limited company, the board of directors of such corporation or limited company, (ii) with respect to a limited liability company, the managers of such limited liability company, (iii) with respect to a partnership, the board, committee or other body of the general partner of such partnership that serves a similar function (or if any such general partner is itself a partnership, the board, committee or other body of such general partner's general partner that serves a similar function) and (iv) with respect to any other Person, the body of such Person that serves a similar function.

(f) " Governing Instruments " means (i) the certificate of incorporation and bylaws in the case of corporation, (ii) the memorandum and articles of association in the case of a limited company, (iii) the partnership agreement in the case of a partnership, (iv) the articles of formation and operating agreement in the case of a limited liability company, (v) the trust instrument in the case of a trust and (vi) any other similar governing document under which an entity was organized, formed or created and operates, in each case as amended, supplemented or otherwise modified from time to time.

(g) " KKR Entity " means KKR PEI Investments, L.P. and each other entity identified as a "KKR Entity" on a signature page attached hereto or pursuant to a Joinder Agreement (as defined herein).

(h) " KPE Entity " means KPE, KKR Guernsey GP Limited and each other entity identified as a "KPE Entity" on a signature page attached hereto or pursuant to a Joinder Agreement.

(i) " Managed Asset Value " of the KPE Entities and KKR Entities means the sum of the net asset value of KKR PEI Investments L.P. as of the applicable measurement date plus the net asset value of the "Designated Assets" set forth on Schedule I hereto as of such measurement date.(1)

(j) " Management Fee " means the management fee, calculated and paid by the KPE Entities and KKR Entities quarterly in arrears, in an aggregate amount equal to one-fourth of (i) the Managed Asset Value up to and including $3,000,000,000 multiplied by [1.25]% plus (ii) the Managed Asset Value in excess of $3,000,000,000 multiplied by [1.00]%.

(k) " Person " means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity (or any department, agency or political subdivision thereof).

(l) " Regulatory Body " means any governmental, quasi-governmental or other regulatory body or agency having jurisdiction over any KPE Entity or KKR Entity, or the assets, operations or trading market for the securities, if any, of any KPE Entity or KKR Entity.

SECTION 2. Appointment and Duties of the Service Provider.

(a) Each of the KPE Entities and the KKR Entities hereby appoints the Service Provider to manage its respective assets and day-to-day operations subject to the further terms and conditions set forth in this Agreement and the Service Provider hereby agrees to use its commercially reasonable efforts to perform each of the duties set forth herein. Except to the extent that the Service Provider otherwise agrees in its sole discretion, the KPE Entities and the KKR Entities shall not appoint any other Person to provide the services to be rendered by the Service Provider hereunder. The Service Provider hereby agrees that each KPE Entity or KKR

(1) Note: Designated Assets that are contributed to KKR Fund Holdings L.P. will be scheduled.

Entity may appoint Northern Trust International Fund Administration Services (Guernsey) Limited (the " Guernsey Administrator ") to provide customary administrative services to the KPE Entities and any KKR Entity organized in Guernsey and such Persons agree that (i) the Guernsey Administrator shall not be deemed to be a subcontractor or assignee of the Service Provider for the purposes of this Agreement and (ii) the Service Provider shall not be responsible or liable for any services performed by, or actions or omissions of, the Guernsey Administrator in connection with such appointment.

(b) The Service Provider shall be subject to the supervision of the Governing Body of the KPE Entities in providing services to the KPE Entities hereunder and shall be subject to the supervision of the Governing Body of the KKR Entities in providing services to the KKR Entities hereunder. In rendering such services, the Service Provider shall have only such functions and authority as such Governing Bodies may delegate to it with respect to the entities as to which they serve as Governing Bodies. The Service Provider will be responsible for the day-to-day operations of each KPE Entity and KKR Entity and, with respect to each such entity, will perform or cause to be performed such services and activities relating to the assets and operations of such entity as may be appropriate, including each of the following:

(i) serving as a consultant with respect to the periodic review of any investment policies and procedures that may be established for such entity by its Governing Body with respect to its investments, borrowing and other activities and monitoring compliance with such investment policies and procedures; investigating, analyzing and selecting investment opportunities that are applicable to such entity, if any, and acquiring, disposing and monitoring the performance of such investments;

(ii) conducting negotiations with other Persons on behalf of such entity in connection with acquisitions and disposals of its investments;

(iii) coordinating and managing the operations of any joint venture to which the entity is a party and conducting all matters with any joint venturers;

(iv) administering the day-to-day operations of such entity and performing and supervising the performance of such other administrative functions as may be agreed between the Service Provider and such entity, including assisting with the collection of accounts receivable, discharging debts and obligations and maintaining appropriate systems to perform such administrative functions;

(v) communicating on behalf of such entity with its security holders and creditors as may be necessary to satisfy the requirements of any Regulatory Body and to maintain effective relations with any such security holders or creditors;

(vi) counseling such entity with respect to the maintenance of its exemption from the U.S. Investment Company Act of 1940, as amended (the " Investment Company Act ") and monitoring compliance with the requirements for maintaining such exemption;

(vii) counseling such entity with respect to its U.S. federal income tax treatment and monitoring compliance with any applicable requirements for maintaining such tax treatment;

(viii) investing and reinvesting any moneys and securities held by such entity in accordance with any applicable guidelines or investment policies and procedures that may be established by its Governing Body and advising such entity with respect to its capital structures and capital raising;

(ix) assisting such entity in retaining qualified accountants and legal counsel, as applicable, to assist in developing appropriate accounting procedures, compliance procedures and testing systems with respect to financial reporting;

(x) assisting such entity in obtaining and maintaining any appropriate qualifications to do business in applicable jurisdictions and any appropriate licenses;

(xi) assisting such entity in complying with regulatory requirements applicable to them in respect of its business activities;

(xii) taking all actions that are necessary to enable such entity to make required tax filings and reports;

(xiii) handling and resolving all claims, disputes or controversies (including any litigation, arbitration, settlement or other proceedings or negotiations) in which such entity may be involved or subject to the extent that such claims, disputes or controversies arise out of such entity's day-to-day operations, subject to such limitations or parameters as may be imposed by such entity's Governing Body;

(xiv) using commercially reasonable efforts to cause any fees, costs or expenses incurred by or on behalf of such entity to be commercially reasonable or commercially customary;

(xv) performing such other services that may be required from time to time for management and other activities relating to the assets and operations such entity or that the Governing Body of such entity may reasonably request under the particular circumstances; and

(xvi) using commercially reasonable efforts to cause such entity to comply with applicable laws, rules and regulations.

(c) The Service Provider may enter into agreements with other Persons, including its Affiliates, for the purpose of engaging one or more Persons for and on behalf of a KPE Entity or KKR Entity, and at the sole cost and expense of such entity, to provide services to such entity pursuant to one or more agreements with terms which are then customary for agreements regarding the provision of services to entities with similar operations and businesses.

(d) The Service Provider may retain for and on behalf of a KPE Entity and KKR Entity, and at the sole cost and expense of such entity, such services of accountants, legal counsel, valuation firms, insurers, brokers, transfer agents, registrars, developers, investment

banks, other financial advisors, commercial banks and other lenders and such other Persons as the Service Provider deems necessary or advisable in connection with the management and operations of the KPE Entity or KKR Entity. Notwithstanding anything to the contrary herein, the Service Provider shall have the right to cause any such services to be rendered by its employees or Affiliates.

(e) The Service Provider shall prepare, or cause to be prepared, (i) any financial statements and other reports and documents, financial or otherwise, with respect to a KPE Entity and KKR Entity that are reasonably required for such entity to comply with its Governing Instruments, any contractual arrangements to which it is a party or the requirements of any Regulatory Body having jurisdiction over such entities and (ii) all materials and data necessary to complete such financial statements and other reports and documents, including any required audits thereof.

(f) In performing its duties under this Section 2 with respect to investments made by a KKR Entity, the Service Provider shall utilize the services of (i) the applicable investment professional(s) of the Service Provider or its affiliates to review investments presented to such KKR Entity, monitor due diligence practices and provide advice in connection with the structuring, negotiation and pricing of investments and (ii) such other Persons as the Service Provider deems necessary or appropriate to carry out the services to be provided hereunder. The Service Provider shall be permitted to appoint a third party manager to make Investments pursuant to specified guidelines established by the Service Provider.

SECTION 3. Devotion of Time; Additional Activities.

(a) The Service Provider will arrange for such personnel and support staff to be provided to each KPE Entity and KKR Entity as is necessary or appropriate to carry out the services to be provided to such entity hereunder. In the case of the Governing Body of KPE, such personnel shall include a Person who is qualified to act as a chief financial officer and who shall serve in such capacity pursuant to a resolution duly adopted by such Governing Body. Personnel and support staff provided by the Service Provider shall devote such of their time to the management and operations of each KPE Entity and KKR Entity as the Service Provider reasonably deems necessary and appropriate, commensurate with the level of activity of such entity from time to time. Such personnel need not have as their primary responsibility the management and operations of the KPE Entities and the KKR Entities or be dedicated exclusively to the management or operations of the KPE Entities and the KKR Entities.

(b) Nothing contained herein shall prohibit the Service Provider, any of its Affiliates or any director, officer, member, partner, shareholder or employee of any of the foregoing from raising, advising or sponsoring any investment fund, company or vehicle or from carrying out any other business activities or providing any other services of any type or kind, including any business activities or services that may directly or indirectly compete with a KPE Entity or KKR Entity or any investment that may be suitable for any KPE Entity or KKE Entity.

(c) Companies, members, partners, directors, officers, employees and agents of the Service Provider or any of its Affiliates may serve as directors, officers, employees, agents, nominees or signatories of a KPE Entity or a KKR Entity to the extent permitted by the

Governing Instruments of such entity or by one or more resolutions duly adopted by the Governing Body of such entity. When executing documents or otherwise acting in such capacities for and on behalf of a KPE Entity or a KKR Entity, such Persons shall use their respective titles in such entity.

SECTION 4. Agency.

The Service Provider shall act as an agent of each KPE Entity and KKR Entity in making, acquiring, financing and disposing of any investments, disbursing and collecting funds, paying debts and fulfilling obligations, supervising the performance of professionals engaged by or on behalf of such entity and handling, prosecuting and settling any claims of or against such entity and its Governing Body, security holders, creditors, representatives or assets.

SECTION 5. Bank Accounts.

The Service Provider may establish and maintain one or more bank accounts in the name of a KPE Entity or a KKR Entity or in the name of the Service Provider or an Affiliate of the Service Provider for the benefit of a KPE Entity or a KKR Entity (any such account, a "Service Recipient Account") and may collect and deposit funds into any such Service Recipient Account, and disburse funds from any such Service Recipient Account, under such terms and conditions as the Governing Body of such entity may approve. The Service Provider shall from time to time render appropriate accountings of such collections and payments to such Governing Body and, upon request, to the auditors of such entity.

SECTION 6. Records.

The Service Provider shall maintain appropriate books of account and records relating to services performed under this Agreement, and each KPE Entity and KKR Entity shall have the right to inspect such books of account and records to the extent that such books of account and records relate to the services provided to it. Such inspection shall occur during normal business hours upon at least one Business Day's advance written notice.

SECTION 7. Obligations of the Service Provider; Restrictions.

(a) The Service Provider shall refrain from taking any action with respect to a KPE Entity or KKR Entity that, in its sole discretion, is not in compliance with any applicable investment policies or procedures of such entity or would violate any law, rule or regulation of any Regulatory Body or that otherwise would not be permitted by the Governing Instruments of such entity. If the Service Provider is instructed to take any such action by a KPE Entity or KKR Entity or its Governing Body that, in the judgment of the Service Provider, would violate any applicable law, rule or regulation or the Governing Instruments of such entity, then the Service Provider shall promptly notify the Governing Body of such fact. Notwithstanding the foregoing, the Service Provider and its Affiliates (and any director, officer, member, partner, shareholder or employee of any of the foregoing) shall not be liable to any Person for any act or omission by the Service Provider or any of its Affiliates (or any director, officer, member, partner, shareholder or employee of any of the foregoing), except as provided in Section 11 hereof.

(b) The Service Provider shall at all times during the term of this Agreement maintain "errors and omissions" insurance coverage and other insurance coverage which is customarily carried by Persons performing functions that are similar to those performed by the Service Provider under this Agreement and in an amount which is comparable to that which is customarily maintained by such other Persons.

(c) The Service Provider shall at all times during the term of this Agreement provide services under this Agreement in its sole discretion in an manner consistent with the requirement that KPE not earn or be allocated income other than "qualifying income" as defined in Section 7704(d) of the U.S. Internal Revenue Code of 1986, as amended, except to the extent permitted under Section 7704(c)(2) thereof.

(d) In performing its duties under this Agreement, the Service Provider shall be entitled to rely in good faith on qualified experts, professionals and other agents (including, accountants, appraisers, consultants, legal counsel and other professional advisors) and shall be permitted to rely in good faith upon the direction of the secretary of a the Governing Body of each KPE Entity or KKR Entity (or any Person serving in a similar capacity) to evidence any approvals or authorizations of such entity that are required under this Agreement or otherwise.

SECTION 8. Compensation.

(a) The KPE Entities and KKR Entities hereby agree to pay or cause to be paid to the Service Provider during the term of this Agreement the Management Fee quarterly in arrears. The KPE Entities and the KKR Entities shall use their respective commercially reasonable efforts to determine among themselves the portion of the Management Fee to be paid by each of them.

(b) The Management Fee payable hereunder shall be reduced for each quarterly period by the sum of any other management fees that are paid to the Service Provider or any of its Affiliates by any of the KPE Entities and the KKR Entities in respect of such quarterly period (the "Reduction Amount"). If the Reduction Amount in respect of a quarterly period exceeds the amount of the Management Fee that would otherwise be payable in respect of such quarterly period, the excess shall be carried over and shall be applied to Management Fees payable in subsequent periods as if such amounts had been incurred in respect of such subsequent periods. In no event, however, shall credited amounts be reimbursed by the Service Provider or reduce the Management Fee payable in respect of any quarterly period to below zero. Except as provided above, none of the KPE Entities and the KKR Entities shall have any entitlement to any credited amounts.

(c) For the purposes of Section 8(b) hereof, if an amount giving rise to a Reduction Amount is denominated in a currency other than the U.S. dollar, the Reduction Amount shall be deemed to be equal to the amount in U.S. dollars into which the Reduction Amount could have been converted on the date of payment using the exchange rate between such other currency and the U.S. dollar as published in the "Exchange Rates" table of the Wall Street Journal on the date of payment or, in the event such table was not published on that date, the closest date immediately preceding the payment date on which such table was published.

(d) The Service Provider shall compute each installment of the Management Fee within [sixty] days after the end of the quarterly period with respect to which such installment is payable. A copy of the computations made by the Service Provider to calculate such installment shall thereafter, for informational purposes only, promptly be delivered to such person as may be designated by the KPE Entities and KKR Entities from such time. Payment of such installment of the Management Fee shown therein shall be due and payable no later than the date which is fifteen days after the delivery of the computations.

SECTION 9. Expenses of the KPE Entities or KKR Entities.

The KPE Entities and KKR Entities shall pay all fees, costs and expenses incurred in connection with the management and operation of their businesses and, upon request and presentation of appropriate documentation, shall reimburse the Service Provider for such fees, costs and expenses that are incurred by the Service Provider or any of its Affiliates on behalf of such entities. Notwithstanding the foregoing, the Service Provider shall pay all compensation and remuneration of all personnel or support staff who are provided by the Service Provider pursuant to Section 3 hereof. The provisions of this Section 9 shall survive the termination of this Agreement to the extent such expenses have previously been incurred or are incurred in connection with the termination of this Agreement.

SECTION 10. Calculations of Expenses.

The Service Provider shall prepare a statement documenting any fees, costs and expenses reimbursable by the KPE Entities and KKR Entities hereunder and, if such amounts are reimbursable by the KPE Entities, shall deliver such statement to the Governing Body of the KPE Entities within sixty days after the end of the calendar quarter. Any fees, costs and expenses incurred by the Service Provider on behalf of the KPE Entities or KKR Entities and reimbursable hereunder shall be reimbursed no later than the date which is fifteen days after the delivery of the statement documenting such fees, costs and expenses. The provisions of this Section 10 shall survive the termination of this Agreement.

SECTION 11. Limitation of Responsibility; Indemnification.

The Service Provider assumes no responsibility under this Agreement other than to render the services called for hereunder in good faith and shall not be responsible for any action of any of the KPE Entities or KKR Entities, or their Governing Bodies, in following or declining to follow any advice or recommendations of the Service Provider, including as set forth in Section 7(b) hereof. The KPE Entities, jointly and severally, and KKR Entities, jointly and severally, each hereby agree to the fullest extent permitted by applicable law, to indemnify and hold harmless the Service Provider and any of its Affiliates, directors, officers, agents, members, partners, shareholders and employees (each, an " Indemnified Party ") from and against any claims, liabilities, losses, damages, costs or expenses (including legal fees) (" Liabilities ") incurred by them or threatened in connection with the business, investments and activities of the KPE Entities and KKR Entities or in respect of or arising from this Agreement or the services provided hereunder; *provided* that no Indemnified Party shall be so indemnified with respect to any Liability to the extent that such Liability is finally determined by a final and non-appealable judgment entered by a court of competent jurisdiction, or pursuant to a settlement agreement

agreed to by such Indemnified Party, to have resulted from such Indemnified Party's bad faith, fraud, willful misconduct, gross negligence or, in the case of a criminal matter, conduct undertaken with knowledge that the conduct was unlawful.

The KPE Entities and KKR Entities hereby agree that no Indemnified Party shall be liable to the KPE Entities and KKR Entities, their Governing Bodies or any officer or security holder of any of the foregoing for any Liabilities that may occur as a result of any acts or omissions by the Indemnified Party pursuant to or in accordance with this Agreement, except to the extent that such Liabilities are finally determined by a final and non-appealable judgment entered by a court of competent jurisdiction to have resulted from the Indemnified Party's bad faith, fraud, willful misconduct, gross negligence, or in the case of a criminal matter, conduct undertaken with knowledge that the conduct was unlawful. For the avoidance of doubt, the provisions of this Section 11 shall survive the termination of this Agreement.

SECTION 12. No Partnership or Joint Venture.

Nothing in this Agreement shall be construed to make the KPE Entities and the KKR Entities and the Service Provider, or any of the foregoing, partners or joint venturers or impose any liability as such on any such Person or Persons. The KPE Entities and KKR Entities have each entered into this Agreement with one another for administrative convenience only and, except with respect to the payment of the Management Fee and the indemnification provisions set forth in Section 11 hereof, nothing contained herein shall be construed as (i) creating any rights, obligations or duties among or between or among such entities or (ii) providing the Governing Body of any such entity with power, authority, discretion, oversight or control over any entity of which it is not the Governing Body.

SECTION 13. Assignment.

This Agreement may not be assigned by the Service Provider without the prior written consent of (i) the KPE Entities, with respect to such entities or (ii) the KKR Entities, with respect to such entities, and this Agreement may not be assigned by any KPE Entity or KKR Entity without the prior written consent of the Service Provider. Notwithstanding the forgoing, the Service Provider shall have the right, by providing written notice to the KPE Entities and KKR Entities, (i) to assign its rights hereunder, in whole or in part, to an Affiliate of the Service Provider or any person who is a successor of the Service Provider by merger, consolidation or purchase of all or substantially all of its assets, in which case such assignee shall be substituted for the Service Provider hereunder with respect to the provisions so assigned and be bound under this Agreement and by the terms of the assignment in the same manner as the Service Provider hereunder was bound hereunder, and (ii) to pledge, hypothecate or otherwise transfer of any amounts payable to the Service Provider under this Agreement. Any purported assignment of this Agreement in violation of this Section shall be null and void.

SECTION 14. Termination.

(a) Each KPE Entity and KKR Entity may terminate this Agreement with respect to itself effective upon thirty days' prior written notice of termination to the Service Provider without payment of any termination fee, if (i) the Service Provider or any of its

permitted assignees or subcontractors defaults in the performance or observance of any material term, condition or agreement contained in this Agreement and such default continues for a period of thirty days after written notice thereof specifying such default and requesting that the same be remedied in such thirty day period; (ii) the Service Provider or any of its permitted assignees or subcontractors engages in any act of fraud, misappropriation of funds or embezzlement against any KPE Entity or KKR Entity; (iii) there is an event of any gross negligence on the part of the Service Provider or any of its permitted assignees or subcontractors in the performance of the Service Provider's duties under this Agreement that is materially harmful to the KKR Entities and KPE Entities taken as a whole or (iv) the Service Provider makes a general assignment for the benefit of its creditors, institutes proceedings to be adjudicated voluntarily bankrupt, consents to the filing of a petition of bankruptcy against it, is adjudicated by a court of competent jurisdiction as being bankrupt or insolvent, seeks reorganization under any bankruptcy law or consents to the filing of a petition seeking such reorganization or has a decree entered against it by a court of competent jurisdiction appointing a receiver liquidator, trustee or assignee in bankruptcy or in insolvency. Notwithstanding anything to the contrary in this Agreement, each KPE Entity and KKR Entity hereby agrees and confirms that this Agreement may not be terminated pursuant to this Section 14(a) due solely to the poor performance or underperformance of the business or investments of such entity provided that the services called for herein are rendered in good faith by the Service Provider and each of its permitted assignees and subcontractors, if any.

(b) The Service Provider may terminate this Agreement (i) effective upon thirty days' prior written notice of termination to the KKR Entities and KPE Entities if any KPE Entity or KKR Entity defaults in the performance or observance of any material term, condition or agreement contained in this Agreement and such default continues for a period of thirty days after written notice thereof specifying such default and requesting that the same be remedied in such thirty day period, (ii) at any time if (x) any KPE Entity or KKR Entity is required to register as an "investment company" under the Investment Company Act, with such termination deemed to have occurred immediately prior to such event or (y) any KPE Entity or KKR Entity makes a general assignment for the benefit of its creditors, institutes proceedings to be adjudicated voluntarily bankrupt, consents to the filing of a petition of bankruptcy against it, is adjudicated by a court of competent jurisdiction as being bankrupt or insolvent, seeks reorganization under any bankruptcy law or consents to the filing of a petition seeking such reorganization or has a decree entered against it by a court of competent jurisdiction appointing a receiver liquidator, trustee or assignee in bankruptcy or in insolvency or (iii) with respect to a KKR Entity or a KPE Entity upon the liquidation, dissolution or winding up of such entity.

(c) Except as otherwise provided by Section 14(a) and Section 14(b) hereof, this Agreement may be terminated only by an agreement in writing signed by each party hereto which is consented to by the holders of not less than a majority of KPE's outstanding Partnership Securities. For the purposes of this Agreement, " Partnership Securities " shall mean a limited partner interest in KPE, but excluding

any options, rights, warrants or appreciation rights relating to an equity interest in KPE.

(d) If this Agreement is terminated pursuant to this Section 14, such termination shall be without any further liability or obligation of any party hereto to any other party hereto, except as provided in Sections 6, 9, 10, 11, 15 and 16 hereof.

SECTION 15. Action Upon Termination.

From and after the effective date of the termination of this Agreement, the Service Provider shall not be entitled to receive the Management Fee for further services under this Agreement, but shall be paid all compensation accruing to and including the date of termination. Upon such termination, the Service Provider shall forthwith:

(a) after deducting any accrued compensation and reimbursements for any fees, costs and expenses to which it is then entitled, pay over to each KPE Entity and KKR Entity all money collected and held for the account of such entity pursuant to this Agreement;

(b) deliver to each KPE Entity and KKR Entity a full accounting, including a statement showing all payments collected and moneys held for such entity and a statement of all money held by it , covering the period following the date of the last accounting furnished to such entity; and

(c) deliver to each KPE Entity and KKR Entity all property and documents of such entity then in the custody of the Service Provider.

SECTION 16. Release of Money or Other Property Upon Written Request.

The Service Provider hereby agrees that any money or other property of a KPE Entity and KKR Entity or its respective subsidiary held by the Service Provider under this Agreement shall be held by the Service Provider as custodian for such Person, and the Service Provider's records shall be appropriately marked clearly to reflect the ownership of such money or other property by such Person. Upon the receipt by the Service Provider of a written request signed by a duly authorized representative of a KPE Entity and KKR Entity requesting the Service Provider to release to such entity any money or other property then held by the Service Provider for the account of such entity under this Agreement, the Service Provider shall release such money or other property to the KPE Entity or KKR Entity, as applicable, within a reasonable period of time, but in no event later than sixty days following such request. The Service Provider shall not be liable to any KPE Entity or KKR Entity, any Governing Body of a KPE Entity or KKR Entity or any other Person for any acts performed or omissions to act by a KPE Entity or KKR Entity in connection with the money or other property released to the KPE Entity or KKR Entity in accordance with the second sentence of this Section 16. Each KPE Entity and KKR Entity shall indemnify and hold harmless the Service Provider and any of its Affiliates (and any directors, officers, agents, members, partners, shareholders and employees of the foregoing) against any and all Liabilities which arise in connection with the Service Provider's release of such money or other property to such entity in accordance with the terms of this Section 16. Indemnification pursuant to this provision shall be in addition to any right of such Persons to indemnification under Section 11 hereof. For the avoidance of doubt, the provisions of this Section 16 shall survive termination of this Agreement.

SECTION 17. Notices.

Except as otherwise provided, all notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received when delivered against receipt or upon actual receipt of (a) personal delivery, (b) delivery by reputable overnight courier, (c) delivery by facsimile transmission with telephonic confirmation or (d) delivery by registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to a KPE Entity:

c/o KKR Guernsey GP Limited
Trafalgar Court
Les Banques, St. Peter Port
Guernsey, Channel Islands
Telephone: +44 14 8 174 5001
Attention: Chief Financial Officer

(ii) If to a KKR Entity:

c/o Kohlberg Kravis Roberts & Co. L.P.
9 West 57th Street
New York, New York 10019
Facsimile: 212-750-0003
Attention: General Counsel

(iii) If to the Service Provider:

Kohlberg Kravis Roberts & Co. L.P.
9 West 57th Street
New York, New York 10019
Facsimile: 212-750-0003
Attention: General Counsel

Each party hereto may alter the address to which notices, requests, demands and other communications are to be sent to such party by giving notice of such change of address in conformity with the provisions of this Section 17.

SECTION 18. Binding Nature of Agreement; Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns as provided in this Agreement.

SECTION 19. Entire Agreement; Amendments.

This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter of this Agreement. The express terms of this Agreement control and supersede any course of performance and any usage of the trade inconsistent with any of the terms of this Agreement. This Agreement may not be amended, supplemented or otherwise modified other than by an agreement in writing signed by the parties hereto; *provided , however* , that any amendment, supplementation or modification of Section 14(c) hereof shall be effective only if the amendment, supplementation or modification shall have been consented to by the holders of not less than a majority of KPE's outstanding Partnership Securities.

SECTION 20. Governing Law; Jurisdiction.

This Agreement and the rights and obligations of the parties under this Agreement shall be governed by and construed in accordance with the laws of the State of New York. Each party hereto hereby (a) submits to the exclusive jurisdiction of any court of the State of New York or the United States District Court for the Southern District of New York for the purposes of any dispute, suit, action or other proceeding arising out of or relating to this Agreement (each, a " Proceeding "), (b) agrees that all claims in respect of any Proceeding may be heard and determined in any such court, (c) waives, to the fullest extent permitted by law, any immunity from jurisdiction of any such court or from any legal process therein, (d) agrees not to commence any Proceeding other than in such courts and (e) waives, to the fullest extent permitted by law, any claim of inconvenient forum, improper venue or that any such court does not have jurisdiction over any party in any such action. Each KPE Entity and KKR Entity hereby unconditionally appoints Kohlberg Kravis Roberts & Co. L.P. with an address of 9 West 57th Street, New York, New York 10019, as its agent to receive on its behalf service of copies of the summons and complaint and any other process issued out of or relating to any Proceeding before any court of the State of New York or the United States District Court for the Southern District of New York by delivery of a copy of such process to the process agent at such address. Any final judgment against a party hereto in any Proceedings brought in any court of the State of New York or the United States District Court for the Southern District of New York shall be conclusive and binding upon such party and may be enforced against such party in the courts of any other jurisdiction of which such party is or may be subject, by suit upon such judgment. The obligations of each party under this Section 20 shall survive the termination of this Agreement. Notwithstanding anything to the contrary in this Agreement, each party hereto hereby knowingly, voluntarily, fully and unconditionally waives any right that such party may have to a trial by jury in any dispute, suit, action or proceeding arising out of or relating to this Agreement.

SECTION 21. No Waiver; Cumulative Remedies.

No failure to exercise and no delay in exercising, on the part of any party hereto, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The

rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. No waiver of any provision hereto shall be effective unless it is in writing and signed by the party asserted to have granted such waiver.

SECTION 22. Specific Performance .

Without limiting the remedies available to the KPE Entities and KKR Entities, the Service Provider hereby agrees and acknowledges that monetary damages may not be an adequate remedy for any failure by the Service Provider or any of its Affiliates to comply with their respective obligations under this Agreement and that such entities may obtain such relief as may be required to specifically enforce the obligations of the Service Provider and its Affiliates under this Agreement.

SECTION 23. Headings; Construction.

The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed part of this Agreement. Words used herein regardless of the number and gender specifically used shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

SECTION 24. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts of this Agreement, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

SECTION 25. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 26. Additional Parties.

Any Person who is not a party to this Agreement as of the date hereof shall become an additional party to this Agreement as a KPE Entity or KKR Entity with all of the rights and obligations of a KPE Entity or KKR Entity hereunder by executing and delivering an agreement joining in this Agreement substantially in the form of a Joinder Agreement attached hereto as Exhibit A. Any KPE Entity or KKR Entity may withdraw from this Agreement by executing and delivering a notice of withdrawal to the Service Provider.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

KOHLBERG KRAVIS ROBERTS & CO. L.P.

By: [TBD]
Its General Partner

By: _____
Name:
Title:

KKR PRIVATE EQUITY INVESTORS, L.P.
KKR GUERNSEY GP LIMITED (Reg. No. 44666)

By: KKR Guernsey GP Limited (Reg. No. 44666),
Its General Partner

By: _____
Name:
Title:

KKR GUERNSEY GP LIMITED (Reg. No. 44666)

By: _____
Name:
Title:

KKR PEI INVESTMENTS, L.P.

By: KKR PEI Associates, L.P.
Its General Partner

By: KKR PEI GP Limited (Reg. No. 44667),
The General Partner of KKR PEI Associates, L.P.

By: _____
Name:
Title:

KKR PEI SICAR S.À R.L.

By: _____
Name:
Title:

KKR PEI OPPORTUNITIES, L.P.

By: _____
Name:
Title:

KKR PEI OPPORTUNITIES GP, LTD.

By: _____
Name:
Title:

KKR PEI SECURITIES HOLDINGS, LTD.

By: _____
Name:
Title:

SEVRES IV, S.À R.L.

By: _____
Name:
Title:

SCHEDULE I

Designated Assets

EXHIBIT A

JOINDER AGREEMENT

This Joinder Agreement, dated as of [*Insert Date*] (the " Joinder Agreement "), is entered into between [*Name of Party Joining the Services Agreement*], a [*Identify Organizational Form*] (the " Additional Party "), and Kohlberg Kravis Roberts & Co. L.P., a Delaware limited partnership (together with its permitted assignees, the " Service Provider "). Capitalized terms used herein but not defined shall have the meanings assigned to such terms in the Services Agreement referred to below.

WHEREAS, the Service Provider, KKR Private Equity Investors, L.P., a Guernsey limited partnership, KKR Guernsey GP Limited, a Guernsey limited company and each other KPE Entity and KKR Entity named therein have entered into that certain Amended and Restated Services Agreement, dated as **of July , 2009** (as amended, supplemented or otherwise modified from time to time, the " Services Agreement "), pursuant to which the Service Provider has agreed to provide the KPE Entities and KKR Entities with certain investment management, operational, financial advisory and other services on the terms and conditions set forth therein;

WHEREAS, Section 26 of the Services Agreement provides that any Person who is not a party to the Services Agreement may become an additional party to the Services Agreement with all of the rights and obligations of the parties thereto by executing and delivering a Joinder Agreement; and

WHEREAS, the Additional Party has agreed to execute and deliver this Joinder Agreement in order to become a [KPE Entity] [KKR Entity] under the Services Agreement, and the Service Provider has agreed to the addition of the Additional Party as a [KPE Entity] [KKR Entity] under the Services Agreement.

NOW, THEREFORE, in consideration of the premises the Service Provider and the Additional Party agree as follows:

1. By executing and delivering this Joinder Agreement, the Additional Party hereby shall become a [KPE Entity] [KKR Entity] under to the Services Agreement with the same force and effect as if it were originally named therein as a [KPE Entity] [KKR Entity] under and, without limiting the generality of the foregoing, the Additional Party hereby expressly assumes all obligations and liabilities as a [KPE Entity] [KKR Entity] under thereunder.

2. [Sections 8 through 17 of the License Agreement shall apply to this Joinder Agreement mutatis mutandis.]

IN WITNESS WHEREOF, each of the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first written above.

[*NAME OF ADDITIONAL* PARTY],
as a [KPE Entity] [KKR Entity]

By: _____
Name:
Title:

Acknowledged and Agreed:

KOHLBERG KRAVIS ROBERTS & CO. L.P.,
as Service Provider

By: [TBD]
Its General Partner

By: _____
Name:
Title:

Exhibit O

Amended & Restated
As of October 1, 2009

KKR Private Equity Investors, L.P.

Investment Policies and Procedures

The investment policies and procedures set forth below constitute the investment policies and procedures of KKR Private Equity Investors, L.P., a Guernsey limited partnership (the " Partnership "), and have been adopted by the Board of Directors of KKR Guernsey GP Limited, a Guernsey limited company (the " Managing General Partner "), with effect from May 10, 2006 and as amended as of July 31, 2006, November 7, 2006, March 16, 2007 and May 4, 2007. Each investment policy or procedure set forth below, and each supplemental investment policy or procedure adopted in accordance with the provisions hereof, shall remain in full force and effect until such time as the policy or procedure is terminated, amended, supplemented or otherwise modified.

SECTION 1. Definitions.

For purposes of the Investment Policies and Procedures, the following words and phrases have the meanings assigned to them below:

(a) " Corporation " means an entity that is a corporation under Section 7701(a)(3) of the Internal Revenue Code and U.S. Treasury Regulations §301.7701-2(b).

(b) " Disregarded Entity " means an entity that is treated as a disregarded entity under U.S. Treasury Regulations §301.7701-2(c)(3).

(c) " Intermediate Company " has the meaning set forth in the limited partnership agreement of the Partnership, dated April 18, 2006, as amended, restated and/or supplemented.

(d) " Investment Partnership " means KKR PEI Investments, L.P., a Guernsey limited partnership.

(e) " Investment Policies and Procedures " means the investment policies and procedures set forth herein, as amended, supplemented or otherwise modified in accordance with provisions of each of the Managing General Partner's Articles of Incorporation (as amended) and the provisions hereof, in each case, as in effect at the time of such amendment, supplementation or other modification.

(f) " Internal Revenue Code " means the U.S. Internal Revenue Code of 1986, as amended.

(g) " KKR " means Kohlberg Kravis Roberts & Co. L.P., a Delaware limited partnership and any of its affiliates.

(h) " KKR Investment Fund " means any investment fund that is from time to time raised, managed or sponsored by KKR or one or more of its affiliates and which is neither a "KPE Entity" nor a "KKR Entity" under the Services Agreement.

(i) " Non-Qualifying Income " means income that is not "qualifying income" under Section 7704(d) of the Internal Revenue Code.

(j) " Services Agreement " means that certain Services Agreement, dated as of April 23, 2006, among KKR, the Partnership, and the other service recipients party thereto, as amended, supplemented or otherwise modified from time to time.

(k) " Tax Partnership " means an entity that is treated as a partnership under Section 7701(a)(2) of the Internal Revenue Code and U.S. Treasury Regulations §301.7701-2(c)(1).

SECTION 2. Background.

The Investment Policies and Procedures are applicable to all investments that are made by the Partnership and any Intermediate Company whether with capital contributed to the Partnership, borrowings or cash generated by investments.

SECTION 3. Delegation of Authority.

KKR is hereby delegated authority to select, evaluate, structure, negotiate, diligence, execute, monitor and dispose of investments and otherwise carry out investment related activities pursuant to the Services Agreement and the Investment Policies and Procedures.

SECTION 4. Investments.

The Partnership's sole investment shall be in limited partner interests of KKR Group Holdings L.P. or such interests for which the Partnership is required to exchange the limited partner interests of KKR Group Holdings L.P. pursuant to the Investment Agreement, dated as of October 1, 2009 among the Partnership, KKR & Co. L.P. and the other parties thereto, as such agreement may be amended, supplemented or modified from time to time (" Group Units "). Notwithstanding anything to the contrary contained herein, for so long as the Partnership's sole investment is in Group Units, the Investment Policies and Procedures shall not impose any limitations on any investments that may be made by any Intermediate Company, which shall adopt its own investment policies and procedures, as appropriate, to satisfy the requirements of section 7704(c) of the Internal Revenue Code.

SECTION 5. Investment Diversification .

The Partnership may not make any opportunistic investments. Subject to any limitations which may be imposed by any investment policies and procedures adopted by any Intermediate Company, any Intermediate Company may invest any or all of its assets in opportunistic investments that are identified by KKR.

SECTION 6. Exiting of Investments.

There is no requirement that investments be exited within any fixed periods of time and there are no restrictions on the manner in which investments must be exited.

SECTION 7. Maintenance of Status as a Partnership for U.S. Federal Tax Purposes.

The restrictions in this Section 7 apply notwithstanding any other provision of these Investment Policies and Procedures.

(a) All investments must be made in a manner that permits the Partnership and the Investment Partnership to continue to be treated as a partnership for U.S. federal income tax purposes. To maintain such status, the Partnership must be operated so that at least 90% of its gross income (determined by reference to the gross income included in determining the Partnership's taxable income for U.S. federal income tax purposes) in each taxable year, including any short taxable year resulting from a termination under Section 708 of the Internal Revenue Code or otherwise, will constitute "qualifying income" within the meaning of Section 7704(d) of the Internal Revenue Code. "Qualifying income" currently includes:

- interest other than (i) interest derived in the conduct of a financial or insurance business or (ii) interest excluded from the term "interest" under Section 856(f) of the Internal Revenue Code (which excludes amounts received or accrued, directly or indirectly, if the determination of such amount depends in whole or in part on the income or profits of any person) ("qualifying interest");

- dividends; and

- gains from the disposition of (i) stock or (ii) capital assets held for the production of qualifying interest or dividends.

(b) To ensure that the Partnership complies with the requirement set forth in Paragraph (a) above, the investment policies and procedures set forth in Paragraphs (c) through (i) below shall apply to each of the Partnership, the Investment Partnership and each subsidiary of the Investment Partnership or investments made by any of the foregoing; *provided* that compliance with any part of Paragraphs (c) through (i) below may be waived with respect to any investment (or types of investment) if the Partnership receives an opinion from nationally recognized tax counsel that income from such investment (or type of investment) will be "qualifying income" within the meaning of Section 7704(d) of the Internal Revenue Code.(1)

(c) The following policies and procedures apply with respect to each KKR Investment Fund in which the Partnership, the Investment Partnership or a subsidiary of the Investment Partnership invests:

(1) Sentence amended and restated as of March 16, 2007.

- The Partnership, the Investment Partnership or the subsidiary of the Investment Partnership, as the case may be, must have a right to (i) opt out of any investment of the fund that could cause the Partnership, the Investment Partnership or a subsidiary of the Investment Partnership to have to include in gross income any income that is Non-Qualifying Income or (ii) to make such investment through an entity that is a Corporation. The Partnership, the Investment Partnership or the subsidiary of the Investment Partnership, as the case may be, must exercise each of the foregoing rights to avoid having to include in gross income any such income that is Non-Qualifying Income.

- The Partnership, the Investment Partnership or the subsidiary of the Investment Partnership, as the case may be, may not invest in any KKR Investment Fund unless KKR agrees not to permit the netting of profits and losses between (i) any KKR Investment Fund that could generate Non-Qualifying Income and (ii) a KKR Investment Fund in which the Partnership, the Investment Partnership or any subsidiary of the Investment Partnership, as the case may be, is an investor.

- In the case of an investment of a KKR Investment Fund that could, under the contemplated structure for the investment, generate income that is Non-Qualifying Income, (i) KKR must agree to make the investment only through an entity that is separate (for both commercial law and U.S. federal income tax purposes) from a KKR Investment Fund in which the Partnership, the Investment Partnership or the subsidiary of the Investment Partnership, as the case may be, is an investor and (ii) if the Investment Partnership chooses to participate in such investment, then such investment by the Investment Partnership must be made through a subsidiary that is treated as a Corporation.(2)

- The management fees payable by the Partnership, the Investment Partnership or the subsidiary of the Investment Partnership, as the case may be, with respect to a KKR Investment Fund may not be reduced by any fee payable to KKR or its affiliates, including any portfolio company monitoring fee, transaction fee or break-up fee.

(d) The following policies and procedures apply with respect to each co-investment that is made by the Partnership, the Investment Partnership or a subsidiary of the Investment Partnership invest:

- The Partnership, the Investment Partnership and the subsidiaries of the Investment Partnership, as the case may be, may not make any co-investment, directly or through any entity (unless the entity through which such co-investment is made is a Corporation), if the co-investment would be treated for U.S. federal income tax purposes as equity in an entity that is not a Corporation. A co-investment that, for U.S. federal income tax purposes, would be treated as equity in a Corporation may be made through an entity treated as a Tax Partnership or a Disregarded Entity, provided that such Tax Partnership

(2) Sentence amended and restated as of March 16, 2007.

or Disregarded Entity conducts no activities that would generate Non-Qualifying Income.(3)

- The management fees that are payable under the Services Agreement by the Partnership, the Investment Partnership and the subsidiaries of the Investment Partnership, as the case may be, may not be reduced by fees payable to KKR or its affiliates with respect to the co-investment, including any portfolio company monitoring, transaction or break-up fees.

(e) Other than investments in KKR Investment Funds that are made in accordance with Paragraph (c) above and co-investments made through a Tax Partnership or Disregarded Entity in accordance with Paragraph (d) above, the Partnership, the Investment Partnership and the subsidiaries of the Investment Partnership will not make any investment that, for U.S. federal income tax purposes, is treated as equity in an entity that is not a Corporation (other than through a subsidiary treated as a Corporation).

(f) Other than investments in KKR Investment Funds that are made in accordance with Paragraph (c) above, co-investments made through a Tax Partnership or Disregarded Entity in accordance with Paragraph (d) above or investments through a subsidiary of the Investment Partnership that is treated as a Corporation, the Partnership, the Investment Partnership and the subsidiaries of the Investment Partnership may acquire only investments that are either indebtedness for U.S. federal income tax purposes or that are stock, warrants or options issued by a Corporation.(4) In addition, the Partnership, the Investment Partnership and the subsidiaries of the Investment Partnership may enter into (i) any derivative contract to hedge currency or interest rate risks with respect to such investments; *provided* that income derived from such contracts would be treated as income which qualifies under Section 851(b)(2)(A) of the Internal Revenue Code, and (ii) any notional principal contract (as defined in Treasury Regulation Section 1.446-3); *provided* that the property, income or cash flow that measures the amounts to which the Partnership, the Investment Partnership or its subsidiary is entitled under such notional principal contract, would give rise to "qualifying income" within the meaning of Section 7704(d) of the Internal Revenue Code, if held or received directly by the Partnership, the Investment Partnership or its subsidiary.(5) Any indebtedness must be in registered form. No interest payable on any investment that is indebtedness for U.S. income tax purposes may be determined by reference to the income, profits or revenues of any person, unless such indebtedness is owned by a subsidiary of the Investment Partnership that is treated as a Corporation.(6) Investments described in this paragraph may be made either directly or indirectly through a Corporation, a Disregarded Entity or an entity treated as a Tax Partnership, provided in the latter case all interests in the Tax Partnership are owned by the Partnership or any of its affiliates.

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(3) Sentence amended and restated as of March 16, 2007.

(4) Sentence amended and restated as of March 16, 2007.

(5) Sentence amended and restated as of March 16, 2007.

(6) Sentence amended and restated as of November 7, 2006.

(g) The Partnership, the Investment Partnership and the subsidiaries of the Investment Partnership (other than a subsidiary that is treated as a Corporation) may not originate, participate in the negotiation of, or perform any services with respect to any loans and may not acquire any interest in any revolving credit facility or other debt instruments that may require subsequent advances.(7) The Partnership, the Investment Partnership and the subsidiaries of the Investment Partnership (other than a subsidiary that is treated as a Corporation) may not enter into forward purchase commitments to acquire a loan from a third party.(8) Notwithstanding the foregoing, (i) the Partnership, the Investment Partnership and the subsidiaries of the Investment Partnership may participate directly or indirectly (including through a KKR Investment Fund) in up to five loans in each taxable year made on the same terms and conditions as, and on a pro rata basis with, loans from a KKR Investment Fund in connection with the funding of acquisitions of portfolio companies, and (ii) no subsidiary that is treated as a Corporation may engage in any activity that would cause the Partnership, the Investment Partnership or any subsidiaries of the Investment Partnership (other than a subsidiary that is treated as a Corporation) to be treated as engaged in the conduct of a financial business within the meaning of Section 7704(d)(2)(A) of the Internal Revenue Code.(9) References to loans and other types of debt in this paragraph shall not apply to instruments that are not treated as debt for U.S. federal income tax purposes, even if they are called "debt" or "notes" or by similar names for purposes other than U.S. federal income tax purposes.

(h) Neither the Partnership, the Investment Partnership nor a subsidiary of the Investment Partnership (other than a subsidiary that is treated as a Corporation) may act as a dealer with respect to any investments or positions.(10)

(i) Other than a subsidiary of the Investment Partnership that is treated as a Corporation with respect to fees that are properly allocable to such subsidiary, neither the Partnership, the Investment Partnership nor a subsidiary of the Investment Partnership may receive any fees with respect to any investments that are made by them.(11)

SECTION 8. Changes to Investment Policies and Procedures.

KKR may propose changes to the Investment Policies and Procedures to the Board of Directors of the Managing General Partner. Any change to the Investment Policies and Procedures, whether in the form of an amendment, modification, supplementation or termination of an investment policy or procedure, may be made only if the change is originally proposed by KKR and approved by the Board of Directors of the Managing General Partner and if the change does not jeopardize the status of the Partnership as a partnership for U.S. federal tax purposes;

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(7) Sentence amended and restated as of November 7, 2006.

(8) Sentence amended and restated as of November 7, 2006.

(9) Sentence amended and restated as of March 16, 2007.

(10) Sentence amended and restated as of November 7, 2006.

(11) Sentence amended and restated as of November 7, 2006.

provided that no change may be made to Section 7 unless the Partnership receives an opinion from nationally recognized tax counsel that, following such change, the Partnership will be treated as a partnership, and not as an association taxable as a corporation, for United States federal income tax purposes.

SECTION 9. Compliance with Applicable Laws.

The investment activities of the Partnership and any Intermediate Company shall be carried out in a manner that complies with all laws applicable to any of such entities or their respective affiliates.

* * *

Exhibit P

Dated 2009

KKR PEI ASSOCIATES, L.P.

-and-

[•]

SECOND AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT

constituting

KKR PEI INVESTMENTS, L.P.

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This Second Amended and Restated Limited Partnership Agreement is made on 2009.

Between:

(1) **KKR PEI ASSOCIATES, L.P.** (the " **General Partner** ") whose registered office is at Trafalgar Court, Les Banques, St Peter Port, Guernsey, acting by its general partner, **KKR PEI GP LIMITED** , whose registered office is at Trafalgar Court, Les Banques, St. Peter Port, Guernsey;

(2) **[•]**

Whereas the Parties hereto entered into and adopted the amended and restated limited partnership agreement dated 2 May 2007 (the " **First Amended and Restated Agreement** ") in full replacement and substitution of the limited partnership agreement entered into by the Parties with respect to the Partnership dated 1 May 2006 (the " **Original Agreement** ") pursuant to Clause 12 of the Original Agreement;

Whereas the Parties hereto desire to amend and restate the First Amended and Restated Agreement in order to make the modifications hereinafter set forth;

Whereas this agreement is entered into and adopted in full replacement and substitution of the First Amended and Restated Agreement pursuant to Clause 12.1.8 thereof.

The Parties Agree As Follows :

1 Definitions and Interpretation

1.1 Definitions

In this Agreement, the following words and expressions shall, unless the context otherwise requires, have the following meanings:

" **Accounting Period** " means an Annual Accounting Period or a Quarterly Accounting Period;

" **Accounts** " has the meaning given in Clause 11.1 ;

" **Act** " means the Limited Partnerships (Guernsey) Law, 1995;

" **Additional Limited Partner** " means a Person who becomes a Limited Partner in accordance with Article 4 or, to the extent of its additional Capital Contribution, a Limited Partner which increases its Capital Contribution after the date hereof;

" **Administrator** " means the administrator referred to in Clause 5.5 or any other administrator from time to time appointed in lieu thereof;

" **Aggregate Fund Interest Proceeds** " means, with respect to a KKR Fund Interest, the aggregate distributions made by the relevant KKR Fund to the Partnership in respect of such KKR Fund Interest since the date of acquisition by the Partnership (less any capital contributions made by the Partnership to the relevant fund following the Partnership's acquisition of the KKR Fund Interest), plus the net consideration from the sale (if any) of such KKR Fund Interest;

" **Agreement** " means this second amended and restated limited partnership agreement, as amended from time to time;

" **Allocable Fund Distribution** " has the meaning given to such term in the Services Agreement;

" **Annual Accounting Period** " means a period of 12 months ending on 31 December (or such other date as the General Partner may determine), *provided* that the first Accounting Period of the Partnership commenced on 1 May 2006 and ended on 31 December 2006;

" **Annual Accounts** " has the meaning given in Clause 11.2;

" **Assets** " means all of the Partnership's properties, assets and rights of every nature, kind and description, tangible and intangible (including goodwill), whether real, personal or mixed;

" **Associate** " means and includes, with respect to any Person, any Person directly or indirectly controlled by such Person and any Person that directly or indirectly controls or is under common control with, such Person;

" **Auditors** " means such firm of independent accountants of international standing as may from time to time be appointed to be the auditors of the Partnership under the provisions of this Agreement;

" **Beginning Value** " means, with respect to a Measuring Period, an amount equal to the Ending Value of Class A for the prior Measuring Period, increased by total Capital Contributions allocable to Class A and reduced by total withdrawals and distributions allocable to Class A effective as of immediately after the last day of such prior Measuring Period, provided that the Beginning Value for the first Measuring Period of the Partnership shall be equal to the Capital Contribution(s) allocable to Class A made on the first day on which any Capital Contributions are made to the Partnership;

" **Business Day** " means a weekday (days other than a Saturday or Sunday and other than a day selected by the General Partner on which banks in the City of London, the City of New York, the City of Amsterdam or Guernsey are not open generally for business);

" **Capital Contribution** " means, in respect of each of the General Partner and each Limited Partner, the amount of cash and the fair market value of any assets contributed to the capital of the Partnership by such Partner;

" **Capital Account** " is as defined in Clause 3.4.1;

" **Class** " is as defined in Clause 3.5;

" **Class A Incentive Amount** " is the amount to which the General Partner is entitled under Clause 7.2.2;

" **Class B Carried Interest** " is the amount to which the General Partner is entitled under Clause 7.3;

" **Code** " means the United States Internal Revenue Code of 1986;

" **Direct Portfolio Co-Investments** " means any co-investments by the Partnership (whether directly or through one or more Intermediate Companies) with any KKR Private

Equity Fund in the securities of a Portfolio Company, other than as a limited partner of such KKR Private Equity Fund;

" **Distributable Cash** " means, with respect to a Class, all cash receipts of the Partners attributable to such Class (excluding the proceeds from Capital Contributions of the Partners to be applied to investments by such Class), and including any amounts released by the General Partner from previously created reserves, after deducting for payments to satisfy operating cash expenses attributable to such Class, payments required to be made in connection with loans attributable to such Class, capital expenditures attributable to such Class and any other amounts set aside for the restoration, increase or creation of reserves for such Class;

" **Ending Value** " means, with respect to any Measuring Period, the Partnership's Net Asset Value allocable to Class A on the Valuation Date upon which such Measuring Period ends, prior to withdrawals (if any) effective as of immediately after the end of such Measuring Period and Capital Contributions allocable to Class A made as of immediately after the end of such Measuring Period, determined as provided herein;

" **ERISA** " means the U.S. Employee Retirement Income Security Act of 1974, and rules and regulations promulgated thereunder;

" **Fees and Expenses of the Initial Offering** " has the meaning given to such term in the Services Agreement;

" **Final Distribution Date** " means, with respect to a KKR Fund Interest, the date on which all portfolio company investments of the relevant KKR Fund have been realized or deemed to have been realized pursuant to Clause 7.2.4(vi), or on which the KKR Fund Interest has been sold by the Partnership;

" **Intermediate Company** " means KKR PEI SICAR, S. à r.l. and any other vehicle established as a means for holding an investment by the Partnership in a KKR Private Equity Fund, KKR Non-PE Fund, Direct Portfolio Co-Investment, Negotiated Equity Investment or Other KKR Investment;

" **Investment** " means each investment made by the Partnership for capital appreciation, current income or both;

" **Investment Company Act** " means the U.S. Investment Company Act of 1940;

" **KKR** " means Kohlberg Kravis Roberts & Co. L.P., a Delaware limited partnership;

" **KKR Fund** " means a KKR Private Equity Fund or a KKR Non-PE Fund;

" **KKR Fund Interest** " has the meaning given to such term in Clause 7.2.4(ii);

" **KKR Fund NAV** " has the meaning given to such term in Clause 7.2.4(ii);

" **KKR Group** " means KKR and its Associates, *provided* that Portfolio Companies shall not be deemed to be members of the KKR Group;

" **KKR Non-PE Funds** " means Investments by the Partnership (whether invested directly or indirectly via one or more Intermediate Companies) in any funds from time to time

raised, managed or sponsored by one or more members of the KKR Group other than KKR Private Equity Funds, as determined by the General Partner;

" **KKR Private Equity Funds** " means KKR European Fund II, Limited Partnership and any other private equity funds from time to time raised, managed or sponsored by one or more members of the KKR Group. References in this Agreement to Investments by the Partnership in KKR Private Equity Funds shall include Investments made directly or indirectly via one or more Intermediate Companies in such KKR Private Equity Funds, as determined by the General Partner;

" **Limited Partner** " means a Person that agrees to become a limited partner on the terms of this Agreement and any Person that is subsequently admitted to the Partnership as an Additional Limited Partner or Substitute Limited Partner;

" **Limited Partner Interests** " means the interests of the Limited Partners in the Partnership;

" **Management Fee Reduction** " has the meaning given to such term in the Services Agreement;

" **Measuring Period** " means the period beginning immediately following a Valuation Date and ending on the next following Valuation Date. The initial Measuring Period shall begin on the date of the initial Capital Contribution to the Partnership;

" **Negotiated Equity Investment** " shall mean any investment by the Partnership (whether directly or through one or more Intermediate Companies) in a target entity that satisfies both of the following characteristics as determined by the General Partner: (i) a member of the KKR Group has, directly or indirectly, negotiated the investment in a significant respect as determined by the General Partner (or taken any other action that the General Partner determines to be similarly significant thereto) on behalf of the Partnership or any Intermediate Company, and (ii) the investment consists of equity or equity-linked securities of the target entity held by or on behalf of the Partnership or any Intermediate Company. For purposes of the foregoing clause (ii), "equity or equity-linked securities" includes but is not limited to any shares of any class of capital stock (or similar equity interests, including partnership or limited liability company interests) and any other equity, debt or other security convertible or exercisable into, or exchangeable for, one or more shares of any class of such capital stock (or similar equity interests, including partnership or limited liability company interests), and a Negotiated Equity Investment may also consist of any security that is not an equity or equity-linked security if the inclusion of such security as a Negotiated Equity Investment is reasonable or appropriate as determined by the General Partner;

" **Net Asset Value** " means the fair market value of the Assets (including unrealised gains) less all liabilities of the Partnership (including unrealised losses) and Partnership Expenses as determined by the General Partner in its sole discretion;

" **Opinion of Counsel** " means a written opinion of counsel (who may be regular counsel to the Partnership or the General Partner or any of its Associates) acceptable to the General Partner;

" **Other KKR Investments** " means Investments of the Partnership (whether invested directly or indirectly via one or more Intermediate Companies), other than in KKR Private Equity Funds, Direct Portfolio Co-Investments, Negotiated Equity Investments and KKR Non-PE Funds;

" **Partner or Partners** " means the General Partner and/or all or any of the Limited Partners, as the context may require;

" **Partner Interests** " means the interests of the Partners in the Partnership;

" **Partner Tax Credits** " means any tax deducted or withheld from income, including amounts withheld pursuant to Clause 5.3.4;

" **Partnership** " means KKR PEI Investments, L.P., being the limited partnership hereby constituted;

" **Partnership Expenses** " means, in relation to any Accounting Period or other applicable period, all costs, charges and expenses of an income or revenue nature properly attributable to the Partnership for the applicable period (and, as applicable, any accrued and unpaid Partnership Expenses relating to prior periods), including:

(a) fees and expenses of all legal, financial or other professional advisers (including agents, lawyers, accountants, depositary banks, consultants, custodians, contractors and other professional advisors) and all external consultants retained to advise the General Partner in respect of the Partnership (including fees and expenses payable by the Partnership pursuant to the Services Agreement), and all other professional fees and expenses in respect of the Partnership;

(b) administrative and custodial fees and expenses, and premiums on errors and omissions and officers and directors insurance;

(c) the fees and expenses of any Person in relation to the preparation of the Accounts, including the audit of the Accounts, and preparation and maintenance of all financial records of the Partnership (including all costs incurred to satisfy the General Partner's obligations under Article 11) and out-of-pocket expenses incurred by any such Person in preparing other reports for the Limited Partners;

(d) all Taxes, license and other statutory fees, if any, levied against or in respect of the Partnership; and

(e) any fees and expenses incurred in connection with the administration of the General Partner and its Associates in respect of the Partnership;

" **Percentage Interest** " means, with respect to any Partner, (i) with respect to Class A and each Measuring Period, a fraction, expressed as a percentage, the numerator of which is the amount of the Beginning Value for such Measuring Period that is allocable to the Class A sub-capital account of such Partner and the denominator of which is the Beginning Value for such Measuring Period, and (ii) with respect to Class B, Class C and Class D, a fraction, expressed as a percentage, the numerator of which is the Capital Contribution made by such Partner, and the denominator of which is the aggregate Capital Contributions of all Partners, as such Percentage Interest is adjusted

from time to time by the General Partner, including upon the admission of an Additional Limited Partner or a deemed Capital Contribution by the General Partner under Clause 7.2.2, provided that in calculating Percentage Interests, the General Partner shall take into account any appreciation and depreciation in the Assets since the prior date on which Percentage Interests were calculated;

" **Performance Period** " means, (i) with respect to the initial Performance Period, a period beginning with the date of the initial Capital Contribution to the Partnership, and ending on the last Business Day of the calendar year in which such initial Capital Contribution was made; and (ii) with respect to each Performance Period after the initial Performance Period, a period beginning on the date immediately following the end of the prior Performance Period, and ending on the earliest to occur of (A) the last Business Day of each successive one-year calendar period; (B) the effective date on which all Partners' Capital Accounts are withdrawn; and (C) the effective date on which the Partnership is terminated pursuant to this Agreement;

" **Person** " means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organisation , and a governmental entity or any department, agency, or political subdivision thereof;

" **Plan Asset Regulations** " means the plan asset regulations of the U.S. Department of Labor, 29 C.F.R. Sec. 2510.3-101;

" **Portfolio Company** " means any Person in which a KKR Private Equity Fund intends to invest or has invested, directly or indirectly, howsoever such investment is intended to be or has been made, *provided* that such Person is classified as a corporation for U.S. federal income tax purposes.

" **Quarterly Accounting Period** " means a period of three months ending on 31 March, 30 June, 30 September or 31 December, or such other date as the General Partner may determine;

" **Rate of Exchange** " means the rate quoted in the "Exchange Rates" table of The Wall Street Journal (or equivalent news or information service) on the relevant date;

" **Registrar** " means Her Majesty ' s Greffier in Guernsey or such other Person or body acting for the time being as the registrar of limited partnerships in Guernsey;

" **Service Provider** " means KKR or such other member of the KKR Group as may be appointed by the General Partner to be the service provider pursuant to the Services Agreement in relation to the Partnership from time to time;

" **Services Agreement** " means that certain Services Agreement, dated April 23, 2006, by and among the Service Provider, KKR Private Equity Investors, L.P., KKR Guernsey GP Limited, the Partnership, the Intermediate Companies and certain other Persons named therein, as such Services Agreement may be amended, restated, supplemented or otherwise modified in accordance with the terms therein;

" **Similar Law** " means any state, local, non-U.S. or other laws or regulations that would have the same effect as the Plan Asset Regulations, that is, to cause the underlying

assets of the Partnership to be treated as assets of an investing entity by virtue of its investment (or any beneficial interest) in the Partnership and thereby subject the Partnership and the General Partner (or other persons responsible for the investment and operation of the Partnership's assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the Code.

" **Substitute Limited Partner** " means a Person admitted pursuant to Clause 9.2 as the successor to all or part of the rights and liabilities of a Limited Partner in respect of such Limited Partner ' s interest in the Partnership;

" **Taxation** " or " **Tax** " means all forms of taxation, whether direct or indirect and whether levied by reference to income, profits, gains, net wealth, asset values, turnover, added value or other reference and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies (including social security contributions, national insurance contributions and any other payroll taxes), whenever and wherever imposed (whether imposed by way of a withholding or deduction for or on account of tax or otherwise) and in respect of any Person and all penalties, charges, costs and interest relating thereto;

" **Temporary Investments** " means any or all of the following: repurchase agreements of Primary Federal Reserve Dealers using treasury securities only; bankers acceptances which are legal for purchase by the Federal Reserve Bank; treasury bills and agency discount notes; commercial paper that is rated by Moody's Investor Services, Inc. or Standard & Poor's Corporation in its highest or second highest rating category; residential mortgage loans; residential mortgage-backed securities; other asset backed securities; government securities; cash; cash equivalents; money market instrument accounts or mutual funds which invest in any of the foregoing; and any other investments approved by the General Partner as a Temporary Investment;

" **Transfer** " means a transaction (i) by which the General Partner assigns its general partner interest to another Person who becomes the General Partner, and includes a sale, assignment, gift, exchange or any other disposition by law or otherwise, including any transfer upon foreclosure of any pledge, encumbrance, hypothecation or mortgage, or (ii) by which the holder of a Limited Partner Interest assigns its Limited Partner Interest to another Person who is or becomes a Limited Partner, and includes a sale, assignment, gift, exchange or any other disposition by law or otherwise, including any transfer upon foreclosure of any pledge, encumbrance, hypothecation or mortgage.

" **United States** " means the United States of America, its territories and possessions;

" **Valuation Date** " means (i) the close of business on the last Business Day of each Performance Period, (ii) any interim date immediately preceding a date on which Capital Contributions to a Class A sub-capital account are, or are deemed to be, made, (iii) any interim date on which withdrawals or distributions are made or are deemed to be made from any Class A sub-capital account, and (iv) any other date specified by the General Partner in its sole discretion; and

" **Value Added Tax** " or " **VAT** " means in the United Kingdom, Value Added Tax, and elsewhere within the European Union means such tax as may be levied in accordance with (but subject to derogations from) Directive 77/388/EEC and outside the European Union means any tax levied by reference to added value, use, supplies or sales.

1.2 Interpretation

In this Agreement:

(i) references to any statute or statutory instrument or governmental regulation shall be deemed to include any modification, amendment, extension or re-enactment thereof;

(ii) The words " **holding company** " and " **subsidiary** ", where used in this Agreement shall bear the meanings respectively assigned thereto in Schedule 2 of the Banking Supervision (Bailiwick of Guernsey) Law, 1994;

(iii) references to " **Dollars** " or " **$** " are references to the lawful currency of the United States;

(iv) the masculine shall include the feminine and the neuter and the singular shall include the plural and vice versa as the context shall admit or require;

(v) the headings are for reference only and shall not be deemed to form any part of this Agreement;

(vi) references to " **including** " shall mean "including without limitation".

2 Constitution of the Partnership

2.1 Nature

The Partnership is a limited partnership and has been registered pursuant to the Act. The General Partner shall at all times comply with the requirements of the Act. Without prejudice to the generality of the foregoing, the General Partner undertakes to comply with the filing and notification requirements of the Act and shall forthwith notify particulars of any relevant changes in the composition or terms of the Partnership effected pursuant to this Agreement and any further changes which may occur in the future to the Registrar in a statement specifying the date and nature of such change. The General Partner shall further procure that the certificate of registration of the Partnership shall be exhibited as required by the Act.

2.2 Liability of Partners

If the Partnership is unable to pay its debts, liabilities or obligations, the liability of each Limited Partner (as may be imposed by this Agreement, the Act or otherwise) shall be limited to the aggregate of its Capital Contributions and references to Assets shall be construed accordingly. The General Partner shall (on an unlimited basis) be fully liable for such of the Partnership ' s debts, liabilities and obligations as exceed the total liability of the Limited Partners.

2.3 Name

The affairs, activities and operations of the Partnership shall be carried on under the name and style or firm name of "KKR PEI Investments, L.P." or such other name as shall from time to time be determined by the General Partner.

2.4 Purpose

The purpose and nature of the business to be conducted by the Partnership shall be (a) to engage, directly or indirectly via any corporation, partnership, joint venture, limited liability company or other arrangement, in any activity that is approved by the General Partner and that lawfully may be conducted by a limited partnership organized pursuant to the Act (including to invest, whether directly or indirectly via one or more Intermediate Companies, in certain KKR Private Equity Funds, KKR Non-PE Funds, Direct Portfolio Co-Investments, Negotiated Equity Investments and Other KKR Investments) and to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activities, and (b) to do anything necessary or appropriate in furtherance of the foregoing, including the making of capital contributions or loans to an Intermediate Company, provided that the General Partner shall not permit the Partnership to engage, directly or indirectly, in any business activity or make any investment that the General Partner determines would cause the Partnership, KKR Private Equity Investors, L.P., KKR Fund Holdings, L.P. or KKR Management Holdings, L.P. to be treated as an association taxable as a corporation for U.S. federal income tax purposes.

2.5 Commencement and Duration

The Limited Partners shall be limited partners in the Partnership as from the date of this Agreement or, if later, the date of their admission to the Partnership. Subject as hereinafter provided, the term of the Partnership shall continue until the Partnership is

terminated in accordance with Clause 10.1, whereupon the Partnership shall be wound up in accordance with the provisions of Clause 10.3.

2.6 Principal Office

The principal office of the Partnership shall be at Trafalgar Court, Les Banques, St Peter Port, Guernsey or such other place outside the United Kingdom as the General Partner shall from time to time determine.

3 Capital Contributions, Capital Accounts, Classes of Interests

3.1 Capital Contributions

Each Partner agrees to make Capital Contributions to the Partnership from time to time pursuant to Clause 3.2.

3.2 Amount and Timing

Capital Contributions by a Limited Partner shall be made in such amounts and at such times as agreed between the General Partner and such Limited Partner. The General Partner may make Capital Contributions in such amounts and allocated among the

Classes as it shall determine, and (notwithstanding Clauses 7.2.1, 7.3.1 and 7.4.1) shall be permitted to receive distributions in respect thereof in such amounts and at such times as it shall determine.

3.3 Interest and Repayment

No interest shall be paid or payable by the Partnership upon any amounts paid to the Partnership by the Partners. On termination of the Partnership, the Partners will be subordinated to all other creditors as regards repayment of any Capital Contributions drawn down and payment of any other amounts hereunder.

3.4 Capital Accounts

3.4.1 The Partnership shall maintain a capital account for each Partner in accordance with Treas. Reg. §1.704-1(b)(2)(iv) and administrative guidance issued with respect thereto (each such account as so maintained, a " **Capital Account** "). The provisions of this Agreement relating to Capital Accounts are intended to comply with such provisions and related provisions issued with respect to Code Section 704 and shall be interpreted consistently therewith. The Partnership shall have the authority to make such adjustments to the Partners' Capital Accounts as may be required to cause the allocations made by the Partnership to comply with such provisions.

3.4.2 Within each Partner's Capital Account, separate and distinct sub-capital accounts shall be maintained for such Partner with respect to each Class, which separate sub-capital accounts together shall represent and constitute such Partner's Capital Account. Such sub-capital accounts shall be maintained in a manner consistent with the manner in which Capital Accounts generally are to be maintained under this Agreement (provided that all items allocated to a Partner's Capital Account shall be allocated to a particular Class sub-capital account), all as determined by the General Partner. Without limiting the generality of the foregoing, the General Partner shall determine the amount of all distributions, profits and losses (and similar tax items) relating to each Class, as well as the corresponding allocations to the sub-capital accounts for each Class in respect thereof.

3.5 Separate Classes of Interest

3.5.1 There are hereby established the following separate and distinct classes of Partner Interests (each a " **Class** " collectively, the " **Classes** "): " **Class A** ", " **Class B** ", " **Class C** " **and** " **Class D** ". Class A, Class B, Class C and Class D shall be separate and distinct in all respects, to the fullest extent permitted by law, and to such extent, this Agreement shall be interpreted in a manner consistent therewith. The General Partner shall in its sole discretion allocate Assets and liabilities of the Partnership to the relevant Class, in accordance with the terms and conditions of this Agreement. Without limiting the generality of the foregoing, to the fullest extent permitted by law:

(i) Class A shall have the separate interests, rights, powers, duties and obligations with respect to those assets, activities and liabilities of the

Partnership that are attributable to Investments in Other KKR Investments.

(ii) Class B shall have the separate interests, rights, powers, duties and obligations with respect to those assets, activities and liabilities of the Partnership that are attributable to Investments in Direct Portfolio Co-Investments and Negotiated Equity Investments.

(iii) Class C shall have the separate interests, rights, powers, duties and obligations with respect to those assets, activities and liabilities of the Partnership that are attributable to Investments in KKR Private Equity Funds.

(iv) Class D shall have the separate interests, rights, powers, duties and obligations with respect to those assets, activities and liabilities of the Partnership that are attributable to Investments in KKR Non-PE Funds.

3.5.2 Each Partner shall hold a Class A interest, a Class B interest, a Class C interest and a Class D interest. The Percentage Interests of the Partners shall be determined separately with respect to each Class.

3.5.3 The Partnership may acquire Assets and incur debts, liabilities or other obligations only to the extent that they are acquired by the Partnership with respect to a Class and not with respect to the Partnership generally. In furtherance of the foregoing, the General Partner shall allocate any Assets, debts, liabilities or other obligations of the Partnership acquired or incurred by the Partnership generally among the Classes in such percentages and proportions as the General Partner may determine in its sole discretion.

3.5.4 The General Partner shall, in its sole discretion, have the right to reallocate Assets (and any related liabilities) attributable to a Class to another Class. To the extent such reallocation is made from or to Class A, for the purposes of calculating the Class A Incentive Amount pursuant to Clause 7.2.2, such reallocation shall be treated as a Capital Contribution to, or a distribution from, Class A, as appropriate, of the fair market value of such Asset (net of any related liabilities) as of the date of such reallocation.

4 Additional Limited Partners

The General Partner may, in its sole discretion, admit one or more Additional Limited Partners to the Partnership after the date hereof.

5 Rights and Duties of the General Partner

5.1 Management

5.1.1 The General Partner shall undertake and shall have exclusive responsibility for the management, operation and administration of the business and affairs of the Partnership and, subject as provided herein, shall have the power and authority to do all things necessary to carry out the purposes of the Partnership, shall devote as much of its time and attention thereto as shall reasonably be required for the management, operation and administration of the business of the Partnership, shall procure that all filings and registrations required in relation to the Partnership pursuant to the Act are promptly made and shall operate the Partnership in accordance with this Agreement.

5.1.2 The Limited Partners shall take no part in the management, operation and administration of the business and affairs of the Partnership, and shall have no right or authority to act for the Partnership or to take any part in or in any way to interfere in the management, operation and administration of the Partnership or to vote on matters relating to the Partnership other than as provided in the Act or as set forth in this Agreement, but they and their duly authorised agents shall at all reasonable times have access to and the right to inspect the books and accounts of the Partnership.

5.2 Authority and Powers

Without prejudice to the generality of Clause 5.1, subject to the terms in this Agreement, the General Partner shall have full power and authority (exercisable in its sole discretion):

(i) to manage the investment of cash from time to time comprising the Assets;

(ii) to identify, evaluate and negotiate investment opportunities for and on behalf of the Partnership;

(iii) to use, purchase, sell, transfer, exchange or otherwise acquire or dispose of Assets;

(iv) to exercise or omit to exercise voting, approval, consent and other rights in respect of Assets;

(v) to form or acquire interests in, and to contribute cash or other property to and to acquire loans from, any limited or general partnership, joint venture, limited liability company, corporation or other Person, including to acquire interests in and contribute Assets to the Intermediate Companies, provided that the Partnership shall not engage in the origination of loans;

(vi) to borrow, assume or raise any form of finance, including the issuance of debt securities, on behalf of and in the name of the Partnership, in such amounts and on such terms as the General Partner may

determine, and to grant security over and enter into such other arrangements in respect of the Assets as the General Partner may determine;

(vii) to enter into, make and perform such contracts, agreements, conveyances, instruments and other undertakings, and give guarantees, and to do all such other acts as the General Partner may deem necessary or appropriate for or as may be incidental to the carrying on of the activities of the Partnership;

(viii) to disburse, or arrange for disbursement out of the Assets, payments of the fees and expenses of external professional advisers, the expenses associated with any investment proposal, whether or not the relevant investment is completed, and any direct costs involved in the realisation of any Asset and including in any such case any VAT associated with such disbursements, expenses or costs, but only to the extent that such fees, disbursements, costs and expenses constitute Partnership Expenses;

(ix) to engage and to dismiss such agents, lawyers, accountants, depositary banks, consultants, custodians, contractors and other professional advisers, and to determine the terms of such engagement or dismissal, as the General Partner may deem necessary or appropriate from time to time in connection with the affairs of the Partnership at the expense (to the extent that they are not recoverable from any other Person) of the Partnership, but only to the extent that the costs and expenses of such advisers constitute Partnership Expenses;

(x) to enter into spot and forward currency transactions, future contracts (including commodity futures) and transactions in derivative instruments related to currencies, currency swaps, commodities and any other assets;

(xi) to make any and all elections for United States federal, state, local and non-United States tax matters, including any election to adjust the basis of Partnership property pursuant to Sections 734(b), 743(b) and 754 of the Code or comparable provisions of United States federal, state, local or non-United States law;

(xii) to distribute cash or other Assets of the Partnership;

(xiii) to control any matters affecting the rights and obligations of the Partnership, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation, arbitration or mediation and the incurring of legal expense and the settlement of claims and litigation on behalf of the Partnership;

(xiv) to indemnify any Person against liabilities and contingencies to the extent permitted by applicable law;

(xv) to maintain insurance for the benefit of the Partnership, any of the Partners and the Indemnified Parties as the General Partner may in its sole discretion determine;

(xvi) to make such tax, regulatory or other filings, and to render periodic or other reports to governmental or other agencies having jurisdiction over the business of the Partnership or Assets as the General Partner may deem necessary or appropriate; and

(xvii) to take such actions as may be necessary or appropriate in any jurisdiction in which the Partnership carries on business to establish or preserve the limited liability of the Limited Partners.

5.3 Tax Matters Partner

5.3.1 The General Partner is designated as the "Tax Matters Partner" under the Code and shall act in any similar capacity under state, local and non-United States law and, in any such capacity, is authorised and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including any resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner agrees that (i) the General Partner, as Tax Matters Partner, will have the right to control all administrative and judicial proceedings in respect of tax matters of the Partnership; and (ii) the Partners will be bound by the outcome of final administrative adjustments resulting from an audit, as well as by the outcome of judicial review of adjustments. Each Partner further agrees to cooperate with the General Partner, as Tax Matters Partner, and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

5.3.2 The General Partner is hereby authorized to and shall execute and file (i) a United States Internal Revenue Service Form 8832 within 75 days of the formation of the Partnership electing to classify the Partnership as a partnership for United States federal income tax purposes and (ii) any comparable form or document required by any applicable United States state or local tax law in order for the Partnership to be classified as a partnership under such United States state or local law, and shall not subsequently elect to change any such classification.

5.3.3 The Partnership shall timely file all returns of the Partnership that are required for U.S. federal, state and local income tax purposes on the basis of the accrual method and a taxable year ending on 31 December. The General Partner shall use commercially reasonable efforts to provide Limited Partners with tax information which is reasonably required by such Limited Partners for U.S. federal and state income tax reporting purposes with respect to a taxable year (including Schedule K-1) within 90 days of the close of the calendar year in which the Partnership's taxable year ends. The General Partner shall provide Limited Partners with information related to the status of a foreign Intermediate

Company as a "passive foreign investment company" within the meaning of section 1297 of the Code and, where reasonably possible, a Portfolio Company, including information necessary to make a "qualified electing fund" election under section 1295 of the Code. The General Partner shall also provide to Limited Partners that are not "United States Persons" (as that term is defined in Section 7701 of the Code) information reasonably required by such Limited Partners for U.S. federal income tax reporting purposes, including information related to investments in "U.S. real property interests" (as that term is defined in Section 897(c) of the Code). Where required to do so by the applicable law or taxing authority of any jurisdiction, the General Partner may withhold tax from any income or capital gain of the Partnership and, in that event, shall provide such assistance as is reasonable to enable Limited Partners to claim any relief from taxation, to obtain any available exemption from, or refund of, any such withholding or other taxes imposed by any taxing authority (in each case only to the extent that the General Partner or the Partnership can do so without unreasonable effort or expense) and to prepare tax returns in respect of their profits from the Partnership.

5.3.4 Notwithstanding any other provision of this Agreement, the General Partner is authorised to take any action that may be required to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including pursuant to Sections 1441, 1442, 1445 and 1446 of the Code and pursuant to any non-U.S. tax laws and regulations. Without limiting the generality of the foregoing sentence, to the extent that the Partnership, one of the Intermediate Companies, any of its respective portfolio investments, or any third party is required or elects to withhold and pay over to any taxing authority any amount resulting from (i) an income allocation or distribution to any Partner, (ii) an income allocation or distribution to the Partnership, (iii) any payment of an amount by an Intermediate Company or a portfolio investment to the Partnership, or (iv) any payment by a third party to the Partnership (or to an Intermediate Company or a portfolio investment to the extent of the Partnership's allocable share of such amount) (including by reason of Section 1446 of the Code), the General Partner shall treat the amount withheld as a distribution of cash by the Partnership pursuant to Clause 7.1 (including as a distribution of Distributable Cash) in the amount of such withholding from such Partner or from the Partnership, as applicable.

5.4 Separate Liabilities of the General Partner

The General Partner hereby undertakes that it shall at all times duly and punctually pay and discharge its separate and private debts and engagements whether present or future and keep the Assets and the Limited Partners and their personal representatives, estates and effects indemnified therefrom and from all liabilities, actions, proceedings, costs, claims and demands in respect thereof.

5.5 Power to Appoint Advisers and Delegate Responsibilities

The General Partner may cause the Partnership to appoint any Person (including any Associate of the General Partner) to manage the affairs of the Partnership. Any services rendered pursuant to such appointment shall be on terms that are fair and reasonable to the Partnership, provided that the requirements of this Clause 5.5 shall be deemed satisfied as to (i) any services provided under the Services Agreement, (ii) any services provided by Northern Trust International Fund Administration Services (Guernsey) Limited, as Administrator, pursuant to an administration agreement, (iii) any transaction approved by the General Partner, (iv) any transaction the terms of which are no less favourable to the Partnership than those generally being provided to or available from unrelated third parties or (v) any transaction that, taking into account the totality of the relationships between the parties involved, including other transactions that may be particularly favourable or advantageous to the Partnership, is equitable to the Partnership. The provisions of Clause 5.6 shall apply to the rendering of services described in this Clause 5.5 **.**

5.6 Reimbursement of Partnership Expenses and General Partner's Fees

5.6.1 Partnership Expenses (including any irrecoverable VAT thereon) shall be paid out of the Assets. The General Partner shall be reimbursed for any Partnership Expenses that are advanced out of its own resources. Reimbursements pursuant to this Clause 5.6 shall be in addition to any reimbursement to the General Partner as a result of any indemnification provided in or permitted by this Agreement.

5.6.2 All fees, expenses, stamp and other duties, Tax and other costs disbursed by the General Partner in the performance of its duties hereunder which constitute Partnership Expenses (including any irrecoverable VAT thereon) and which may accordingly be charged to the Partnership where applicable, (a) may be added to the cost (or deducted from the proceeds of disposal) of the Assets to which they relate, or (b) may be treated in such other manner as the General Partner may consider appropriate, and at such time or times as the General Partner may con sider appropriate.

5.6.3 The General Partner shall be entitled to such fees and expenses for its services as General Partner as may be agreed from time to time with the Limited Partners.

5.7 Withdrawal of the General Partner

5.7.1 The General Partner shall not withdraw from the Partnership except upon the appointment by the General Partner of a replacement general partner which agrees to assume the rights and undertake the obligations of the original general partner, *provided* that any transfer, merger, amalgamation or consolidation of the General Partner in accordance with Clause 9.1 shall not be deemed a withdrawal by the General Partner from the Partnership for purposes of this Agreement.

5.7.2 Any such withdrawal shall be effective upon the satisfaction of Clause 5.7.1, and as of such time the replacement general partner shall exercise all powers of the General Partner pursuant to this Agreement.

5.7.3 Upon the withdrawal of the General Partner in accordance with Clause 5.7.1, the former general partner shall deliver to any replacement general partner, or as the replacement general partner shall direct, all Assets, and copies of all books of account, records, registers, correspondence and documents solely relating to the affairs of or belonging to the Partnership in the possession of or under the control of the former general partner, and take all necessary steps to vest in the Partnership or the replacement general partner any Assets previously held in the name of or to the order of the Partnership or the former general partner.

5.8 Custody of the Assets

The General Partner shall make appropriate arrangements for the safe custody of the Assets of the Partnership. Such arrangements may involve the holding of documents of title by, and the registration of Assets in the name of, the General Partner for the account of the Partnership. If the General Partner considers it appropriate to appoint a third party to have custody of such Assets, such appointment shall be made by the General Partner on behalf of the Partnership on such terms as the General Partner may determine in its sole discretion. Clause 13.2, without limiting the application of such Clause, shall apply to any such custodian. Assets or documents of title may be lent to third parties and may be used as security for borrowings permitted under Clause 5.2 on such terms as the General Partner may determine in its sole discretion.

5.9 Non-Exclusivity

5.9.1 The General Partner shall, for so long as it is the General Partner of the Partnership, (i) maintain as its sole business the business of acting as the general partner of the Partnership and the general partner or managing member, as the case may be, of any other partnership or limited liability company of which the Partnership is, directly or indirectly, a partner or member and undertaking activities that are ancillary or related thereto and (ii) not engage in any business or activity or incur any debts or liabilities except in connection with or incidental to its performance as general partner or managing member as described above or acquiring, owning or disposing of debt or equity securities of any Intermediate Company.

5.9.2 Each Indemnified Party (other than the General Partner) shall have the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in other business ventures of any and every type or description, whether in businesses and activities similar to those of the General Partner, the Partnership and the Intermediate Companies, in direct competition to, and/or in preference to, or to the exclusion of, the Partnership, the General Partner, and the Intermediate Companies. Such business interests, activities and engagements shall not constitute a breach of this Agreement or any duties stated or implied by law or equity,

including fiduciary duties, to any of the General Partner, the Partnership and the Intermediate Companies (or any of their respective partners, members, shareholders or other investors), and shall be deemed not to be a breach of the General Partner's fiduciary duties or any other obligation of any type whatsoever of the General Partner. None of the General Partner, the Partnership and the Intermediate Companies or any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby or otherwise in any business ventures of an Indemnified Party.

5.9.3 The General Partner and the Indemnified Parties shall have no obligation hereunder or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business opportunities to the Partnership, the Limited Partners or the Intermediate Companies.

5.9.4 The General Partner and its Associates shall have no obligation to (i) permit the Partnership and the Intermediate Companies to use any facilities or assets of the General Partner or its Associates, except as may be provided in contracts, agreements or other arrangements entered into from time to time specifically dealing with such use, or (ii) to enter into such contracts, agreements or other arrangements.

5.9.5 Notwithstanding anything to the contrary in this Article 5, nothing in this Article 5 shall affect any obligation of an Indemnified Party to present a business opportunity to the Partnership, the General Partner or the Intermediate Companies pursuant to a separate written agreement between such Indemnified Party and the Partnership, the General Partner or any Intermediate Company.

6 Investment Matters

6.1 Investment Restrictions

Notwithstanding anything contained in this Agreement to the contrary, the Partnership will undertake all necessary steps to preserve its status as a partnership for U.S. federal tax purposes and will not undertake any activity or make any investment or fail to take any action that will (i) cause the Partnership, KKR Fund Holdings, L.P. or KKR Management Holdings, L.P. to earn or to be allocated income other than qualifying income as defined in Section 7704(d) of the Code, except to the extent permitted under Section 7704(c)(2) of the Code or (ii) jeopardize the status of the Partnership, KKR Private Equity Investors, L.P., KKR Fund Holdings, L.P. or KKR Management Holdings, L.P. as a partnership for U. S. federal income tax purposes.

6.2 Investments by Limited Partners

Any Limited Partner may directly or indirectly acquire an interest in Investments in which the Partnership has an interest and shall not be liable to account to the Partnership for any profits arising. No Limited Partner shall be obliged to bring to the Partnership ' s attention any investment opportunities of which it may from time to time become aware.

7 Distributions

7.1 Distributions Generally (1)

7.1.1 Distributions of income and capital shall include:

(i) all amounts actually paid or distributed to the Partners from the Partnership out of income or capital (without any deduction for any costs, expenses or taxation payable by any of the Partners in relation to such payments or distributions) including all sums applied in repayment of Capital Contributions pursuant to Clauses 7.2, 7.3, 7.4 and 7.5 together with the amount of any Partner Tax Credits attributed to the Partners concerned;

(ii) all distributions in specie to the General Partner or the Limited Partners made pursuant to Clause 7.6; and

(iii) all distributions in cash or in specie to the General Partner and the Limited Partners following termination of the Partnership.

7.1.2 Distributable Cash shall be distributed in accordance with Clauses 7.2, 7.3, 7.4 and 7.5 at such time as the General Partner shall determine, *provided* that all or any portion of such Distributable Cash may be retained by the Partnership and held in the Partnership ' s reserves to be applied for any purpose (whether to satisfy Partnership Expenses, to fund Investments or otherwise) as determined by the General Partner in its sole discretion.

7.1.3 Notwithstanding any provision to the contrary contained in this Article 7, neither the Partnership nor the General Partner, on behalf of the Partnership, shall be required to make a distribution to any Person on account of its interest in any Class in violation of the Act or other applicable law.

7.2 Distributions Relating to Class A, Other KKR Investments

7.2.1 Except as otherwise provided in Clause 7.2.2 or in Clause 7.7 or Article 10, no Partner shall be entitled to receive distributions from the Partnership in respect of Class A. Notwithstanding the foregoing, the General Partner may cause the Partnership to make distributions of Distributable Cash attributable to Other KKR Investments at such times and in such amounts as it may determine in its sole discretion; *provided* that any such distributions of Distributable Cash (other than those made pursuant to Clause 7.2.2 or in Clause 7.7 or Article 10) shall be made to the Partners in proportion to their relative Percentage Interests. All distributions under Clause 7.2 shall be treated as distributions under Section 731 of the Code.

7.2.2 After the end of each Performance Period, the Partnership may distribute to the General Partner an amount (the " **Class A Incentive Amount** ") equal to 20% of

(1) Agreement may be amended to remove classification of partnership interests and the distribution of carried interests.

the New Appreciation (as defined in Clause 7.2.5(i)) of each Limited Partner for such period; *provided* that solely for the purpose of calculating the Class A Incentive Amount during the 12-month period following the date of the initial Capital Contribution to the Partnership, the calculation of New Appreciation shall exclude income and gains derived from Temporary Investments attributable to Class A. If the Partnership does not distribute the entire Class A Incentive Amount promptly after the end of the applicable Performance Period, the Partnership shall distribute any such undistributed amount not later than the final liquidation of the Partnership. Solely for purposes of calculating Percentage Interests, such undistributed amount shall be treated as being contributed by the General Partner to the Partnership as a Capital Contribution that shall be allocated to the General Partner's Class A sub-capital account and shall be debited against the Class A sub-capital accounts of the relevant Limited Partners as of the end of the applicable Performance Period.

7.2.3 The General Partner shall be under no obligation to return to the Partnership or to any Partner any Class A Incentive Amount distributed or deemed to be distributed to it pursuant to this Clause 7.2 with respect to any Performance Period notwithstanding that the Partnership may incur net losses in relation to the Class A related Investments in subsequent Performance Periods or that unrealised gains upon which such amount is calculated are not subsequently realised by the Partnership.

7.2.4 For the purpose only of calculating the Class A Incentive Amount and other distributions in respect of Class A pursuant to Clause 7.2.1 and, notwithstanding the provisions of Clause 8.1:

(i) At the end of each Measuring Period, the Class A sub-capital account of each Partner, including the Class A sub-capital account of the General Partner, shall be tentatively credited to reflect the Net Profits or debited to reflect the Net Losses of the Partnership allocable to Class A during the Measuring Period then ended, in proportion to each Partner's respective Percentage Interest for such Measuring Period.

(a) " **Net Losses** " allocable to Class A with respect to any Measuring Period means the excess (if any) of the Beginning Value over the Ending Value calculated before giving effect to any withdrawals or distributions made or deemed to be made from Class A during that Measuring Period.

(b) " **Net Profits** " allocable to Class A with respect to any Measuring Period shall mean the excess (if any) of the Ending Value over the Beginning Value, calculated before giving effect to any withdrawals or distributions made or deemed to be made from Class A during that Measuring Period.

(ii) If the Partnership acquires an interest in a KKR Fund (a " **KKR Fund Interest** ") for a total acquisition cost which is less than the net asset value of such KKR Fund Interest as of the date of such acquisition as

reported by the KKR Fund (its " **KKR Fund NAV** "), then the Ending Value for the Measuring Period in which a Final Distribution Date occurs shall be increased by the excess (if any) of (x) the lesser of (A) the KKR Fund NAV as of the date of the acquisition and (B) the Aggregate Fund Interest Proceeds over (y) the total acquisition cost of such acquisition. For purposes of determining KKR Fund NAV pursuant to this Clause 7.2.4, the General Partner may adjust, in its reasonable discretion, the net asset value of the KKR Fund Interest as reported by the relevant KKR Fund for material events relating to the KKR Fund Interest occurring since the most recent prior KKR Fund reporting date.

(iii) If the Partnership acquires a KKR Fund Interest for a total acquisition cost in excess of its KKR Fund NAV as of the date of such acquisition, then the Ending Value for the Measuring Period in which a Final Distribution Date occurs shall be decreased by the excess (if any) of (x) the total acquisition cost of such acquisition over (y) the greater of (A) the KKR Fund NAV as of the date of the acquisition and (B) the Aggregate Fund Interest Proceeds.

(iv) If the Partnership sells a KKR Fund Interest for net consideration which is less than its KKR Fund NAV as of the date of such sale, then the Ending Value for the Measuring Period in which all portfolio company investments of the relevant KKR Fund have been realized or deemed to have been realized pursuant to Clause 7.2.4(vi) shall be decreased by the excess (if any) of (x) the lesser of (A) the KKR Fund NAV as of the date of the sale and (B) the aggregate distributions made by the relevant KKR Fund with respect to such KKR Fund Interest following the date of such sale (without taking into account any distributions in respect of capital contributions by the holder(s) of the KKR Fund Interest following the Partnership's sale of the KKR Fund Interest) over (y) the net consideration received by the Partnership in respect of such sale.

(v) If the Partnership sells a KKR Fund Interest for net consideration in excess of its KKR Fund NAV as of the date of such sale, then the Ending Value for the Measuring Period in which all portfolio company investments of the relevant KKR Fund have been realized or deemed to have been realized pursuant to Clause 7.2.4 (vi) shall be increased by the excess (if any) of (x) the net consideration received by the Partnership in respect of such sale, over (y) the greater of (A) the KKR Fund NAV of such as of the date of the sale and (B) the aggregate distributions made by the relevant KKR Fund with respect to such KKR Fund following the date of such sale (without taking into account any distributions in respect of capital contributions by the holder(s) of the KKR Fund Interest following the Partnership's sale of the KKR Fund Interest).

(vi) For the purposes of determining when the final distribution is made by a KKR Fund in respect of a KKR Fund Interest pursuant to Clauses 7.2.4(ii) through (v), the General Partner may deem a final distribution to have occurred as of any Valuation Date, even if the relevant KKR Fund Interest still has unrealized portfolio assets, but only if the General Partner assigns a value of zero to such assets (which may be done without regard to their actual fair value).

7.2.5 For purposes of this Clause 7.2:

(i) The " **New Appreciation** " of a Partner (other than the General Partner) holding a Limited Partner Interest for any Performance Period shall (if a positive number) be equal to (A) all the Net Profits tentatively allocated to such Partner's Class A sub-capital account in the Performance Period pursuant to Clause 7.2.4(i), minus (B) all Net Losses allocated to such Partner's Class A sub-capital account in the Performance Period pursuant to clause 7.2.4(i), minus (C) such Partner's Unrecouped Losses as of the end of the immediately preceding Performance Period.

(ii) A Partner's " **Unrecouped Losses** " shall be equal to all Net Losses allocated to such Partner's Class A sub-capital account pursuant to Clause 7.2.4(i) reduced, but not below zero, by all Net Profits subsequently allocated to such Partner's Class A sub-capital account pursuant to Clause 7.2.4(i) (applying all Net Profits and Net Losses in chronological order),

(iii) In the event of a distribution or withdrawal or deemed distribution or withdrawal from a Class A sub-capital account as of the last day of a Measuring Period (other than a deemed distribution pursuant to Clause 3.5.4), the relevant Partner's Unrecouped Losses outstanding as of such date shall be reduced so as to be equal to the product of (x) the Unrecouped Losses immediately before such distribution or withdrawal, and (y) a fraction, the numerator of which is the amount remaining in such sub-capital account immediately after such distribution or withdrawal, and the denominator of which is such sub-capital account immediately before such distribution or withdrawal.

7.3 Distributions Relating to Class B, Direct Portfolio Co-Investments and Negotiated Equity Investments

7.3.1 Except as otherwise provided in this Clause 7.3, Clause 7.7 or Article 10, no Partner shall be entitled to receive distributions from the Partnership in respect of Class B. Notwithstanding the foregoing, the General Partner may cause the Partnership to make distributions of Distributable Cash in respect of Class B at such times and in such amounts as it may determine in its sole discretion, *provided* that any such distributions of Distributable Cash (other than those made pursuant to Clause 7.7 or Article 10) shall be made to the Partners in the priority set forth in Clause 7.3.2, and *provided further* that the General Partner

may make distributions to the General Partner in respect of its Class B Carried Interest without making corresponding distributions to the Limited Partners (although such amounts not distributed to the Limited Partners will be retained for the account of the Limited Partners).

7.3.2 Distributable Cash that is attributable to a Direct Portfolio Co-Investment or Negotiated Equity Investment shall on the occasion of each distribution be distributed, subject to Clause 7.3.1, as follows:

(i) First, Distributable Cash shall be distributed to the Partners in proportion to their respective Percentage Interests, until the Partners have received a return of their (x) Capital Contributions made to fund such Direct Portfolio Co-Investment or Negotiated Equity Investment, as the case may be, and (y) realised losses in respect of other Direct Portfolio Co-Investments and Negotiated Equity Investments (the " **Return of Capital Amount** ");

(ii) Second, Distributable Cash in excess of the Return of Capital Amount shall be tentatively allocated to the Partners in proportion to their respective Percentage Interests;

(iii) Third, (x) 20% of any Distributable Cash allocated to the Limited Partners pursuant to Clause 7.3.2(ii) shall be distributed to the General Partner (such 20% share being the " **Class B Carried Interest** ") and (y) 80% of such Distributable Cash shall be distributed to the Limited Partners in proportion to their respective Percentage Interests; and

(iv) Fourth, 100% of any Distributable Cash allocated to the General Partner pursuant to Clause 7.3.2(ii) shall be distributed to the General Partner.

7.4 Distributions Relating to Class C, KKR Private Equity Funds

7.4.1 Except as otherwise provided in this Clause 7.4, Clause 7.7 or Article 10, no Partner shall be entitled to receive distributions from the Partnership in respect of Class C. Notwithstanding the foregoing, the General Partner may cause the Partnership to make distributions of Distributable Cash in respect of Class C at such times and in such amounts as it may determine in its sole discretion; *provided* that any such distributions of Distributable Cash (other than those made pursuant to Clause 7.7 or Article 10) shall be made to the Partners as set forth in Clause 7.4.2.

7.4.2 Distributable Cash that is attributable to KKR Private Equity Funds shall on the occasion of each distribution be distributed to the Partners *pro rata* according to their respective Percentage Interests.

7.5 Distributions Relating to Class D, KKR Non-PE Funds

7.5.1 Except as otherwise provided in this Clause 7.5, Clause 7.7 or Article 10, no Partner shall be entitled to receive distributions from the Partnership in respect of Class D. Notwithstanding the foregoing, the General Partner may cause the

Partnership to make distributions in respect of Class D at such times and in such amounts as it may determine in its sole discretion; *provided* that any such distributions of Distributable Cash (other than those made pursuant to Clause 7.7 or Article 10) shall be made to the Partners as set forth in Clause 7.5.2.

7.5.2 Distributable Cash that is attributable to KKR Non-PE Funds shall on the occasion of each distribution be distributed to the Partners *pro rata* according to their respective Percentage Interests.

7.6 Distributions In Specie

7.6.1 For the avoidance of doubt and subject to clause 10.3, the provisions of clauses 7.8(i) and 7.9 shall only apply to distributions of cash, and the General Partner shall have full power and authority (exercisable in its sole discretion) to make a distribution of assets in specie in relation to the Investment concerned on the basis set out in this Clause 7.6 to one or more Partners.

7.6.2 Distributions in specie of securities shall be made on the same basis as distributions of Distributable Cash such that each Partner entitled to receive such distribution shall receive its applicable portion of the total securities available for distribution, or, if such method of distribution is for any reason impracticable, such that each Partner shall receive as nearly as possible a proportionate amount of the total securities available for distribution together with a balancing payment in cash in the case of any Partner who shall not receive the full proportionate amount of securities to which he would otherwise be entitled hereunder.

7.6.3 Such in specie distributions shall be valued at the fair value of the relevant securities as of the date of distribution, as determined by the General Partner.

7.7 Distributions Upon Liquidation

Distributions made in conjunction with the final liquidation of the Partnership or any Class shall be applied or distributed as provided in Article 10.

7.8 Limitations on Distributions

The General Partner shall not cause the Partnership to make any distribution pursuant to this Article 7:

(i) unless there is sufficient cash available therefor ;

(ii) which would render the Partnership unable to pay its debts as and when they fall due; or

(iii) which, in the opinion of the General Partner, would or might leave the Partnership with insufficient funds to meet any future or contingent obligations.

7.9 Currency of Distributions

All distributions shall be made in U.S. Dollars or, if the General Partner so determines, such other currency, in which latter case (and for the purpose of calculating the Class A Incentive Amount and Class B Carried Interest entitlements of the General Partner pursuant to Clauses 7.2 and 7.3 and otherwise for the purposes of Articles 7 and 8) the U.S. dollar value of such a distribution shall be calculated at the Rate of Exchange for the relevant currency at the date of the distribution.

8 Allocations and Accounts

8.1 Capital Account Allocations

8.1.1 Capital Account Adjustments . At least once each Accounting Period, after adjusting each Partner's Capital Account for all contributions and distributions with respect to such Accounting Period, the Partnership shall allocate all profits and losses and items thereof, separately with respect to each Class, in the following order of priority: (A) First, profits and losses and items thereof shall be allocated in the manner and to the extent provided by (1) Treas. Reg. § 1.704-1(b)(4), (2) Treas. Reg. § 1.704-1(b)(2) (to comply with the substantial economic effect safe harbors), including Treas. Reg. § 1.704-1(b)(2)(ii)(d) (flush language) and Treas. Reg. § 1.704-1(b)(2)(iv) (capital accounting requirements), and (3) Treas. Reg. § 1.704-2, including Treas. Reg. §§ 1.704-2(e) (provided that allocations pursuant to Treas. Reg. § 1.704-2(e) shall be made to the Partners pro rata in accordance with the capital each Partner has contributed to the Partnership), 1.704-2(i)(2) and 1.704-2(i)(4); and (B) all remaining profits and losses and items thereof shall be allocated to the Partners' Capital Accounts in a manner such that, after such allocations have been made, the balance of each Partner's Capital Account (which may be a positive, negative, or zero balance) shall equal (1) the amount that would be distributed to such Partner, determined as if the Partnership were to sell all of its assets for the Section 704(b) Book Value (as defined below) thereof and distribute the proceeds thereof (net of any sales commissions and other similar transaction fees and payments required to be made to creditors) pursuant to this Agreement, minus (2) the sum of (a) such Partner's share of the "partnership minimum gain" (as determined under Treas. Reg. §§ 1.704-2(d) and (g)(3)) and "partner minimum gain" (as determined under Treas. Reg. § 1.704-2(i)), and (b) the amount, if any, that such Partner is obligated (or is deemed for United States tax purposes to be obligated) to contribute, in its capacity as a Partner, to the capital of the Partnership as of the last day of such Accounting Period.

8.1.2 Code Section 704(c)(1)(A) . Except as provided in the following provisions of this Clause 8.1.2, each item of taxable income, gain, loss, deduction or credit shall be allocated in the same manner as its correlative item of "book" items allocated pursuant to Clause 8.1.1. In accordance with Code Section 704(c)(1)(A) (and the principles thereof) and Treas. Reg. § 1.704-3, income, gain, loss and deduction with respect to any property contributed to the capital

of the Partnership, or after Partnership property has been revalued under Treas. Reg. § 1.704-1(b)(2)(iv)(f), shall, solely for United States federal, state and local tax purposes, be allocated among the Partners so as to take into account any variation between the adjusted basis of such Partnership property to the Partnership for United States federal income tax purposes and its value as so determined at the time of the contribution or revaluation of Partnership property. This Clause 8.1.2 shall be construed to authorize the Partnership to utilize any method permitted under Treas. Reg. § 1.704-3. Any elections or other decisions relating to such allocations shall be made by the General Partner. Allocations pursuant to this Clause 8.1.2 are solely for United States tax purposes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of profit, loss, or other items, pursuant to any provision of this Agreement or otherwise affect the Partners' rights (including rights to distributions) and obligations with respect to the Partnership.

8.1.3 **Related Definitions** . For purposes of this Agreement: (A) the term " **Section 704(b) Book Value** " means, with respect to any Company property, the Partnership's adjusted basis for United States tax purposes, adjusted from time to time to reflect the adjustments required or permitted by Treas. Reg. §§1.704-1(b)(2)(iv)(d) through (g), *provided* that on the date of the contribution of an asset to the Partnership, the Section 704(b) Book Value of any asset contributed to the Partnership shall be equal to the fair market value (as determined by the General Partner) of such asset on the date of such contribution, (B) the term " **Treas. Reg.** " means Treasury Regulations issued under the Code, and (C) the term " **profits and losses** " shall mean the items of profit and loss of the Partnership (including separately stated items) as computed under Treas. Reg. § 1.704-1(b)(2)(iv).

8.2 Allocation of Liabilities

The Limited Partners shall have no personal obligation for the debts and liabilities of the Partnership, except as provided in this Agreement and in the Act.

8.3 Accounts and Apportionment of Partnership Expenses

8.3.1 The Partnership shall establish and maintain such accounts and records for each of the Partners as the General Partner shall determine and amounts shall be credited or debited to and from these accounts as appropriate.

8.3.2 Fees and expenses of the Partnership (other than those which specifically relate to a particular Investment, which shall be allocated against the income and gain of that Investment) shall be allocated against such income or gain as the General Partner may determine in its sole discretion.

9 Transfer of Interests

9.1 Transfer of Interest of the General Partner

9.1.1 The General Partner shall not Transfer all or any part of its general partner interest, or merge, consolidate, convert or amalgamate with or into any Person such that the General Partner would no longer be deemed to be the holder of the general partner interest, except in accordance with Clause 9.1.2.

9.1.2 The General Partner may at any time Transfer its interest in the Partnership to, or merge, consolidate, convert or amalgamate with or into, any member of the KKR Group without any requirement for consent of the Limited Partners, and upon such Transfer (or other transaction) the original general partner shall cease to be the general partner and the replacement general partner (or surviving entity) shall become the "General Partner" for all purposes of this Agreement and assume all rights and obligations of the original general partner, provided that pursuant to the terms of the Transfer, merger, amalgamation or consolidation, the replacement general partner (or surviving entity) agrees to assume the rights and duties of the original general partner under this Agreement and to be bound by the provisions of this Agreement.

9.2 Transfer of Interests of Limited Partners

9.2.1 No Transfer of all or any part of any Limited Partner Interest, whether voluntary or involuntary, shall be valid or effective without the prior written consent of the General Partner.

9.2.2 No Limited Partner shall have the right to withdraw from the Partnership otherwise than pursuant to a Transfer made in accordance with this Article 9.

9.2.3 Any Substitute Limited Partner shall be bound by all the provisions hereof and, whether or not as a condition of giving its consent to any Transfer to be made in accordance with the provisions of this Clause 9.2, the General Partner shall require the proposed Substitute Limited Partner to acknowledge its assumption (in whole or in part) of the obligations of the transferring Limited Partner by becoming party to this Agreement. Neither the Partnership nor the General Partner shall incur any liability for allocations and distributions made in good faith to the transferring Limited Partner until the written instrument of Transfer has been received by the Partnership and recorded in its books and the effective date of the Transfer has passed. Following a Substitute Limited Partner becoming a Limited Partner, the General Partner shall procure that the books of the Partnership shall be amended to reflect the Limited Partner Interest assumed by such Limited Partner.

9.3 Transfer of Interests in Violation of this Clause

No Transfer of Limited Partner Interests in violation of this Article 9 shall be valid or effective, and the Partnership shall not recognise the same for any purpose, including the making of any distributions of income or gain, or returns of capital, with respect to Limited Partner Interests.

10 Termination and Liquidation

10.1 Termination

10.1.1 The death, bankruptcy, insolvency, dissolution, liquidation or removal of a Limited Partner shall not operate to terminate the Partnership and the estate or trustee in bankruptcy or receiver or liquidator of a deceased, bankrupt, insolvent or dissolved Limited Partner shall not have the right to withdraw such Partner ' s Capital Contribution prior to the liquidation of the Partnership. The Partnership shall terminate upon the happening of any of the following events, the happening of which the General Partner shall notify in writing to the Limited Partners as soon as practicable:

(i) the bankruptcy, insolvency, dissolution or liquidation of the General Partner becoming effective, in which event, subject to Clause 10.1.2, the Partnership shall terminate automatically (and without any further action of any of the Partners) and without notice or reinstatement;

(ii) the election of the General Partner, upon consent of Limited Partners representing a majority in Partnership Interest.

10.1.2 The Partnership shall be reconstituted and continue without dissolution if, within 90 days of the date of termination under Clause 10.1.1, a new General Partner which is an Associate of the former General Partner or of the Service Provider has executed a transfer deed pursuant to which the new General Partner assumes the rights and undertakes the obligations of the General Partner.

10.2 No Early Termination of the Partnership

The Partnership shall not be capable of termination other than as provided for in Clause 10.1.

10.3 Liquidation of Interests of Partners

10.3.1 Save as otherwise provided in this Agreement, no Partner shall have the right to the return of any of its Capital Contribution.

10.3.2 The General Partner shall not be personally liable to the Limited Partners for the return of any amounts paid by the Limited Partners.

10.3.3 Upon termination of the Partnership, no further activities or operations shall be conducted except for such action as shall be necessary for the winding up of the affairs of the Partnership and the distribution of the Assets amongst the Partners. The General Partner shall act as liquidating trustee, *provided* that if the Partnership is terminated for a reason set forth in Clause 10.1.1(i), the Limited Partners may, as approved by the Limited Partners holding at least 50% of the Limited Partner Interests in the aggregate, designate some other Person to act as a liquidating trustee and to receive such remuneration for so acting as the Limited Partners shall, in such approval, agree.

10.3.4 Upon termination of the Partnership, the liquidating trustee shall use all reasonable endeavours to sell the Partnership Assets on the best terms available. If such sale is not possible or not, in the liquidating trustee ' s opinion, in the best interests of the Limited Partners, it may either distribute all or any of the Assets in specie on the basis as to value and apportionment set out in Clause 7.6 or may continue to manage such Assets. Termination will not affect the entitlement of the General Partner to receive the Class A Incentive Amount and the Class B Carried Interest on Assets so realised . The liquidating trustee shall cause the Partnership to pay all debts, obligations and liabilities of the Partnership and all costs of liquidation and the remaining proceeds and assets to be distributed shall be distributed amongst the Partners on the basis set out in Clauses 7.2, 7.3, 7.4 and 7.5 and the appropriate allocations shall be made in the accounts of each of the Partners in accordance with the provisions of Clause 8.1.

11 Accounts and Reports

11.1 Basis and Contents of Accounts

To the extent required for the Partnership to comply with applicable laws and regulations, the General Partner shall prepare the Accounts and deliver or publish the same to each Limited Partner, along with a statement of the accounting policies used in the preparation of the Accounts, as such information shall be required by applicable laws and regulations and such further information as the General Partner shall deem appropriate (the " **Accounts** ").

11.2 Other Reports

In connection with the Accounts, the General Partner shall send to the Limited Partners additional tax information in accordance with Clause 5.3.3.

12 Amendments

12.1 Amendments by the General Partner

Each Partner agrees that the General Partner, without the consent of any Partner, may amend any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record all such documents as may be required in connection therewith, to reflect:

12.1.1 a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

12.1.2 the admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

12.1.3 a change that the General Partner determines to be necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or to

ensure that the Partnership will not be treated as an association taxable as a corporation for U.S. federal income tax purposes;

12.1.4 a change that the General Partner determines (i) to be necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including the Act) or (ii) is required to effect the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement;

12.1.5 a change in the fiscal year or taxable year of the Partnership and any other changes that the General Partner determines to be necessary or appropriate as a result of a change in the fiscal year or taxable year of the Partnership;

12.1.6 any amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership, or the General Partner or its general partner, officers, trustees or agents from in any manner being subjected to the provisions of the Investment Company Act, the U.S. Investment Advisers Act of 1940, the Plan Asset Regulations, ERISA, Section 4975 of the Code or Similar Laws;

12.1.7 any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

12.1.8 any amendment that the General Partner determines to be necessary or appropriate to reflect and account for the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other Person, in connection with the conduct by the Partnership of activities permitted by the terms of Clause 2.4;

12.1.9 any amendment that would provide additional rights or benefits to the Limited Partners;

12.1.10 any amendment that the General Partner determines to be necessary or appropriate to cure any ambiguity, omission, mistake, defect or inconsistency; and

12.1.11 any other amendments ministerial in nature (and substantially similar to the foregoing).

12.2 Amendments by the General Partner with Limited Partner Approval

Each Limited Partner agrees that the General Partner may, upon consent of Limited Partners representing a majority in Partnership Interest, amend any provision of this Agreement to reflect any amendment that is not described in Clause 12.1.

13 General

13.1 Investment Intent of the Limited Partners

Each Limited Partner agrees to be bound by the terms of this Agreement and thereby warrants to every other Partner and to the Partnership that it understands the need to evaluate the merits and risk of an investment in the Partnership and the need for a

Limited Partner to evaluate its ability to bear the economic risk and lack of liquidity of an investment in the Partnership.

13.2 Indemnification and Exculpation

13.2.1 The General Partner, the Service Provider and any of their respective Associates, and their respective officers, directors, agents, shareholders, partners, members and employees, any Person who serves on the board of directors or other governing body of any Intermediate Company and any Person the General Partner designates as an indemnified Person (each, an " **Indemnified Party** ") shall, to the fullest extent permitted by law, be indemnified on an after Tax basis out of the Assets (and the General Partner shall be entitled to grant indemnities on behalf of the Partnership, and to make payments out of the Assets, to any Indemnified Party in each case in accordance with this Clause 13.2) against any and all losses, claims, damages, liabilities, costs and expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements and other amounts (collectively, " **Liabilities** ") arising from any and all claims, demands, actions, suits and proceedings, whether civil, criminal, administrative or investigative, in which any Indemnified Party is or may be involved, or is threatened to be involved, as a party or otherwise, in connection with the business, investments and activities of the Partnership or by reason of such Person being the General Partner or Service Provider, or an Associate, officer, director, agent, shareholder or employee of the General Partner or Service Provider, or a Person who serves on the board of the directors or other governing body of any Intermediate Company, *provided* that no such Indemnified Party shall be so indemnified, with respect to any matter for which indemnification is sought, to the extent that a court of competent jurisdiction determines pursuant to a final and non-appealable judgment that, in respect of such matter, the Indemnified Party acted in bad faith or engaged in fraud or wilful misconduct, or in the case of a criminal matter, acted with knowledge that the Indemnified Party's conduct was unlawful. An Indemnified Party shall not be denied indemnification in whole or in part under this Clause 13.2 because the Indemnified Party had an interest in the transaction with respect to which indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

13.2.2 To the fullest extent permitted by law, amounts incurred in respect of Liabilities incurred by an Indemnified Party in defending any claim, demand, action, suit or proceeding, whether civil, criminal, administrative or investigative, shall from time to time be advanced by the Partnership prior to a determination that the Indemnified Party is not entitled to be indemnified, upon receipt by the Partnership of an undertaking by or on behalf of the Indemnified Party to repay such amount if it shall be determined that the Indemnified Party is not entitled to be indemnified as provided by the proviso of Clause 13.2.1.

13.2.3 The indemnification provided by this Clause 13.2 shall be in addition to any other rights to which an Indemnified Party may be entitled under any agreement, as a matter of the law or otherwise, both as to actions in the

Indemnified Party's capacity as an Indemnified Party and as to actions in any other capacity, and shall continue as to any Indemnified Party who has ceased to serve in the capacity in which such Indemnified Party became entitled to indemnification under this Clause 13.2, and shall inure to the benefit of such Person's heirs, successors, assigns and administrators. The indemnification provisions of this Clause 13.2 are for the benefit of the Indemnified Party, its heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Person.

13.2.4 No amendment, modification or repeal of this provision or any other provision of this Agreement shall in any manner terminate, reduce or impair the right of any past, present or future Indemnified Party to be indemnified by the Partnership or the obligations of the Partnership to indemnify any such Indemnified Party under and in accordance with the provisions of this Agreement as in effect immediately prior to such amendment, modification or repeal with respect to any claim, demand, action, suit or proceeding, whether civil, criminal, administrative or investigative, arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claim, demand, action, suit or proceeding may arise or be asserted.

13.2.5 Notwithstanding anything to the contrary in this Agreement, no Indemnified Party shall be liable to the Partnership, any Partner or any other Person who has acquired an interest in the Partnership for any Liabilities sustained or incurred by such Person as a result of any act or omission of the Indemnified Party, except to the extent there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such Liabilities resulted from the Indemnified Party's bad faith, fraud, wilful misconduct, or in the case of a criminal matter, actions with knowledge that the conduct was unlawful.

13.2.6 To the extent that an Indemnified Party has any duties to the Partnership or to the Partners, including fiduciary duties, such Indemnified Party acting in connection with the Partnership's business or affairs shall not be liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement.

13.2.7 Any amendment, modification or repeal of this Clause 13.2 (or that otherwise affects Clause 13.2) that limits its scope shall be prospective only and shall not in any way affect the limitations on the liability of the Indemnified Parties under this Clause 13.2 as in effect immediately prior to such amendment, modification or repeal with respect to any claim, demand, action, suit or proceeding, whether civil, criminal, administrative or investigative, arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claim, demand, action, suit or proceeding may arise or be asserted, *provided* that the Indemnified Party became an Indemnified Party hereunder prior to such amendment, modification or repeal.

13.2.8 The provisions of this Clause 13.2 shall survive the dissolution of the Partnership.

13.3 Notices

Any notices or other documents to be given or sent hereunder by the General Partner to a Partner shall be given or sent by fax or letter post or any other manner permitted by law to the address of the Partner specified herein or at such other address as such Partner may notify to the General Partner. All notices and other communications given in accordance with this agreement are effective as follows: (i) if delivered by hand or by courier, at the time of delivery; or (ii) if sent by facsimile, at the expiration of 2 hours after completion of transmission.

13.4 Successors

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, successors, legal representatives and permitted assigns, subject as provided herein. None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

13.5 Extent of Partnership

Notwithstanding any other provision of this Agreement, each of the Partners hereby acknowledges and agrees that it is its intention to create a Partnership pursuant to the terms hereof solely with each of the other Partners and any Additional Limited Partners or Substitute Limited Partners who may subsequently be admitted to the Partnership and that no Person other than the Partners shall participate in any income or gain or bear any losses arising in relation to the operations of the Partnership.

13.6 Governing Law and Jurisdiction

13.6.1 This Agreement shall be governed by and construed in accordance with the laws of the Island of Guernsey.

13.6.2 Each Partner irrevocably agrees that the courts in the Island of Guernsey shall have exclusive jurisdiction to hear and decide any suit, action or proceedings, and/or to settle any disputes, which may arise out of or in connection with this Agreement (respectively " **Proceedings** " and " **Disputes** ") and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of Guernsey, *provided* that the General Partner may at its discretion elect to bring proceedings against any Limited Partner at its domicile.

13.6.3 Each Partner irrevocably waives any objection which it might at any time have to the courts in the Island of Guernsey being nominated as the forum to hear and decide any Proceedings and to settle any Disputes and agrees not to claim that the courts of Guernsey are not a convenient or appropriate forum for any such Proceedings or Disputes and further irrevocably agrees that a judgment in any Proceedings or Dispute brought in any court referred to in this clause shall be conclusive and binding upon the parties and may be enforced in the courts of any other jurisdiction.

13.7 Execution in Counterpart

This Agreement may be executed in counterparts, each of which shall be deemed to be an original hereof.

[Rest of page intentionally left blank]

In Witness Whereof , the parties hereto have executed this Agreement or otherwise agreed to become party to the same on the date first written above.

KKR PEI ASSOCIATES, L.P.
acting by its general partner, KKR PEI GP LIMITED

By: _____
Name:
Title:

[•]

By: _____
Name:
Title:

Exhibit Q

KKR GUERNSEY GP LIMITED

AUDIT COMMITTEE CHARTER

This charter of the Audit Committee (this "Charter") was approved by the Board of Directors on July 19, 2009 and shall be effective only when and if the Effective Time (as defined in the Amended and Restated Purchase and Sale Agreement among KKR Private Equity Investors, L.P. (the "Partnership"), KKR Group Holdings L.P. and the other parties thereto) occurs. This Charter amends and restates the Charter that was effective as of November 7, 2006, which amended and restated the original Charter that was effective as of May 10, 2006.

I. ORGANIZATION

There shall be constituted a standing committee of the Board of Directors (the "Board") of KKR Guernsey GP Limited (the "Managing General Partner"), the general partner of the Partnership, to be known as the audit committee (the "Audit Committee"). It is contemplated that the Partnership may also provide separate financial statements of the partnerships containing the business of KKR Group Holdings L.P. and its entities (the "KKR Group Holdings" and, together with the Partnership, the "Partnerships").

II. COMPOSITION AND SELECTION

The Audit Committee shall be comprised of two or more members, each of whom shall be "Independent Directors" as defined in the Articles of Incorporation of the Managing General Partner ("Independent Directors").

At least one member of the Audit Committee shall be financially literate, as determined by the Board. The members of the Audit Committee shall be appointed by the Board, based upon the recommendation of the Nominating and Corporate Governance Committee and may be removed by the Board. Each member of the Audit Committee shall serve until his or her successor is duly elected and qualified. The full Board shall elect a Chairman of the Audit Committee, and if a Chairman is not elected by the full Board, the members of the Audit Committee shall designate a Chairman by majority vote of the full Audit Committee.

III. STATEMENT OF PURPOSE

The primary function of the Audit Committee shall be to represent and assist the Board in discharging its oversight responsibilities relating to: (1) matters relating to financial and accounting processes, including internal controls, of the Partnerships; (2) the integrity of the Partnerships' financial statements; (3) the Partnerships' compliance with legal and regulatory requirements; (4) the qualifications, performance and independence of the Partnerships' independent accountants; and (5) the qualifications, performance and independence of any third party that provides valuation information or assistance for the investments of the Partnerships. In performing its duties, the Audit Committee will maintain effective working relationships with (i) the Board, (ii) the Chief Financial Officer of the Managing General Partner (the "KPE Chief Financial Officer"), (iii) the Chief Financial Officer or Chief Accounting Officer for KKR Group Holdings (the "KKR Chief Financial Officer" and, together with the KPE Chief Financial Officer, the "Chief Financial Officers"), and (iv) the independent accountants of the

Partnerships. To effectively perform his or her role, each Audit Committee member will be responsible for obtaining an understanding of the responsibilities of Audit Committee membership as outlined in this Charter as well as of the Partnership's business, operations, and risks.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

Among its specific duties and responsibilities, the Audit Committee shall:

A. Financial Statements and Disclosure Matters

1. Review and discuss with the Chief Financial Officers and the independent accountants: (a) accounting policies and financial reporting issues and judgments that may be viewed as critical; and (b) analyses prepared by the Chief Financial Officers and the independent accountants setting forth significant financial reporting issues and judgments made in connection with the preparation of financial statements, including analyses of the effects of alternative generally accepted accounting principles ("GAAP") methods on the financial statements of the Partnerships;

2. Consider and approve, when appropriate, any significant changes in the Partnerships' accounting and auditing policies, and review with the Partnerships' independent accountants and the Chief Financial Officers the extent to which changes or improvements in financial or accounting practices and standards, as approved by the Audit Committee, have been implemented;

3. Review and discuss with the Chief Financial Officers and the independent accountants the Partnerships' annual audited and quarterly unaudited financial statements, including any related financial disclosure accompanying such financial statements and the results of the independent accountants' reviews of the annual audited and quarterly unaudited financial statements, if any, as well as off-balance sheet structures on such financial statements;

4. Review and discuss the adequacy and effectiveness of the Partnerships' internal controls, including any significant changes or deficiencies in internal controls reported to the Audit Committee by the independent accountants or the Chief Financial Officers and any special audit steps adopted in light of control deficiencies;

5. Review and discuss with the Chief Financial Officers the Partnerships' policies and practices regarding: (a) earnings press releases; and (b) financial information and earnings guidance given to analysts and ratings agencies;

6. Discuss with the Chief Financial Officers and the independent accountants the effect of regulatory and accounting initiatives, and any accounting and financial reporting proposals that may have a significant impact on the Partnerships' financial reports; and

7. Discuss with the independent accountants the matters required to be discussed by SAS 61, as amended by SAS 89 and SAS 90 dealing with "Communications to Audit Committees" relating to the course of the audit work, any restrictions on the scope of activities or

access to requested information, and any significant disagreements with the Chief Financial Officers.

B. Compliance and Oversight Responsibilities

1. Receive reports regarding compliance of the Partnerships with legal and regulatory requirements from the Chief Financial Officers, the independent accountants and such other persons as they may deem appropriate;

2. Review information regarding any material pending legal proceedings involving the Partnerships and other contingent liabilities

C. Oversight of the Partnerships' Relationship with the Independent Accountants and Other Third Parties

1. Be responsible, in its capacity as a committee of the Board, for the appointment, compensation, retention and oversight of the independent accountants and, where appropriate, replacement of the independent accountants or any third party that provides valuation information or assistance for the investments of the Partnerships, and who are responsible to the Board and the Audit Committee;

2. Consider, at least annually, the independence of the independent accountants or any third party that provides valuation information or assistance for the investments of the Partnerships, including whether the performance of permissible non-audit services is compatible with independence, and, where appropriate, obtain and review a report by the independent accountants or such third party describing all relationships between the independent accountants or such third party and the Partnerships and any other relationships that may adversely affect the independence of the independent accountants or such third party;

3. Review and discuss with the independent accountants: (a) the audit planning and procedures, including the scope, fees, staffing and timing of the audit; (b) the results of the audit exam, including any problems or difficulties encountered in the course of the audit work and responses thereto by the Chief Financial Officers, and any management letters; and (c) any reports of the independent accountants with respect to any interim period;

4. Review with the Partnerships' independent accountants the coordination of audit efforts to provide for completeness of coverage, reduction of redundant efforts and effective use of audit resources; and

5. Establish hiring policies for employees and former employees of the independent accountants.

D. Other Matters

Review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval, and annually review the Audit Committee's performance.

V. MEETINGS

The Audit Committee shall meet at least four times a year, which meetings shall include meeting separately from the Board with the Chief Financial Officers and the independent accountants. The Chairman or a majority of the members of the Audit Committee may call meetings of the Audit Committee upon reasonable notice to all members of the Audit Committee. The Audit Committee shall report to the Board at least four times a year with respect to its activities. The Audit Committee shall meet only outside the United Kingdom.

VI. OUTSIDE ADVISORS

In the course of fulfilling its duties, the Audit Committee shall have, to the extent it deems necessary, the authority to retain outside legal, accounting or other advisors, who shall be appropriately compensated, as determined by the Audit Committee. The amount of such compensation may be treated as an expense of the Partnerships to the extent permitted by the Partnerships' limited partnership agreements.

VII. AMENDMENTS

The Audit Committee shall have the authority to make any amendment to this Charter that is necessary to cure any ambiguity, mistake, defect or inconsistency or any other amendment that is ministerial in nature. Other amendments shall require the approval of the Board of Directors.

VIII. SAFE HARBOR STATEMENT

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is the responsibility of the Chief Financial Officers and the independent accountants, and not the duty of the Audit Committee, to determine that their respective financial statements are complete, accurate and in accordance with GAAP and to plan and conduct audits, respectively. It is not the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between the Chief Financial Officers and the independent accountants or to assure compliance with applicable laws and regulations or the Partnerships' limited partnership agreements.

Exhibit R

Registration No. 44666

Date of circulation : [ ] 2009
(" **Circulation Date** ")

KKR GUERNSEY GP LIMITED
(the " Company ")

Written Resolutions by the Members of the Company

In accordance with section 181(1) of the Companies (Guernsey) Law, 2008 (as amended) (the " **Companies Law** ") and the Company's articles of incorporation (" **Articles** "), the undersigned, being the Members of the Company who, at the Circulation Date, were entitled to receive notice of, and attend and vote at, a general meeting of the Company in respect of the following resolutions (" **Written Resolutions** "), have, by their signatures below, consented to these Written Resolutions being circulated for signature without prior notice pursuant to the provisions of section 182(2) of the Companies Law and have, by their signatures below, passed these Written Resolutions with intent that they shall take effect as a special resolution of the Company on the occurrence of the Effective Date (as defined below). These Written Resolutions are to be signed in accordance with Note 1 below.

Unless otherwise specified, all capitalised term used in this Written Resolution will have the same meaning as defined in the Articles.

IT IS HEREBY RESOLVED

1. **THAT** the Articles of Incorporation of the Company be amended by deleting:

    a. the definition of "Investment Agreement" from Article 1;

    b. Article 22(2)(d) in its entirety;

    c. the words, "or an Intermediate Company" from Article 22(2)(e) and inserting in lieu thereof, "directly or indirectly";

    d. the words, "or any Intermediate Company" from Article 22(2)(f);

    e. the words, ", Partnership or any Intermediate Company" from Article 22(2)(g) and inserting in lieu thereof, "or the Partnership"; and

    f. the words, "or the Investment Agreement" from Article 22(3).

2. **THAT** these Written Resolutions shall be effective only if (i) the requisite consent to approve these Written Resolutions by the Members is received by the Company and (ii) the "Effective Time" (as defined in the Amended and Restated Purchase and Sale Agreement by and among KKR & Co. L.P., KKR Private Equity Investors, L.P., KKR Group Holdings L.P., KKR PEI Associates, L.P., KKR Holdings L.P., KKR Management Holdings L.P. and KKR Fund Holdings L.P., dated as of July 19, 2009) occurs.

3. **THAT** the date of the passing of these Written Resolutions shall be the date on which the Effective Time occurs.

[Signature pages follow]

Registration No. 44666

IN WITNESS WHEREOF, the undersigned have signed these Written Resolutions as of the Effective Time.

Signed by:	Dated	**For/Against/Abstain*** (*delete as appropriate)
Henry R. Kravis		
Signed by:	Dated	**For/Against/Abstain*** (*delete as appropriate)
George R. Roberts		
Signed by:	Dated	**For/Against/Abstain*** (*delete as appropriate)
Michael W. Michelson		
Signed by:	Dated	**For/Against/Abstain*** (*delete as appropriate)
Perry Golkin		
Signed by:	Dated	**For/Against/Abstain*** (*delete as appropriate)
Johannes P. Huth		
Signed by:	Dated	**For/Against/Abstain*** (*delete as appropriate)
Jacques Garaïalde		
Signed by:	Dated	**For/Against/Abstain*** (*delete as appropriate)
Reinhard Gorenflos		
Signed by:	Dated	**For/Against/Abstain*** (*delete as appropriate)
Scott C. Nuttall		

Registration No. 44666

Signed by:	Dated	**For/Against/Abstain*** (*delete as appropriate)
Dominic P. Murphy		
Signed by:	Dated	**For/Against/Abstain*** (*delete as appropriate)
Clive Hollick		
Signed by:	Dated	**For/Against/Abstain*** (*delete as appropriate)
Justin Reizes		

Registration No. 44666

Notes:

1. Please signify your agreement to the resolutions proposed herein by signing and dating your copy (on the date of signing) and returning a pdf or fax copy to the Company as soon as possible, with the original signed copy returned to the Company immediately to be kept with the Company books.

2. The resolutions set out herein will lapse if not passed within 28 days of the date of circulation of this document.

3. If you wish to cast all of your votes for or against the resolutions you should delete the relevant words, as appropriate, opposite your nam on the signature page. If you do so, you are deemed to have voted the total voting rights attributable to the shares you hold as evidenced by the register of members at the Circulation Date ("Register").

4. If you wish to cast only certain votes "For" and certain votes "Against" a resolution, you should insert the relevant number of shares in the appropriate box. Where this aggregate number of shares differs from the aggregate number of shares attributable to you on the Register, you will be deemed to have voted the number of shares attributable to you on the Register in the corresponding proportions.

5. The "Abstain" option is provided to enable you to abstain from voting on a particular resolution. An "Abstain" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" or "Against" a resolution.

6. The Company recommends you vote "For" each of the resolutions. Any vote which is not clearly shown as "For", "Against", or "Abstain" will be deemed to be a vote in favour of the resolutions.

Exhibit 2.2

AMENDED AND RESTATED INVESTMENT AGREEMENT

by and among

KKR & CO. L.P.,

KKR PRIVATE EQUITY INVESTORS, L.P.,

KKR HOLDINGS L.P.,

(solely for purposes of Section 4.7 and Section 8.12),

KKR MANAGEMENT HOLDINGS L.P.,

(solely for purposes of Section 5 and Section 8.2),

and

KKR FUND HOLDINGS L.P.

(solely for purposes of Section 5 and Section 8.2)

Dated as of October 1, 2009

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INVESTMENT AGREEMENT

This AMENDED AND RESTATED INVESTMENT AGREEMENT, dated as of October 1, 2009 (as amended, supplemented or otherwise modified from time to time, this " Agreement "), is entered into by and among (1) KKR & Co. L.P., a Delaware limited partnership (the " Controlling Partnership "), (2) KKR Private Equity Investors, L.P., a Guernsey limited partnership (" KPE "), acting through KKR

Guernsey GP Limited, a Guernsey company limited by shares (the " KPE GP ") in its capacity as the general partner of KPE, (3) KKR Management Holdings L.P. (" Management Holdings "), a Delaware limited partnership, acting through KKR Management Holdings Corp. in its capacity as the general partner of Management Holdings, (4) KKR Fund Holdings L.P., a Cayman Islands exempted limited partnership, acting through KKR Management LLC in its capacity as the indirect general partner of KKR Fund Holdings L.P. (Management Holdings and KKR Fund Holdings L.P. are sometimes collectively referred to herein as the " Group Partnerships ") and (5) KKR Holdings L.P., a Cayman Islands exempted limited partnership (" Holdings "), acting through KKR Holdings GP Limited in its capacity as general partner of Holdings (solely for purposes of Section 4.7 and Section 8.12).

WHEREAS, pursuant to the Amended and Restated Purchase and Sale Agreement dated as of July 19, 2009 (the " Purchase Agreement "), among the Controlling Partnership, KPE, KKR Group Holdings L.P. (the " Purchaser ") and the other parties thereto, the Purchaser has agreed to issue and deliver to KPE a number of units representing limited partner interests in the Purchaser (the " Purchaser Common Units "); and

WHEREAS, the original Investment Agreement by and among the Controlling Partnership, KPE, the Group Partnerships and Holdings was executed as of August 4, 2009 (the " Original Investment Agreement ") in order to provide the parties with certain rights and obligations with respect to the Purchaser Common Units that will be issued to KPE pursuant to the Purchase Agreement; and

WHEREAS, the parties to the Original Investment Agreement now desire to enter into this Agreement to amend and restate the Original Investment Agreement in its entirety as more fully set forth below .

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

1. THE RIGHT TO EFFECT A US LISTING

1.1 Right to Effect a US Listing . Subject to the terms and conditions of this Agreement, each of KPE and the Controlling Partnership shall have the right (the " Listing Right ") to require that the other use its reasonable best efforts to cause the Contribution Transactions to occur and, in connection therewith, the Controlling Partnership Units to be listed and traded on the New York Stock Exchange or The NASDAQ Stock Market (the " US Listing ") by delivering to the other party a written notice informing such party of its exercise of the Listing Right (such notice, an " Election Notice "). The Controlling Partnership shall only be permitted to deliver an Election Notice following the 6 month anniversary of the Satisfaction Date (as defined

in the Purchase Agreement) and KPE shall only be permitted to deliver an Election Notice following the 12 month anniversary of the Satisfaction Date (as defined in the Purchase Agreement). If an Election Notice is delivered by either KPE or the Controlling Partnership, subject to Section 4.2 the Controlling Partnership shall, after promptly advising and consulting with KPE (it being understood that the decision to take any action shall be in the sole determination of the Controlling Partnership) be entitled to take any and all actions that it deems necessary or appropriate in order to effectuate the US Listing and any transactions ancillary thereto, including selecting the national stock exchange on which to effect the US Listing and determining whether to appoint one or more dealer managers or information agents in connection therewith and whether to effectuate a separate primary offering of its units (on an underwritten basis or otherwise) simultaneously therewith.

1.2 Closing . Subject to the terms and conditions of this Agreement, if an Election Notice is delivered in accordance with Section 1.1, the closing of the US Listing (the " Closing ") shall take place at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017 at 9:00 a.m. eastern time on the date that is the fifth Business Day after the satisfaction or waiver (subject to applicable law) of the conditions set forth in Section 6 of this Agreement (other than conditions which by their terms are to be satisfied at Closing but subject to the satisfaction or waiver of those conditions), or such other place, date or time as the parties may mutually agree (the " Closing Date "). For purposes of this Agreement, a " Business Day " shall mean any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to close in the City of New York, Amsterdam, Netherlands, the Island of Guernsey or the Cayman Islands.

2. REPRESENTATIONS AND WARRANTIES OF KPE

KPE GP acting as the general partner of KPE hereby represents and warrants to the Controlling Partnership as follows:

2.1 Organization . KPE is a limited partnership duly organized, validly existing and in good standing under the laws of the Island of Guernsey.

2.2 Authority . KPE (acting through the KPE GP) has the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been, or will be, duly authorized by all necessary action on the part of KPE and the KPE GP and, except as contemplated by Section 2.4, no other action is necessary on the part of KPE or the KPE GP for the execution, delivery and performance by KPE (acting through the KPE GP) of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the KPE GP acting as the general partner of KPE and, assuming due authorization, execution and delivery by the Controlling Partnership and the Group Partnerships constitutes a valid and binding obligation of KPE enforceable against KPE in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles.

2.3 No Conflicts . Neither the execution and delivery of this Agreement by KPE nor the consummation by KPE of the transactions contemplated hereby nor compliance by KPE with any of the terms or provisions hereof, will (i) upon execution of the amendment to the KPE Limited Partnership Agreement substantially in the form attached hereto as Exhibit E, violate any provision of the amended and restated limited partnership agreement of KPE, dated as of May 2, 2007 (as amended, supplemented or otherwise modified from time to time, the " KPE Limited Partnership Agreement ") and (ii) assuming that the consents, approvals and filings referred to in Section 2.4 are duly obtained or made violate any statute, code, ordinance, rule or regulation applicable to KPE.

2.4 Consents and Approvals . No order, permission, consent, approval, license, authorization, registration, or validation of, or filing with, or notice to, or exemption by, any court, administrative agency or commission or other governmental authority or instrumentality, legislative body or self-regulatory organization (each a " Governmental Entity ") by KPE is necessary in connection with the execution, delivery and performance of this Agreement by KPE and the consummation by KPE of the transactions contemplated hereby, except (i) for the giving of written notice by the KPE GP to the Guernsey Financial Services Commission, (ii) for the giving of notice by KPE to the Authority for the Financial Markets in The Netherlands, (iii) for consultation with Euronext Amsterdam with respect to the amendment to the Seller Limited Partnership Agreement substantially in the form attached hereto as Exhibit E and for filing of the draft amendment with the Authority for the Financial Markets in the Netherlands and Euronext Amsterdam, (iv) for any consent, authorization, order or approval by the Authority for the Financial Markets in the Netherlands in connection with the Distribution, (v) the consent of Euronext Amsterdam N.V. for the delisting of KPE Common Units from Euronext Amsterdam by NYSE Euronext, the regulated market of Euronext Amsterdam N.V., and (vi) for the KPE GP filing notice of the dissolution of KPE with Her Majesty's Greffier in Guernsey and publishing such notice in La Gazette Officielle, and for the KPE GP preparing and providing all limited partners of KPE with a copy of an account of the winding up of KPE.

3. REPRESENTATIONS AND WARRANTIES OF THE CONTROLLING PARTNERSHIP

The Controlling Partnership GP acting as the general partner of the Controlling Partnership hereby represents and warrants to KPE as follows:

3.1 Organization . The Controlling Partnership is a limited partnership duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized.

3.2 Authority . The Controlling Partnership (acting through the Controlling Partnership GP) and the Group Partnerships have the requisite power and authority to execute and deliver this Agreement, to perform their obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement have been and the consummation of the transactions contemplated hereby have been, or will be, duly authorized by all necessary action on the part of the Controlling Partnership and the Group Partnerships and no other action will be necessary on the part of the Controlling Partnership, the Controlling Partnership GP and the Group Partnerships for the execution, delivery and

performance by the Controlling Partnership (acting through the Controlling Partnership GP) and the Group Partnerships of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Controlling Partnership and the Group Partnerships and, assuming due authorization, execution and delivery by KPE, constitutes a valid and binding obligation of the Controlling Partnership and the Group Partnerships, enforceable against the Controlling Partnership and the Group Partnerships in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles.

3.3 No Conflicts . Neither the execution and delivery of this Agreement by the Controlling Partnership and the Group Partnerships nor the consummation by the Controlling Partnership and the Group Partnerships of the transactions contemplated hereby, nor compliance by the Controlling Partnership and the Group Partnerships with any of the terms or provisions hereof, will (i) violate any provision of the certificate of formation or limited partnership agreement of the Controlling Partnership or the Group Partnerships or (ii) except as would not reasonably be expected to prevent or materially impede or delay the consummation of the transactions contemplated hereby (x) assuming that the consents, approvals and filings referred to in Section 3.4 are duly obtained or made violate any statute, code, ordinance, rule or regulation applicable to the Controlling Partnership or the Group Partnerships or (y) violate, conflict with, result in a breach of any provision or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which the Controlling Partnership or any of the Group Partnerships is a party, or by which any of them or any of their respective properties or assets may be bound or affected.

3.4 Consents and Approvals . No order, permission, consent, approval, license, authorization, registration, or validation of, or filing with, or notice to, or exemption by, any Governmental Entity by the Controlling Partnership or the Group Partnerships is necessary in connection with the execution, delivery and performance of this Agreement by the Controlling Partnership or the Group Partnerships and the consummation by the Controlling Partnership or the Group Partnerships of the transactions contemplated hereby, except (i) the approval of the listing of the Controlling Partnership Units to be issued pursuant to Section 4.1 on the New York Stock Exchange or The NASDAQ Stock Market, as applicable, (ii) the filing with the United States Securities and Exchange Commission (the " SEC ") and the declaration of effectiveness thereby of the Registration Statement and (iii) filings necessary to comply with foreign or state securities or blue sky laws.

3.5 Due Authorization and Validity . The Controlling Partnership Units and the limited partnership interests evidenced thereby to be issued pursuant to Section 4.1 will be duly authorized prior to issuance and, when issued pursuant to the terms and conditions of this Agreement, will be validly issued and fully paid and non-assessable (except as such non-assessability may be affected by Section 17-303, Section 17-607 or Section 17-804 of the Delaware Revised Uniform Limited Partnership Act or the Controlling Partnership LPA) and free and clear of any Liens. Except for (i) Controlling Partnership Units issuable to KPE pursuant to Section 4.1, (ii) Controlling Partnership Units issuable upon exchange by Holdings

or its designees or other holders of Class A Units to the Controlling Partnership of partner interests in the Group Partnerships in accordance with the Exchange Agreement or a similar agreement providing for similar exchange rights, (iii) Controlling Partnership Units that may be issued at or following the Closing upon exchange of Group Partnership Units issued pursuant to awards (including actual Group Partnership Units or phantom, option or other derivative securities) granted under the Pre-Listing Incentive Plan following the Effective Time (as defined in the Purchase Agreement), in accordance with Section 4.12 of this Agreement; provided , that for the avoidance of doubt, awards of Controlling Partnership Common Units (including grants of phantom, option or other derivative securities) may also be issued upon the completion of the Closing under the Post-Listing Incentive Plan in accordance with its terms, (iv) non-economic general partner interests in the Controlling Partnership, (v) Controlling Partnership Units that may be issued in a separate primary offering by the Controlling Partnership simultaneously with the US Listing and (vi) the assumption by the Controlling Partnership of the Adjusted UARs in accordance with Section 4.13, there are (A) no outstanding equity interests in the Controlling Partnership, (B) outstanding securities or other instruments or rights of any person convertible or exchangeable for equity interests in the Controlling Partnership or (C) options or other rights to acquire from the Controlling Partnership any equity interests in the Controlling Partnership or obligations of the Controlling Partnership to issue any equity securities in the Controlling Partnership.

3.6 Activities . Except as set forth in Section 3.6 of the Confidential Controlling Partnership Disclosure Schedules delivered to the Seller by the Controlling Partnership concurrently with the execution of this Agreement (the " Confidential Controlling Partnership Disclosure Schedules "), each of the Controlling Partnership, the Purchaser, KKR Group Limited (the " Purchaser GP ") and KKR Management Holdings Corp. has been formed solely for the purpose of engaging in the transactions contemplated hereby (including the Contribution Transactions) and in the Purchase Agreement and serving as the direct or indirect general partner of the Purchaser and the Group Partnerships, as applicable, and has engaged and, at the Closing, will have engaged in no other business activities, and has incurred and, at the Closing, will have incurred no liabilities or obligations other than in furtherance of the transactions contemplated hereby (including the Contribution Transactions) or as a result of serving as the direct or indirect general partner of the Purchaser or the Group Partnerships, as applicable.

3.7 Other Agreements . Each of the agreements referred to in Section 4.7 will be duly authorized, executed and delivered by the Controlling Partnership or the parties thereto that are affiliated with the Controlling Partnership, as applicable, and, assuming due authorization, execution and delivery by the other parties thereto, will be a valid and binding obligation of the Controlling Partnership or the parties thereto that are affiliated with the Controlling Partnership, as applicable, enforceable against them in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles.

4. ADDITIONAL AGREEMENTS

4.1 Contribution of Purchaser Common Units; Restrictions; Affirmation of Assumption of Liabilities .

(a) In the event that an Election Notice is delivered in accordance with Section 1.1, at the time of the Closing, KPE shall contribute all of its Purchaser Common Units to the Controlling Partnership in exchange for a number of units representing limited partner interests in the Controlling Partnership (the " Controlling Partnership Units ") equal to the number of common units of KPE (the " KPE Common Units ") then outstanding. The transactions contemplated by this Section 4.1(a), together with the execution of the agreements required to be executed pursuant to Section 4.7 prior to the Closing, are referred to as the " Contribution Transactions ".

(b) Except as contemplated by this Section 4.1, KPE shall not, and shall not permit any of its affiliates to, directly or indirectly transfer, sell, assign, pledge, gift, donate or otherwise dispose of (" Transfer ") its Purchaser Common Units without the prior written consent of the Controlling Partnership. Other than in furtherance of the transactions contemplated by this Agreement, neither KPE nor the KPE GP shall engage in any other business activities, including making, or agreeing to make, any investments in any person and incurring any liabilities or obligations. Other than in furtherance of the transactions contemplated hereby (including the Contribution Transactions) or serving as the direct or indirect general partner of the Purchaser or the Group Partnerships, as applicable, each of the Controlling Partnership, the Purchaser, the Purchaser GP and KKR Management Holdings Corp. shall engage in no other business activities, including making, or agreeing to make, any investments in any person and incurring any liabilities or obligations.

(c) Notwithstanding any provision herein to the contrary, it is the intention of the parties hereto that, with respect to any benefits of the combined business of the Consolidated Persons to which the holders of the Class A units in the Group Partnerships (the " Class A Units ") are entitled, the ultimate beneficial owners of the Class A Units (in their capacity as such, the " Ultimate Owners ") are intended to be entitled to such benefits in proportion to their relative ultimate beneficial ownership of the Class A Units and, accordingly, from the Effective Time until the Closing, issuances of equity or other economic interests, dividends and other distributions by any Consolidated Person shall be structured to ensure that no Ultimate Owner shall be disproportionately adversely affected relative to any other Ultimate Owner without the consent of any such Ultimate Owner (or the Seller, in the case of an Ultimate Owner whose beneficial interest is through the ownership of KPE Common Units) that would be so disproportionately adversely affected.

(d) In the event that an Election Notice is delivered in accordance with Section 1.1, at the time of the completion of the Dissolution Transactions, the Controlling Partnership shall cause the Purchaser to reaffirm the assumption of the liabilities assumed by the Purchaser pursuant to Section 1.2 of the Purchase Agreement.

4.2 Registration Statement .

(a) The Controlling Partnership shall as promptly as practicable following the delivery of an Election Notice in accordance with Section 1.1 prepare a registration statement on such form as the Controlling Partnership in consultation with its legal counsel shall determine to be appropriate under the United States Securities Exchange Act of 1934, as amended (the " Exchange Act ") and, if applicable, the United States Securities Act of 1933, as amended (the " Securities Act ") for the Controlling Partnership Units to be issued to, and distributed by, KPE pursuant to this Agreement (such registration statement(s), as amended or supplemented from time to time and together with any prospectus included therein, the " Registration Statement ") and shall as promptly as practicable thereafter file the Registration Statement with the SEC. Each of the Controlling Partnership and KPE shall use its reasonable best efforts to have the Registration Statement declared effective by the SEC as promptly as practicable and to keep the Registration Statement effective as long as is necessary to consummate the transactions contemplated by this Agreement. As promptly as practicable following the date on which the Registration Statement is declared effective by the SEC, KPE shall mail, or otherwise disseminate in a manner that complies with any applicable law, rule, regulation and the KPE Limited Partnership Agreement, the Registration Statement (or prospectus contained therein) to the holders of the KPE Common Units. Notwithstanding the foregoing, nothing contained in this Agreement, including Section 4.3 and Section 4.5, shall be deemed to require the Controlling Partnership or any of its affiliates to take any action that would require the Controlling Partnership or any of its affiliates to become subject to regulation under the Investment Company Act.

(b) The directors of the KPE GP who are not affiliated with the Controlling Partnership (the " Independent Directors ") shall furnish, or cause to be furnished, to the Controlling Partnership all information concerning the Independent Directors, if any, required to be included in the Registration Statement. The Controlling Partnership shall provide KPE and its legal counsel with a reasonable opportunity to review and comment on the Registration Statement and any amendments or supplements thereto prior to the filing thereof with the SEC. The Controlling Partnership shall, as promptly as practicable after receipt thereof, (i) provide KPE and its legal counsel with copies of any written comments and advise KPE and its legal counsel of any oral comments with respect to the Registration Statement received from the SEC and (ii) notify KPE and its legal counsel of any requests by the SEC for any supplement thereto or for additional information. As promptly as practicable after receipt of any written correspondence from the SEC and reasonably in advance of transmitting any written correspondence to the SEC, in each case relating to the Registration Statement, the Controlling Partnership shall provide KPE and its legal counsel with (i) copies of any such correspondence and (ii) a reasonable opportunity to review and comment on any such correspondence.

(c) The Controlling Partnership and KPE shall cooperate and consult with each other in connection with the filing with, and the review by, the SEC of the Registration Statement. The Controlling Partnership shall (i) consider in good faith any comments and suggestions on the disclosure to be included in the Registration Statement made by KPE and/or its legal counsel and (ii) incorporate such comments into the Registration Statement if failure to do so would reasonably be expected, in the good faith judgment of the Controlling

Partnership after taking into account the advice of its outside legal counsel, to result in a violation of, or give

rise to liability under any applicable securities laws. For purposes of clauses (i) and (ii) above, where the Controlling Partnership would otherwise elect not to incorporate any comment or suggestion made by KPE or its legal counsel, KPE and its legal counsel shall be provided with the reasonable opportunity to discuss any such comments directly with the Controlling Partnership, the Controlling Partnership's auditors and outside legal counsel for the Controlling Partnership.

(d) Notwithstanding the provisions of Section 4.2(c), neither the Registration Statement (or any amendment or supplement thereto) nor any written correspondence relating to the Registration Statement (including any responses to any comments from the SEC) shall include any statements regarding the Independent Directors without KPE's prior written consent to include such statements, which consent shall not be unreasonably withheld or delayed.

(e) The Controlling Partnership covenants and agrees that (i) as of each of the date on which the Registration Statement becomes effective and as of the Closing Date, the Registration Statement will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided that the foregoing covenant shall not apply to any information concerning the Independent Directors furnished in writing by or on behalf of the Independent Directors specifically for use in the Registration Statement, it being understood that such information shall be identified as such by KPE prior to the effectiveness of the Registration Statement (the " Specified Information ") and (ii) as of the date on which the Registration Statement becomes effective, the Registration Statement will comply as to form in all material respects with the applicable provisions of the Securities Act, Exchange Act and the applicable rules and regulations of the SEC thereunder.

(f) If at any time prior to the Closing any information should be discovered by either the Controlling Partnership or KPE that should be set forth in an amendment or supplement to the Registration Statement so that the Registration Statement would not include any misstatement of a material fact or omit to state any material fact necessary to make the statement therein, in the light of the circumstances under which they were made, not misleading, the party that discovers such information shall promptly notify the other party, and to the extent required by law, rules or regulations, an appropriate amendment or supplement describing such information shall be promptly filed with the SEC.

4.3 Reasonable Best Efforts .

(a) Subject to the terms and conditions of this Agreement, following the delivery of an Election Notice in accordance with Section 1.1, each of the Controlling Partnership and KPE shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to ensure that the conditions set forth in Section 6 of this Agreement are satisfied and to consummate the transactions contemplated by this Agreement as promptly as practicable, including using its reasonable best efforts to (i) obtain (and to cooperate with the other party to obtain) any consent, authorization, order or approval of, or any exemption by, any Governmental Entity or any third party which is required to be obtained in connection with the transactions contemplated by this Agreement from Governmental Entities or third parties, (ii) making all registrations, notifications

and filings with any Governmental Entity or any third party that are required to be made in connection with the transactions contemplated by this Agreement and (iii) resolve any objections asserted or suits instituted with respect to any of the transactions contemplated hereby, by any Governmental Entity, which, if not resolved, would reasonably be expected to prevent or materially impede or delay the consummation of the transactions contemplated hereby. Notwithstanding the foregoing, nothing in this Agreement shall be deemed to require the Controlling Partnership or KPE to take, or agree to take, any action if the taking of such action would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Controlling Partnership (after giving effect to the Contribution Transactions).

(b) Each of the Controlling Partnership and KPE shall in connection with the efforts referenced in Section 4.3 (a) (i) promptly cooperate with and furnish information to the other in connection with any action required to be taken pursuant to Section 4.3(a), and (ii) permit the other to review any communication given by it to, and consult with each other in advance of any meeting or conference with, any Governmental Entity in connection with the foregoing, and to the extent permitted by law, give the other the opportunity to attend and participate in such meetings and conferences.

4.4 Dissolution Transactions . Following the delivery of an Election Notice in accordance with Section 1.1, KPE shall take, and the Controlling Partnership shall cause the non-Independent Directors of the KPE GP to authorize, all actions necessary or advisable to (i) cause the amendment to the KPE Limited Partnership Agreement in substantially the form attached hereto as Exhibit E to be executed prior to the Closing, (ii) deliver the Controlling Partnership Units to a bank or trust company designated by KPE and reasonably acceptable to the Controlling Partnership (the " Exchange Agent ") immediately upon the Closing, (iii) cause the Exchange Agent to distribute the Controlling Partnership Units to the holders of KPE Common Units in accordance with the KPE Limited Partnership Agreement as of, or as promptly as practicable after, the Closing (the " Distribution "), (iv) cause the KPE Common Units to be delisted from, and to cease to be traded on, Euronext Amsterdam by NYSE Euronext, the regulated market of Euronext Amsterdam N.V. as of, or as promptly as practicable after, the Closing, and (v) cause KPE to be dissolved and liquidated by the KPE GP acting as liquidator, in accordance with the KPE Limited Partnership Agreement and the Limited Partnerships (Guernsey) Law, 1995, as amended, as promptly as practicable after the Closing. The transactions contemplated by this Section 4.4 are sometimes referred to herein as the " Dissolution Transactions ".

4.5 Stock Exchange Listing . In the event an Election Notice is delivered in accordance with Section 1.1, the Controlling Partnership shall use its reasonable best efforts to cause the Controlling Partnership Units that are to be registered in the Registration Statement to be approved for listing on the relevant United States stock exchange, subject to official notice of issuance, prior to the Closing.

4.6 Insurance . In the event an Election Notice is delivered in accordance with Section 1.1, prior to the Closing, the Controlling Partnership shall obtain and fully pay the premium for, or shall cause to be obtained and to be fully paid the premium for, directors' and officers' liability insurance for the benefit of the directors and officers (and former directors and officers) of the KPE GP, which shall (i) be effective for a period from the date of the dissolution

of KPE (the " Dissolution Date ") through and including the date that is six years after the Dissolution Date, (ii) cover claims arising out of or relating to any action, statement or omission (including a failure to act) of such directors and officers of the KPE GP, whether on or before the Dissolution Date (including the transactions contemplated by this Agreement and the decision making process by the directors of the KPE GP in connection therewith) to the same extent as the directors and officers of the Controlling Partnership GP acting in their capacities as the directors and officers of the KPE GP are insured with respect thereto, and (iii) shall contain a coverage limit of $100 million, and shall contain coverage terms and conditions, including exclusions, substantially comparable to the directors' and officers' liability insurance in effect on the date of the Purchase Agreement; provided , however , that in no event shall the Controlling Partnership be required to, or be required to cause any other person to, expend for such insurance an amount in excess of the amount set forth in Section 4.6 of the Confidential Controlling Partnership Disclosure Schedules.

4.7 Execution of Additional Agreements . In the event an Election Notice is delivered in accordance with Section 1.1, the Controlling Partnership and Holdings shall use its reasonable best efforts to execute, or to cause the other parties thereto to execute, prior to the Closing, the Exchange Agreement between the Controlling Partnership, the Group Partnerships and Holdings (the " Exchange Agreement "), the Tax Receivables Agreement between the Controlling Partnership, Holdings, KKR Management Holdings Corp. and Management Holdings (the " Tax Receivables Agreement "), the Amended and Restated Limited Partnership Agreement of the Controlling Partnership (the " Controlling Partnership LPA ") and the Amended and Restated Limited Liability Company Agreement of the Controlling Partnership GP (the " Controlling Partnership GP Agreement "), in each case substantially in the form attached as exhibits to this Agreement (together with any changes thereto as may be necessary to comply with requirements of the jurisdiction of organization of the Controlling Partnership in the event that the Controlling Partnership's rights and obligations under this Agreement are assigned pursuant to Section 8.10).

4.8 Delivery of Letters .

(a) In the event an Election Notice is delivered in accordance with Section 1.1, the Controlling Partnership shall use its reasonable best efforts to cause to be delivered to KPE a "comfort" letter from Deloitte & Touche LLP with respect to financial information contained in the Registration Statement, dated the effective date of the Registration Statement, in a form customary in scope and substance for "comfort" letters delivered by independent public accountants in connection with registration statements similar to the Registration Statement (it being understood that such "comfort" letters shall also provide comfort on the interim financial statements included in the Registration Statement in accordance with applicable Statement on Auditing Standards, customary comfort on the pro forma financial statements and other data and customary negative assurance comfort).

(b) In the event an Election Notice is delivered in accordance with Section 1.1, the Controlling Partnership shall use its reasonable best efforts to cause to be delivered to KPE a "negative assurance" letter from Simpson Thacher & Bartlett LLP with respect to the absence of material misstatements or omissions in the Registration Statement, dated the effective date of the Registration Statement, in a form customary in scope and substance for "negative

assurance" letters delivered by issuer's counsel in connection with registration statements similar to the Registration Statement.

4.9 Resignation of Independent Directors . Unless the Independent Directors agree otherwise in writing with the KPE GP and the Controlling Partnership, the Independent Directors shall not be required to resign until the completion of the Dissolution Transactions at which point the Independent Directors shall be required to resign.

4.10 Consent Rights . From the Effective Time (as such term is defined in the Purchase Agreement) until the Closing (the " Consent Period "), without the prior consent of a majority of the Independent Directors, the Controlling Partnership shall not, and shall not permit the Purchaser GP or any Consolidated Person (as defined in the Purchase Agreement) to: (i) enter into any amendment to the Exchange Agreement, the Tax Receivables Agreement, a Lock-Up Agreement, the Controlling Partnership LPA, the Management Holdings LPA, the Fund Holdings LPA, the Purchaser LPA or the Controlling Partnership GP Agreement (each as defined in the Purchase Agreement), or any Contribution and Indemnification Agreement (each of the foregoing, a " Covered Agreement ") that, in the reasonable judgment of the Controlling Partnership, is or will result in a conflict of interest or would have a materially disproportional impact on KPE, (ii) enter into any transaction or series of related transactions involving an aggregate amount in excess of $20 million with any related person (as such term is defined in Item 404 of Regulation S-K under the Securities Act) of the Controlling Partnership, the Purchaser GP or Consolidated Person (other than any related person that is another Consolidated Person or an investment fund or investment vehicle that is managed, sponsored, or otherwise advised by the Controlling Partnership, the Purchaser GP or any Consolidated Person) (a " Related Person ") that is the type of transaction that would be required to be disclosed under the Securities Act by the Controlling Partnership, the Purchaser GP or such Consolidated Person pursuant to Item 404 of Regulation S-K under the Securities Act if the Controlling Partnership, the Purchaser, the Purchaser GP or such Consolidated Person were subject to the disclosure requirements of such Item (provided, however, that, except with respect to any transaction for which the restrictions of clause (ii) do not apply by virtue of the proviso below, the Controlling Partnership shall on at least a quarterly basis provide a report in reasonable detail of transactions which would be covered by this clause (ii) but for the requirement set forth in this clause (ii) as to a minimum aggregate amount), (iii) except in accordance with the Exchange Agreement, enter into any transaction with any Related Person if such transaction would reduce the percentage of KPE's direct or indirect equity interest in any Consolidated Person or the percentage of the equity interest in the Controlling Partnership that the holders of KPE Common Units will receive upon the Distribution; provided , however the foregoing clauses (ii) and (iii) shall not restrict, and the approval of a majority of the Independent Directors shall not be required with respect to, (A) the payment, issuance, grant or delivery of compensation, including, subject to Section 4.12, equity-based compensation, to any Related Person in respect of such Related Person's provision of services to the Controlling Partnership or a Consolidated Person provided that in performing such services, the Related Person is acting as a partner, member, director, officer or employee of the Controlling Partnership or a Consolidated Person and not as a third-party service provider, (B) any transaction or series of related transactions with a Related Person made on substantially similar terms as have been agreed to with unaffiliated third parties in connection with the same transaction or series of related transactions, (C) any investment by a Related Person in any investment fund or investment vehicle that is managed, sponsored or otherwise advised by the

Controlling Partnership or any Consolidated Person, or (D) the matters set forth in Section 4.10 of the Confidential Controlling Partnership Disclosure Schedules. A " Contribution and Indemnification Agreement " means any contribution and indemnification agreement among each of the Group Partnerships and the other parties thereto providing for the transfer by such other parties to the Group Partnerships of all or part of the amounts borne by the Group Partnerships, directly or indirectly, with respect to any "carried interest" or similar profit interest distributed by a fund, investment vehicle or account whose investments are managed or advised by the Controlling Partnership (if any) or an affiliate thereof (a " Fund ") pursuant to the obligation of the general partner of a Fund to return such amounts to the Fund. In addition, upon the request of the Controlling Partnership, the Independent Directors shall review any other transaction among the Controlling Partnership, the Purchaser GP and any of the Consolidated Persons submitted to the Independent Directors by the Controlling Partnership for the purposes of determining whether a conflict of interest exists with respect to such transaction and that such transaction is in compliance with the respective organizational documents of the Controlling Partnership, the Controlling Partnership GP, the Purchaser GP and each of the Consolidated Persons. Upon a determination by a majority of the Independent Directors that any such transaction is in compliance with the respective organizational documents of the Controlling Partnership, the Controlling Partnership GP, the Purchaser GP and the Consolidated Persons, such transaction shall not be void or voidable as a result of any conflict of interest existing between the parties to such transaction and, except as set forth in Section 5, neither the Controlling Partnership nor any of its affiliates shall have any liability to KPE, any affiliate thereof, or any person that has an equity interest in KPE, any Consolidated Person or any affiliate thereof as a result of, or arising from, any such transaction. At the request of the Controlling Partnership, the organizational documents of any Consolidated Person may be amended to include provisions to limit the liability of the Controlling Partnership and its affiliates in the manner described in the immediately preceding sentence. During the Consent Period, (v) upon the request of KPE, the Controlling Partnership agrees to take, or cause to be taken, any action to enforce the rights of the Controlling Partnership or any Consolidated Person directly or through one or more entities controlled by the Controlling Partnership, under any Covered Agreement against (A) Holdings (and any subsidiary or other designee of Holdings through which Holdings holds any units representing limited partner interests in the Group Partnership) or KKR Associates Holdings L.P. (" Associates Holdings ") (and any subsidiary or other designee of Associates Holdings through which Associates Holdings holds any units representing limited partner interests in the Group Partnerships), (B) each person that is or becomes from time to time a general partner or limited partner of Holdings or Associates Holdings or a general partner, limited partner or holder of any other type of equity interest of any such person and (C) each other party to the Contribution and Indemnification Agreements, (w) the Controlling Partnership shall not incur or assume any indebtedness for borrowed money or guarantee any such indebtedness, (x) the Controlling Partnership shall not permit the Designated Percentage with respect to Future Carried Interests (as such terms are defined in the limited partnership agreements of the Group Partnerships) to exceed 40%, (y) the Controlling Partnership shall not, and shall not permit any Consolidated Person to, consent to any Transfer (as defined in the limited partnership agreements of the Group Partnerships) of Class B Units (as defined in the limited partnership agreements of the Group Partnerships) without the Transferee (as defined in the limited partnership agreements of the Group Partnerships) having entered into a contribution and indemnification agreement that is substantially consistent with the Contribution Agreement among each of the Group Partnerships,

Associates Holdings and KKR Intermediate Partnership L.P. and that is reasonably satisfactory to a majority of the Independent Directors, and (z) upon reasonable notice and subject to the terms of the Confidentiality Agreement, dated June 20, 2008, between KPE and Kohlberg Kravis Roberts & Co. L.P., the Controlling Partnership agrees to take, or cause to be taken, all actions necessary to provide the audit committee of the KPE GP board of directors or the Independent Directors with access during normal business hours to the personnel, books and records of the Consolidated Persons, and any financial statements generated therefrom, relating to the activities of the Controlling Partnership, the Purchaser GP and the Consolidated Persons, and shall furnish to the audit committee of the KPE GP or the Independent Directors as promptly as practicable after receiving a request therefor such other information concerning the business of the Controlling Partnership, the Purchaser GP and the Consolidated Persons as the audit committee or the Independent Directors may reasonably request; provided that the foregoing shall not obligate the Controlling Partnership to disclose any information to such audit committee or the Independent Directors that the Controlling Partnership, the Purchaser GP or the Consolidated Person reasonably determines, based on the advice of counsel, to be privileged; provided further that Controlling Partnership, the Purchaser GP or the Consolidated Person shall use its reasonable best efforts to make appropriate substitute disclosure arrangements under circumstances in which the immediately preceding proviso applies.

4.11 Ongoing Reporting Obligations . From the Effective Time (as such term is defined in the Purchase Agreement) to the Closing Date, the Controlling Partnership shall, and shall cause the Consolidated Persons (as such term is defined in the Purchase Agreement) to, cooperate in good faith with KPE to take such actions as may be reasonably necessary or advisable to comply with the financial reporting obligations of KPE under applicable law, including the preparation of the financial statements and other financial information of the KKR Group (as defined in the Purchase Agreement) required to be included in the reports to be submitted to holders of KPE Common Units.

4.12 Equity Incentive Plans . At any time prior to the Closing, the Controlling Partnership may cause the KKR Management Holdings L.P. Equity Incentive Plan, substantially in the form attached hereto as Exhibit F (the " Pre-Listing Incentive Plan ") to be adopted. Upon the Closing, the Controlling Partnership shall adopt the KKR & Co. L.P. Equity Incentive Plan, substantially in the form attached hereto as Exhibit G (the " Post-Listing Incentive Plan "). Without the prior written consent of a majority of the Independent Directors, from and after the date of this Agreement until the completion of the Closing, the Controlling Partnership shall not, and shall not permit any Consolidated Person to, (i) pay to, grant, issue or otherwise deliver, or (ii) enter into or adopt any plan, program, policy, agreement or arrangement that provides for the payment, grant, issuance or delivery of, in the case of both clauses (i) and (ii), to any current, former or future Participant (as defined in the Purchase Agreement) to the Controlling Partnership or any Consolidated Person, any cash or equity-based compensation that (A) is for such Participant's services to the Controlling Partnership, the Purchaser GP or any Consolidated Person, (B) the amount of which is determined primarily based on the value of the interests in the Controlling Partnership, the Purchaser GP or of any Consolidated Person and (C) reduces (or upon exercise, payment or settlement, would reduce) the Seller's direct or indirect equity interest in any Consolidated Person or the percentage of the equity interest in the Controlling Partnership that the holders of KPE Common Units will receive upon the Distribution or the amount of cash distributable to the Seller as a result of its direct or indirect equity interest in the Controlling

Partnership or any Consolidated Person; provided , however , that the foregoing restrictions shall not prohibit grants of awards pursuant to the Pre-Listing Incentive Plan during the period beginning at the Effective Time (as defined in the Purchase Agreement) and ending immediately prior to the Closing, subject to the aggregate limitation set forth therein (as such limitation is specified in Exhibit F), except that until the earlier of (x) immediately following the Closing and (y) the first anniversary of the Effective Time (or, in the case of this clause (y), in the event that an Election Notice has been delivered prior to such first anniversary but if the Closing has not occurred, the fifteen month anniversary of the Effective Time), without the prior written consent of a majority of the Independent Directors, no grants of awards shall be made under the Pre-Listing Incentive Plan to any person who was a member of KKR & Co. LLC as of the date of execution of the Purchase Agreement.

4.13 Treatment of Seller Unit Appreciation Rights . Upon the closing of the transactions contemplated by the Purchase Agreement, each outstanding unit appreciation right with respect to KPE Common Units issued under KPE's 2007 Equity Incentive Plan (each, a " KPE UAR ") became fully vested and immediately exercisable. Upon the Closing, except as may otherwise be agreed in writing between the Controlling Partnership and a holder of a KPE UAR at any time prior to the Closing, (i) each outstanding KPE UAR for which the exercise price per KPE Common Unit of such KPE UAR equals or exceeds the closing price per KPE Common Unit on Euronext Amsterdam on the final trading day of KPE Common Units shall be cancelled without the payment of any consideration in respect thereof and (ii) each other KPE UAR (other than those referred to in clause (i)) shall be converted into a fully vested unit appreciation right, on the same terms and conditions as were applicable under such KPE UAR, with respect to a number of Controlling Partnership Units equal to the number of KPE Common Units subject to such KPE UAR immediately prior to the Closing with an exercise price per Controlling Partnership Unit equal to the per unit exercise price for such KPE UAR (the KPE UARs referred to in this clause (ii), the " Adjusted UARs "). Upon the Closing, the Controlling Partnership shall assume the Adjusted UARs and all obligations with respect thereto. As soon as practicable following the Closing, the Controlling Partnership shall deliver to the holders of Adjusted UARs appropriate notices setting forth such holders' rights pursuant to the Adjusted UARs (including the number of Controlling Partnership Units subject to each such Adjusted UAR and the per unit exercise price with respect thereto) and specifying that such Adjusted UARs have been assumed by the Controlling Partnership and shall continue in effect on the same terms and conditions as were applicable to the KPE UARs immediately prior to the Closing. Prior to the Closing, KPE and the Controlling Partnership shall take all actions necessary or appropriate to effectuate the provisions of this Section 4.13.

5. INDEMNIFICATION

(a) To the fullest extent permitted by applicable law, from the Closing Date through the sixth anniversary thereof, the Group Partnerships shall indemnify, defend and hold harmless, and provide advancement of expenses to, each present and former director and officer of the KPE GP and the persons identified in Section 5.1 of the Confidential Controlling Partnership Disclosure Schedules against all losses, liabilities, damages, judgments and fines (" Losses ") incurred in connection with any suit, claim, action, proceeding, arbitration or investigation (" Proceedings ") arising out of or related to actions taken by them in their capacity as directors or officers of the KPE GP (including, this Agreement and the transactions

contemplated hereby) or taken by them at the request of KPE or the KPE GP, whether asserted or claimed prior to, at or after the Closing Date.

(b) The Group Partnerships shall indemnify and hold harmless to the fullest extent permitted by applicable law the Controlling Partnership, KPE and each present and former director and officer of the KPE GP and the persons identified in Section 5.1 of the Confidential Controlling Partnership Disclosure Schedules against any and all Losses to which they or any of them may become subject under the Securities Act, the Exchange Act or other applicable law, statute, rule or regulation insofar as such Losses arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement and any other document issued by the Controlling Partnership, KPE or any of their respective affiliates in connection with or otherwise relating to the US Listing, or in any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and the Group Partnerships agree to reimburse each such person, as incurred, for any legal or other expenses reasonably incurred by such person in connection with investigating or defending against any such Losses to the fullest extent permitted by applicable law; provided , however that the Group Partnerships shall not be liable in any such case to the extent that any such Losses arise out of or are based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement or in any amendment thereof or supplement thereto, or in any such other document in reliance upon and in conformity with the Specified Information.

(c) The Group Partnerships shall, in respect of any indemnified person that was a director of the KPE GP as of the date of the Original Investment Agreement who may be called upon, subsequent to the date of his resignation or expiration of his term, to testify in any Proceeding in connection with this Agreement or the transactions contemplated hereby, provide such person with reasonable compensation for his time spent testifying in such Proceeding and preparing for such testimony.

(d) If the indemnification provided for in this Section 5.1 is unavailable (other than as a result of application of the proviso to Section 5.1(b)) to or insufficient to hold harmless the indemnified person in respect of any Losses, then the Group Partnerships shall contribute to the amount paid or payable by the indemnified person as a result of such Losses (A) in such proportion as is appropriate to reflect the relative fault of the Group Partnerships, on the one hand, and the indemnified person, on the other or (B) if the allocation provided by clause (A) is not permitted by applicable law, or provides a lesser sum to the indemnified person than the amount hereinafter calculated, in such proportion as is appropriate to reflect not only the relative fault of the Group Partnerships, on the one hand, and the indemnified person, on the other, in respect of such Losses but also the relative benefits received by the Group Partnerships, on the one hand, and the indemnified person, on the other, from the transactions contemplated by this Agreement as well as any other relevant equitable considerations. The amount paid or payable by the indemnified person as a result of the Losses referred to above in this Section 5.1 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified person in connection with investigating or defending any such action or claim.

(e) In case any Proceeding shall be commenced or instituted involving any person in respect of which indemnity or contribution may be sought pursuant to this Section 5.1, such person shall promptly notify the Group Partnerships thereof in writing; provided that the failure to so notify the Group Partnerships will not affect the rights of such person under this Section 5.1 except to the extent that the Group Partnerships are actually prejudiced by such failure. The Group Partnerships shall be entitled to take control of and conduct such Proceeding and to appoint counsel (including local counsel) of the Group Partnerships' choosing to represent the indemnified party in connection with such Proceeding (in which case the Group Partnerships shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party). Notwithstanding the Group Partnerships' election to appoint counsel (including local counsel) to represent the indemnified party in connection with a Proceeding, the indemnified party shall have the right to employ separate counsel (including local counsel), and the Group Partnerships shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the Group Partnerships to represent the indemnified party would present such counsel with a conflict of interest (based on the advice of counsel to the indemnified person), (ii) such Proceeding includes both the indemnified party and the Group Partnerships, and the indemnified party shall have reasonably concluded (based on the advice of counsel to the indemnified person) that there may be legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the Group Partnerships or (iii) the Group Partnerships shall authorize the indemnified party to employ separate counsel at the expense of the Group Partnerships. It is understood that the Group Partnerships shall not, in respect of the legal expenses of any indemnified party in connection with any Proceeding or related Proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties. The Group Partnerships shall not be liable under this Section 5.1 for any settlement or compromise or consent to the entry of any judgment with respect to any pending or threatened Proceeding in respect of which indemnification or contribution may be sought under this Section 5.1 (whether or not the indemnified parties are actual or potential parties to such claim or action), unless such settlement, compromise or consent is consented to by the Group Partnerships, such consent not to be unreasonably withheld or delayed.

(f) Notwithstanding any other provision of this Agreement to the contrary, the indemnified parties specified in this Section 5.1 shall be third party beneficiaries of this Section 5.1 . The provisions of this Section 5.1 are intended to be for the benefit of each such person to whom this Section 5.1 applies (and, in the case of each director of the KPE GP, for the benefit of such director in his individual capacity) and his or her heirs. The obligations of the Group Partnerships under this Section 5.1 shall not be terminated or modified in such a manner as to adversely affect any such person to whom this Section 5.1 applies without the express written consent of such affected person.

(g) If any of the Group Partnerships or their successors or assigns shall (i) consolidate with or merge into any person and shall not be the continuing or surviving person in such consolidation or merger or (ii) transfer all or substantially all of its assets to any other persons, then, and in each such case, proper provisions shall be made so that the successors and assigns of the Group Partnerships shall assume the obligations of the Group Partnerships set forth in this Section 5.1.

(h) The Group Partnerships or their successors or assigns shall be entitled to repayment of all applicable expenses advanced to any person pursuant to this Section 5 if it is ultimately determined by a non-appealable judgment that such person is not entitled to indemnification hereunder with respect to the matter for which any such expenses were advanced.

(i) The obligations of the Group Partnerships set forth in this Section 5 shall be joint and several.

6. CONDITIONS PRECEDENT

6.1 Conditions . The respective obligations of each party to consummate the US Listing shall be subject to the satisfaction at or prior to the Closing Date of each of the following conditions:

(a) US Listing . The Controlling Partnership Units to be issued to KPE pursuant to Section 4.1 of this Agreement shall have been authorized for listing on the relevant United States stock exchange, subject to official notice of issuance.

(b) Registration Statement Effectiveness . The Registration Statement shall have become effective under the Securities Act and/or Exchange Act, as applicable, without any requirement that the Controlling Partnership or any of its affiliates become subject to regulation under the Investment Company Act, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC.

(c) No Injunctions or Restraints; Illegality . No order, injunction, judgment, award or decree issued by any Governmental Entity of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the US Listing and/or the Distribution shall be in effect. No law, statute, rule, ordinance or regulation shall have been enacted, entered, promulgated or enforced by any Governmental Entity which prohibits or makes illegal the consummation of the US Listing and/or the Distribution.

(d) Contribution Transactions . The Contribution Transactions shall have been consummated in accordance with Section 4.1, except for any deviations thereto permitted under Section 8.3 and any other deviations thereto which would not reasonably be expected to have an adverse impact in more than an insignificant respect on KPE, the Controlling Partnership or the holders of the KPE Common Units.

(e) Delivery of Letters . KPE shall have received the "comfort" letter and the "negative assurance" letter contemplated by Section 4.8 of this Agreement, each in form and substance reasonably satisfactory to KPE.

7. TERMINATION

7.1 Termination . This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing by mutual written consent of the Controlling Partnership and KPE.

7.2 Effect of Termination . In the event of termination of this Agreement and the abandonment of the transactions contemplated hereby pursuant to Section 7.1, this Agreement shall forthwith become void and have no effect, and no party or any of their respective affiliates, employees or representatives shall have any liability of any nature whatsoever under this Agreement, or in connection with the transactions contemplated by this Agreement, except that (i) this Section 7.2 (Effect of Termination) and Section 8 (General Provisions) shall survive any termination of this Agreement and (ii) neither KPE, the Controlling Partnership nor the Group Partnerships shall be relieved or released from any liabilities or damages arising out of its willful or intentional breach of any provision of this Agreement.

8. GENERAL PROVISIONS

8.1 Nonsurvival of Representations, Warranties and Agreements . None of the representations, warranties, covenants and agreements in this Agreement or in any officer's certificate delivered pursuant to this Agreement, including any rights arising out of any breach of such representations, warranties, covenants, and agreements, shall survive the Closing, except for those covenants and agreements contained in Section 4.1(d), Section 4.4, Section 4.6, Section 4.9, Section 4.13, Section 5 and Section 8.

8.2 Expenses . All costs and expenses incurred by the Controlling Partnership, the Controlling Partnership GP, KPE or the KPE GP in connection with this Agreement and the transactions contemplated hereby shall be paid by the Group Partnerships.

8.3 Change in Law .

(a) To the extent there is a change in law relating to the taxation of (i) the income of KKR Fund Holdings L.P., or (ii) an entity that is a "publicly traded partnership" pursuant to Section 7704 of the Internal Revenue Code of 1986, as amended, the Controlling Partnership shall have the right to elect to effect the transactions described herein in such manner as the Controlling Partnership in its reasonable discretion, after consultation with KPE, deems to be the most beneficial taking into consideration such changes in law; provided that no alteration shall be made to the manner in which the transactions described herein will be effected in response to such a change in law to the extent such alteration would reasonably be expected to have an adverse impact in more than an insignificant respect on KPE, the Controlling Partnership or the holders of the KPE Common Units (other than any adverse impact resulting from any change in law), without the consent by KPE, which consent shall not be unreasonably withheld or delayed. Furthermore, the Controlling Partnership shall have the right to elect to effect the transactions described herein in such manner as the Controlling Partnership in its reasonable discretion, after consultation with KPE, deems to be necessary in order to permit the Controlling Partnership following the Contribution Transactions to be treated as a continuation of KPE for U.S. Federal income tax purposes; provided that no alteration shall be made to the manner in

which the transactions described herein will be effected in order to permit such treatment to the extent such alteration would reasonably be expected to have an adverse impact in more than an insignificant respect on KPE, the Controlling Partnership or the holders of the KPE Common Units, without the consent by KPE, which consent shall not be unreasonably withheld or delayed.

(b) Each of the Controlling Partnership and KPE shall use its reasonable best efforts to effect the US Listing, the Contribution Transactions and the Dissolution Transactions in a manner such that holders of KPE Common Units will recognize no income, gain or loss for United States federal income tax purposes; provided that to the extent there is a change in law so that the US Listing, the Contribution Transactions or the Dissolution Transactions may not be effected as currently contemplated without recognition by holders of KPE Common Units of income, gain or loss for United States federal income tax purposes, then each of the Controlling Partnership and KPE shall use reasonable best efforts to effect the transactions in a manner that attempts to minimize the recognition of income or gain for United States federal income tax purposes by the holders of KPE Common Units except to the extent that (i) the transactions and resulting structure results in an adverse impact in more than an insignificant respect to the Controlling Partnership, its subsidiaries or Holdings, or (ii) the Controlling Partnership and KPE agree there are other considerations that outweigh the recognition of income or gain for United States federal income tax purposes by the holders of KPE Common Units.

8.4 Notices . All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, (b) on the first business day following the date of dispatch if delivered by a recognized next-day courier service, or (c) on the fifth business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

if to the Controlling Partnership or the Group Partnerships, to:

KKR & Co. L.P.
9 W. 57 th Street, Suite 4200
New York, NY 10019
Attention: David J. Sorkin
Facsimile: (212) 750-0003

with a copy to (which shall not constitute notice):

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attention: Alan M. Klein
Joseph H. Kaufman
Facsimile: (212) 455-2502

if to KPE, to:

KKR Private Equity Investors, L.P.

P.O. Box 255
Trafalgar Court, Les Banques
St. Peter Port, Guernsey GY1 3QL
Channel Islands
Attention: Christopher Lee
Facsimile: +44.1481.745.074

with a copy to (which shall not constitute notice):

Bredin Prat
130 rue du Faubourg Saint Honor é
75008 Paris
France
Attention: Patrick Dziewolski
Benjamin Kanovitch
Facsimile: +33 (0)1.42.89.10.73

and

Cravath, Swaine & Moore LLP
CityPoint | One Ropemaker Street
London EC2Y 9HR
UK
Attention : George Stephanakis
Facsimile: +44 (0)207 860 1150

and

Cravath, Swaine & Moore LLP
825 Eighth Avenue
New York, NY 10019
Attention: Sarkis Jebejian
Facsimile: (212) 474-3700

8.5 Interpretation . The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and the schedules hereto and not to any particular provision of this Agreement, and Section references are to this Agreement unless otherwise specified. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The word “or” shall be inclusive and not exclusive. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. This Agreement shall be construed without regard to any presumption or interpretation against the party drafting or causing any instrument to be drafted. All schedules accompanying this Agreement and all information specifically referenced in any such schedule form an integral part of this Agreement, and references to this Agreement include references to them. The term “affiliate” has the meaning given to it in Rule 12b-2 of the Exchange, and the term “person” has the meaning given to it in Sections 3(a)(9) and 13(d)(3) of the Exchange Act. Whenever this Agreement requires KPE or the Controlling Partnership to take, or not take, any action, such requirement shall be deemed to

include an undertaking on the part of the KPE GP or the Controlling Partnership GP, as the case may be, to cause KPE or the Controlling Partnership to take, or not take, such action.

8.6 Amendment; Waiver . Subject to compliance with applicable law, this Agreement may be amended by the parties hereto, by a written instrument authorized and executed on behalf of the parties hereto (provided that in the case of KPE in addition to any other requirement under applicable law, any such amendment shall be valid only if approved by all of the Independent Directors). At any time prior to the Closing, each party hereto may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts by the other parties hereto, (b) waive any inaccuracies in the representations and warranties by the other parties hereto contained herein or in any document delivered pursuant hereto and (c) waive compliance by the other parties hereto with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party (provided that in the case of KPE in addition to any other requirement under applicable law, any such extension or waiver shall be valid only if approved by all of the Independent Directors), but such extension or waiver or failure to insist on strict compliance with an obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Notwithstanding any other provision of this Agreement or the Purchase Agreement to the contrary, any amendment or waiver hereto or thereto following the Closing with respect to the Controlling Partnership's rights or obligations that survive the Closing hereunder or thereunder shall require the approval of a majority of the independent directors of the Controlling Partnership GP.

8.7 Counterparts . This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that all parties need not sign the same counterpart.

8.8 Entire Agreement . This Agreement (together with the documents, schedules and the instruments referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

8.9 Severability . Any term or provision of this Agreement which is determined by a court of competent jurisdiction to be invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction, and if any provision of this Agreement is determined to be so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable, in all cases so long as neither the economic nor legal substance of the transactions contemplated hereby is affected in any manner materially adverse to any party.

8.10 Assignment . Neither this Agreement nor any of the rights, interests or obligations of any party hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other party; provided,

however that with the prior written consent of KPE, which consent shall not be unreasonably withheld or delayed, the Controlling Partnership may assign all of its rights and obligations to an affiliate of the Controlling Partnership and upon such assignment the assignee will be deemed to be the Controlling Partnership and the common units or equivalent securities of such assignee shall be deemed to be the Controlling Partnership Units for all purposes under this Agreement. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

8.11 Third Party Beneficiaries . This Agreement (including the documents and instruments referred to herein), except for the provisions of Section 4.6, Section 4.9 and Section 5, is not intended to, and does not, confer upon any person other than the parties hereto any rights or remedies hereunder.

8.12 Further Assurances . The Controlling Partnership, Holdings and KPE each agrees to execute and deliver such other documents or agreements and to use their respective reasonable best efforts to take such other actions as may be reasonably necessary or desirable for the implementation of this Agreement and the consummation of the transactions contemplated hereby.

8.13 Actions of KPE . The parties agree that, in accordance with Article 22(3) of the articles of incorporation of the KPE GP, during the period from the date of the Original Investment Agreement until the earlier of the Closing and the termination of this Agreement in accordance with the terms hereof, the Independent Directors, acting based on the affirmative vote of a majority of the Independent Directors, shall be entitled to implement on behalf of KPE the transactions contemplated by this Agreement, to exercise the rights of KPE under this Agreement and to enforce this Agreement against the Controlling Partnership and/or Holdings. The parties hereto further agree that (i) KPE shall not be deemed to have breached this Agreement unless such breach was due to the taking of any action, or failure to take any action, by the Independent Directors and (ii) the Controlling Partnership shall be deemed to have breached this Agreement if the Controlling Partnership or any of its affiliates (other than KPE or the KPE GP) takes any action, or fails to take any action, that causes KPE to breach this Agreement; provided that if the taking of such action, or failure to take such action, would not reasonably have been expected to cause KPE to breach this Agreement, the Controlling Partnership shall not be deemed to have breached this Agreement as a result of the taking of, or failure to take, such action and the Controlling Partnership shall have no liability to KPE as a result of the taking of, or failure to take, such action.

8.14 Actions of the Controlling Partnership . The parties hereto agree that, following the Closing Date, the independent directors of the Controlling Partnership GP shall have the right to enforce the Controlling Partnership's rights under Section 5(b) against the Group Partnerships and the organizational documents of the Controlling Partnership and the Controlling Partnership GP shall provide for such right.

8.15 Governing Law . This Agreement shall be governed and construed in accordance with the laws of the State of New York.

8.16 Submission to Jurisdiction . Each party irrevocably submits to the jurisdiction of (a) the Supreme Court of the State of New York, New York County, and (b) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each party agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York or, if such suit, action or other proceeding may not be brought in such court for reasons of subject matter jurisdiction, in the Supreme Court of the State of New York, New York County. Each party irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or any transaction contemplated hereby in (i) the Supreme Court of the State of New York, New York County, or (ii) the United States District Court for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. Each party further irrevocably consents to the service of process out of any of the aforementioned courts in any such suit, action or other proceeding by the mailing of copies thereof by mail to such party at its address set forth in this Agreement, such service of process to be effective upon acknowledgment of receipt of such registered mail; provided that nothing in this Section 8.16 shall affect the right of any party to serve legal process in any other manner permitted by law. The consent to jurisdiction set forth in this Section 8.16 shall not constitute a general consent to service of process in the State of New York and shall have no effect for any purpose except as provided in this Section 8.16. The parties agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

8.17 Enforcement . The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms on a timely basis or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court identified in Section 8.16, this being in addition to any other remedy to which they are entitled at law or in equity.

8.18 WAIVER OF JURY TRIAL . EACH OF THE PARTIES HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING DIRECTLY INVOLVING ANY MATTERS (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

8.19 Effectiveness . This Agreement shall be effective, and the provisions hereof shall become operative, upon the occurrence of the Effective Time (as defined in the Purchase Agreement) and no party shall be required to commence performance hereunder until the Effective Time.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

KKR & CO. L.P.

By: KKR MANAGEMENT LLC, its general partner

By: /s/ WILLIAM J. JANETSCHEK
Name: William J. Janetschek
Title: Chief Financial Officer

KKR PRIVATE EQUITY INVESTORS, L.P.

By: KKR GUERNSEY GP LIMITED, its general partner
(Registration No. 44666)

By: /s/ KENDRA DECIOUS
Name: Kendra Decious
Title: Chief Financial Officer

KKR FUND HOLDINGS L.P. (solely for purposes of Section 5 and Section 8.2)

By: KKR & CO. L.P., its general partner

By: KKR MANAGEMENT LLC, its general partner

By: /s/ WILLIAM J. JANETSCHEK
Name: William J. Janetschek
Title: Chief Financial Officer

KKR MANAGEMENT HOLDINGS L.P. (solely for purposes of Section 5 and Section 8.2)

By: KKR MANAGEMENT HOLDINGS CORP., its general partner

By: /s/ WILLIAM J. JANETSCHEK
Name: William J. Janetschek
Title: Chief Financial Officer

KKR HOLDINGS L.P. (solely for purposes of Section 4.7 and Section 8.12)

By: KKR HOLDINGS GP LIMITED, its general partner

By: /s/ WILLIAM J. JANETSCHEK
Name: William J. Janetschek
Title: Director

Exhibit A

A copy of this document has been filed as Exhibit 10.6 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

Exhibit B

A copy of this document has been filed as Exhibit 10.5 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

Exhibit C

A copy of this document has been filed as Exhibit 3.2 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

Exhibit D

A copy of this document has been filed as Exhibit 3.4 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

Exhibit E

Dated 2008

KKR GUERNSEY GP LIMITED

AMENDMENT TO LIMITED PARTNERSHIP AGREEMENT

Constituting

AMENDMENT TO LIMITED PARTNERSHIP AGREEMENT

THIS AMENDMENT AGREEMENT is made on 2008 **BY KKR GUERNSEY GP LIMITED** whose registered office is at Trafalgar Court, Les Banques, St. Peter Port, Guernsey, Channel Islands (the " **General Partner** ")

WHEREAS:

(A) This Agreement constitutes an amendment to the amended and restated limited partnership agreement dated 2 May 2007 between, inter alia, the General Partner and KKR PEI Holdings L.P., constituting KKR Private Equity Investors, L.P. (the " **Limited Partnership Agreement** ").

(B) The amendment set out in this Agreement is made solely by the General Partner pursuant to clause 14.2 of the Limited Partnership Agreement, it having been determined by the board of the General Partner that the amendment set out in this Agreement is not material and adverse to the Limited Partners, and such amendment having been approved unanimously by the Independent Directors.

NOW IT IS HEREBY AGREED as follows:-

1. Unless otherwise defined herein, terms and expressions defined in the Limited Partnership Agreement shall, where the context permits, bear the same meaning in this Agreement.

2. With effect from the date hereof, the Limited Partnership Agreement shall be amended by the addition of a new clause 6.9 as follows:

"6.9 Distributions In-Kind

For the avoidance of doubt, and subject to clause 9.3, the provisions of clauses 6.3, 6.6 and 6.7.1 shall apply only to distributions of cash and the General Partner shall have full

power and authority (exercisable in its sole discretion) to dispose of the Assets by distribution in-kind to one or more Partners."

3. This Agreement is governed by and shall be construed in accordance with the laws of the Island of Guernsey.

IN WITNESS whereof this Agreement has been duly executed by the General Partner on the day and year first above written.

SIGNED by Kendra Decious as **)**
duly authorised signatory **)**
for and on behalf of **)**
KKR GUERNSEY **)**
GP LIMITED **)**

Exhibit F

This document is superseded in its entirety by the KKR & Co. L.P. Equity Incentive Plan, a copy of which has been filed as Exhibit 10.4 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

Exhibit G

A copy of this document has been filed as Exhibit 10.4 to the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).

EXHIBIT 8.1

[ ], 2010

KKR & Co. L.P.
9 West 57 th Street, Suite 4200
New York, New York 10019

Ladies and Gentlemen:

We have acted as counsel to KKR & Co. L.P., a Delaware limited partnership (the "Partnership"), in connection with the Registration Statement on Form S-1 (the "Registration Statement") filed by the Partnership with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended, relating to the registration by the Partnership of 204,902,226 common units representing limited partner interests in the Partnership, as described in the Registration Statement.

We have examined the Registration Statement and (i) the form of the Amended and Restated Agreement of Limited Partnership of KKR & Co. L.P. (the "Partnership Agreement") among KKR Management LLC, a Delaware limited liability company and the general partner of the Partnership and the limited partners party thereto, (ii) the form of the Amended and Restated Limited Partnership Agreement of KKR Management Holdings L.P., (iii) the form of the Amended and Restated Limited Partnership Agreement of KKR Fund Holdings L.P., (iv) the representation letter of KKR Management LLC and KKR Guernsey GP Limited delivered to us for purposes of this opinion (the "Representation Letter") and (v) such other documents as we have deemed necessary. In addition, we have examined, and have relied as to matters of fact upon, originals, or duplicates or certified or conformed copies, of such records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Partnership, and have made such other and further investigations, as we have deemed necessary or appropriate as a basis for the opinion hereinafter set forth.

In such examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies, and the authenticity of the originals of such latter documents. We have assumed that any documents will be executed by the parties in the forms provided to and reviewed by us and that the representations made by KKR Management LLC and KKR Guernsey GP Limited in the Representation Letter are true, complete and correct and will remain true, complete and correct at all times.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein and in the Registration Statement, we are of the opinion that, the discussion set forth in the Registration Statement under the caption "Material U.S. Federal Tax Considerations", insofar as it expresses conclusions as to the application of United States federal income tax law, sets forth the material United States federal income tax

consequences of receipt, ownership, and disposition of the Partnership's common units.

We do not express any opinion herein concerning any law other than the federal tax law of the United States.

We hereby consent to the filing of this opinion with the Securities and Exchange Commission as an exhibit to the Registration Statement and to the references to our firm under the headings "Material U.S. Federal Tax Considerations" in the Registration Statement.

Very truly yours,

Simpson Thacher & Bartlett LLP

Exhibit 10.7

EXECUTION COPY

CREDIT AGREEMENT

dated as of

February 26, 2008

among

KOHLBERG KRAVIS ROBERTS & CO. L.P.,

The Other Borrowers Party Hereto,

The Lenders Party Hereto

and

HSBC BANK PLC,
as Administrative Agent

HSBC SECURITIES (USA) INC.,
as Sole Lead Arranger and Sole Bookrunner

TABLE OF CONTENTS

EXHIBITS :

CREDIT AGREEMENT (this " **Agreement** ") dated as of February 26, 2008 among KOHLBERG KRAVIS ROBERTS & CO. L.P., the other BORROWERS party hereto, the LENDERS party hereto and HSBC BANK PLC, as Administrative Agent.

The parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01 . *Defined Terms.* As used in this Agreement, the following terms have the meanings specified below:

" **ABR** ", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

" **Administrative Agent** " means HSBC Bank plc, in its capacity as administrative agent under the Loan Documents.

" **Administrative Questionnaire** " means an Administrative Questionnaire in a form supplied by the Administrative Agent.

" **Affiliate** " means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with such specified Person; *provided* that no portfolio company (or entity Controlled by a portfolio company) of any fund or partnership managed or Controlled by the Company and its Affiliates shall be deemed to be an Affiliate for purposes of this Agreement.

" **Alternate Base Rate** " means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

" **Alternative Currency** " means each of Euro, Sterling, Yen, Australian Dollars, Canadian Dollars and each other currency (other than U.S. Dollars) that is approved in accordance with Section 1.06.

" **Applicable Percentage** " means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

“ **Applicable Rate** ” means, for any day, (i) with respect to any Eurocurrency Loan, .50% per annum, or (ii) with respect to the facility fees payable hereunder, .05% per annum.

“ **Approved Fund** ” has the meaning assigned to such term in Section 10.04.

“ **Assignment** ” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

“ **Australian Dollar** ” means the lawful currency of the Commonwealth of Australia.

“ **Availability Period** ” means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

“ **Board** ” means the Board of Governors of the Federal Reserve System of the United States of America.

“ **Borrower** ” means the Company or any Co-Borrower.

“ **Borrower Group Companies** ” means the Credit Parties and the Subsidiaries.

“ **Borrowing** ” means (a) Loans of the same Type and in the same currency, made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

“ **Borrowing Request** ” means a request for a Borrowing in accordance with Section 2.03 or Section 2.04 and in the form of Exhibit E.

“ **Business Day** ” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City or London are authorized or required by law to remain closed; *provided* that, (i) when used in connection with a Loan denominated in Euros, the term “ **Business Day** ” shall also exclude any day which is not a TARGET Day, and (ii) when used in connection with a Loan denominated in any other currency, the term “ **Business Day** ” shall also exclude any day which is not a day on which dealings in such currency can occur in the London interbank market and on which banks are open for business in the principal financial center for that currency.

“ **Canadian Dollar** ” means the lawful currency of Canada.

" **Capital Lease Obligations** " of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

" **Cash Interest Expense** " means for any period, the cash interest expense (including cash interest expense attributable to capital leases of the Company as determined on an unconsolidated basis in accordance with GAAP), net of cash interest income, of the Company with respect to all outstanding Indebtedness of the Company, including all commissions, discounts and other fees and charges owed with respect to letters of credit, letters of guarantee, bankers' acceptance financing and net costs under hedge agreements (other than currency swap agreements, currency future or currency option contracts and other similar agreements) and including, without duplication, capitalized interest in connection with the purchase of assets to the extent paid in cash, but excluding, however, amortization of deferred financing costs and any other amounts of non-cash interest, all as calculated on an unconsolidated basis in accordance with GAAP.

" **Change in Control** " means the failure of Persons owning on the Effective Date, directly or indirectly, beneficially and of record, Equity Interests representing all of the aggregate voting power and aggregate equity value represented by the issued and outstanding Equity Interests in the Credit Parties, (i) to own, directly or indirectly, beneficially and of record, at least 66 ^{2} /3% of the Equity Interests representing all of the aggregate voting power represented by the issued and outstanding Equity Interests in the Credit Parties (including any Persons which become Credit Parties after the Effective Date) or (ii) to Control the Credit Parties (including any Persons which become Credit Parties after the Effective Date).

" **Change in Law** " means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or Issuing Bank (or, for purposes of Section 2.14(b), by any lending office of such Lender or by such Lender's or Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

" **Class** ", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Global Loans or Swingline Loans.

" **Co-Borrower** " means, at any time, any Guarantor or other Person designated as a Co-Borrower by the Company pursuant to Section 2.19 that has

not ceased to be a Co-Borrower pursuant to such Section; *provided* that the Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent, (a) documents of the types described in Section 4.01(b) and 4.01(c) with respect to such Co-Borrower and the Co-Borrower Agreement executed by it and (b) the information described in Section 5.01(b), 5.01(d), 5.01(f) and 5.01(g) for the most recently ended period for which such information is required to have been delivered for the Co-Borrowers or their related Investment Funds.

" **Co-Borrower Agreement** " means a Co-Borrower Agreement substantially in the form of Exhibit C.

" **Co-Borrower Termination** " means a Co-Borrower Termination substantially in the form of Exhibit D.

" **Code** " means the Internal Revenue Code of 1986, as amended from time to time.

" **Commitments** " means, with respect to each Lender, the commitment of such Lender to make Global Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments is $1,000,000,000.

" **Company** " means Kohlberg Kravis Roberts & Co. L.P., a Delaware limited partnership.

" **Constituent Documents** " means, with respect to any Person, (a) the articles of incorporation, certificate of incorporation, constitution or certificate of formation (or the equivalent organizational documents) of such Person, (b) the by-laws, operating agreement (or the equivalent governing documents) of such Person and (c) any document setting forth the manner of election and duties of the directors or managing members of such Person (if any) and the designation, amount or relative rights, limitations and preferences of any class or series of such Person's Equity Interests.

" **Control** " means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. " **Controlling** " and " **Controlled** " have meanings correlative thereto.

" **Credit Exposure** " means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Global Loans and its LC Exposure and Swingline Exposure at such time.

" **Credit Parties** " means the Borrowers and the Guarantors.

" **Default** " means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

" **Disclosed Matters** " means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.05.

" **Domestic Co-Borrower** " means a Co-Borrower organized under the laws of the United States or any state or territory thereof or the District of Columbia.

" **Effective Date** " means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 10.02).

" **EMU** " means the economic and monetary union in accordance with the Treaty of Rome 1957, as amended by the Single European Act 1986, the Maastricht Treaty of 1992 and the Amsterdam Treaty of 1998.

" **EMU Legislation** " means the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

" **Environmental Laws** " means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

" **Environmental Liability** " means any liability, contingent or otherwise (including any liability for damages, costs of remediation, fines, penalties or indemnities), of any Credit Party directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

" **Equity Interests** " means (i) shares of capital stock, partnership interests, membership interests in a limited liability company,

beneficial interests in a trust

or other equity ownership interests in a Person, and (ii) any warrants, options or other rights to purchase or acquire any such shares or interests.

" **ERISA** " means the Employee Retirement Income Security Act of 1974, as amended from time to time.

" **ERISA Affiliate** " means any trade or business (whether or not incorporated) that, together with any Credit Party, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

" **ERISA Event** " means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

" **Euro** " and " **EUR** " mean the single currency of the Participating Member States introduced in accordance with the EMU Legislation.

" **Eurocurrency** ", when used with respect to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Eurocurrency Rate.

" **Eurocurrency Rate** " means, with respect to any Eurocurrency Borrowing for any Interest Period, the rate per annum equal to the British Bankers Association LIBOR Rate (" **BBA LIBOR** ") from the relevant page of the Reuters screen (or any successor to or substitute for such screen, providing rate quotations comparable to those currently provided on such page of such screen, as determined by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for deposits in the currency of such Eurocurrency Borrowing with a maturity comparable to such Interest Period; *provided* that if the

currency of such Eurocurrency Borrowing is Sterling, such rate shall be determined on the first day of such Interest Period. If such rate is not available at such time for any reason, then the " **Eurocurrency Rate** " with respect to such Eurocurrency Borrowing for such Interest Period shall be the rate at which deposits in the relevant currency of $5,000,000 (or the appropriate Other Currency Equivalent thereof) and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement (or, in the case of Sterling, on the first day) of such Interest Period.

" **Event of Default** " has the meaning assigned to such term in Article 7.

" **Excluded Taxes** " means, with respect to any Lender Party or any other recipient of any payment to be made by or on account of any obligation of any Credit Party hereunder, (a) income or franchise Taxes imposed on (or measured by) its net income by the United States of America, by a jurisdiction (or any political subdivision thereof) by reason of such recipient doing (or having done) business in the jurisdiction (or any political subdivision thereof) imposing such Tax (other than any such connection arising strictly as a result of such recipient having executed, delivered or performed its obligations under or received a payment pursuant to this Agreement), or by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits Taxes imposed by the United States of America or any similar Tax imposed by any other jurisdiction in which the applicable Credit Party is located, (c) in the case of a Lender, any withholding Tax imposed by the United States of America or the Cayman Islands at the time such Lender first becomes a party to this Agreement with respect to amounts payable by any Person that is then a Borrower under this Agreement, except to the extent that such Lender's assignor (if any) was entitled at the time of assignment to receive additional amounts with respect to withholding Taxes pursuant to Section 2.16(a), and (d) any Taxes to the extent attributable to such Lender's failure to comply with a request of the Company to provide the documentation described in Section 2.16(e).

" **Federal Funds Effective Rate** " means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

" **Foreign Lender** " means, with respect to any Loan, any Lender making such Loan that is organized under the laws of a jurisdiction other than the Relevant Jurisdiction.

" **Funds** " means for any period for which such amount is being determined, without duplication, total revenue of the Company minus all non-fund expenses and fund expenses of the Company plus Net Cash Income (determined on an unconsolidated basis in accordance with GAAP), excluding (x) any items that are classified as extraordinary in accordance with GAAP, (y) any reverse breakup fees and litigation expenses, and (z) any non-cash expenses attributable to direct or indirect partner/equity holder level transactions, including those resulting from purchase accounting and compensatory arrangements, that occur as a result of the initial public offering of common units of KKR & Co. L.P., the related reorganization of the ownership structure of the direct or indirect owners of the Company and the compensation of executives by the direct or indirect owners of the Company. For the avoidance of doubt, (a) total revenue of the Company shall include management fees that have been waived by the Company if the waived amount is retained by the Investment Fund that was required to pay it and remains available to be paid to the Company upon request, and shall exclude management fees that are deferred and expected to be refunded to the limited partners of the Company's private equity funds and (b) non-fund and fund expenses of the Company shall exclude (i) bonuses paid to executives and cash distributions paid to partners (including any such payments made indirectly in the form of fees paid by the Company to affiliates to fund such payments) and (ii) interest expense.

" **GAAP** " means generally accepted accounting principles in the United States of America.

" **General Partner** " means each of KKR Associates Millennium L.P., a Delaware limited partnership, KKR Associates Millennium (Overseas), Limited Partnership, an Alberta, Canada limited partnership, KKR Associates Europe, Limited Partnership, an Alberta, Canada limited partnership, KKR Associates Europe II, Limited Partnership, an Alberta, Canada limited partnership, KKR Associates 2006 L.P., a Delaware limited partnership, KKR Associates 2006 (Overseas), Limited Partnership, a Cayman Islands exempted limited partnership, KKR Associates Asia L.P., a Cayman Islands exempted limited partnership, and any other Affiliate of the Company which acts as the general partner of a private equity fund formed after the Effective Date with assets in excess of $500,000,000.

" **General Partner Guaranty** " means the Guaranty executed and delivered by the Guarantors on the Effective Date, substantially in the form of Exhibit B.

" **Global Loan** " means a Loan made in U.S. Dollars or in one or more Alternative Currencies pursuant to Section 2.01(a).

" **Governmental Authority** " means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

" **Guarantor** " means, unless it has been designated as a Co-Borrower pursuant to Section 2.19, each of the General Partners listed by name in the definition of "General Partner" and any other General Partner that becomes a party to the General Partner Guaranty or a substantially similar Support Document in favor of the Lenders in accordance with the provisions of Section 5.09; *provided* that the Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent, (a) documents of the types described in Section 4.01(b) and 4.01(c) with respect to such Guarantor and the Guaranty executed by it and (b) the information described in Section 5.01(a), 5.01(d), 5.01(f) and 5.01(g) for the most recently ended period for which such information is required to have been delivered for the Guarantors or their related Investment Funds.

" **Guaranty** " of or by any Person (the " **guarantor** ") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the " **primary obligor** ") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness; *provided* , that the term "Guaranty" shall not include endorsements for collection or deposit in the ordinary course of business. The term " **Guarantee** " used as a verb has a corresponding meaning.

" **Hazardous Materials** " means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

" **Indebtedness** " of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred

purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all Guaranties by such Person of Indebtedness of others, (g) all Capital Lease Obligations of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances and (j) net obligations of such Person under any Swap Contract; *provided* that Indebtedness shall not include (i) deferred or prepaid revenue, or (ii) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller. The amount of Indebtedness of any person for purposes of clause (e) above shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such person in good faith. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date.

" **Indemnified Taxes** " means Taxes other than Excluded Taxes.

" **Interest Election Request** " means a request by the Company to change or continue the Type of a Borrowing in accordance with Section 2.07 and in the form of Exhibit F.

" **Interest Payment Date** " means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

" **Interest Period** " means, with respect to any Eurocurrency Borrowing, the period beginning on the date of such Borrowing specified in the applicable Borrowing Request or on the date specified in the applicable Interest Election and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter (or such other period as all of the Lenders may agree), as the Company may elect; *provided* , that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no

numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period.

" **International Plan** " means any "defined benefit plan" as such term is defined in Section 3(35) of ERISA, whether or not such employee benefit plan is subject to ERISA or the Code, which is sponsored, maintained, administered, contributed to, extended or arranged by any Borrower or any of its Subsidiaries under which any Borrower or any of its Subsidiaries has any liability (contingent or otherwise) and covers any current or former employee, officer, director or independent contractor of any Borrower or any of its Subsidiaries who is located exclusively outside of the United States.

" **Investment Fund** " means each of KKR Millennium Fund L.P., a Delaware limited partnership, KKR Millennium Fund (Overseas), Limited Partnership, an Alberta, Canada limited partnership, KKR European Fund, Limited Partnership, an Alberta, Canada limited partnership, KKR European Fund II, Limited Partnership, an Alberta, Canada limited partnership, KKR 2006 Fund L.P., a Delaware limited partnership, KKR 2006 Fund (Overseas), Limited Partnership, a Cayman Islands exempted limited partnership, KKR Asian Fund L.P., a Cayman Islands exempted limited partnership, and any other private equity fund formed after the Effective Date the general partner of which is a General Partner.

" **Issuing Bank** " means HSBC Bank plc, in its capacity as an issuer of Letters of Credit hereunder, and any successors in such capacity as provided in Section 2.05(i). The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

" **LC Disbursement** " means a payment made by the Issuing Bank pursuant to a Letter of Credit.

" **LC Exposure** " means, at any time, the U.S. Dollar Equivalent of the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Company at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

" **Lender Parties** " means the Lenders, the Issuing Bank and the Administrative Agent.

" **Lenders** " means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment or Section 2.01(b), other than any such Person that ceases to be a party hereto

pursuant to an Assignment. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

" **Letter of Credit** " means any letter of credit issued pursuant to this Agreement.

" **Lien** " means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

" **Loan Documents** " means this Agreement, the Co-Borrower Agreements, any promissory notes issued pursuant to Section 2.09 (e) and the Support Documents.

" **Loans** " means the loans made by the Lenders to the Borrowers pursuant to this Agreement.

" **Mandatory Cost** " means, with respect to any period, the percentage rate per annum determined in accordance with Schedule 1.01.

" **Material Adverse Effect** " means a material adverse effect on (a) the business, results of operations, or financial condition of the Credit Parties taken as a whole, (b) the ability of any Credit Party to perform its obligations under the Loan Documents or (c) the validity or enforceability of the Loan Documents or the rights or remedies of any Lender Party thereunder.

" **Material Indebtedness** " means Indebtedness (other than the Loans and Letters of Credit) of any one or more of the Borrower Group Companies in an aggregate principal amount exceeding $50,000,000; *provided* that in the case of any Subsidiary, Material Indebtedness shall consist solely of Indebtedness of the types described in subclauses (a) and (b) of the definition thereof (other than the Loans and Letters of Credit and Indebtedness incurred under Section 6.01(a)(iii)).

" **Material Subsidiary** " means any Subsidiary which, together with its own subsidiaries, would be consolidated in the consolidated financial statements of the Company if such financial statements were prepared in accordance with GAAP for such quarter or period, accounts for (i) more than 5% of the consolidated assets of the Company as of the last day of the most recently ended fiscal quarter of the Company, (ii) more than 5% of the consolidated revenues of the Company for the most recently ended period of four consecutive fiscal quarters of the Company, or (iii) more than 5% of Funds for the most recently ended period of four consecutive fiscal quarters of the Company.

" **Maturity Date** " means February 26, 2013.

" **Multiemployer Plan** " means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

" **Net Cash Income** " means (a) cash received by the Company from subsidiaries and equity method investments (determined on an unconsolidated basis in accordance with GAAP) which is derived from income generated from ongoing, recurring business activities minus (b) the aggregate amount of operating losses of such subsidiaries and equity method investees (excluding any losses relating to such subsidiaries' and equity method investees' investment activities); *provided* that the amount of operating losses included in clause (b) above shall not exceed the amount of cash paid by the Company to such subsidiaries and equity method investees during the relevant period of determination. For the avoidance of doubt, Net Cash Income from subsidiaries and equity method investments that exist on the Effective Date will be derived from cash received or paid by the Company consisting of its share of (i) net income of KKR Financial LLC and (ii) net loss of KKR Capital Markets Holdings L.P. For cash received from future subsidiaries and equity method investments to qualify as Net Cash Income, such cash must be derived from the ongoing, recurring business activities of such entities.

" **Obligations** " means all advances to, and debts, liabilities, obligations, covenants and duties of, any Credit Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising, and including interest and fees that accrue after (or would accrue but for) the commencement by or against any Credit Party or any Affiliate thereof of any proceeding under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

" **Other Currency Equivalent** " means, at any time, with respect to any amount denominated in U.S. Dollars, the equivalent amount thereof in the applicable Alternative Currency, as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Alternative Currency with U.S. Dollars.

" **Other Taxes** " means any and all present or future stamp or documentary Taxes or any other excise or property Taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

" **Outstanding Amount** " means (i) with respect to any Class of Loans on any date, the U.S. Dollar Equivalent of the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of such Class of Loans occurring on such date; and (ii) with respect to

LC Exposure on any date, the U.S. Dollar Equivalent of the aggregate outstanding amount of such LC Exposure on such date after giving effect to any drawings or reimbursements occurring on such date.

" **Participant** " has the meaning set forth in Section 10.04.

" **Participating Member State** " means each state so described in any EMU Legislation.

" **PBGC** " means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

" **Permitted Encumbrances** " means:

(a) Liens imposed by law for taxes, assessments or similar charges that are not overdue by more than 30 days or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article 7;

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of any Borrower Group Company;

(g) leases, licenses, subleases or sublicenses granted to others in the ordinary course of business of any Borrower Group Company that do not materially interfere with the conduct of its business; and

(h) Liens created in the ordinary course of business in favor of banks and other financial institutions over credit balances of any bank accounts of any Borrower Group Company held at such banks or financial institutions;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

" **Person** " means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

" **Plan** " means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an " **employer** " as defined in Section 3(5) of ERISA.

" **Prime Rate** " means the rate of interest per annum publicly announced from time to time by HSBC Bank USA, National Association, as its prime rate in effect at its office located at 452 Fifth Avenue, New York, New York 10018; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

" **Register** " has the meaning specified in Section 10.04.

" **Related Parties** " means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

" **Relevant Jurisdiction** " means (i) in the case of any Loan to the Company or any Domestic Co-Borrower, the United States of America, and (ii) in the case of any Loan to any other Co-Borrower, the jurisdiction imposing (or having the power to impose) withholding tax on payments by such Co-Borrower under this Agreement.

" **Required Lenders** " means, at any time, Lenders having Credit Exposures and unused Commitments representing more than 50% (or, if there are fewer than four Lenders at such time, 66 ^{2} /3%) of the sum of the total Credit Exposures and unused Commitments at such time.

" **Revaluation Date** " means with respect to any Loan or Letter of Credit, each of the following: (i) each date of receipt by the Administrative Agent of a Borrowing Request, or a request for the issuance of a Letter of Credit, denominated in an Alternative Currency, (ii) each date of receipt by the Administrative Agent of an Interest Election Request (or, if a Borrowing is continued pursuant to Section 2.07(e), each date by which an Interest Election Request would have been due), or a request for the amendment, renewal or extension of a Letter of Credit, denominated in an Alternative Currency, (iii) two Business Days prior to the last Business Day of February, May, August and November of each year, and (iv) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require.

" **Spot Rate** " means, on any day, for any currency, the spot rate quoted by HSBC Bank plc, in London at approximately 11:00 a.m. for the purchase of such currency with another currency for delivery two Business Days later.

" **Sterling** " and " **£** " mean the lawful currency of the United Kingdom.

" **subsidiary** " means, with respect to any Person at any date, (a) any corporation more than 50% of whose Equity Interests of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time Equity Interests of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through subsidiaries, or (b) any limited liability company, partnership, association, joint venture or other entity of which such Person directly or indirectly through subsidiaries has more than a 50% equity interest at the time.

" **Subsidiary** " means any subsidiary of the Company.

" **Support Documents** " means the General Partner Guaranty and each other Guaranty, instrument or document executed and delivered pursuant to Section 5.09 to Guarantee any of the Obligations.

" **Swap Contract** " means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a " **Master Agreement** "), including any such obligations or liabilities under any Master Agreement.

" **Swap Termination Value** " means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market

value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

" **Swingline Exposure** " means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

" **Swingline Lender** " means HSBC Bank plc, in its capacity as lender of Swingline Loans hereunder.

" **Swingline Loan** " means a Loan made pursuant to Section 2.04.

" **TARGET Day** " means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system (or, if such payment system ceases to be operative, such other payment system (if any) determined by the Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euro.

" **Taxes** " means any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

" **Transactions** " means the execution, delivery and performance by the Credit Parties of this Agreement, the Co-Borrower Agreements and the Support Documents, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

" **Type** ", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Eurocurrency Rate or the Alternate Base Rate.

" **U.S. Dollar Equivalent** " means, at any time, (a) with respect to any amount denominated in U.S. Dollars, such amount, and (b) with respect to any amount denominated in any Alternative Currency, the equivalent amount thereof in U.S. Dollars as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of U.S. Dollars with such Alternative Currency.

" **U.S. Dollars** " and " **$** " mean the lawful currency of the United States of America.

" **USA PATRIOT Act** " means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub.L.107-56, signed into law October 26, 2001, as amended.

" **Withdrawal Liability** " means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

" **Yen** " means the lawful currency of Japan.

Section 1.02 . *Classification of Loans and Borrowings.* For purposes of this Agreement, Loans may be classified and referred to by Class (*e.g.* , a " **Global Loan** ") or by Type (*e.g.* , a " **Eurocurrency Loan** ") or by Class and Type (*e.g.* , a " **Eurocurrency Global Loan** "). Borrowings also may be classified and referred to by Class (*e.g.* , a " **Global Borrowing** ") or by Type (*e.g.* , a " **Eurocurrency Borrowing** ") or by Class and Type (*e.g.* , a " **Eurocurrency Global Borrowing** ").

Section 1.03 . *Terms Generally.* The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.04 . *Accounting Terms; GAAP.* Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time, with such adjustments thereto as are reflected in and consistent with the financial statements referred to in Section 3.04(a), but in any event without giving effect to principles of consolidation; *provided* that, if the Company notifies the Administrative Agent that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Company that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before

such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

Section 1.05 . *Exchange Rates; Currency Equivalents* . (a) The Administrative Agent shall determine the Spot Rates as of each Revaluation Date to be used for calculating U.S. Dollar Equivalent amounts of Borrowings and Outstanding Amounts denominated in Alternative Currencies. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of a Eurocurrency Loan an amount, such as a required minimum or multiple amount, is expressed in U.S. Dollars, but such Borrowing or Loan is denominated in an Alternative Currency, such amount shall be the relevant Other Currency Equivalent of such U.S. Dollar amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent.

Section 1.06 . *Additional Alternative Currencies.* (a) The Company may from time to time request that Eurocurrency Loans be made or Letters of Credit be issued in a currency other than those specifically listed in the definition of " **Alternative Currency** "; *provided* that such requested currency is a lawful currency (other than U.S. Dollars) that is readily available and freely transferable and convertible into U.S. Dollars. Any such request shall be subject to the approval of the Administrative Agent, the Issuing Bank and the Lenders.

(b) Any such request shall be made to the Administrative Agent not later than 11:00 a.m., ten Business Days prior to the date of the desired Borrowing (or such other time or date as may be agreed by the Administrative Agent, in its sole discretion). In the case of any such request, the Administrative Agent shall promptly notify the Issuing Bank and each Lender thereof. The Issuing Bank and each Lender shall notify the Administrative Agent, not later than 11:00 a.m., five Business Days after receipt of such request, whether it consents, in its sole discretion, to the making of Eurocurrency Loans or issuance of Letters of Credit in such requested currency.

(c) Any failure by the Issuing Bank or a Lender to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by the Issuing Bank or such Lender to permit Eurocurrency Loans to be made or Letters of Credit to be issued in such requested currency. If the Administrative Agent, the Issuing Bank and all the Lenders consent to making Eurocurrency Loans or issuing Letters of Credit in such requested currency, the Administrative Agent shall so notify the Company and such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder. If the Administrative Agent shall fail to obtain consent to any request for an

additional currency under this Section, the Administrative Agent shall promptly so notify the Company.

Section 1.07 . *Change of Currency.* (a) Each obligation of any Borrower to make a payment denominated in the national currency unit of any Participating Member State that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption (in accordance with the EMU Legislation). If, in relation to the currency of any such Participating Member State, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such Participating Member State adopts the Euro as its lawful currency; *provided* that if any Borrowing in the currency of such Participating Member State is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

ARTICLE 2
THE CREDITS

Section 2.01 . *Commitments.* (a) Subject to the terms and conditions set forth herein, each Lender, severally and not jointly, agrees to make Global Loans to the Borrowers in U.S. Dollars or in one or more Alternative Currencies from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender's Credit Exposure exceeding such Lender's Commitment, or (ii) the sum of the total Credit Exposures exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Global Loans.

(b) At any time during the Availability Period, if no Default shall have occurred and be continuing at such time, the Company may, if it so elects, increase the aggregate amount of the Commitments, either by designating a

Person not theretofore a Lender and acceptable to the Administrative Agent, the Issuing Bank and the Swingline Lender (such acceptances not to be unreasonably withheld) to become a Lender or by agreeing with an existing Lender that such Lender's Commitment shall be so increased. Upon execution and delivery by the Borrowers and such Lender or other Person of an instrument of assumption in form and amount reasonably satisfactory to the Administrative Agent, such existing Lender shall have a Commitment as therein set forth or such other Person shall become a Lender with a Commitment as therein set forth and all the rights and obligations of the Lender with such a Commitment hereunder; *provided* that (i) the Company shall provide prompt notice of such increase to the Administrative Agent, which shall promptly notify the other Lenders, (ii) the aggregate amount of such increase which is effective on any day shall be at least $10,000,000, and (iii) the aggregate amount of the Commitments shall at no time exceed $2,000,000,000. Upon any increase in the aggregate amount of the Commitments pursuant to this Section 2.01(b), within five Business Days in the case of the ABR Loans outstanding, and at the end of the then current Interest Period with respect thereto in the case of the Loans comprising each Eurocurrency Borrowing then outstanding, the Borrowers shall prepay such Loans in their entirety, and, to the extent the Company elects to do so and subject to the conditions specified in Article 4, the Borrowers shall reborrow Loans from the Lenders in proportion to their respective applicable Commitments after giving effect to such increase, until such time as all outstanding Loans are held by the Lenders in such proportion.

Section 2.02 . *Loans and Borrowings.* (a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; *provided* that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.13, each Global Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans, as the Company may request in accordance herewith. All ABR Loans shall be denominated in U.S. Dollars. Eurocurrency Loans may be denominated in U.S. Dollars or an Alternative Currency. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; *provided* that any exercise of such option shall not affect the obligation of the Borrowers to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurocurrency Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000; *provided* that an

ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e). Each Swingline Loan shall be in an amount that is an integral multiple of $100,000 and not less than $1,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; *provided* that there shall not at any time be more than a total of ten Eurocurrency Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Company shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

Section 2.03 . *Requests for Borrowings.* To request a Borrowing, the Company shall notify the Administrative Agent of such request in the form of a Borrowing Request signed by the Company not later than 11:00 a.m., New York City time, (a) in the case of a Eurocurrency Borrowing denominated in U.S. Dollars, three Business Days before the date of the proposed Borrowing, (b) in the case of a Eurocurrency Borrowing denominated in an Alternative Currency, three Business Days before the date of the proposed Borrowing, or (c) in the case of an ABR Borrowing, on the date of the proposed Borrowing. Each such Borrowing Request shall be irrevocable. Each such Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;

(iv) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of " **Interest Period** ";

(v) the location and number of the Company's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06; and

(vi) in the case of a Eurocurrency Borrowing, the currency of such Borrowing.

Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

Section 2.04 . *Swingline Loans.* (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrowers from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding $50,000,000 or (ii) the sum of the total Credit Exposures exceeding the total Commitments; *provided* that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Company shall notify the Administrative Agent of such request by in the form of a Borrowing Request signed by the Company, not later than 11:00 a.m., New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Company. The Swingline Lender shall make each Swingline Loan available by means of a credit to the general deposit account of the Company with the Swingline Lender or disbursement to such other account of the Company as the Company may specify in its Borrowing Request (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the Issuing Bank) on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, *mutatis mutandis* , to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall

promptly notify the Company of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrowers in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; *provided* that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to any Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrowers of any default in the payment thereof.

Section 2.05 . *Letters of Credit.* (a) General . Subject to the terms and conditions set forth herein, the Company may request the issuance of Letters of Credit for the account of the Borrowers, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, from time to time during the Availability Period. All Letters of Credit shall be denominated in U.S. Dollars or an Alternative Currency. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Company to, or entered into by the Borrowers with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal or Extension; Certain Conditions . (i) To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Company shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (at least five Business Days (or such shorter period of time as may be agreed by the Administrative Agent and the Issuing Bank) in advance of the requested date of issuance, amendment, renewal or extension) a notice (which shall include wording agreed with the Issuing Bank) requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the requested date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with Section 2.05(c), the amount of such Letter of Credit, the currency of denomination, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Company also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Company shall be deemed to represent and warrant that), after giving effect to

such issuance, amendment, renewal or extension (x) the LC Exposure shall not exceed $25,000,000 and (y) the sum of the total Credit Exposures shall not exceed the total Commitments.

(ii) Promptly after receipt of a notice requesting the issuance, amendment, renewal or extension of a Letter of Credit, the Issuing Bank will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such notice from the Company and, if not, the Issuing Bank will provide the Administrative Agent with a copy thereof. Upon receipt by such Issuing Bank of confirmation from the Administrative Agent that the requested issuance, amendment, renewal or extension is permitted in accordance with the terms hereof, then, subject to the terms and conditions hereof, the Issuing Bank shall, on the requested date, issue a Letter of Credit for the account of the Borrowers or enter into the applicable amendment, renewal or extension, as the case may be, in each case in accordance with the Issuing Bank's usual and customary business practices.

(c) Expiration Date . Each Letter of Credit shall expire at or before the close of business on the earlier of (i) the date that is one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension); *provided* that any Letter of Credit with a one-year tenor may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (ii) below) and (ii) the date that is five Business Days prior to the Maturity Date.

(d) Participations . Effective on the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. Pursuant to such participations, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Company on the date due as provided in Section 2.05(e), or of any reimbursement payment required to be refunded to the Company for any reason. Each Lender's obligation to acquire participations and make payments pursuant to this subsection is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or any reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement . If the Issuing Bank makes any LC Disbursement in respect of a Letter of Credit, the Borrowers shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12:00 noon, New York City time, on the day that such LC Disbursement is made, if the Company receives notice of such LC Disbursement before 10:00 a.m., New York City time, on such day, or, if such notice has not been received by the Company by such time on such day, then not later than 12:00 noon, New York City time, on (i) the Business Day that the Company receives such notice, if such notice is received before 10:00 a.m., New York City time, on the day of receipt, or (ii) the next Business Day, if such notice is not received before such time on the day of receipt; *provided* that the Company may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrowers' obligation to make such payment shall be discharged and replaced by the resulting ABR Borrowing or Swingline Loan. If the Borrowers fail to make such payment when due, the Administrative Agent shall notify each Lender and the Issuing Bank of the applicable LC Disbursement, the payment then due from the Borrowers in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrowers, in the same manner as is provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, *mutatis mutandis* , to such payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrowers pursuant to this paragraph, the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of ABR Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrowers of their obligation to reimburse such LC Disbursement.

(f) Obligations Absolute . The Borrowers' obligation to reimburse LC Disbursements as provided in Section 2.05(e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or

equitable discharge of, or provide a right of setoff against, the Company's obligations hereunder. None of the Lender Parties and their respective Related Parties shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; *provided* that the foregoing shall not excuse the Issuing Bank from liability to the Company to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Company to the extent permitted by applicable law) suffered by the Company that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents do not strictly comply with the terms of such Letter of Credit.

(g) Disbursement Procedures . The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Company by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement pursuant thereto; *provided* that any failure to give or delay in giving such notice shall not relieve the Company of its obligation to reimburse the Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest . Unless the Company reimburses an LC Disbursement in full on the date an LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the day on which such LC Disbursement is made to but excluding the day on which the Company reimburses such LC Disbursement, at the rate per annum then applicable to ABR Loans; *provided* that, if the Company fails to reimburse such LC Disbursement when due pursuant to Section 2.05(e), then Section 2.12(c) and Section 2.12(d) shall apply. Interest accrued pursuant to this subsection shall be for the account of the Issuing Bank, except that a pro rata share of interest accrued on and after

the day that any Lender pursuant to Section 2.05(e) shall be for the account of such Lender.

(i) Issuing Bank . The Issuing Bank may be replaced at any time by written agreement among the Company, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement. At the time any such replacement becomes effective, the Company shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.11(b). On and after the effective date of any such replacement, (A) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (B) references herein to the term " **Issuing Bank** " shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After an Issuing Bank is replaced, it will remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it before such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization . If an Event of Default shall occur and be continuing, on the Business Day that the Company receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing more than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this subsection, the Borrowers shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; *provided* that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to a Borrower described in clause (h) or (i) of Article 7. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrowers under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrowers' risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrowers for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing more than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrowers under this Agreement. If the Borrowers are required to provide an amount of cash collateral

hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Company within three Business Days after all Events of Default (including such Event of Default) have been cured or waived.

Section 2.06 . *Funding of Borrowings.* (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time (in the case of fundings to an account in New York City), or 12:00 noon, local time (in the case of fundings to an account in another jurisdiction), in each case to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; *provided* that (x) ABR Loans shall be made available by 2:00 p.m. New York City or local time, as the case may be, and (y) Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such funds available to the Company by promptly crediting the amounts so received, in like funds, to an account of the Company maintained in New York City or London or in the financial center of the country of the currency of such Loans and designated by the Company in the applicable Borrowing Request; *provided* that ABR Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the Issuing Bank.

(b) Unless the Administrative Agent receives notice from a Lender before the proposed date of any Borrowing that such Lender will not make its share of such Borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.06(a) and may, in reliance on such assumption, make available to the Company a corresponding amount in the required currency. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrowers severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Company to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, if such Borrowing is denominated in U.S. Dollars, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, and if such Borrowing is denominated in an Alternative Currency, a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds in the relevant currency (which determination shall be conclusive absent manifest error), or (ii) in the case of the Borrowers, the interest rate applicable to such Borrowing. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

Section 2.07 . *Interest Elections.* (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such

Borrowing Request. Thereafter, the Company may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Company may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. Notwithstanding the foregoing, the Company may not (i) elect to convert the currency in which any Loans are denominated, (ii) elect an Interest Period for Eurocurrency Loans that does not comply with Section 2.02(d), (iii) elect to convert any ABR Loans to Eurocurrency Loans that would result in the number of Eurocurrency Borrowings exceeding the maximum number of Eurocurrency Borrowings permitted under Section 2.02(c), or (iv) elect an Interest Period for Eurocurrency Loans unless the aggregate outstanding principal amount of Eurocurrency Loans (including any Eurocurrency Loans in the same currency made on the date that such Interest Period is to begin) to which such Interest Period will apply complies with the requirements as to minimum principal amount set forth in Section 2.02(c). This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Company shall notify the Administrative Agent of such election in the form of an Interest Election Request signed by the Company by the time that a Borrowing Request would be required under Section 2.03 if the Company were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election; *provided* that in the case of a conversion of Eurocurrency Loans to ABR Loans, notice of such election must be delivered not later than 11:00 a.m., New York City time, three Business Days before the end of the current Interest Period for such Eurocurrency Loans. Each such Interest Election Request shall be irrevocable.

(c) Each Interest Election Request shall specify the following information in compliance with Section 2.02 and Section 2.07(e):

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) if the resulting Borrowing is to be a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of " **Interest Period** ".

If an Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Company shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Company fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing before the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be continued as a Eurocurrency Loan having an Interest Period of one month. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Company, then, so long as an Event of Default is continuing, no outstanding ABR Borrowing may be converted to a Eurocurrency Borrowing.

Section 2.08 . *Termination and Reduction of Commitments.* (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Company may at any time terminate, or from time to time reduce, the Commitments; *provided* that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000 and (ii) the Company shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.10, the sum of the Credit Exposures would exceed the total Commitments.

(c) The Company shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days before the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Company pursuant to this Section shall be irrevocable. Any termination or reduction of the Commitments shall be permanent and will be made ratably among the Lenders in accordance with their respective Commitments.

Section 2.09 . *Repayment of Loans; Evidence of Debt.* (a) Each Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Global Loan on the Maturity Date and (ii) to the Swingline Lender the then unpaid principal

amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made; *provided* that on each date that a Global Borrowing is made, the Borrowers shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the currency, Class and Type thereof and the Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to Section 2.09(b) or 2.09(c) shall be prima facie evidence of the existence and amounts of the obligations recorded therein; *provided* that any failure by any Lender or the Administrative Agent to maintain such accounts or any error therein shall not affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans of any Class made by it be evidenced by a promissory note. In such event, each Borrower shall prepare, execute and deliver promptly to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.10 . *Prepayment of Loans; Collateralization of LC Exposure*. (a) Each Borrower shall have the right at any time to prepay any Borrowing in whole or in part, subject to the provisions of this Section.

(b) If the Administrative Agent notifies the Company at any time that the aggregate Outstanding Amount of all Credit Exposure at such time exceeds an amount equal to 105% of the Commitments then in effect, then, within seven Business Days after receipt of such notice, the Borrowers shall prepay Loans or cash collateralize LC Exposure in an aggregate amount sufficient to reduce such

Outstanding Amount as of such date of payment to an amount not to exceed 100% of the Commitments then in effect. The Administrative Agent may, at any time and from time to time after the initial deposit of such cash collateral, request that additional cash collateral be provided in order to protect against the results of further exchange rate fluctuations.

(c) The Company shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurocurrency Borrowing denominated in U.S. Dollars, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment, (ii) in the case of a Eurocurrency Borrowing denominated in an Alternative Currency, not later than 11:00 a.m., New York City time, three Business Days before the date of payment, (iii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of prepayment, or (iv) in the case of prepayment of a Swingline Loan, not later than 11:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.12.

Section 2.11 . *Fees.* (a) The Borrowers agree to pay to the Administrative Agent for the account of each Lender a facility fee, which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Effective Date to but excluding the date on which such Commitment terminates; *provided* that, if such Lender continues to have any Credit Exposure after its Commitment terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Credit Exposure. Accrued facility fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; *provided* that any facility fees accruing after the date on which the Commitments terminate shall be payable on demand. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrowers agree to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurocurrency Loans on the average daily

amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to the Issuing Bank a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder; *provided* that no such fronting fee shall be payable to the Issuing Bank for any day on which it and its Affiliates are the only Lenders. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; *provided* that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this subsection shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrowers agree to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon in writing by the Company and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds in U.S. Dollars, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of facility fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

Section 2.12 . *Interest.* (a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the Alternate Base Rate.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Eurocurrency Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate plus (in the case of a Eurocurrency Loan of any Lender which is lent from a lending office in the United Kingdom or a Participating Member State) the Mandatory Cost.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by a Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per

annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding subsections of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitments; *provided* that (i) interest accrued pursuant to Section 2.12(c) shall be payable on demand, (ii) upon any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) upon any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and interest in respect of Loans denominated in Alternative Currencies as to which market practice differs from the foregoing shall be computed in accordance with such market practice, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Eurocurrency Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.13 . *Alternate Rate of Interest.* If before the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Eurocurrency Rate for such Interest Period;

(b) the Administrative Agent is advised by the Required Lenders that the Eurocurrency Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining such Loans for such Interest Period; or

(c) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that deposits in the principal amounts of the Loans comprising such Borrowing and in the currency in which such Loans are to be denominated are not generally available in the relevant market;

then the Administrative Agent shall give notice thereof to the Company and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until

the Administrative Agent notifies the Company and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any request by a Borrower for a Eurocurrency Borrowing of the affected currency or a conversion to or continuation of a Eurocurrency Borrowing in the affected currency, pursuant to Section 2.03 or 2.07, shall be deemed rescinded, and (ii) if any Borrowing Request requests a Eurocurrency Borrowing denominated in U.S. Dollars, such Borrowing shall be made as an ABR Borrowing.

Section 2.14 . *Increased Costs.* (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except (A) any reserve requirement contemplated by Section 2.14(e) and (B) the requirements of the Bank of England and the Financial Services Authority or the European Central Bank reflected in the Mandatory Cost, other than as set forth below) or Issuing Bank;

(ii) result in the failure of the Mandatory Cost, as calculated hereunder, to represent the cost to any Lender of complying with the requirements of the Bank of England and/or the Financial Services Authority or the European Central Bank in relation to its making, funding or maintaining Eurocurrency Loans; or

(iii) impose on any Lender or the Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurocurrency Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or the Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrowers will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate it for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking

into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in Section 2.14(a) or 2.14(b) shall be delivered to the Company and shall be conclusive absent manifest error. The Borrowers shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay by any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; *provided* that the Borrowers shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days before the date that such Lender or the Issuing Bank, as the case may be, notifies the Company of the Change in Law giving rise to such increased cost or reduction and of such Lender's or the Issuing Bank's intention to claim compensation therefor; *provided* further that, if the Change in Law giving rise to such increased cost or reduction is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(e) To the extent not paid as Mandatory Cost, the Borrowers shall pay to each Lender, (i) as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as " **Eurocurrency liabilities** "), additional interest on the unpaid principal amount of each Eurocurrency Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), and (ii) as long as such Lender shall be required to comply with any reserve ratio requirement or analogous requirement of any other central banking or financial regulatory authority imposed in respect of the maintenance of the Commitments or the funding of the Eurocurrency Loans, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which in each case shall be due and payable on each date on which interest is payable on such Loan, *provided* the Company shall have received at least 10 days' prior notice (with a copy to the Administrative Agent) of such additional interest or costs from such Lender. If a Lender fails to give notice 10 days prior to the relevant Interest Payment Date, such additional interest or costs shall be due and payable 10 days from receipt of such notice.

(f) This Section shall not apply to matters covered by Section 2.16 relating to Taxes.

Section 2.15 . *Break Funding Payments.* In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.10(c) and is revoked in accordance therewith) or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Company pursuant to Section 2.18, then, in any such event, the Borrowers shall compensate each Lender for the loss, cost and expense directly attributable to such event. Such loss, cost and expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Eurocurrency Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the relevant currency of a comparable amount and period from other banks in the relevant market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrowers and shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Section 2.16 . *Taxes.* (a) Any and all payments by or on account of any obligation of any Credit Party under the Loan Documents shall be made free and clear of and without deduction or withholding for any Indemnified Taxes or Other Taxes; *provided* that if a Credit Party shall be required to deduct or withhold any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including, for the avoidance of doubt, deductions and withholdings applicable to additional sums payable under this Section) each relevant Lender Party receives an amount equal to the sum it would have received had no such deductions or withholdings been made, (ii) such Credit Party shall make such deductions and withholdings and (iii) such Credit Party shall pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law.

(b) Without limiting the provisions of subsection (a) above, the Credit Parties shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Without limiting the provisions of subsection (a) above, if a Credit Party fails to pay when due any Indemnified Taxes or Other Taxes that are payable by such Credit Party, such Credit Party shall indemnify each Lender Party, within 10 days after written demand therefor, for the full amount of any penalties, interest and reasonable expenses arising out of or in connection with any such failure. A certificate as to the amount of such payment or liability delivered to such Credit Party by a Lender Party on its own behalf, or by the Administrative Agent on behalf of a Lender Party, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any Credit Party to a Governmental Authority, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Lender that is entitled to an exemption from or reduction of withholding tax under the law of a Relevant Jurisdiction, or any treaty to which such jurisdiction is a party, or under any law or treaty of any other jurisdiction in which payments may be made by a Borrower pursuant to this Agreement, with respect to payments under this Agreement, shall deliver to the Company (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Company as will permit such payments to be made without withholding or at a reduced rate. Each Lender shall promptly (i) notify the Administrative Agent of any change in circumstances which would modify or render invalid any such claimed exemption or reduction, and (ii) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including those set forth in Section 2.18) to avoid any requirement of applicable laws of any such jurisdiction that a Credit Party make any deduction or withholding for taxes from amounts payable to such Lender.

(f) If a Lender Party determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by a Credit Party or with respect to which a Credit Party has paid additional amounts pursuant to this Section that in the good faith judgment of such Lender Party is allocable to such indemnity or additional amounts and is not subject to return, reassessment or other repayment, it shall pay to such Credit Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Credit Party under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net

of such Lender Party's out-of-pocket expenses and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* , that such Credit Party, upon the request of such Lender Party, agrees to repay the amount paid over to such Credit Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Lender Party in the event the such Lender Party is required to repay such refund to such Governmental Authority. This Section shall not be construed to require any Lender Party to make available its tax returns (or any other information relating to its taxes which it deems confidential) to any Credit Party or any other Person.

Section 2.17 . *Payments Generally; Pro Rata Treatment; Sharing of Set-offs.* (a) Each Borrower shall make each payment required to be made by it under the Loan Documents (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.14, 2.15 or 2.16, or otherwise) before the time expressly required under the relevant Loan Document for such payment (or, if no such time is expressly required, before 12:00 noon, local time at the place of payment), on the date when due, in immediately available funds, without set off or counterclaim. Any amount received after such time on any day may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to such account of the Administrative Agent as the Administrative Agent shall specify by notice to the Company, except payments to be made directly to the Issuing Bank or the Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.14, 2.15, 2.16 and 10.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payment received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, if such payment accrues interest, interest thereon shall be payable for the period of such extension. All payments hereunder of principal and interest in respect of any Loan (or of any breakage indemnity or payment under Section 2.15 in respect of any Loan) shall be made in the currency of such Loan; all other payments under each Loan Document shall be made in U.S. Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) *first* , to pay ratably any unpaid fees, costs and expenses of the Administrative Agent, (ii) *second* , to pay interest and fees then due hereunder, ratably among the other Lender Parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (iii) *third* , to pay principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties

entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Global Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Global Loans or participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other applicable Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Global Loans, LC Disbursements or Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Global Loans and participations in LC Disbursements and Swingline Loans; *provided* that (x) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (y) the provisions of this subsection shall not be construed to apply to any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to any Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this subsection shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Company prior to the date on which any payment is due to the Administrative Agent for the account of one or more Lender Parties hereunder that such payment will not be made, the Administrative Agent may assume that such payment has been made on such date in accordance herewith and may, in reliance upon such assumption, distribute to each relevant Lender Party the amount due. In such event, if such payment has not in fact been made, then each of Lender Party severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender Party with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at, if such payment is denominated in U.S. Dollars, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, and, if such payment is denominated in an Alternative Currency, a rate determined by the Administrative Agent to represent

its cost of overnight or short-term funds in the relevant currency (which determination shall be conclusive absent manifest error).

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d), 2.05(e), 2.06(b), 2.17(d) or 10.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

Section 2.18 . *Mitigation Obligations; Replacement of Lenders*. (a) If any Lender requests compensation under Section 2.14, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or 2.16, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.14, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, or if any Lender defaults in its obligation to fund Loans hereunder, or if a Lender does not consent to a proposed amendment, waiver, consent or release with respect to any Loan Document that requires the consent of each Lender and has been approved by the Required Lenders, then the Company may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (i) the Company shall have received the prior written consent of the Administrative Agent and the Issuing Bank, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such assignment will result in a material reduction in such compensation or payments. A Lender shall not be required to make any such

assignment if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment cease to apply. At any time prior to the effectiveness of such assignment, the Company, in its sole discretion, may revoke the notice requiring such assignment.

Section 2.19 . *Additional Borrowers.* On or after the Effective Date, the Company may designate any General Partner as a Co-Borrower by delivery to the Administrative Agent of a Co-Borrower Agreement executed by such General Partner and the Company, and upon such delivery (and the delivery in connection therewith of such favorable written opinions of counsel and documents and certificates as the Administrative Agent may reasonably require) such General Partner shall for all purposes of this Agreement be a Co-Borrower and a party to this Agreement until the Company shall have executed and delivered to the Administrative Agent a Co-Borrower Termination with respect to such General Partner, whereupon such General Partner shall cease to be a Co-Borrower and a party to this Agreement. Notwithstanding the preceding sentence, no Co-Borrower Termination will become effective as to any General Partner at a time when any principal of or interest on any Loan shall be outstanding hereunder.

In lieu of the foregoing arrangements, if the Company has certified to the Lender Parties that both such arrangements and the General Partner Guaranty would be materially disadvantageous to the Company in connection with the initial public offering of common units of KKR & Co. L.P. (the " **IPO** "), the Company may request that the parties to this Agreement consider in good faith another arrangement with the same effect as the foregoing arrangements or the General Partner Guaranty with respect to the General Partners in connection with the IPO.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Lender Parties that:

Section 3.01 . *Organization; Powers.* Each of the Borrower Group Companies is duly organized, validly existing and in good standing (if applicable) under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

Section 3.02 . *Authorization; Enforceability.* The Transactions to be entered into by each Credit Party are within its organizational powers and have been duly authorized by all necessary organizational action. This Agreement has been duly executed and delivered by the Company and constitutes, and each other Loan Document to which any Credit Party is to be a party, when executed and

delivered by such Credit Party, will constitute, a legal, valid and binding obligation of the Company or such Credit Party, as the case may be, in each case enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 3.03 . *Governmental Approvals; No Conflicts.* The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (i) such as have been obtained or made and are in full force and effect or (ii) where the failure to obtain or make them could not reasonably be expected to have a Material Adverse Effect, (b) will not violate (i) the Constituent Documents of any Borrower Group Company or (ii) except where such violation could not reasonably be expected to have a Material Adverse Effect, any law or regulation applicable to any Borrower Group Company or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon any Borrower Group Company or its assets, or give rise to a right thereunder to require any Borrower Group Company to make any payment, and (d) will not result in the creation or imposition of any Lien on any asset of any Borrower Group Company. No exchange control law or regulation restricts any Credit Party from complying with its obligations, as borrower or guarantor, in respect of any Obligation under any Loan Document.

Section 3.04 . *Financial Condition; No Material Adverse Change.* (a) The Company has heretofore furnished to the Administrative Agent statements of assets, liabilities and partners' capital; revenues and expenses; changes in partners' capital; and cash flows of the Company (i) as of and for the fiscal year ended December 31, 2006, and (ii) as of and for the nine months ended September 30, 2007, in each case certified by its chief financial officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Company as of such dates and for such periods on an unconsolidated basis and in accordance with GAAP, subject to year end adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Except as disclosed in the financial statements referred to above or the notes thereto and except for the Disclosed Matters, after giving effect to the Transactions, none of the Borrower Group Companies has, as of the Effective Date, any liabilities and obligations, that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(c) Since December 31, 2006, there has been no material adverse change in the business, results of operations or financial condition of the Credit Parties, taken as a whole.

Section 3.05 . *Litigation and Environmental Matters.* (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Company, threatened against or affecting any Borrower Group Company (i) as to which there is a reasonable possibility of adverse determinations that, in the aggregate, could reasonably be expected to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve any of the Loan Documents or the Transactions.

(b) Except for any matters that, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, no Borrower Group Company (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) is subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

Section 3.06 . *Compliance with Laws.* Each Borrower Group Company is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 3.07 . *Investment Company Status; Regulatory Restrictions on Borrowing.* No Credit Party is an " **investment company** " as defined in, or subject to regulation under, the Investment Company Act of 1940. No Credit Party is subject to regulation under any law, treaty, rule or regulation or determination of an arbitrator or court or other Governmental Authority (other than Regulations T, U and X of the Board) which limits its ability to incur any Indebtedness under this Agreement or any promissory note issued pursuant hereto.

Section 3.08 . *Taxes.* Each Borrower Group Company has timely filed or caused to be filed all Tax returns and reports required to have been filed by it and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the relevant Borrower Group Company has set aside on its books adequate reserves in accordance with GAAP or (b) to the extent that failures to do so, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. There is no proposed tax assessment against any Borrower Group Company that, if made, could reasonably be expected to have a Material Adverse Effect.

Section 3.09 . *ERISA.* (a) No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. Each Borrower Group Company and its

ERISA Affiliates are in compliance with those provisions of ERISA and the regulations and published interpretations thereunder which are applicable to it, except where noncompliance could not reasonably be expected to result in a Material Adverse Effect.

(b) Each International Plan has been maintained in compliance with its terms and with the requirements prescribed by applicable law (including any special provisions relating to qualified plans where such International Plan was intended to so qualify) and has been maintained in good standing with the applicable regulatory authorities, except where noncompliance would not result in a Material Adverse Effect. No unfunded liabilities, determined on the basis of actuarial assumptions which are reasonable in the aggregate, exist under all of the International Plans in the aggregate that could reasonably be expected to result in a Material Adverse Effect.

(c) No Plan or International Plan is a Multiemployer Plan and no Plan or International Plan is a multiple employer welfare arrangement as defined in Section 3(40) of ERISA which is subject to ERISA.

Section 3.10 . *Disclosure*. The Company has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which any of the Borrower Group Companies is subject, and all other matters known to it, in each case as of the Effective Date, that, in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the other reports, financial statements, certificates or other information furnished by or on behalf of any Credit Party to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished), when taken as a whole, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that, with respect to any projected financial information, the Company represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

ARTICLE 4
CONDITIONS

Section 4.01 . *Effective Date.* The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the

Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received written opinions (addressed to the Administrative Agent and the Lenders party to this Agreement as of the Effective Date and dated the Effective Date) of each of Simpson Thacher & Bartlett LLP, special counsel to the Company and the Guarantors, Maples and Calder, special counsel to the Guarantors, Gowlings Lafleur Henderson LLP, special counsel to the Guarantors, and David J. Sorkin, general counsel of the Company, in form and substance reasonably satisfactory to the Administrative Agent and covering such matters relating to the Credit Parties, the Loan Documents and the Transactions as the Administrative Agent shall reasonably request. The Company hereby requests such counsel to deliver such opinions.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent may reasonably request relating to the organization, existence and good standing of each Credit Party, the authorization of the Transactions and any other legal matters relating to the Credit Parties, the Loan Documents or the Transactions, all in form and substance satisfactory to the Administrative Agent.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the chief financial officer of the Company, confirming compliance with the conditions set forth in clauses (a) and (b) of Section 4.02.

(e) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out of pocket expenses required to be reimbursed or paid by any Credit Party hereunder.

(f) The Administrative Agent shall have received from each Guarantor either (i) a counterpart of the General Partner Guaranty duly executed and delivered on behalf of such Guarantor or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page) that such Guarantor has signed a counterpart of the General Partner Guaranty.

(g) The Lenders shall have received, to the extent requested, on or before the date which is five Business Days prior to the Effective Date, all documentation and other information required by bank regulatory authorities under applicable " **know your customer** " and anti-money laundering rules and regulations including the USA PATRIOT Act.

The Administrative Agent shall notify the Company and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.02) at or prior to 3:00 p.m., New York City time, on March 1, 2008 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

Section 4.02 . *Each Credit Event.* The obligation of each Lender to make any Loan, and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of each Credit Party set forth in the Loan Documents shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable (except for the first sentence of Section 3.10, which representation and warranty shall have been true and correct as of the Effective Date).

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

(c) In the case of a Borrowing to be denominated in an Alternative Currency, there shall not have occurred any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which in the reasonable opinion of the Administrative Agent and the Required Lenders would make it impracticable for such Borrowing to be denominated in the relevant Alternative Currency.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrowers, on the date thereof as to the matters specified in clauses (a) and (b) of this Section.

ARTICLE 5
AFFIRMATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or been cancelled and all LC Disbursements have been reimbursed, the Company covenants and agrees with the Lenders that:

Section 5.01 . *Financial Statements; Other Information.* The Company will furnish to the Administrative Agent:

(a) as soon as available and in any event within 120 days after the end of each fiscal year of the Company, the Company's statements of assets, liabilities and partners' capital; revenues and expenses; changes in partners' capital; and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, in each case, certified by the chief financial officer of the Company as presenting fairly in all material respects the financial condition and results of operations of the Company on an unconsolidated basis in accordance with GAAP consistently applied (except with respect to any changes made as a result of changes to GAAP);

(b) as soon as available and in any event within 120 days after the end of each fiscal year of each Investment Fund, (i) a summary of investment valuation information for such Investment Fund, (ii) a schedule of outstanding Indebtedness of such Investment Fund and its General Partner and (iii) a schedule of cash distributions to its General Partner, in each case, as of the end of and for such fiscal year;

(c) as soon as available and in any event within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, the Company's statements of assets, liabilities and partners' capital; revenues and expenses; changes in partners' capital; and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the statement of assets, liabilities and partners' capital, as of the end of) the previous fiscal year, all certified by the chief financial officer of the Company as presenting fairly in all material respects the financial condition and results of operations of the Company on an unconsolidated basis in accordance with GAAP consistently applied (except with respect to any changes made as a result of changes to GAAP), subject to normal year-end audit adjustments and the absence of footnotes;

(d) as soon as available and in any event within 60 days after the end of the first three fiscal quarters of each fiscal year of each Investment Fund, (i) a summary of investment valuation information for such Investment Fund, (ii) a schedule of outstanding Indebtedness of such Investment Fund and its General Partner and (iii) a schedule of cash distributions to its General Partner, in each case, as of the end of and for such fiscal quarter;

(e) concurrently with any delivery of financial statements or other information under clause (a), (b), (c) or (d) above, a certificate of the chief financial officer of the Company (i) certifying as to whether a

Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.06, (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate and (iv) attaching the valuation report of Duff & Phelps LLC (or any other third-party valuation service) relating to the assets of each Investment Fund for such period; *provided* that the Company's obligation to provide any third-party valuation information shall be subject to any distribution restrictions imposed by the preparer of such report, and if (after a good faith effort by the Company to obtain a waiver of such restrictions) such restrictions are not waived and prohibit the Company from providing such report, the chief financial officer of the Company shall certify instead that the valuations set forth in the investment valuation summaries have been made on a basis consistent with the procedures used in preparing the summaries delivered to the Administrative Agent prior to the Effective Date;

(f) within five Business Days of furnishing the same to the limited partners of each Investment Fund, (i) quarterly valuation letters prepared for the limited partners of such Investment Fund, (ii) audited annual financial statements of such Investment Fund for the prior fiscal year and (iii) any other material information that is furnished to all limited partners of such Investment Fund and is not then otherwise publicly available;

(g) as soon as available and in any event not later than October 15 of each fiscal year, tax basis financial statements of each General Partner for the prior fiscal year; and

(h) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of any Borrower Group Company, or compliance with the terms of any Loan Document, as the Administrative Agent (on behalf of the Required Lenders) may reasonably request.

Documents required to be delivered pursuant to Section 5.01 may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date on which such documents are posted on the Company's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); *provided* that the Company shall notify the Administrative Agent (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (*i.e.* , soft copies) of such documents. The

Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Company with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Company hereby acknowledges that (a) the Administrative Agent may make available to the Lenders and the Issuing Bank materials and/or information provided by or on behalf of the Company hereunder (collectively, " **Company Materials** ") by posting the Company Materials on IntraLinks or another similar electronic system (the " **Platform** ") and (b) certain of the Lenders may be "public-side" Lenders (*i.e.*, Lenders that do not wish to receive material non-public information with respect to the Credit Parties or their securities) (each, a " **Public Lender** "). The Company hereby agrees that (w) all Company Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Company Materials "PUBLIC," the Company shall be deemed to have authorized the Administrative Agent, the Issuing Bank and the Lenders to treat such Company Materials as not containing any material non-public information with respect to the Company or its securities for purposes of United States Federal and state securities laws (*provided* , however, that to the extent such Company Materials constitute Information, they shall be treated as set forth in Section 10.12); (y) all Company Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor;" and (z) the Administrative Agent shall be entitled to treat any Company Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor." Notwithstanding the foregoing, the Company shall be under no obligation to mark any Company Materials "PUBLIC."

Section 5.02 . *Notices of Material Events*. The Company will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting any Borrower Group Company or any Affiliate thereof that could reasonably be expected to be adversely determined and, if so determined, could reasonably be expected to result in a Material Adverse Effect; and

(c) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of the chief financial officer of the Company setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.03 . *Existence; Conduct of Business.* Each Borrower Group Company will do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect; *provided* that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

Section 5.04 . *Payment of Taxes.* Each Borrower Group Company will pay its obligations that do not constitute Indebtedness, including Tax liabilities before the same shall become delinquent or in default and before penalties accrue thereon, except where (a) (i) the validity or amount thereof is being contested in good faith by appropriate proceedings, (ii) such Borrower Group Company has set aside on its books adequate reserves with respect thereto in accordance with GAAP, and (iii) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation or (b) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

Section 5.05 . *Maintenance of Properties; Insurance.* Each Borrower Group Company will (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain insurance in such amounts and against such risks as, in the good faith judgment of the management of such Borrower Group Company, is reasonable and prudent to be maintained by companies of the same size and nature of business operating in the same or similar locations.

Section 5.06 . *Books and Records; Inspection Rights.* Each Borrower Group Company will keep books of record and account with respect to its assets and business. Each Borrower Group Company will permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers, all at such reasonable times and as often as reasonably requested; *provided* that (x) excluding any such visits and inspections during the continuation of an Event of Default, (i) only the Administrative Agent on behalf of the Required Lenders may exercise the rights of the Administrative Agent and the Lenders under this Section, (ii) the Administrative Agent may not exercise such rights more than two times in any calendar year and (iii) only one such visit shall be at the applicable Borrower Group Company's expense, and (y) when an Event of Default exists, the Administrative Agent or any representative of the Required Lenders (or any of its respective representatives or independent

contractors) may do any of the foregoing at the expense of the Company at any time during normal business hours and upon reasonable advance notice.

Section 5.07 . *Compliance with Laws.* Each Borrower Group Company will comply with all laws, rules, regulations and orders of any Governmental Authority (including, without limitation, Environmental Laws) applicable to it or its property, except where failures to do so, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.08 . *Use of Proceeds and Letters of Credit.* The proceeds of the Loans and Letters of Credit will be used for general corporate purposes; *provided* that no part of the proceeds of any Loan, and no Letter of Credit, will be used, whether directly or indirectly, (i) for any purpose that entails a violation of Regulation U or X of the Board, (ii) to make investments in KKR Financial Holdings LLC in excess of $100,000,000 in the aggregate during the term of this Agreement or (iii) to pay employee compensation, executive bonuses or cash distributions to partners of any Borrower or its Affiliates.

Section 5.09 . *Additional General Partner Guarantors or Co-Borrowers.* If any additional General Partner is formed or acquired, or if any Person becomes a General Partner, in each case, after the Effective Date, the Company will, within 30 days after such General Partner is formed or acquired or such Person becomes a General Partner, as applicable, notify the Administrative Agent and the Lenders thereof and cause such General Partner to become a Guarantor or Co-Borrower and, in connection therewith, to deliver such favorable written opinions of counsel and documents and certificates as the Administrative Agent may reasonably require.

ARTICLE 6
NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or been cancelled and all LC Disbursements have been reimbursed, the Company covenants and agrees with the Lenders that:

Section 6.01 . *Indebtedness.* (a) The Company will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(i) Indebtedness created under the Loan Documents;

(ii) Indebtedness existing on the date hereof and set forth in Schedule 6.01, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof;

(iii) Indebtedness incurred by the Subsidiaries in connection with broker-dealer and related underwriting and financing activities;

(iv) Indebtedness incurred by the Subsidiaries in connection with ordinary course investment activity;

(v) Indebtedness of any Subsidiary assumed in connection with the acquisition of any assets or secured by a Lien on any assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (v) shall not exceed $25,000,000 at any time outstanding;

(vi) Indebtedness of any Person that becomes a Subsidiary after the date hereof;

(vii) Indebtedness in respect of interest rate and currency Swap Contracts entered into in the ordinary course of business for non-speculative hedging purposes and not as financing;

(viii) other Indebtedness of Subsidiaries in an aggregate principal amount not exceeding $25,000,000 at any time outstanding; and

(ix) other unsecured Indebtedness, *provided* that each of the following conditions shall have been satisfied:

(A) no Default shall have occurred and be continuing or would result therefrom;

(B) in the case of any such Indebtedness of the Company which is a credit facility (whether revolving or term) evidenced by a loan agreement, credit agreement or similar document or promissory note, the terms and conditions of the documents to be entered into in connection therewith shall not contain restrictions or conditions (including, without limitation, representations and warranties, covenants or events of default) that are materially more restrictive than the corresponding restrictions and conditions, or pricing that is higher for the remaining term of this Agreement than the pricing, set forth in the Loan Documents, unless the Company concurrently notifies the Administrative Agent thereof and incorporates herein such more restrictive terms or higher pricing; and

(C) at the time of the execution of the documents pursuant to which such Indebtedness is to be incurred, the Company shall have delivered to the Administrative Agent, an officer’s certificate signed by a Financial Officer certifying that

each of the conditions required to be satisfied in order to incur such Indebtedness in accordance with this Section 6.01(a)(ix) shall have been satisfied and the Company shall be in pro forma compliance with the financial covenant set forth in Section 6.06 through the Maturity Date after giving pro forma effect to such incurrence.

In the case of clause (ix)(B) above, if the Administrative Agent at the time so elects by notice to the Company and the Lenders, the incorporation of more restrictive terms or higher pricing shall be deemed to occur automatically without any further action or the execution of any additional document by any of the parties to this Agreement. If the Administrative Agent does not elect to effect such an automatic incorporation, the Administrative Agent shall promptly tender to the Company for execution by it an amendment (executed by the Administrative Agent) incorporating such more restrictive terms or higher pricing and shall promptly deliver a copy of such amendment to the Lenders.

(b) No Credit Party (other than the Company) will create, incur, assume or permit to exist any Indebtedness except (i) Indebtedness created under the Loan Documents, (ii) Indebtedness not to exceed $50,000,000 in the aggregate for all Credit Parties (other than the Company), and (iii) unsecured Indebtedness with a term of no more than 60 days incurred by a Credit Party other than the Company as bridge financing for equity investments in the private equity fund of which such Credit Party is the general partner, if such bridge financing is guaranteed by such private equity fund and/or its limited partners.

Section 6.02 . *Liens.* (a) The Company will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(i) Permitted Encumbrances;

(ii) any Lien on any property or asset of any Subsidiary existing on the date hereof and set forth in Schedule 6.02; *provided* that such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(iii) any Lien existing on any property or asset prior to the acquisition thereof by any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; *provided* that (A) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (B) such Lien shall not apply to any other property or assets of such Subsidiary and (C) such Lien

shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(iv) Liens securing Indebtedness permitted by clauses (a)(i), (a)(iii), (a)(iv), (a)(v) and (a)(vii)of Section 6.01;

(v) Liens on goods, inventory or related documents (along with any insurance with respect thereto), the purchase, shipment or storage price of which is financed by a documentary letter of credit, bank guarantee or bankers' acceptance issued or created for the account of any Subsidiary in the ordinary course of business; and

(vi) other Liens securing Indebtedness of Subsidiaries in an aggregate principal amount not exceeding $15,000,000 at any time outstanding.

Notwithstanding the foregoing, the Company will not create, incur, assume or permit to exist any Lien on its Equity Interests in KKR Financial LLC, or assign or sell any income or revenues or rights in respect thereof.

(b) No Credit Party (other than the Company) will create, incur, assume or permit to exist any Lien on any property now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except Permitted Encumbrances.

Section 6.03 . *Fundamental Changes.* (a) No Borrower Group Company will merge into or consolidate with any other Person, or liquidate or dissolve, or permit any other Person to merge into or consolidate with it, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing, (i) any Person may merge into the Company in a transaction in which the Company is the surviving corporation, (ii) any Person may merge into any Subsidiary in a transaction in which the surviving entity is a Subsidiary and (iii) any Borrower Group Company (except the Company) may liquidate or dissolve if (x) the Company determines in good faith that such liquidation or dissolution is in the best interests of the Company and is not materially disadvantageous to the Lenders and (y) in the case of a Credit Party, such liquidation or dissolution follows the liquidation or dissolution of the Investment Fund of which it is the general partner.

(b) Neither the Company nor any Subsidiary will engage to any material extent in any business except businesses of the types conducted by such Person on the date of this Agreement and businesses reasonably related thereto.

(c) No Credit Party (other than the Company) will engage in any business or activity except acting as the general partner of a private equity fund.

Section 6.04 . *Transactions with Affiliates.* No Borrower Group Company will sell, lease or otherwise transfer any property to, or purchase, lease or otherwise acquire any property from, or otherwise engage in any other transaction with, any of its Affiliates, except transactions that are on terms and conditions that, in the aggregate, are not less favorable to such Borrower Group Company than could be obtained on an arm's-length basis from unrelated third parties (it being understood that dividends and other distributions paid by any Person to its equity holders in accordance such Person's Constituent Documents shall not be prohibited by this Section).

Section 6.05 . *Fiscal Year.* No Credit Party shall change its fiscal year-end from December 31.

Section 6.06 . *Financial Covenant.* The Company will not permit the ratio of Funds to Cash Interest Expense for any period of four consecutive fiscal quarters (as determined as of the last day of such period) to be less than 3.50:1.00.

ARTICLE 7
EVENTS OF DEFAULT

If any of the following events (" **Events of Default** ") shall occur:

(a) the Borrowers shall fail to pay any principal of any Loan when the same shall become due and payable;

(b) the Borrowers shall fail to pay any interest on any Loan or any fee, any reimbursement obligation in respect of any LC Disbursement or any other amount (other than an amount referred to in (a) of this Article) payable under any Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five days;

(c) any representation, warranty, or certification made or deemed made by or on behalf of any Borrower Group Company in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) the Company shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the existence of any Credit Party), 5.08 or 5.09 or in Article 6;

(e) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to the Company (which notice will be given at the request of any Lender);

(f) any Borrower Group Company shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of Material Indebtedness, when the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(g) any event or condition occurs (other than, with respect to Indebtedness in respect of Swap Contracts, termination events (such as illegality, force majeure or tax events) or equivalent events that are not events of default pursuant to the terms of such Swap Contracts) that results in Material Indebtedness becoming due before its scheduled maturity or that enables or permits the holder or holders of Material Indebtedness or any trustee or agent on its or their behalf to cause Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, before its scheduled maturity; *provided* that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Credit Party or Material Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Credit Party or Material Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) any Credit Party or Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Credit Party or Material Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed

against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) any Credit Party or Material Subsidiary shall admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $50,000,000 (excluding any amount of such judgment as to which an insurance company, (i) having an A.M. Best financial strength rating of "A" or better and being in a financial size category of XII or larger (as such category is defined as of the date hereof) or (ii) otherwise reasonably acceptable to the Required Lenders, has acknowledged liability) shall be rendered against one or more Borrower Group Companies and shall remain undischarged for a period of 60 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any asset of any Borrower Group Company to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of the Company and its Subsidiaries in an aggregate amount exceeding $50,000,000;

(m) an ERISA Event or ERISA Events, or a failure to make a required payment (within the meaning of Section 412(n)(l) of the Code), shall have occurred with respect to any Plan or Plans that could reasonably be expected to result in a liability of one or more Borrower Group Companies in an aggregate amount exceeding $50,000,000;

(n) (i) the number of active participants in an International Plan shall decrease by 20% or more from the number of active participants in such Plan on the last day of the immediately preceding year; (ii) an International Plan shall fail to comply with funding requirements under applicable law; (iii) an International Plan shall fail to pay benefits when due; or (iv) an International Plan shall fail to comply with applicable local law, which, in the aggregate, could reasonably be expected to result in liability of one or more Borrower Group Companies in an aggregate amount exceeding $50,000,000;

(o) a Change in Control shall occur;

(p) or any Support Document shall at any time fail to constitute a valid and binding agreement of a Guarantor party thereto or any party shall so assert in writing;

(q) any General Partner shall fail to apply any amount received by it from any source first to repay or prepay Loans following the occurrence and during the continuation of the failure of the Company to comply with Section 6.06; or

(r) the Company or one of its Affiliates shall fail or cease to act as manager or co-manager of, or the Company shall fail or cease to be the sole recipient among its Affiliates of transaction and monitoring fees in respect of portfolio companies of, each of the Investment Funds;

then, and in every such event (other than an event with respect to any Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Company, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are waived by each Borrower; and in case of any event with respect to any Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are waived by each Borrower.

ARTICLE 8
THE ADMINISTRATIVE AGENT

Section 8.01 . *Appointment and Authorization.* Each Lender Party hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

Section 8.02 . *Rights and Powers as a Lender.* The bank serving as the Administrative Agent shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Credit Party or Affiliate thereof as if it were not the Administrative Agent hereunder.

Section 8.03 . *Limited Parties and Responsibilities.* The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required in writing to exercise as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for any failure to disclose, any information relating to any Credit Party that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Company or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 4 or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. Nothing in this Agreement shall oblige the Administrative Agent to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Administrative Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Administrative Agent.

Section 8.04 . *Authority to Rely on Certain Writings, Statements and Advice.* The Administrative Agent shall be entitled to rely on, and shall not incur any liability for relying on, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely on any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for a Credit Party), independent accountants and other experts selected by it, and

shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 8.05 . *Sub-Agents and Related Parties.* The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by it. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding Sections of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Section 8.06 . *Resignation; Successor Administrative Agent.* Subject to the appointment and acceptance of a successor Administrative Agent as provided in this Section, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Company. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Company, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Company to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed by the Company and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Section 8.07 . *Credit Decisions by Lenders.* Each Lender acknowledges that it has, independently and without reliance on the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance on the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based on this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

ARTICLE 9
MULTIPLE BORROWERS

Section 9.01. *Joint and Several.* Each Borrower agrees that the representations and warranties made by, and the liabilities, obligations and covenants of and applicable to, any and all of the Borrowers under this Agreement, shall be in every case (whether or not specifically so stated in each such case herein) joint and several in all circumstances; *provided* that the maximum liability of each Borrower hereunder and under the other Loan Documents shall in no event exceed the amount which can be incurred by such Borrower under applicable laws relating to the insolvency of debtors. Each Borrower accepts, as co-debtor and not merely as surety, such joint and several liability with the other Borrowers and hereby waives any and all suretyship defenses that it might otherwise have hereunder. If and to the extent that any of the Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event the other Borrowers will make such payment with respect to, or perform, such Obligation. Every notice by or to the Company shall be deemed also to constitute simultaneous notice by and to each other Borrower, every act or omission by any Borrower also shall be deemed an act or omission of each other Borrower and shall be binding upon each other Borrower. The Lender Parties shall be entitled to rely, and all of the Borrowers agree that the Lender Parties may so rely, on any notice given or action taken or not taken by the Company as being authorized by all of the Borrowers. The Issuing Bank and the Lenders are fully authorized by each Borrower to act and rely also upon the representations and warranties, covenants, notices, acts and omissions of each other Borrower. Without limiting the generality of the foregoing, each Borrower agrees that the obligations of such Borrower hereunder and under the other Loan Documents shall be enforceable against such Borrower notwithstanding that this Agreement or any other Loan Document may be unenforceable in any respect against any other Borrower or that any other Borrower may have commenced bankruptcy, reorganization, liquidation or similar proceedings.

Section 9.02 . *No Subrogation* . Notwithstanding any payment or payments made by any of the Borrowers hereunder or any set-off or application of funds of any of the Borrowers by any Lender, the Borrowers shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against any Borrower or any Guarantor or other guarantor or any collateral security or guaranty or right of offset held by the Administrative Agent or any Lender for the payment of the Obligations, nor shall the Borrowers seek or be entitled to seek any contribution or reimbursement from any Borrower or any Guarantor or other guarantor in respect of payments made by any Borrower hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Borrowers on account of the Obligations are paid in full and the Commitments are terminated (it being understood that contingent indemnity obligations not then due shall be deemed not to be owing). If any amount shall be

paid to any Borrower on account of such subrogation or contribution rights at any time when all of the Obligations shall not have been paid in full or the Commitments shall not have been terminated, such amount shall be held by such Borrower in trust for the Administrative Agent and the Lenders, segregated from other funds of such Borrower, and shall, promptly upon receipt by such Borrower, be turned over to the Administrative Agent in the exact form received by such Borrower (duly indorsed by such Borrower to the Administrative Agent, if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

Section 9.03 . *Full Knowledge* . Each Borrower acknowledges, represents and warrants that such Borrower has had a full and adequate opportunity to review the Loan Documents. Each Borrower represents and warrants that such Borrower fully understands the remedies the Administrative Agent (on behalf of the Lenders) may pursue against such Borrower and each other Borrower in the event of a default under the Loan Documents and such Borrower's and each other Borrower's financial condition and ability to perform under the Loan Documents. Each Borrower agrees to keep itself fully informed regarding all aspects of such Borrower's and each other Borrower's financial condition and the performance of such Borrower's and each other Borrower's obligations under this Agreement and the other Loan Documents. Each Borrower agrees that neither the Administrative Agent nor any Lender has any duty, whether now or in the future, to disclose to any Borrower any information pertaining to such Borrower, any other Borrower, any Guarantor or other guarantor or any collateral security or guaranty.

Section 9.04 . *Reinstatement* . Each Borrower's obligations hereunder shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, administration, dissolution, liquidation or reorganization of any Borrower or any Guarantor or other guarantor, or upon or as a result of the appointment of a receiver, administrative receiver, administrator, intervenor or conservator of, or trustee or similar officer for, any Borrower or any Guarantor or other guarantor or any substantial part of the property of such Borrower, Guarantor or other guarantor, or otherwise, all as though such payments had not been made.

ARTICLE 10
MISCELLANEOUS

Section 10.01 . *Notices.* (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to any Borrower, to it in care of the Company at 9 West 57 th Street, Suite 4200, New York, New York 10019 (Telecopy No. (212) 750 0003);

(ii) if to the Administrative Agent, to HSBC Bank plc, Level 24, 8 Canada Square, London E14 5HQ, United Kingdom, Attention of Corporate Trust & Loans Agency (Telecopy No. +44 20 7991 4347); *provided* that a copy of all such notices and other communications relating to ABR Borrowings shall be delivered to HSBC Bank plc in care of HSBC Bank USA, National Association, One HSBC Center, 26 th Floor, Buffalo, New York 14203, Attention of Tricia Graham/Lynn M Griffin (Telecopy Nos. (716) 841-1473 and (212) 525-1334);

(iii) if to HSBC Bank plc, in its capacity as the Issuing Bank, to HSBC Bank plc, London Trade Services Centre, Level 3, 62-76 Park Street, Southwark, London SE1 9RN, United Kingdom, Attention of David Kimberlin (Telecopy No. +44 20 7260 5637);

(iv) if to the Swingline Lender, to HSBC Bank plc, Level 24, 8 Canada Square, London E14 5HQ, United Kingdom, Attention of Corporate Trust & Loans Agency (Telecopy No. +44 20 7991 4347), with a copy to HSBC Bank plc in care of HSBC Bank USA, National Association, One HSBC Center, 26 th Floor, Buffalo, New York 14203, Attention of Tricia Graham/Lynn M Griffin (Telecopy Nos. (716) 841-1473 and (212) 525-1334); and

(v) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices pursuant to Article 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Company may, in its discretion, agree to accept notices and other communications to it or in its care hereunder by electronic communications pursuant to procedures approved by it; *provided* that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt, which shall be deemed to occur in the case of courier service, mail or telecopy as follows:

(i) if by way of courier service or mail, when it has been left at the relevant address (or in the case of mail three Business Days after being

deposited in the mail postage prepaid) in an envelope addressed to such party at that address; or

(ii) if by way of telecopy, when received in legible form;

and, if a particular department or officer is specified as part of its address details provided pursuant to this Section, if addressed to that department or officer; provided that (x) any communication to be made or delivered to the Administrative Agent will be effective only when actually received by the Administrative Agent and then only if it is expressly marked for the attention of the department or officer specified by the Administrative Agent for this purpose, and (y) it is understood that any communication made or delivered to the Company in accordance with this Section will be deemed to have been made or delivered to each of the Credit Parties.

Section 10.02 . *Waivers; Amendments*. (a) No failure or delay by any Lender Party in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender Parties under the Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Credit Party therefrom shall in any event be effective unless the same shall be permitted by Section 10.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance, amendment, renewal or extension of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether any Lender Party may have had notice or knowledge of such Default at the time.

(b) No Loan Document or provision thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Company and the Required Lenders or by the Company and the Administrative Agent with the consent of the Required Lenders; *provided* that no such agreement shall

(i) increase the Commitment of a Lender without its written consent,

(ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fee payable hereunder, without the written consent of each Lender Party directly and adversely affected thereby,

(iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any date for the payment of

any interest or any fee payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender Party directly and adversely affected thereby,

(iv) change Section 2.17(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender,

(v) change any provision of this Section or the definition of " **Required Lenders** " or any other provision of any Loan Document specifying the number or percentage of Lenders required to take any action thereunder, without the written consent of each Lender,

(vi) release all or substantially all of the Guarantors from the General Partner Guaranty or other Support Document (except as expressly provided hereunder or under such Support Document), or limit the liability of all or substantially all of the Guarantors in respect thereof, without the written consent of each Lender, or

(vii) amend Section 1.06 or the definition of " **Alternative Currency** " without the written consent of each Lender;

provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Bank or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be.

Section 10.03 . *Expenses; Indemnity; Damage Waiver.* (a) The Company shall pay (i) all reasonable out of pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by any Lender Party, including the fees, charges and disbursements of any counsel for any Lender Party (which shall be limited to one counsel for all Lender Parties, except to the extent that the Administrative Agent reasonably determines that a conflict of interest requires otherwise), in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of

pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrowers shall indemnify each of the Lender Parties and their respective Related Parties (each such Person being called an " **Indemnitee** ") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee (which shall be limited to one counsel for all Indemnitees, except to the extent that the Administrative Agent reasonably determines that a conflict of interest or need for specialized legal skills requires otherwise), incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by any Borrower Group Company, or any Environmental Liability related in any way to any Borrower Group Company, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; *provided* that such indemnity shall not be available any Indemnitee to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from such Indemnitee's bad faith, gross negligence or willful misconduct or from a breach of the obligations of such Indemnitee under the Credit Agreement or (y) arise out of, or in connection with, any actual or threatened litigation, investigation or proceeding that does not involve an act or omission by the Company or any of its Affiliates and that is brought by one Indemnitee against another Indemnitee.

(c) To the extent that the Borrowers fail to pay any amount required to be paid by it to the Administrative Agent, the Issuing Bank or the Swingline Lender under Section 10.03(a) or (b), each Lender severally agrees to pay to the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Issuing Bank or the Swingline Lender in its capacity as such. For purposes hereof, a Lender's " **pro rata share** " shall be determined based on its share of the sum of the total Credit Exposures and unused Commitments at the time.

(d) To the extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable within ten days after written demand therefor.

Section 10.04 . *Successors and Assigns.* (a) The provisions of this Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) no Borrower may assign or otherwise transfer any of its rights or obligations hereunder or under any Co-Borrower Agreement without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void), *provided* that a Co-Borrower which is being liquidated or dissolved following the liquidation or dissolution of the Investment Fund of which it is the general partner may assign or otherwise transfer its rights and obligations hereunder or under any Co-Borrower Agreement to any other Co-Borrower, and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of the Lender Parties) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Company, *provided* that no consent of the Company shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee, unless such assignment is to a private equity firm or fund managed by a firm whose primary purpose is generally understood to be private equity investing (versus hedge funds or other alternative investment vehicles), in which case such assignment shall require the consent of the Company in its sole discretion;

(B) the Administrative Agent, *provided* that no consent of the Administrative Agent shall be required for an assignment of any Commitment to an assignee that is a Lender with a Commitment immediately prior to giving effect to such assignment;

(C) the Issuing Bank; and

(D) the Swingline Lender.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment with respect to such assignment is delivered to the Administrative Agent) shall not be less than $10,000,000 unless each of the Company and the Administrative Agent otherwise consent, *provided* that no such consent of the Company shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment, together with a processing and recordation fee of $3,500;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent a completed Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Company, the other Credit Parties and their related parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws; and

(E) the Administrative Agent shall not be obligated to consent to an assignment hereunder until it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assignment to the assignee, and an assignment will only be

effective after performance by the Administrative Agent of all "know your customer" or other checks relating to any Person that it is required to carry out in relation to such assignment, the completion of which the Administrative Agent shall promptly notify to the assigning Lender and the assignee.

For the purposes of this Section 10.04(b), the term " **Approved Fund** " has the following meaning:

" **Approved Fund** " means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to subsection (b)(iv) of this Section, from and after the effective date specified in each Assignment the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment, be released from its obligations under this Agreement (and, in the case of an Assignment covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amounts of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the " **Register** "). The entries in the Register shall be conclusive, and the parties hereto may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by any party hereto, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a

Lender hereunder), the processing and recordation fee referred to in subsection (b)(ii)(C) of this Section and any written consent to such assignment required by subsection (b) of this Section, the Administrative Agent shall accept such Assignment and record the information contained therein in the Register; *provided* that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or (e), 2.06(b), 2.17(d) or 10.03(c), the Administrative Agent shall have no obligation to accept such Assignment and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this subsection.

(c) (i) Any Lender may, without the consent of any Credit Party or other Lender Party, sell participations to one or more banks or other entities (a " **Participant** ") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided* that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers and the other Lender Parties shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.02(b) that affects such Participant. Subject to subsection (c)(ii) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.14 or Section 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.16 unless the Company is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 2.16(e) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure

obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; *provided* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 10.05 . *Survival.* All covenants, agreements, representations and warranties made by the Credit Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to the Loan Documents shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that any Lender Party may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as any principal of or accrued interest on any Loan or any fee or any other amount payable under the Loan Documents is outstanding and unpaid or any Letter of Credit is outstanding or any Commitment has not expired or terminated. The provisions of Sections 2.14, 2.15, 2.16 and 10.03 and Article 8 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

Section 10.06 . *Counterparts; Integration; Effectiveness.* This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. The Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 10.07 . *Severability.* If any provision of any Loan Document is invalid, illegal or unenforceable in any jurisdiction then, to the fullest extent permitted by law, (i) such provision shall, as to such jurisdiction, be ineffective to the extent (but only to the extent) of such invalidity, illegality or unenforceability, (ii) the other provisions of the Loan Documents shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Lender

Parties in order to carry out the intentions of the parties thereto as nearly as may be possible and (iii) the invalidity, illegality or unenforceability of any such provision in any jurisdiction shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

Section 10.08 . *Right of Setoff.* If an Event of Default shall have occurred and be continuing, each Lender Party and each Affiliate of the Administrative Agent is authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender Party or Affiliate to or for the credit or the account of a Borrower against any of and all the obligations of a Borrower now or hereafter existing under this Agreement held by such Lender Party, irrespective of whether or not such Lender Party shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender Party under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender Party may have.

Section 10.09 . *Governing Law; Jurisdiction; Consent to Service of Process.* (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each party hereto irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each party hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each party hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in any Loan Document shall affect any right that any Lender Party may otherwise have to bring any action or proceeding relating to any Loan Document against any Credit Party or its properties in the courts of any jurisdiction.

(c) Each party hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to any Loan Document in any court referred to Section 10.09(b). Each party hereto irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of any such suit, action or proceeding in any such court.

(d) Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in any Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Each Co-Borrower irrevocably appoints the Company (the " **Process Agent** ") as its agent to receive on behalf of such Co-Borrower and its properties service of copies of the summon and complaint and any other process which may be served in any such action or proceeding. Such service may be made by mailing or delivering a copy of such process to such Co-Borrower in care of the Process Agent at the Process Agent's above address, and each such Co-Borrower hereby irrevocably authorizes and directs the Process Agent to accept such service on its behalf.

Section 10.10 . *Waiver of Jury Trial.* EACH PARTY HERETO WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT OR ANY TRANSACTION CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (a) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (b) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.11 . *Headings.* Article and Section headings and the Table of Contents herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 10.12 . *Confidentiality.* (a) Each Lender Party agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel, other advisors and any sub-agent appointed pursuant to Section 8.05 (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent requested by any regulatory authority, (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party to this Agreement, (v) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to any Loan Document or the enforcement of any right thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section, to

(x) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (y) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Company or any other Credit Party and its obligations, (vii) with the consent of the Company or (viii) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to any Lender Party on a nonconfidential basis from a source other than the Company. For the purposes of this Section, " **Information** " means all information received from the Company relating to the Company or its business, other than any such information that is available to any Lender Party on a nonconfidential basis prior to disclosure by the Company. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

(b) EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 10.12(a) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE COMPANY AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

(c) ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE COMPANY OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE COMPANY AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE COMPANY AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

Section 10.13 . *Interest Rate Limitation.* Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the " **Charges** "), shall exceed the maximum lawful rate (the " **Maximum Rate** ") that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such

Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of payment, shall have been received by such Lender.

Section 10.14 . *"Know Your Customer" Checks.*

(a) If:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(ii) any change in the status of a Credit Party after the date of this Agreement; or

(iii) a proposed assignment by a Lender under this Agreement to a party that is not a Lender prior to such assignment,

obliges the Administrative Agent or any Lender (or, in the case of paragraph (iii)) above, any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Credit Party shall promptly upon the request of the Administrative Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrative Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Administrative Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Loan Documents.

(b) Each Lender shall promptly upon the request of the Administrative Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrative Agent (for itself) in order for the Administrative Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Loan Documents.

(c) Each Lender that is subject to the USA PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Borrowers,

which information includes the name and address of the Borrowers and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrowers in accordance with the USA PATRIOT Act.

Section 10.15 . *Judgment Currency.* (a) The Borrowers' obligations hereunder and under the other Loan Documents to make payments in a specified currency (the " **Obligation Currency** ") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by the Administrative Agent or a Lender or the Issuing Bank of the full amount of the Obligation Currency expressed to be payable to the Administrative Agent or such Lender or the Issuing Bank under this Agreement or the other Loan Documents. If, for the purpose of obtaining or enforcing judgment against any Credit Party in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the " **Judgment Currency** ") an amount due in the Obligation Currency, the conversion shall be made, at the rate of exchange (as quoted by the Administrative Agent or if the Administrative Agent does not quote a rate of exchange on such currency, by a known dealer in such currency designated by the Administrative Agent) determined, in each case, as of the Business Day immediately preceding the date on which the judgment is given (such Business Day being hereinafter referred to as the " **Judgment Currency Conversion Date** ").

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, the Borrowers covenant and agree to pay, or cause to be paid, such additional amounts, if any (but in any event not a lesser amount), as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining any rate of exchange or currency equivalent for this Section, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

KOHLBERG KRAVIS ROBERTS & CO. L.P.

By: KKR & Co. L.L.C., its general partner

By: /s/ Scott Nuttall
Name: Scott Nuttall
Title: Member

HSBC Bank PLC, as Lender, as Issuing Bank and as Administrative Agent

By: /s/ David Stent
Name: David Stent
Title: Director

SCHEDULE 1.01

MANDATORY COST

I. The Mandatory Cost (to the extent applicable) is an addition to the interest rate to compensate Lenders for the cost of compliance with:

A. the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions); or

B. the requirements of the European Central Bank.

II. On the first day of each Interest Period (or as soon as possible thereafter) the Administrative Agent shall calculate, as a percentage rate, a rate (the " **Additional Cost Rate** ") for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Administrative Agent as a weighted average of the Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum. The Administrative Agent will, at the request of the Company or any Lender, deliver to the Company or such Lender as the case may be, a statement setting forth the calculation of any Mandatory Cost.

III. The Additional Cost Rate for any Lender lending from a lending office in a Participating Member State will be the percentage notified by that Lender to the Administrative Agent. This percentage will be certified by such Lender in its notice to the Administrative Agent to be its reasonable determination of the cost (expressed as a percentage of such Lender's participation in all Loans made from such lending office) of complying with the minimum reserve requirements of the European Central Bank in respect of Loans made from that lending office.

IV. The Additional Cost Rate for any Lender lending from a lending office in the United Kingdom will be calculated by the Administrative Agent as follows:

A. in relation to any Loan in Sterling:

$$\frac{AB+C(B-D)+E \times 0.01}{100 - (A+C)}$$ per cent per annum

B. in relation to any Loan in any currency other than Sterling:

$$\frac{E \times 0.01}{300}$$ per cent per annum

Where:

"A" is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain

as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.

"B" is the percentage rate of interest (excluding the Applicable Rate, the Mandatory Cost and any interest charged on overdue amounts pursuant to the first sentence of Section 2.12(e)) payable for the relevant Interest Period of such Loan.

"C" is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.

"D" is the percentage rate per annum payable by the Bank of England to the Administrative Agent on interest bearing Special Deposits.

"E" is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Administrative Agent as being the average of the most recent rates of charge supplied by the Lenders to the Administrative Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

V. For the purposes of this Schedule:

A. " **Eligible Liabilities** " and " **Special Deposits** " have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;

B. " **Fees Rules** " means the rules on periodic fees contain in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

C. " **Fee Tariffs** " means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate); and

D. " **Tariff Base** " has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

VI. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (*i.e.* 5% will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

VII. If requested by the Administrative Agent or the Company, each Lender with a lending office in the United Kingdom or a Participating Member State shall, as soon as practicable after publication by the Financial Services Authority, supply to the Administrative Agent and the Company, the rate of charge payable by such Lender to

the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by such Lender as being the average of the Fee Tariffs applicable to such Lender for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of such Lender.

VIII. Each Lender shall supply any information required by the Administrative Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information in writing on or prior to the date on which it becomes a Lender:

A. the jurisdiction of the lending office out of which it is making available its participation in the relevant Loan; and

B. any other information that the Administrative Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Administrative Agent in writing of any change to the information provided by it pursuant to this paragraph.

IX. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Lender for the purpose of E above shall be determined by the Administrative Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Administrative Agent to the contrary, each Lender's obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a lending office in the same jurisdiction as its lending office.

X. The Administrative Agent shall have no liability to any Person if such determination results in an Additional Cost Rate which over- or under-compensates any Lender and shall be entitled to assume that the information provided by any Lender pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.

XI. The Administrative Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender pursuant to paragraphs 3, 7 and 8 above.

XII. Any determination by the Administrative Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

XIII. The Administrative Agent may from time to time, after consultation with the Company and the Lenders, determine and notify to all parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England,

the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties to the Agreement.

SCHEDULE 2.01

Commitments

Lender		Commitment
HSBC Bank plc		$ 1,000,000,000
	TOTAL	$ 1,000,000,000

SCHEDULE 3.05

[This schedule has been superseded in its entirety by the disclosure provided under “Business — Legal Proceedings” in the Registration Statement of KKR & Co. L.P. on Form S-1 (No. 333-165414).]

SCHEDULE 6.01

Existing Indebtedness

Borrower	Description	Creditor	Total Availability	Outstanding Principal Amount (local currency)	Outstanding Principal Amount (USD)
Kohlberg Kravis Roberts & Co L.P.	Grid Time Promissory Note	JPMorgan Chase Bank, N.A.	$ 25,000,000	None	None

SCHEDULE 6.02

Existing Liens

None

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the " **Assignment and Assumption** ") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the " **Assignor** ") and [Insert name of Assignee] (the " **Assignee** "). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the " **Credit Agreement** "), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective Commitments identified below (including any Letters of Credit, guaranties, and Swingline Loans included under such Commitment) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the " **Assigned Interest** "). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor:

2. Assignee:

[and is an Affiliate/Approved Fund of [*identify Lender*]]

3. Borrower(s): Kohlberg Kravis Roberts & Co. L.P. and the

Co-Borrowers

4. Administrative Agent: HSBC Bank plc, as the administrative agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement dated as of February 26, 2008 among Kohlberg Kravis Roberts & Co. L.P., as Borrower, the other Borrowers party thereto, the Lenders party thereto, and HSBC Bank plc, as Administrative Agent

6. Assigned Interest

Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans(1)
$	$	%

Effective Date: , 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Credit Parties and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

(1) Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Title:

[Consented to and](2) Accepted:

HSBC BANK PLC, as Administrative Agent

By: _____
Title:

[Consented to:](3)

KOHLBERG KRAVIS ROBERTS & CO. L.P., as Borrower

By: _____
Title:

Consented to:

HSBC BANK PLC, as Swingline Lender

By: _____
Title:

Consented to:

HSBC BANK PLC, as Issuing Bank:

By: _____
Title:

(2) To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

(3) To be added only if the consent of the Company is required by the terms of the Credit Agreement.

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties .

1.1 Assignor . The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee . The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed

and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the

obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments . From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions . This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

GENERAL PARTNER GUARANTY

GENERAL PARTNER GUARANTY, dated as of February 26, 2008 (the " **General Partner Guaranty** ") made by KKR ASSOCIATES MILLENNIUM L.P., a Delaware limited partnership, KKR ASSOCIATES MILLENNIUM (OVERSEAS), LIMITED PARTNERSHIP, an Alberta, Canada limited partnership, KKR ASSOCIATES EUROPE, LIMITED PARTNERSHIP, an Alberta, Canada limited partnership, KKR ASSOCIATES EUROPE II, LIMITED PARTNERSHIP, an Alberta, Canada limited partnership, KKR ASSOCIATES 2006 L.P., a Delaware limited partnership, KKR ASSOCIATES 2006 (OVERSEAS), LIMITED PARTNERSHIP, a Cayman Islands exempted limited partnership, and KKR ASSOCIATES ASIA L.P., a Cayman Islands exempted limited partnership (collectively, the " **Guarantors** "), in favor of HSBC BANK PLC, as administrative agent (in such capacity, the " **Administrative Agent** ") under the Credit Agreement dated as of February 26, 2008 (as amended, supplemented or otherwise modified from time to time, the " **Credit Agreement** "), among Kohlberg Kravis Roberts & Co. L.P. (the " **Company** "), the other Borrowers party thereto, the Lenders party thereto, and HSBC Bank plc, as Administrative Agent.

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make Loans and other extensions of credit to the Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, the Borrowers are members of an affiliated group of partnerships that includes the Guarantors;

WHEREAS, the proceeds of the Loans and other extensions of credit will be used in part to enable the Borrowers to make valuable transfers to or on behalf of the Guarantors in connection with the operation of their businesses;

WHEREAS, the Guarantors and the Borrowers are engaged in related businesses, and the Guarantors will derive substantial direct and indirect benefit from the making of the Loans and other extensions of credit; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective Loans and other extensions of credit to the Borrowers under the Credit Agreement that the Guarantors and the other General Partners (if any) referred to in the Credit Agreement shall have executed and delivered to the Administrative Agent, for the ratable benefit of the Lenders, a guaranty (each, a " **Support Document** "), or otherwise satisfied the requirements of the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective Loans and other extensions of credit to the Borrowers under the Credit Agreement, the Guarantors hereby agree with the Administrative Agent, for the ratable benefit of the Lenders, as follows:

1. *Defined Terms* . (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

(b) The words "hereof," "herein" and "hereunder" and words of similar import when used in this General Partner Guaranty shall refer to this General Partner Guaranty as a whole and not to any particular provision of this General Partner Guaranty, and section and paragraph references are to this General Partner Guaranty unless otherwise specified.

(c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. *Guaranty* . (a) Subject to the provisions of paragraph (b), each Guarantor hereby unconditionally and irrevocably guarantees to the Administrative Agent, for the ratable benefit of the Lenders and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by each Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations.

(b) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable laws relating to the insolvency of debtors.

(c) Each Guarantor further agrees to pay any and all expenses (including, without limitation, all fees and disbursements of counsel) which may be paid or incurred by the Administrative Agent or any Lender in enforcing, or obtaining advice of counsel in respect of, any rights with respect to, or collecting, any or all of the Obligations and/or enforcing any rights with respect to, or collecting against, such Guarantor under this General Partner Guaranty. This General Partner Guaranty shall (i) remain in full force and effect until the Obligations (other than contingent indemnification and expense reimbursement obligations as to which no claim has been asserted (" **Contingent Obligations** ")) are paid in full and the Commitments are terminated, notwithstanding that from time to time prior thereto any Borrower may be free from any Obligations, and (ii) automatically terminate upon the payment in full of the Obligations (other than Contingent Obligations) and the termination of the Commitments.

(d) Each Guarantor agrees that the Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing this General Partner Guaranty or affecting the rights and remedies of the Administrative Agent or any Lender hereunder.

(e) No payment or payments made by any Borrower, any Guarantor, any other guarantor or any other Person or received or collected by the Administrative Agent or any Lender from any Borrower, any Guarantor, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder, which shall, notwithstanding any such payment or payments other than payments made by such Guarantor in respect of the Obligations or payments received or collected from such Guarantor in respect of the Obligations,

remain liable for the Obligations up to the maximum liability of such Guarantor hereunder until the Obligations are paid in full and the Commitments are terminated.

(f) Any and all payments by or on account of any obligation of any Guarantor hereunder shall be governed by the terms set forth in Section 2.16 of the Credit Agreement.

(g) Each Guarantor agrees that whenever, at any time, or from time to time, it shall make any payment to the Administrative Agent or any Lender on account of its liability hereunder, it will notify the Administrative Agent in writing that such payment is made under this Guarantee for such purpose.

3. *Right of Contribution* . Each Guarantor hereby agrees that, to the extent that any Guarantor or other General Partner shall have paid more than its proportionate share of any payments made in respect of the Support Documents, such Person shall be entitled to seek and receive contribution from and against the Guarantors hereunder. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 5 hereof. The provisions of this Section shall in no respect limit the obligations and liabilities of any Guarantor or other General Partner to the Administrative Agent and the Lenders, and each Guarantor and other General Partner shall remain liable to the Administrative Agent and the Lenders for the full amount guaranteed by such Person under its Support Document.

4. *Right of Set-off* . If an Event of Default shall have occurred and be continuing, each Guarantor hereby irrevocably authorizes the Administrative Agent and each Lender at any time and from time to time, to the fullest extent permitted by law and without notice to any Guarantor or any other guarantor, any such notice being expressly waived by each Guarantor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Administrative Agent or such Lender to or for the credit or the account of such Guarantor, or any part thereof in such amounts as the Administrative Agent or such Lender may elect, against and on account of the obligations and liabilities of such Guarantor to the Administrative Agent or such Lender hereunder and claims of every nature and description of the Administrative Agent or such Lender against such Guarantor, in any currency, whether arising hereunder, under the Credit Agreement, any other Loan Documents or otherwise, as the Administrative Agent or such Lender may elect, whether or not the Administrative Agent or any Lender has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The Administrative Agent and each Lender shall notify such Guarantor promptly of any such set-off and the application made by the Administrative Agent or such Lender, *provided* that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Administrative Agent and each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Administrative Agent or such Lender may have.

5. *No Subrogation* . Notwithstanding any payment or payments made by any of the Guarantors or other General Partners under any Support Document or any set-off or application of funds of any of the Guarantors or other General Partners by any Lender, the Guarantors shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender

against any Borrower or any General Partner or other guarantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Obligations, nor shall the Guarantors seek or be entitled to seek any contribution or reimbursement from any Borrower or any General Partner or other guarantor in respect of payments made by any Guarantor hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Borrowers on account of the Obligations are paid in full and the Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full or the Commitments shall not have been terminated, such amount shall be held by such Guarantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Guarantor, and shall, promptly upon receipt by such Guarantor, be turned over to the Administrative Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Administrative Agent, if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

6. *Amendments, etc. with respect to the Obligations; Waiver of Rights* . The Guarantors shall remain obligated hereunder notwithstanding that, without any reservation of rights against the Guarantors and without notice to or further assent by the Guarantors, any demand for payment of any of the Obligations made by the Administrative Agent or any Lender may be rescinded by such party and any of the Obligations continued, and the Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and the Credit Agreement, and the other Loan Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Obligations or for this General Partner Guaranty or any property subject thereto. When making any demand hereunder against any Guarantor, the Administrative Agent or any Lender may, but shall be under no obligation to, make a similar demand on any Borrower or any other General Partner or other guarantor, and any failure by the Administrative Agent or any Lender to make any such demand or to collect any payments from any such Borrower or other General Partner or other guarantor or any release of any such Borrower or other General Partner or other guarantor shall not relieve the Guarantors of their obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Administrative Agent or any Lender against the Guarantors. For the purposes hereof “demand” shall include the commencement and continuance of any legal proceedings.

7. *Guaranty Absolute and Unconditional* . The Guarantors waive any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon this General Partner Guaranty or acceptance of this General Partner Guaranty, the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or

waived, in reliance upon this General Partner Guaranty; and all dealings between the Borrowers (or any of them) and any of the Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this General Partner Guaranty. The Guarantors waive diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon any Borrower or any of the other General Partners or other guarantors with respect to the Obligations. The Guarantors understand and agree that this General Partner Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to (a) the validity, regularity or enforceability of the Credit Agreement, or any other Loan Document, any of the Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Borrower against the Administrative Agent or any Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of any Borrower, any General Partner or other guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Borrower for the Obligations, of any General Partner under its Support Document, or of any other guarantor, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against the Guarantors, the Administrative Agent and any Lender may, but shall be under no obligation to, pursue such rights and remedies as it may have against any Borrower, any other General Partner, any other guarantor or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to pursue such other rights or remedies or to collect any payments from any such Borrower, other General Partner or other guarantor or other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of any such Borrower, other General Partner or other guarantor or other Person or any such collateral security, guarantee or right of offset, shall not relieve the Guarantors of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent and the Lenders against the Guarantors. This General Partner Guaranty shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantors and the respective successors and assigns thereof, and shall inure to the benefit of the Administrative Agent and the Lenders, and their respective successors, indorsees, transferees and assigns, until all the Obligations and the obligations of the Guarantors under this General Partner Guaranty shall have been satisfied by payment in full and the Commitments shall be terminated, notwithstanding that from time to time during the term of the Credit Agreement any Borrower may be free from any Obligations.

8. *Reinstatement* . This General Partner Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, administration, dissolution, liquidation or reorganization of any Borrower or any General Partner or other guarantor, or upon or as a result of the appointment of a receiver, administrative receiver, administrator, intervenor or conservator of, or trustee or similar officer for, any Borrower or any General Partner or other guarantor or any substantial part of the property of such Borrower, General Partner or other guarantor, or otherwise, all as though such payments had not been made.

9. *Payments* . The Guarantors hereby guarantee that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in the relevant currency at the administrative office specified by the Administrative Agent.

10. *Representations and Warranties* . Each Guarantor hereby represents and warrants that each of the representations and warranties made in Article 3 of the Credit Agreement is true and correct. Each Guarantor agrees that the foregoing representations and warranties shall be deemed to have been made by such Guarantor on the date of each borrowing by any Borrower under the Credit Agreement on and as of such date of borrowing as though made hereunder on and as of such date (except for the first sentence of Section 3.10 of the Credit Agreement, which representation and warranty shall have been made as of the Effective Date).

11. *Authority of Administrative Agent* . The Guarantors acknowledge that the rights and responsibilities of the Administrative Agent under this General Partner Guaranty with respect to any action taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any option, right, request, judgment or other right or remedy provided for herein or resulting or arising out of this General Partner Guaranty shall, as between the Administrative Agent and the Lenders, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Guarantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Lenders with full and valid authority so to act or refrain from acting, and the Guarantors shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

12. *Notices* . All notices, requests and demands to or upon the Administrative Agent, any Lender or the Guarantors to be effective shall be in writing (or by telex, fax or similar electronic transfer confirmed in writing) and shall be deemed to have been duly given or made when delivered by hand or if given by mail, when deposited in the mails by certified mail, return receipt requested, or if by telex, fax or similar electronic transfer, when sent and receipt has been confirmed, addressed as follows:

(b) if to the Administrative Agent or any Lender, at its address or transmission number for notices provided in Section 10.01(a)(ii) and (v) of the Credit Agreement; and

(c) if to a Guarantor, to the Company at its address or transmission number for notices provided in Section 10.01(a)(i) of the Credit Agreement.

The Administrative Agent, each Lender and each Guarantor may change its address and transmission numbers for notices by notice in the manner provided Section 10.01(c) of the Credit Agreement.

13. *Severability* . Any provision of this General Partner Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

14. *Integration* . This General Partner Guaranty represents the agreement of the Guarantors with respect to the subject matter hereof and there are no promises or representations by the Administrative Agent or any Lender relative to the subject matter hereof not reflected herein.

15. *Amendments in Writing; No Waiver; Cumulative Remedies* . (a) None of the terms or provisions of this General Partner Guaranty may be waived, amended, supplemented or otherwise modified except by a written instrument executed in accordance with Section 10.02 of the Credit Agreement.

(b) Neither the Administrative Agent nor any Lender shall by any act (except by a written instrument pursuant to Section 15 (a) hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent or any Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Administrative Agent or any Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent or such Lender would otherwise have on any future occasion.

(c) The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

16. *Section Headings* . The section headings used in this General Partner Guaranty are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

17. *Successors and Assigns* . This General Partner Guaranty shall be binding upon each Guarantor's successors and assigns and shall inure to the benefit of the Administrative Agent and the Lenders and their successors and assigns.

18. *Governing Law; Jurisdiction; Consent to Service of Process* . (a) This General Partner Guaranty shall be construed in accordance with and governed by the law of the State of New York.

(b) Each Guarantor hereby irrevocably and unconditionally submits, for itself and its Property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this General Partner Guaranty, or for recognition or enforcement of any judgment, and each Guarantor hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions, to the extent permitted by law, by suit on the judgment or in any other manner provided by law. Nothing in

this General Partner Guaranty or any other Loan Document shall affect any right that the Administrative Agent, or any Lender may otherwise have to bring any action or proceeding relating to this General Partner Guaranty against any Guarantor or its properties in the courts of any jurisdiction.

(c) Each Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this General Partner Guaranty in any court referred to in paragraph (b) of this Section 18. Each Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each Guarantor agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Company at its address provided in Section 10.01 of the Credit Agreement, or to the Guarantor at the address set forth underneath its signature hereinbelow, and agrees that nothing herein shall affect the right of the Administrative Agent or any Lender to effect service of process in any other manner permitted by law.

19. *Judgment Currency* . (a) Each Guarantor's obligations hereunder to make payments in a specified currency (the " **Obligation Currency** ") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by the Administrative Agent or a Lender of the full amount of the Obligation Currency expressed to be payable to the Administrative Agent or such Lender under this General Partner Guaranty. If, for the purpose of obtaining or enforcing judgment against any Guarantor in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the " **Judgment Currency** ") an amount due in the Obligation Currency, the conversion shall be made, at the rate of exchange (as quoted by the Administrative Agent or if the Administrative Agent does not quote a rate of exchange on such currency, by a known dealer in such currency designated by the Administrative Agent) determined, in each case, as of the Business Day immediately preceding the date on which the judgment is given (such Business Day being hereinafter referred to as the " **Judgment Currency Conversion Date** ").

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, each Guarantor covenants and agrees to pay, or cause to be paid, such additional amounts, if any (but in any event not a lesser amount), as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining any rate of exchange or currency equivalent for this Section, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

20. *WAIVER OF JURY TRIAL* . EACH GUARANTOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GENERAL PARTNER GUARANTY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH GUARANTOR (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT THE PARTIES TO THE CREDIT AGREEMENT HAVE BEEN INDUCED TO ENTER INTO THE CREDIT AGREEMENT BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS IN THIS SECTION.

21. *Additional Guarantors* . From time to time subsequent to the date hereof, General Partners may become parties hereto, as additional Guarantors (each, an " **Additional Guarantor** "), by executing a counterpart of this General Partner Guaranty. Upon delivery of any such counterpart to the Administrative Agent, notice of which is hereby waived by the Guarantors, each such Additional Guarantor shall be a Guarantor and shall be as fully a party hereto as if such Additional Guarantor were an original signatory hereof. Each Guarantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Guarantor hereunder. This General Partner Guaranty shall be fully effective as to any Guarantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Guarantor hereunder.

22. *Release on Becoming a Co-Borrower; Reinstatement on Ceasing to be a Co-Borrower* . On becoming a Co-Borrower, a Guarantor shall be released automatically from this General Partner Guaranty, without any further action by such Guarantor or any other Person; *provided* that if such Person ceases to be a Co-Borrower, it shall automatically be reinstated as a Guarantor hereunder, without any further action by such Guarantor or any other Person.

[*remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee to be duly executed and delivered by its duly authorized officer as of the day and year first above written.

KKR ASSOCIATES
MILLENNIUM L.P.

By: _____

Title: _____

KKR ASSOCIATES
MILLENNIUM (OVERSEAS),
LIMITED PARTNERSHIP

By: _____

Title: _____

KKR ASSOCIATES EUROPE,
LIMITED PARTNERSHIP

By: _____

Title: _____

KKR ASSOCIATES EUROPE II,
LIMITED PARTNERSHIP

By: _____

Title: _____

KKR ASSOCIATES 2006 L.P.

By: _____

Title: _____

KKR ASSOCIATES 2006
(OVERSEAS), LIMITED
PARTNERSHIP

By: _____

Title: _____

KKR ASSOCIATES ASIA L.P.

By: _____

Title: _____

EXHIBIT C

[FORM OF] CO-BORROWER AGREEMENT

CO-BORROWER AGREEMENT dated as of [ ], 20[ ], among KOHLBERG KRAVIS ROBERTS & CO. L.P., a Delaware limited partnership, as Borrower (the " **Company** "), [Name of Co-Borrower], a [ ] limited partnership (the " **New Co-Borrower** "), and HSBC Bank plc, as Administrative Agent (the " **Administrative Agent** ").

Reference is hereby made to the Credit Agreement dated as of February 26, 2008 (as amended, supplemented or otherwise modified from time to time, the " **Credit Agreement** "), among the Company, the other Borrowers party thereto, the Lenders party thereto and the Administrative Agent. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. Under the Credit Agreement, the Lenders have agreed, upon the terms and subject to the conditions therein set forth, to make Loans to the Borrowers, and the Company and the New Co-Borrower desire that the New Co-Borrower become a Co-Borrower. The Company represents that the New Co-Borrower is an Affiliate. Each of the Company and the New Co-Borrower represent and warrant that the representations and warranties of the Company in the Credit Agreement relating to the Co-Borrower and this Agreement are true and correct on and as of the date hereof (except for the first sentence of Section 3.10 of the Credit Agreement, which representation and warranty shall have been made as of the Effective Date). Upon execution of this Agreement by each of the Company, the New Co-Borrower and the Administrative Agent, the New Co-Borrower shall be a party to the Credit Agreement and shall constitute a "Co-Borrower" and a "Borrower" for all purposes thereof, and the New Co-Borrower hereby agrees to be bound by all provisions of the Credit Agreement.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

[*remainder of the page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers as of the date first appearing above.

KOHLBERG KRAVIS ROBERTS & CO.
L.P., as Borrower

By: _____
Name:
Title:

[NAME OF NEW CO-BORROWER], as
New Co-Borrower

By: _____
Name:
Title:

HSBC BANK PLC, as Administrative
Agent

By: _____
Name:
Title:

EXHIBIT D

FORM OF
CO-BORROWER TERMINATION

HSBC Bank plc,
as Administrative Agent
for the Lenders referred to below
c/o HSBC Bank plc,
[452 Fifth Avenue]
New York, New York

[Date]

Ladies and Gentlemen:

The undersigned, Kohlberg Kravis Roberts & Co. L.P., as Borrower (the " **Company** "), refers to the Credit Agreement dated as of February 26, 2008 (as amended, supplemented or otherwise modified from time to time, the " **Credit Agreement** "), among the Company, the other Borrowers party thereto, the Lenders party thereto and HSBC Bank plc, as Administrative Agent. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Company hereby terminates the status of [ ] (the " **Terminated Co-Borrower** ") as a Co-Borrower under the Credit Agreement, *provided* that if at the time of such termination the Terminated Co-Borrower is a General Partner, such termination shall not be effective unless the Terminated Co-Borrower becomes a Guarantor simultaneously therewith.

This instrument shall be construed in accordance with and governed by the law of the State of New York.

Very truly yours,

KOHLBERG KRAVIS ROBERTS & CO.
L.P.

By: _____
Name:
Title:

EXHIBIT E

[FORM OF]

BORROWING REQUEST

HSBC Bank plc,
as Administrative Agent for the Lenders
party to the Credit Agreement referred to below
[address]
Attention of

Ladies and Gentlemen:

The undersigned, KOHLBERG KRAVIS ROBERTS & CO. L.P., as Borrower, refers to the Credit Agreement dated as of February 26, 2008 (the " **Credit Agreement** ", the terms defined therein being used herein as therein defined), among the undersigned, the Borrowers party thereto, the Lenders party thereto, and HSBC Bank plc, as Administrative Agent, and hereby gives you notice, irrevocably, pursuant to Section [2.03][2.04] (1) of the Credit Agreement, that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (th e " **Proposed Borrowing** ") required by Section [2.03][2.04] of the Credit Agreement:

(i) The aggregate amount of the Proposed Borrowing is US $.

(ii) The Business Day of the Proposed Borrowing is , 20 .

(iii) The Proposed Borrowing is a[n] [ABR Borrowing] [Eurocurrency Borrowing][Swingline Borrowing].

(iv) [The currency of the Proposed Borrowing is .](2)

(v) [The initial Interest Period for each Eurocurrency Loan made as part of the Proposed Borrowing is [month [s]].(3)

(1) 2.03 for all Borrowings other than Swingline Borrowings.

(2) For Eurocurrency Borrowings only.

(3) For Eurocurrency/Borrowings only.

(vi) The location and number of the Company's account to which the funds of the Proposed Borrowing are to be disbursed is .

(vii) The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing, before and immediately after giving effect thereto and to the application of the proceeds therefrom:

(A) The representations and warranties of each Credit Party set forth in the Loan Documents shall be true and correct on and as of the date of the Proposed Borrowing (except for the first sentence of Section 3.10 of the Credit Agreement, which representation and warranty shall have been made as of the Effective Date); and

(B) at the time of and immediately after giving effect to the Proposed Borrowing, no Default shall have occurred and be continuing.

Very truly yours,

KOHLBERG KRAVIS ROBERTS & CO.
L.P., as Borrower

By: _____
Title:

[cc: HSBC Bank plc
c/o HSBC Bank USA, National Association
One HSBC Center, 26th Floor
Buffalo, New York 14203
Attention of Donna Riley](4)

(4) For ABR/Swingline Borrowings only.

EXHIBIT F

[FORM OF]

INTEREST ELECTION REQUEST

HSBC Bank plc,
as Administrative Agent for the Lenders
party to the Credit Agreement referred to below
[address]
Attention of

Ladies and Gentlemen:

The undersigned, KOHLBERG KRAVIS ROBERTS & CO. L.P., as Borrower, refers to the Credit Agreement dated as of February 26, 2008 (the " **Credit Agreement** ", the terms defined therein being used herein as therein defined), among the undersigned, the Borrowers party thereto, the Lenders party thereto, and HSBC Bank plc, as Administrative Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.07 of the Credit Agreement, that the undersigned hereby requests an election to convert or continue a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such election (the " **Proposed Election** ") required by Section 2.07 of the Credit Agreement:

(i) The Borrowing to which the Proposed Election applies is [specify], in the aggregate amount of US $.

(ii) The Business Day of the Proposed Election is , 20 .

(iii) The resulting Borrowing is a[n] [ABR Borrowing] [Eurocurrency Borrowing].

(iv) [The Interest Period for the resulting Borrowing is [month[s]].(8)

(8) For Eurocurrency Borrowings only.

Very truly yours,

KOHLBERG KRAVIS ROBERTS & CO.
L.P., as Borrower

By: _____
Title:

[cc: HSBC Bank plc
c/o HSBC Bank USA, National Association
One HSBC Center, 26th Floor
Buffalo, New York 14203
Attention of Donna Riley](9)

(9) For ABR Borrowings only.

Exhibit 10.8

EXECUTION COPY

$1,000,000,000

5-YEAR REVOLVING CREDIT AGREEMENT

Dated as of June 11, 2007

Among

KKR PEI INVESTMENTS, L.P.,

as Borrower

THE LENDERS PARTY HERETO

CITIBANK, N.A.,
as Administrative Agent

CITIGROUP GLOBAL MARKETS INC.,

GOLDMAN SACHS CREDIT PARTNERS, L.P.

and

MORGAN STANLEY BANK
as Joint Lead Arrangers and Joint Bookrunners

TABLE OF CONTENTS

SCHEDULES

EXHIBITS

REVOLVING CREDIT AGREEMENT dated as of June 11, 2007 (this " Agreement ") among KKR PEI INVESTMENTS, L.P., a Guernsey limited partnership (the " Borrower ") (acting through its general partner, KKR PEI Associates, L.P., a Guernsey limited partnership acting through its general partner, KKR PEI GP Limited, a Guernsey limited company), each of the Lenders (as defined below), and CITIBANK, N.A., as administrative agent for the Lenders (in such capacity, the " Administrative Agent ").

The Borrower has requested the Lenders to make revolving credit loans to the Borrower in aggregate amount of up to $1,000,000,000 (or the equivalent in one or more Alternate Currencies as hereinafter defined) at any one time outstanding (subject to increase as herein provided), and the Lenders are willing to make such loans on and subject to the terms and conditions set forth herein.

Accordingly, the parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the following respective meanings:

" ABR " means a fluctuating interest rate per annum which shall at any time be the higher of:

(i) the rate of interest announced publicly by Citibank, N.A. as its base rate in effect at its principal office in New York, New York; and

(ii) 1/2 of 1% per annum above the Federal Funds Rate.

" ABR Loan " means, at any time, a Loan which bears interest at rates based upon the ABR.

" Administrative Agent " has the meaning specified in the introduction hereto.

" Administrative Agent's Account " means, with respect to any Currency, the account of the Administrative Agent for such Currency most recently designated by it as such by notice to the Borrower and the Lenders.

" Administrative Questionnaire " means an Administrative Questionnaire in a form supplied by the Administrative Agent.

" Affiliate " means, with respect to a specified Person, another Person that directly or indirectly Controls or is Controlled by or is under common Control with such specified Person.

" Aggregate Borrowing Availability " means, at any time, the lesser of (a) the Aggregate Facility Amount at such time and (b) the sum of the Tranche A Borrowing Base and the Tranche B Borrowing Base at such time, reduced by the sum of the Total Credit Exposure for both Tranches at such time.

" Aggregate Facility Amount " means, at any time, the aggregate amount of the Commitments then in effect. The initial Aggregate Facility Amount is $1,000,000,000.

" Alternate Currency " means the Euro, British Pounds Sterling, Canadian Dollars and Japanese Yen and any other currency acceptable to the Lenders that is freely convertible into Dollars and available to be borrowed in the London interbank market.

" Alternate Currency Equivalent " means, with respect to any amount in Dollars, the amount of an Alternate Currency that could be purchased with such amount of Dollars using the reciprocal of the foreign exchange rate specified in the definition of "Dollar Equivalent", as determined by the Administrative Agent, each such determination to be conclusive and binding on the parties in the absence of manifest error.

" Applicable Lending Office " means, with respect to any Lender, such Lender's Domestic Lending Office in the case of an ABR Loan and such Lender's Eurocurrency Lending Office in the case of a Eurocurrency Loan.

" Applicable Margin " refers to the Tranche A Applicable Margin or the Tranche B Applicable Margin, as the context requires.

" Approved Fund " means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender **.**

" Assignment and Assumption " means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 9.06(b)) and accepted by the Administrative Agent, in substantially the form of Exhibit F or any other form approved by the Administrative Agent.

" Assuming Lender " has the meaning specified in Section 2.05(c).

" Availability " refers to Tranche A Availability or Tranche B Availability, as the context requires.

" Availability Period " means the period from the Closing Date until the earlier of (i) the Commitment Termination Date and (ii) the date of termination of the Commitments.

" Borrower " has the meaning specified in the introduction hereto.

" Borrower General Partner " means KKR PEI Associates, L.P., a Guernsey limited partnership and the general partner of the Borrower.

" Borrower GP Partnership Agreement " means the Limited Partnership Agreement relating to the Borrower General Partner, as from time to time amended.

" Borrower Partnership Agreement " means the Amended and Restated Limited Partnership Agreement dated 2 May 2007 relating to the Borrower, as from time to time amended.

" Borrowing " means a borrowing consisting of simultaneous Loans of the same Type made by the Lenders to the Borrower pursuant to Section 2.01.

" Borrowing Base " means, for each Tranche, the aggregate Borrowing Base Value of all Eligible Portfolio Investments allocated to such Tranche as specified in Schedule III after applying thereto the Portfolio Limitations, as set forth in the then most recent Borrowing Base Certificate delivered to the Administrative Agent pursuant to Section 6.01(a)(iv).

" Borrowing Base Certificate " means a certificate signed by a Financial Officer, in substantially the form of Exhibit G, delivered to the Administrative Agent.

" Borrowing Base Value " means, for any Eligible Portfolio Investment, the Value of such Eligible Portfolio Investment multiplied by the Specified Percentage for Eligible Portfolio Investments of the relevant category.

" Business Day " means (a) a day on which commercial banks are not authorized by law or required to close in New York City, (b) if such day relates to a Eurocurrency Loan denominated in Dollars, that is also a day on which dealings in Dollar deposits are carried out in the London interbank market, (c) if such day relates to a Borrowing of, or a payment or prepayment of principal of or interest on or an Interest Period for a Eurocurrency Loan denominated in an Alternate Currency (other than Euros), or a notice with respect thereto, that is also a day on which commercial banks and foreign exchange markets settle payments in the Principal Financial Center for such Currency, and (d) if such day relates to a Borrowing of, or a payment or prepayment of principal of or interest on or an Interest Period for a Eurocurrency Loan denominated in Euros, or a notice with respect thereto, that is also a Target Operating Day.

" Capital Lease Obligations " of a Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) Property which obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

" Change in Law " means the occurrence, after the date of this Agreement, of the adoption of any law, rule, regulation or treaty, or of any change in applicable law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority having jurisdiction.

" Citibank " means Citibank, N.A., a national banking association.

" Closing Date " means the date on which the conditions precedent set forth in Section 4.01 have been satisfied or waived in accordance with Section 9.01.

" Code " means the Internal Revenue Code of 1986, as amended from time to time.

" Collateral " has the meaning specified in the Guarantee and Security Agreement.

" Commitment " means, as to each Lender, the commitment of such Lender to make Loans to the Borrower under Section 2.01 (a)(i) in an aggregate amount at any one time outstanding up to the amount set forth opposite such Lender's name on Schedule I or, if such Lender has entered into an Assignment and Assumption, set forth for such Lender in the Register, as such amount may be reduced pursuant to Section 2.05(b) or increased pursuant to Section 2.05(c).

" Commitment Increase " and " Commitment Increase Date " have the meanings assigned to those terms in Section 2.05(c)(i).

" Commitment Percentage " means, with respect to any Lender, at any time, the percentage of the Aggregate Facility Amount represented by such Lender's Commitment; provided , that if the Commitments have terminated or expired, the Commitment Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

" Commitment Termination Date " means the date five (5) years after the Closing Date, provided that if such date is not a Business Day, the Commitment Termination Date shall be the immediately preceding Business Day.

" Consolidated " refers to the consolidation of accounts of a Person and its Subsidiaries in accordance with GAAP.

" Continuation ", " Continue " and " Continued " refer to a continuation of Eurocurrency Loans from one Interest Period to the next Interest Period pursuant to Section 3.05(b).

" Control " of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise, and " Controlling " and " Controlled " have meanings correlative thereto.

" Convert ", " Conversion " and " Converted " refer to a conversion of Loans of one Type into Loans of the other Type pursuant to Section 3.04 or Section 3.05.

" Currencies " means, collectively, Dollars and the Alternate Currencies.

" Default " means an event that, with notice or lapse of time or both, would become an Event of Default.

" Dollar Equivalent " means, on any date, with respect to any amount denominated in an Alternate Currency, the amount of Dollars that would be required to purchase such amount of such Alternate Currency at or about 11:00 a.m., Local Time, on such date, for delivery two Business Days later, as determined by the Administrative Agent on the basis of the spot selling rate for the offering of such Alternate Currency for Dollars in the London foreign exchange market, all determinations thereof by the Administrative Agent to be conclusive and binding on the parties in the absence of manifest error.

" Dollars " and " $ " refers to lawful money of the United States of America.

" Domestic Lending Office " means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" in the Administrative Questionnaire of such Lender or in the Assignment and Assumption pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

" Eligible Assignee " means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person) approved by the Administrative Agent and the Issuing Lender and, unless an Event of Default of the kind referred to in Section 7.01(a), 7.01(b), 7.01(g) or 7.01(h) has occurred and is continuing, by the Borrower (each such approval not to be unreasonably withheld or delayed); provided , that notwithstanding the foregoing, "Eligible Assignee" shall not include the Borrower or any of the Borrower's Affiliates or Subsidiaries.

" Eligible Portfolio Investment " means a Portfolio Investment that is subject to a perfected first priority Lien in favor of the Administrative Agent pursuant to the Guarantee and Security Agreement (provided any Portfolio Investment held by an Obligor that is then subject to proceedings of the kind described in Section 7.01(g) or 7.01(h) shall be excluded from the definition of "Eligible Portfolio Investment"). For a Portfolio Investment to be an "Eligible Portfolio Investment" (i) (A) in the case of any Portfolio Investment that is carried in a securities account located in the United States such account shall be subject to an account control agreement in form and substance reasonably satisfactory to the Administrative Agent, or (B) such Portfolio Investment shall otherwise be in the control (as defined in Section 8-106 of the NYUCC) of the Administrative Agent, (ii) in the case of any Portfolio Investment that is held in a jurisdiction outside the United States such Portfolio Investment shall be subject to a valid first and prior perfected Lien (pursuant to the Guarantee and Security Agreement or pursuant to a security agreement in form and substance reasonably satisfactory to the Administrative Agent under the laws of such jurisdiction) in favor of the Administrative Agent under the laws of such jurisdiction and (iii) in the case of any Portfolio Investment in an Investment Fund (to the extent neither clause (i) or (ii) above is satisfied), the Investment Fund Payment Rights in respect of such Portfolio Investment and the related Investment Fund Payment Account shall each be subject to a valid first and prior perfected Lien (pursuant to the Guarantee and Security Agreement or pursuant to a security agreement in form and substance reasonably satisfactory to the Administrative Agent under the laws of such jurisdiction where such Portfolio Investment is held, or other applicable law as the Administrative Agent may determine) in favor of the Administrative Agent, and such Investment Fund Payment Account shall be subject to an

account control agreement in form and substance reasonably satisfactory to the Administrative Agent; provided, that in the case of any Portfolio Investment referred to in clause (ii) or (iii) above held in a jurisdiction outside the United States , the Administrative Agent has received a legal opinion in form and substance reasonably satisfactory to the Administrative Agent of counsel in such jurisdiction or jurisdictions confirming the validity and first priority of such Lien under the laws of the relevant jurisdiction or jurisdictions.

" Equity Interests " means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

" ERISA " means the Employee Retirement Income Security Act of 1974, as amended from time to time.

" ERISA Affiliate " means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

" ERISA Event " means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any of its ERISA Affiliates from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any of its ERISA Affiliates of any notice, or the receipt by any Multiemployer Plan from the Borrower or any of its ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

" Eurocurrency Liabilities " has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

" Eurocurrency Lending Office " means, with respect to any Lender, the office of such Lender specified as its "Eurocurrency Lending Office" in the Administrative Questionnaire of such Lender or in the Assignment and Assumption pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such

other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

" Eurocurrency Loan " means, at any time, a Loan which bears interest at rates based upon the Eurocurrency Rate.

" Eurocurrency Rate " means, for any Interest Period for each Eurocurrency Loan denominated in a particular Currency comprising part of the same Borrowing, an interest rate per annum equal to the rate per annum for deposits in such Currency having a maturity closest to such Interest Period which appears on the relevant Screen Page as of 11:00 a.m., London time, on the day two Business Days prior to the first day of such Interest Period; provided , that, if such rate does not appear on the relevant Screen Page for such Interest Period, the Eurocurrency Rate for that Interest Period will be the arithmetic mean of quotations obtained by the Administrative Agent from the Reference Banks for the rate at which deposits in such Currency having a maturity closest to such Interest Period are offered by the principal London office of each Reference Bank at approximately 11:00 a.m., London time, on the day that is two Business Days preceding the first day of such Interest Period to prime banks in the London interbank market in a principal amount of $5,000,000 (or, in the case of a Eurocurrency Loan denominated in an Alternate Currency, the equivalent thereof in such Alternate Currency, rounded to the nearest 1,000 units of such Alternate Currency); provided , that the Eurocurrency Rate for any Eurocurrency Loan denominated in an Alternate Currency that is loaned by a Lender from an office in the United Kingdom for any Interest Period shall be the sum of (i) the rate referred to above plus (ii) the MCR Cost.

" Eurocurrency Rate Reserve Percentage " of any Lender means, for any Interest Period for any Eurocurrency Loan, the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term comparable to such Interest Period.

" Euro " has the meaning assigned to that term in Section 9.17.

" Events of Default " has the meaning specified in Section 7.01.

" Excluded Investments " means those individual Portfolio Investments or groups of Portfolio Investments identified by the Borrower, in its sole discretion, by notice to the Administrative Agent from time to time as not being included in the calculation of the Borrowing Base for the relevant Tranche nor made subject to the representations and warranties set forth in Article V, the covenants set forth in Article VI or other provisions of the Loan Documents applicable to Portfolio Investments that are included in the Borrowing Base for such Tranche.

" Excluded Investment Financing " means any financing incurred by an Obligor that is secured by any Excluded Investment (and that is not secured by any of the Collateral).

" Excluded Taxes " means, with respect to any recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, Taxes imposed on or measured by its overall net income, overall gross income or overall gross receipts (however denominated), and franchise taxes imposed on it (in lieu of net income taxes) or capital taxes, by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its Applicable Lending office is located.

" Federal Funds Rate " means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

" Fee Letter " means the Fee Letter dated June 5, 2007, between the Borrower and Citigroup Global Markets Inc., providing for the payment of certain fees in connection with this Agreement.

" Financial Officer " means the chief financial officer, principal financial officer, treasurer, controller or a director of the ultimate general partner of the Borrower, which is the Managing Investment Partner as of the Closing Date.

" Fund " means any Person (other than a natural person) that is or will be engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

" GAAP " means accounting principles generally accepted in the United States as in effect from time to time.

" Governmental Authority " means the government of the United States, any other nation or any political subdivision thereof (including Guernsey), whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

" Guarantee " of or by any Person (the " guarantor ") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the " primary obligor ") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or to advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the

purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guarantee issued to support such Indebtedness; provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

" Guarantee and Security Agreement " means an agreement among the Obligors and the Administrative Agent in substantially the form of Exhibit B, as from time to time amended.

" Guarantors " means, at any time, collectively, those Wholly-Owned Subsidiaries of the Borrower that have been formed by the Borrower (and identified by the Borrower to the Administrative Agent) for the purpose of being the sole beneficial owners of the Portfolio Investments of the Borrower, and that are parties to the Guarantee and Security Agreement.

" Hedging Agreement " means any interest rate protection agreement, foreign currency exchange agreement or other derivative transaction.

" Increasing Lender " shall have the meaning assigned to that term in Section 2.05(c).

" Indebtedness " of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on Property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed (the amount of such Indebtedness at any time to be deemed to be an amount equal to the fair market value of the Property subject to such Lien if such Indebtedness has not been assumed), (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of standby letters of credit and letters of guarantee, (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances and (k) the net liability of such Person in respect of Hedging Agreements. The Indebtedness of a Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

" Indebtedness for Borrowed Money " means Indebtedness of the kind referred to in clause (a), (b) or (h) of the definition of "Indebtedness" (or of the kind referred to in clause (f) or (g) thereof to the extent relating to Indebtedness for Borrowed Money).

" Indemnified Taxes " means Taxes other than Excluded Taxes.

" Indemnitee " has the meaning specified in Section 9.04(b).

" Interest Period " means, for any Eurocurrency Loan, the period beginning on the date such Eurocurrency Loan is made, or Continued or Converted from an ABR Loan, and ending on the last day of the period selected by the Borrower pursuant to the provisions below, and thereafter each subsequent period commencing on the last day of the immediately preceding Interest Period therefor and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each Interest Period shall be one, two, three or six months, as the Borrower may select by notice to the Administrative Agent no later than 12:00 noon (New York time) on:

(i) the third Business Day prior to the first day of such Interest Period in the case of a Eurocurrency Loan denominated in Dollars, or

(ii) the third Business Day prior to the first day of such Interest Period in the case of a Eurocurrency Loan denominated in an Alternate Currency.

Notwithstanding the foregoing:

(w) if any Interest Period would otherwise commence before and end after the Commitment Termination Date, such Interest Period shall end on the Commitment Termination Date,

(x) each Interest Period that would otherwise end on a day that is not a Business Day shall end on the next succeeding Business Day, unless such next succeeding Business Day would fall in the succeeding month, in which case such Interest Period shall end on the next preceding Business Day,

(y) each Interest Period that commences on the last day of a month (or on any day for which there is no numerically corresponding day in the appropriate subsequent month) shall end on the last Business Day of the appropriate subsequent calendar month, and

(z) Interest Periods commencing on the same day for Eurocurrency Loans comprising part of the same Borrowing shall be of the same duration.

" Investment Fund " means any private equity fund, hedge fund, fund of funds or other similar alternative investment fund.

" Investment Fund Holder " means any holder of Equity Interests in an Investment Fund.

" Investment Fund Payment Account " means, with respect to any Investment Fund, an account established by the relevant Investment Fund Holder to which payments in respect of related Investment Fund Payment Rights are required to be directed.

" Investment Fund Payment Rights " means, in respect of any Portfolio Investment in an Investment Fund, any rights of an Investment Fund Holder to receive any distribution or payment made in respect of Equity Interests in such Investment Fund and in respect of any sale, redemption or other disposition thereof, including any accounts or general intangibles (as defined in the NYUCC) constituting or representing the same and all proceeds thereof.

" Investment Strategies " means the strategies for investments by the Borrower described in Schedule VI.

" Issuing Lender " means Wachovia Bank, N.A., and/or any other Lender from time to time designated as an Issuing Lender in a writing signed by such Lender, the Borrower and the Administrative Agent (Wachovia Bank, N.A. and such other Lender being collectively referred to herein as the "Issuing Lender" unless the context otherwise requires).

" KKR " means Kohlberg Kravis Roberts & Co. L.P., a Delaware limited partnership.

" KPE " means KKR Private Equity Investors, L.P., a limited partnership organized under the laws of Guernsey.

" KPE General Partner " means KKR Guernsey GP Limited, a Guernsey limited company and the general partner of KPE.

" KPE Parties " means, collectively, KPE, the KPE General Partner, the Borrower, the Borrower General Partner and the Managing Investment Partner, or their successors as the case may be.

" L/C Exposure " means, at any time, the sum of (i) the aggregate undrawn face amount of all outstanding Letters of Credit and (ii) the aggregate amount of unreimbursed L/C Payments under all outstanding Letters of Credit (or, if applicable, the Dollar Equivalent thereof).

" L/C Payment " means a payment by an Issuing Lender of a draft or demand drawn under a Letter of Credit.

" L/C Reimbursement Obligation " means the obligation of the Borrower to reimburse an Issuing Lender for an L/C Payment pursuant to Section 2.02(d)(ii).

" L/C Related Documents " has the meaning specified in Section 2.02(c)(i).

" Lead Arrangers " means Citigroup Global Markets Inc., Morgan Stanley and Goldman Sachs Credit Partners L.P. as Joint Lead Arrangers and Bookrunners in connection herewith.

" Lender " means each bank or other financial institution listed on the signature pages hereof and each Person that shall become a party hereto pursuant to Section 2.05(c) or 9.06.

" Letter of Credit " has the meaning specified in Section 2.02(a)(i).

" Letter of Credit Facility Amount " means $200,000,000.

" Lien " means, with respect to any Property, any lien on or security interest in such Property or any other preferential arrangement with respect thereto.

" Loan " has the meaning specified in Section 2.01(a)(i).

" Loan Documents " means, collectively, this Agreement, the Notes, the Guarantee and Security Agreement and the Fee Letter.

" Local Time " shall mean (a) with respect to any Loan denominated or any payment to be made in Dollars, New York time, and (b) with respect to any Eurocurrency Loan denominated or any payment to be made in an Alternate Currency, the local time in the Principal Financial Center for such Alternate Currency.

" London Banking Day " shall mean any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

" Majority Lenders " means, at any time, (a) Lenders holding more than 50% of the Commitments, or (b) if the Commitments have terminated, Lenders having collectively more than 50% of the sum of (i) aggregate amount of the unpaid principal amount of the Loans, (ii) participations in Swing Line Loans and (iii) L/C Exposure (computed at any time, in the case of Loans denominated in an Alternate Currency, as the Dollar Equivalent thereof as determined by the Administrative Agent).

" Managing Investment Partner " means KKR PEI GP Limited, a Guernsey limited company and the general partner of the Borrower General Partner.

" Margin Stock " means "margin stock" within the meaning of Regulation U.

" Material Adverse Effect " means a material adverse effect on (i) the business, financial condition or operations of the Borrower or of the Obligors taken as a whole, (ii) the ability of any Obligor to perform any of its material obligations under any Loan Document or (iii) the material rights and remedies of the Administrative Agent or the Lenders under any Loan Document.

" Material Indebtedness " means Indebtedness issued or incurred under any agreement or instrument (or series of related agreements or instruments) in an aggregate outstanding principal amount of $75,000,000 or more. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of a Person in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that such Person would be required to pay if such Hedging Agreement were terminated at such time.

" MCR Cost " shall mean, with respect to any Lender, in connection with Loans, if any, denominated in an Alternate Currency that are loaned by a Lender from an office in the United Kingdom, the cost imputed to such Lender of compliance with the Mandatory Cost Rate requirements of the Bank of England during the relevant period, determined in accordance with Schedule VII hereto.

" Multiemployer Plan " means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

" New Lender Assumption Agreement " means an assumption agreement entered into by the Borrower and an Eligible Assignee and accepted by the Administrative Agent, in substantially the form of Exhibit E or any other form approved by the Administrative Agreement.

" Note " has the meaning specified in Section 2.01(e).

" Notice of Borrowing " has the meaning specified in Section 2.01(b)(ii).

" Notice of Issuance " has the meaning specified in Section 2.02(c)(i).

" NYUCC " means the Uniform Commercial Code as in effect from time to time in the State of New York.

" Obligors " means, collectively, the Borrower and the Guarantors.

" Other Taxes " means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

" Participant " has the meaning assigned to such term in Section 9.06(d).

" PBGC " means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

" Permitted Encumbrances " means:

(a) Liens imposed by law for Taxes that are not yet due or are being contested in good faith by appropriate proceedings;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 60 days or are being contested in good faith by appropriate proceedings;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks or other financial institutions not given in connection with the issuance of Indebtedness or (ii) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business;

(f) judgment liens in respect of judgments that do not constitute an Event of Default under Section 7.01(j); and

(g) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Guarantor;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

" Person " means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

" Plan " means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

" Portfolio Investments " means assets of the kinds listed in Schedule III held by any Obligor.

" Portfolio Limitations " means the portfolio limitations specified in Schedule IV.

" Principal Financial Center " means, for any Currency, the principal financial center in the country of issue of such Currency, as reasonably determined by the Administrative Agent.

" Process Agent " has the meaning specified in Section 9.07(d).

" Property " of any Person means any property or assets, or interest therein, of such Person.

" Reference Banks " means the principal London office of each of Citibank, JPMorgan Chase Bank, N.A. and Bank of America, N.A.

" Register " has the meaning specified in Section 9.06(c).

" Regulations T, U and X " means Regulations T, U and X issued by the Board of Governors of the Federal Reserve System, as from time to time amended.

" Related Parties " means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

" Requirement of Law " means, as to any Person, any statute, law, treaty, rule or regulation or determination, order, injunction or judgment of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its Properties or revenues.

" Restricted Payment " means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of the Borrower, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to the Borrower's stockholders, partners or members (or the equivalent Person thereof).

" Screen Page " means the display designated as Page 3740 or 3750, as the case may be, on the Telerate Service (or such other page as may replace that page on that service for the purpose of displaying London interbank offered rates of major banks). If at least two relevant rates appear on said Page 3740 or 3750 with respect to an Interest Period, the Eurocurrency Rate for that Interest Period will be based upon the arithmetic mean of such rates.

" Senior Secured Debt " means Indebtedness for Borrowed Money of the Obligors, on a Consolidated basis, that is not subordinated in right of payment to any other Indebtedness and that is secured by a Lien on Property of any Obligor.

" Senior Secured Debt to Total Assets Ratio " means, at any time, the ratio of (i) the aggregate outstanding principal amount of Senior Secured Debt (excluding Indebtedness under any Excluded Investment Financing) to (ii) Total Assets (excluding any Property of the kind referred to in Section 6.02(b)(ii), 6.02(b)(iii) or 6.02(b)(iv)).

" Services Agreement " means the services agreement among KKR, the Borrower, and the KPE Parties and the other parties thereto dated April 23, 2006, as from time to time amended.

" Significant Subsidiary " means any Subsidiary that constitutes a "significant subsidiary" under Regulation S-X promulgated by the Securities and Exchange Commission, as in effect from time to time.

" Specified Percentage " means, for each category of Portfolio Investment specified in Schedule III the percentage specified opposite the reference to such category in Schedule III.

" Subsidiary " means, at any time, any corporation, partnership, limited liability company or other entity of which at least a majority of the Voting Shares are at the time directly or indirectly owned or controlled by the Borrower or one or more Subsidiaries of the Borrower, or by the Borrower and one or more Subsidiaries of the Borrower.

" Swing Line Facility Amount " means $25,000,000.

" Swing Line Lender " means Citibank, as lender of Swing Line Loans hereunder.

" Swing Line Loan " means a loan made by the Swing Line Lender pursuant to Section 2.03.

" Taxes " means all present and future taxes, duties, levies, imposts, deductions, charges or withholdings whatsoever with respect to any amount payable on or in respect of any Loan Document, Loans, Notes or Letters of Credit, and all interest, penalties and similar amounts with respect thereto, now or thereafter imposed, assessed, levied or collected by Guernsey or any other jurisdiction from which any amount payable under the Loan Documents is paid, or any political subdivision or taxing authority thereof or therein, or any organization or federation of which any of the foregoing may be a member or associated.

" Third-Party Hedge Obligations " means obligations under any Hedging Agreement entered into by an Obligor with one or more parties who are neither Lenders nor Affiliates of any Lender.

" Total Assets " means, at any time, total assets of the Obligors on a Consolidated basis, determined in accordance with GAAP.

" Total Credit Exposure " means, for each Tranche at any time, the sum of (i) the aggregate outstanding principal amount of the Loans of such Tranche (being the Dollar Equivalent thereof in the case of Eurocurrency Loans denominated in an Alternate

Currency) plus (ii) the aggregate outstanding principal amount of all Swing Line Loans of such Tranche plus (iii) the L/C Exposure of such Tranche.

" Tranche ", when used in respect of any Loan or any matter relating thereto, refers to whether such Loan is a Tranche A Loan or a Tranche B Loan.

" Tranche A Applicable Margin " means:

(a) for any Tranche A ABR Loan, 0% per annum; and

(b) for any Tranche A Eurocurrency Loan, 0.75% per annum.

" Tranche A Availability " means, at any time, the lesser of (a) the difference between the Aggregate Facility Amount and the Total Credit Exposure of both Tranches at such time and (b) the difference between the Tranche A Borrowing Base and the Total Credit Exposure for Tranche A at such time.

" Tranche A L/C Exposure " has the meaning specified in Section 2.01(a)(ii).

" Tranche A Loan " has the meaning specified in Section 2.01(a)(ii).

" Tranche B Applicable Margin " means:

(a) for any Tranche B ABR Loan, 0% per annum; and

(b) for any Tranche B Eurocurrency Loan, 1.00% per annum.

" Tranche B Availability " means, at any time, the lesser of (a) the difference between the Aggregate Facility Amount and the Total Credit Exposure for both Tranches at such time and (b) the difference between the Tranche B Borrowing Base and the Total Credit Exposure for Tranche B at such time.

" Tranche B L/C Exposure " has the meaning specified in Section 2.01(a)(ii).

" Tranche B Loan " has the meaning specified in Section 2.01(a)(ii).

" Type " refers to whether a Loan is an ABR Loan or a Eurocurrency Loan.

" United States " means the United States of America.

" Valuation Criteria " means the criteria set forth in Schedule V for valuing Eligible Portfolio Securities.

" Value " means, on any date, for any Eligible Portfolio Investment, the value thereof determined in accordance with the Valuation Criteria.

" Voting Shares " means, with respect to any Person, Equity Interests having by terms thereof voting power to elect a majority of the board of directors, or other individuals performing similar functions, of such Person.

" Wholly-Owned Subsidiary " means, with respect to any Person, any Subsidiary of which all of the Equity Interests (other than, in the case of a corporation, directors' qualifying shares) are directly or indirectly owned or controlled by such Person or one or more Wholly-Owned Subsidiaries of such Person or by such Person and one or more Wholly-Owned Subsidiaries of such Person.

" Withdrawal Liability " means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Terms Generally . The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" mean "to but excluding". The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement. For the avoidance of doubt, references in Articles VIII and IX to the Lenders shall include the Issuing Lender, unless the context otherwise requires.

SECTION 1.03. Accounting Terms; GAAP . Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided , that in the event the Netherlands Minister of Finance or such other relevant Governmental Authority with jurisdiction over KPE shall require the financial statements of KPE to be prepared in accordance with generally accepted accounting principles in The Netherlands (" Dutch GAAP ") or the International Financial Reporting Standards (" IFRS "), then references to GAAP shall be to Dutch GAAP or IFRS, as the case may be, and the Borrower and the Administrative Agent shall agree to negotiate in good faith to make such modifications and amendments to the provisions hereof to take into account the effect of such change; provided further , that if the Borrower notifies the Administrative Agent that it requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Majority Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. To enable the ready and consistent determination of

compliance with the covenants set forth in Section 6.03, the Borrower will cause the last day of its fiscal year to be December 31.

ARTICLE II

THE COMMITMENTS

SECTION 2.01. The Loans .

(a) (i) Each Lender severally agrees, on and subject to the terms and conditions of this Agreement, to make loans to the Borrower under this Section 2.01(a)(i) (each, a " Loan ") from time to time on any Business Day during the Availability Period, in an aggregate principal amount at any one time outstanding up to but not exceeding the Commitment of such Lender and, as to all Lenders, in an aggregate principal amount at any one time outstanding up to but not exceeding the Aggregate Borrowing Availability (or the Alternate Currency Equivalent thereof).

(ii) Each Loan and all L/C Exposure shall automatically be deemed to be a Tranche A Loan and Tranche A L/C Exposure except to the extent that as a result thereof the Tranche A Availability would, immediately after giving effect thereto, be less than zero, and the excess from time to time shall automatically be deemed to be a Tranche B Loan or Tranche B L/C Exposure, as the case may be.

(iii) ABR Loans shall be denominated in Dollars, and Eurocurrency Loans may be denominated in Dollars or one or more Alternate Currencies.

(iv) Anything in this Agreement to the contrary notwithstanding, (A) the Total Credit Exposure under each Tranche shall not at any time exceed the lesser of (x) the Borrowing Base for such Tranche and (y) the Availability for such Tranche (without prejudice however to the provisions of Section 3.06(b) and (c) relating to the timing of certain mandatory prepayments), and (B) the Total Credit Exposure for both Tranches shall not at any time exceed the then Aggregate Facility Amount.

(v) Within such limits, the Borrower may from time to time borrow under this Section 2.01, prepay Loans in whole or in part pursuant to Section 3.06(a) and reborrow under this Section 2.01.

(vi) The Borrower shall use the proceeds of the Loans solely for general corporate purposes, including the acquisition and funding of investments as permitted by the Borrower Partnership Agreement and by this Agreement.

(b) Borrowing Procedure . (i) Each Borrowing shall be in a minimum amount of $5,000,000 in the case of a Borrowing of Eurocurrency Loans, or $1,000,000, in the case of a Borrowing of ABR Loans, or in each case an integral multiple of $1,000,000 in excess thereof (or, in the case of a Borrowing denominated in an Alternate Currency, the Alternate Currency Equivalent thereof, rounded to the nearest 1,000 units of such Alternate Currency), and shall be made on notice by the Borrower to the Administrative Agent not later than 11:00 a.m. (New York time) on the third Business Day prior to the

date of such Borrowing in the case of a Borrowing consisting of Eurocurrency Loans or not later than 11:00 a.m. (New York time) on the Business Day of such Borrowing in the case of a Borrowing consisting of ABR Loans, and the Administrative Agent shall give each Lender prompt notice thereof.

(ii) Each such notice of a Borrowing (a " Notice of Borrowing ") shall be irrevocable and binding on the Borrower and shall be in substantially the form of Exhibit C, specifying therein the requested (1) date of such Borrowing, (2) Type of Loans comprising such Borrowing, (3) aggregate amount of such Borrowing, stated in Dollars, and the Currency thereof, and (4) in the case of a Borrowing of Eurocurrency Loans, initial Interest Period for such Loans.

(iii) Each Lender shall, before 2:00 p.m. (Local Time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, such Lender's ratable portion of such Borrowing.

(iv) After the Administrative Agent's receipt of such funds, and subject to the satisfaction of the applicable conditions set forth in Article IV, the Administrative Agent will make such funds available to the Borrower by promptly crediting the amounts so received, in like funds, to such account of the Borrower as the Administrative Agent and the Borrower may agree.

(c) Types of Loans . Each Borrowing and each Conversion or Continuation thereof shall consist of Loans of the same Type (and, if such Loans are Eurocurrency Loans, having the same Interest Period) made, Continued or Converted on the same day by the Lenders ratably according to their Commitment Percentages. If no election as to the Type of Loans is specified, then the requested Loans shall be comprised of ABR Loans, and if no Interest Period is specified with respect to any Eurocurrency Loans, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Accounts . (i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan of each Tranche made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(ii) The Administrative Agent shall maintain accounts in which it shall record (x) the amount of each Loan of each Tranche, the Type thereof and the Interest Period applicable thereto, (y) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (z) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(iii) The entries made in the accounts maintained pursuant to this clause (d) shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided , that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the

Borrower to repay the Loans made to the Borrower in accordance with the terms of this Agreement.

(e) Notes . Any Lender may, through the Administrative Agent, request that the Loans of each Tranche to be made by it be evidenced by a promissory note of the Borrower. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender (or its registered assigns), substantially in the form of Exhibit A (each, a " Note "), in the amount of the Commitment of such Lender, dated the Closing Date and otherwise appropriately completed.

SECTION 2.02. Letter Of Credit Facility .

(a) Letters of Credit . (i) Each Issuing Lender agrees, on and subject to the terms and conditions of this Agreement, to issue one or more letters of credit (each, a " Letter of Credit ") for the account of the Borrower from time to time on any Business Day during the period from the Closing Date until the date ten Business Days before the Commitment Termination Date, provided , that the total L/C Exposure with respect to Letters of Credit of both Tranches may not at any time exceed the Letter of Credit Facility Amount. The L/C Exposure resulting from each Letter of Credit shall be deemed to be Tranche A L/C Exposure or Tranche B L/C Exposure as provided in Section 2.01(a)(ii).

(ii) Letters of Credit shall be denominated in Dollars, Euros, British Pounds Sterling, Canadian Dollars or Japanese Yen or, if agreed by the relevant Issuing Lender, any other Alternate Currency.

(iii) Anything in this Agreement to the contrary notwithstanding, the issuance of Letters of Credit shall be subject to the limitations set forth in Section 2.01(a)(iv).

(iv) Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower's ability to obtain Letters of Credit shall be revolving, and accordingly the Borrower may, during the period referred to above, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(b) Terms; Issuance . (i) Each Letter of Credit shall be a standby letter of credit in a form reasonably satisfactory to the relevant Issuing Lender and have a stated expiration date that is no later than the earlier of (x) one year after its date of issuance and (y) ten Business Days prior to the Commitment Termination Date; provided , that a Letter of Credit with a one-year tenor may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the Commitment Termination Date (except that one or more Letters of Credit may expire up to one year after the Commitment Termination Date if each such Letter of Credit has been cash collateralized or otherwise backstopped on terms reasonably satisfactory to the Borrower, the relevant Issuing Lender and the Administrative Agent)).

(ii) No Issuing Lender shall be obligated to issue any Letter of Credit if an order, judgment or decree of any Governmental Authority shall by its terms purport to enjoin or

restrain such Issuing Lender from issuing such Letter of Credit, or any law applicable to such Issuing Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Lender shall prohibit, or request that such Issuing Lender refrain from, the issuance of letters of credit generally or such Letter of Credit in particular.

(c) Issuance Procedure . (i) Each Letter of Credit shall be issued upon notice, given not later than 11:00 a.m. (New York time) on the third Business Day prior to the proposed issuance date of such Letter of Credit, by the Borrower to the relevant Issuing Lender (or such shorter notice as shall be acceptable to such Issuing Lender), with a copy to the Administrative Agent, and the Administrative Agent shall give to each Lender prompt notice thereof by telecopier or email. Each such notice (a " Notice of Issuance ") shall be by telecopier or email, confirmed promptly by hard copy, specifying therein the Issuing Lender and the requested date of issuance (which shall be a Business Day) of such Letter of Credit, its face amount and expiration date and the name and address of the beneficiary thereof, and shall attach the proposed form thereof (or such other information as shall be necessary to prepare such Letter of Credit). If requested by the applicable Issuing Lender, the Borrower shall supply such application and agreement for letter of credit as the relevant Issuing Lender may require in connection with such requested Letter of Credit (" L/C Related Documents ").

(ii) If the proposed Letter of Credit complies with the requirements of this Section 2.02, such Issuing Lender will, unless the Issuing Lender has received written notice from the Administrative Agent at least one Business Day prior to the requested issuance, that one or more of the applicable conditions set forth in Article IV shall not be satisfied, make such Letter of Credit available to the Borrower as agreed with the Borrower in connection with such issuance. In the event and to the extent that the provisions of any L/C Related Documents shall conflict with this Agreement, the provisions of this Agreement shall govern.

(iii) Each Issuing Lender shall furnish (A) upon request of the Administrative Agent, copies of the Letters of Credit issued by it hereunder, and (B) to the Administrative Agent on the first Business Day of each fiscal quarter a written report setting forth the Letters of Credit issued in Alternate Currencies, solely for purposes of determining the Dollar Equivalent thereof.

(d) Reimbursement; Syndicate Participation . (i) Automatically upon the issuance of each Letter of Credit, each Lender shall be deemed to have acquired a participation therein to the extent of such Lender's Commitment Percentage on the terms provided in this clause (d).

(ii) Upon receipt from the beneficiary of any Letter of Credit of any notice of drawing under such Letter of Credit, the relevant Issuing Lender shall notify the Borrower and the Administrative Agent thereof. Not later than 4:00 p.m. (New York time) on the date of any L/C Payment by an Issuing Lender if the Borrower receives notice thereof by 11:00 a.m. (New York time) on such date and otherwise on the next Business Day (the " Honor Date "), the Borrower agrees to reimburse such Issuing Lender directly in an amount equal to the amount of such L/C Payment.

(iii) If the Borrower fails to so reimburse such Issuing Lender by such time, such Issuing Lender shall promptly notify the Administrative Agent and the Administrative Agent shall promptly notify each Lender of the Honor Date, the unreimbursed amount of such L/C Payment (the " Unreimbursed Amount "), and the amount of such Lender's pro rata share thereof. In such event, the Borrower shall be irrevocably deemed to have requested a Borrowing of ABR Loans (of the same Tranche as such Letter of Credit) to be disbursed on the Honor Date in an aggregate amount equal to the Unreimbursed Amount (without regard to the minimum and multiples specified in Section 2.01(b)). Any notice given by an Issuing Lender or the Administrative Agent pursuant to this Section 2.02(d)(iii) may be given by telephone if immediately confirmed in writing; provided , that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(iv) Each Lender (including any Lender acting as an Issuing Lender) unconditionally agrees upon any notice pursuant to Section 2.02(d)(iii) make funds available to the Administrative Agent for the account of the relevant Issuing Lender at the Administrative Agent's Account in an amount equal to its Commitment Percentage of the unpaid L/C Reimbursement Obligation not later than 1:00 p.m. (New York time) on the Business Day specified in such notice by the Administrative Agent, whereupon each Lender that so makes funds available shall be deemed to have made an ABR Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the relevant Issuing Lender.

(v) The Borrower agrees to pay interest on the unreimbursed amount of each L/C Reimbursement Obligation to the relevant Issuing Lender, for each day from the date of the relevant L/C Payment until such L/C Reimbursement Obligation is reimbursed or refinanced in full as herein provided, at the rate provided in Section 3.02(b)(ii).

(vi) Each Lender's obligation to make the payments provided in clause (iv) above to reimburse an Issuing Lender for any L/C Payment shall be absolute and unconditional and shall not be affected by (A) any setoff or counterclaim which such Lender may have against an Issuing Lender, the Borrower or any other Person, (B) the occurrence or continuance of a Default or any reduction or termination of the Commitments or any of them, (C) any of the matters referred to in clause (e) below or (D) any other circumstance whatsoever.

(vii) If any Lender fails timely to make available to the Administrative Agent for the account of an Issuing Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.02, such Issuing Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to such Issuing Lender at a rate per annum equal to the Federal Funds Rate from time to time in effect (without duplication of amounts paid by the Borrower under clause (v) above). A certificate of such Issuing Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vii) shall be conclusive absent manifest error.

(viii) At any time after an Issuing Lender has made an L/C Payment and has received funds from a Lender in respect of such payment in accordance with Section 2.02, if the Administrative Agent receives for the account of such Issuing Lender any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of cash collateral applied thereto by the Administrative Agent), the Administrative Agent will promptly distribute to such Lender its pro rata share thereof in the same funds as those received by the Administrative Agent.

(e) Borrower Obligations Unconditional . The obligation of the Borrower to reimburse each Issuing Lender for each L/C Payment under each Letter of Credit shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances whatsoever, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, any Loan Document or any other agreement or instrument relating thereto;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the Borrower may have at any time against any beneficiary of such Letter of Credit (or any Person for whom any such beneficiary may be acting), such Issuing Lender or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto; or

(iii) any sight draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, or any loss or delay in the transmission or otherwise of any document required in order to obtain an L/C Payment under such Letter of Credit; or

(iv) any payment by such Issuing Lender under such Letter of Credit against presentation of a sight draft or certificate that does not strictly comply with the terms of such Letter of Credit or any payment made by such Issuing Lender under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any bankruptcy, insolvency, reorganization or similar law.

(f) Issuing Lender Rights . Each Lender and the Borrower agrees that, in making any L/C Payment under a Letter of Credit, the relevant Issuing Lender shall not have any responsibility to obtain any document (other than any sight draft, certificate and other document expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering the same. None of the Issuing Lenders, nor the Administrative Agent, nor any of the respective correspondents, participants or assignees of the Issuing Lender shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Majority Lenders, as applicable, (ii) any action taken or omitted in the absence of gross negligence or willful misconduct, or (iii) the due execution, effectiveness, validity or

enforceability of any document or instrument related to any Letter of Credit or L/C Related Document. None of the Issuing Lenders, nor the Administrative Agent, nor any of the respective correspondents, participants or assignees of the Issuing Lender, shall be liable or responsible for any of the matters described in Section 2.02(e); provided , that anything therein or elsewhere in this Agreement to the contrary notwithstanding, the Borrower may have a claim against an Issuing Lender, and such Issuing Lender may be liable to the Borrower, to the extent, but only to the extent, of any direct (as opposed to special, indirect, consequential or punitive) damages suffered by the Borrower which were directly caused by such Issuing Lender's willful misconduct or gross negligence. In furtherance and not in limitation of the foregoing, each Issuing Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(g) Applicability of ISP98 and UCP . Unless otherwise expressly agreed by an Issuing Lender and the Borrower when a Letter of Credit is issued, either the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) or, at the option of the Borrower, the Uniform Customs and Practice for Documentary Credits (" UCP "), as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each Letter of Credit.

SECTION 2.03. Swing Line Facility .

(a) Swing Line Loans .

(i) The Swing Line Lender agrees, on and subject to the terms and conditions of this Agreement, to make loans to the Borrower under this Section 2.03 (each, a " Swing Line Loan ") from time to time on any Business Day during the Availability Period up to an aggregate principal amount at any one time outstanding not up to but exceeding the Swing Line Facility Amount. Each Swing Line Loan shall be deemed to be made under and to utilize the Tranche A Commitments or, to the extent that Tranche A Availability, after giving effect thereto is zero, the Tranche B Commitments.

(ii) Swing Line Loans shall be denominated in Dollars. Each Swing Line Loan shall be in a minimum amount of $100,000.

(iii) Anything in this Agreement to the contrary notwithstanding, the making of Swing Line Loans shall be subject to the limitations set forth in Section 2.01(a)(iv).

(iv) Within the foregoing limits and subject to the terms and conditions set forth herein, including the conditions precedent set forth in Article IV (which shall apply to Swing Line Loans), the Borrower may borrow, prepay and reborrow Swing Line Loans.

(b) Swing Line Loan Borrowing Procedure . To request a Swing Line Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy) not later than 2:00 p.m. (New York time) on the day of such proposed Swing Line Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and the amount of the requested Swing Line Loan and the Tranche under which such Swing Line Loan shall be made. The Administrative Agent will promptly advise the Swing

Line Lender of any such notice received from the Borrower. The Swing Line Lender shall make each Swing Line Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with the Swing Line Lender as promptly as practicable after the receipt of such notice on the requested date of such Swing Line Loan (and in any event not later than 4:00 p.m. (New York time) if the Swing Line Lender receives such notice by 2:00 p.m. (New York time)).

(c) Payments of Swing Line Loans . The Borrower will repay each Swing Line Loan on the fifth Business Day after the date of such Loan, together with interest accrued thereon from the date of such Loan until paid in full at the rates provided in Section 3.02(a)(i) (or if applicable, Section 3.02(b)), such interest to be payable on the same dates on which interest would be payable under Section 3.02(a)(i) (or if applicable, Section 3.02(b)).

(d) Participations by Lenders in Swing Line Loans .

(i) The Swing Line Lender may, by written notice given to the Administrative Agent not later than 10:00 a.m. (New York time) on any Business Day, require the Lenders to acquire participations on such Business Day in all or a portion of the Swing Line Loans outstanding. Such notice to the Administrative Agent shall specify the aggregate amount of Swing Line Loans in which the Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice the amount of such Lender's pro rata share of such Swing Line Loan or Loans. Each Lender agrees, upon receipt of notice as provided above in this paragraph, to pay to the Administrative Agent, for account of the Swing Line Lender, such Lender's Commitment Percentage of such Swing Line Loan or Loans.

(ii) Each Lender acknowledges and agrees that its obligation to acquire participations in Swing Line Loans pursuant to this clause (d) is absolute and unconditional and shall not be affected by (A) any setoff or counterclaim which such Lender may have against the Swing Line Bank, the Borrower or any other Person, (B) the occurrence or continuance of a Default or reduction or termination of the Commitments or any of them or (C) any other circumstance whatsoever.

(iii) Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 3.07 with respect to Loans made by such Lender (and Section 3.07 shall apply, mutatis mutandis , to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swing Line Lender the amounts so received by it from the Lenders.

(iv) The Administrative Agent shall notify the Borrower of any participations in any Swing Line Loan acquired pursuant to this clause (d), and thereafter payments in respect of such Swing Line Loan shall be made to the Administrative Agent and not to the Swing Line Lender. Any amounts received by the Swing Line Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swing Line Loan after receipt by the Swing Line Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swing Line Lender, as their interests may appear (and if all or any portion of any such amount

received by the Administrative Agent is recovered or must be restored, the corresponding payments to the Lenders shall be rescinded and the amount thereof restored, without interest). The purchase of participations in a Swing Line Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.04. Fees .

(a) Agency Fee . The Borrower agrees to pay to the Administrative Agent, for the Administrative Agent's own account, an administrative agency fee at the times and in the amounts set forth in the Fee Letter.

(b) Commitment Fee . The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee on the daily average unutilized amount of such Lender's Commitment, for each day during the period from the date hereof until the Commitment Termination Date, at a rate of 0.20% per annum, payable quarterly in arrears on the last Business Day of March, June, September and December of each year, on the Commitment Termination Date and on the date of termination of the Commitments; provided , that solely for purposes of this Section 2.04(b) the making of a Swing Line Loan shall not be deemed to constitute a utilization of the Commitments.

(c) Letter of Credit Fees .

(i) The Borrower agrees to pay to the Administrative Agent, for the pro rata account of the Lenders based on their respective Commitment Percentages, a commission on the average daily undrawn amount of each outstanding Letter of Credit at a rate equal to the Applicable Margin then in effect for Eurocurrency Loans of the relevant Tranche (minus the amount of the fronting fee referred to below), payable quarterly in arrears on the last Business Day of March, June, September and December of each year and on the Commitment Termination Date, commencing on the first such date after the date hereof.

(ii) The Borrower agrees to pay to each Issuing Lender, for the sole account of such Issuing Lender, (x) a fronting fee with respect to each Letter of Credit issued by such Issuing Lender, payable quarterly in arrears on the last Business Day of each March, June, September and December and on the Commitment Termination Date, in an amount equal to 0.125% per annum of the average daily available amount of such Letter of Credit and (y) such customary fees and charges in connection with the issuance or administration of each Letter of Credit issued by such Issuing Lender as may be agreed in writing between the Borrower and such Issuing Lender from time to time. The Issuing Lender will notify the Borrower of any and all such fees and charges payable under this Section.

SECTION 2.05. Changes of Commitments .

(a) Commitment Termination Date . The Commitment of each Lender shall be automatically reduced to zero on the Commitment Termination Date.

(b) Commitment Termination or Reduction . The Borrower shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole or reduce ratably in part the unused portions of the Commitments of either or both of the Tranches, provided , that each partial reduction shall be in a minimum aggregate amount, as to each Tranche, of $5,000,000. Once terminated or reduced, the Commitments may not be reinstated.

(c) Commitment Increase . The Borrower may, by giving at least 15 Business Days' notice to the Administrative Agent, propose that the Aggregate Facility Amount be increased (each such proposed increase being a " Commitment Increase "), through an increase of the Commitment of one or more existing Lenders (each an " Increasing Lender ") and/or the addition of one or more Persons (who must be Eligible Assignees) as assuming Lenders (each an " Assuming Lender "), as the Borrower may determine, all effective as of a date (the " Commitment Increase Date ") that shall be specified in such notice and that shall be prior to the Commitment Termination Date; provided the following limitations shall apply:

(A) the Borrower may not propose more than two Commitment Increases during any calendar quarter,

(B) the proposed Commitment Increase in respect of the Commitment of any Increasing Lender or any Assuming Lender shall for each Commitment Increase Date be no less than $100,000,000,

(C) the Aggregate Facility Amount may not in any event at any time exceed $2,000,000,000,

(D) no Default or Event of Default shall have occurred and be continuing on the relevant Commitment Increase Date or shall result from the proposed Commitment Increase, and

(E) the representations and warranties in Article V shall be true in all material respects on and as of the Commitment Increase Date as if made on and as of such date.

The Administrative Agent shall notify the Lenders of a proposed Commitment Increase promptly upon its receipt of notice from the Borrower with respect thereto. Each Lender will consider in good faith any such proposed Commitment Increase, provided that it shall

be in each Lender's sole discretion whether to agree to increase its Commitment hereunder in connection therewith. No later than 10 Business Days after its receipt of the Borrower's notice proposing a Commitment Increase, each Lender that is willing to increase its Commitment hereunder shall deliver to the Administrative Agent a notice in which such Lender shall set forth the maximum increase in its Commitment to which such Lender is willing to agree (any Lender not responding by such time to be deemed not to have agreed to such increase in its Commitment), and the Administrative Agent shall promptly provide to the Borrower a copy of such Increasing Lender's notice. The Administrative Agent shall cooperate with the Borrower in discussions with the Lenders and Eligible Assignees with a view to arranging any proposed Commitment Increase

through the increase of the Commitments of one or more of the Lenders and/or the addition of one or more Eligible Assignees as Assuming Lenders and the Administrative Agent shall use its reasonable efforts to secure any such proposed Commitment Increase (provided that any such addition of an Eligible Assignee as an Assuming Lender shall be subject to the consent of the Administrative Agent and the Issuing Lender, which consent shall not be unreasonably withheld or delayed); provided, that any allocations of any increase of Commitments hereunder (including any allocation as between Increasing Lenders and Assuming Lenders) shall be determined by the Borrower in its sole discretion.

(ii) If agreement is reached prior to the relevant Commitment Increase Date with any Increasing Lenders and Assuming Lenders, if any, as to a Commitment Increase (the amount of which may be less than (subject to the limitation set forth in clause (i)(B) of this Section 2.05(c)) but not greater than that amount specified in the applicable notice from the Borrower), the Borrower shall deliver, no later than one Business Day prior to such Commitment Increase Date, a notice thereof in reasonable detail to the Administrative Agent (and the Administrative Agent shall give notice thereof to the Lenders, including any Assuming Lenders). The Assuming Lenders, if any, shall become Lenders hereunder as of such Commitment Increase Date and the Commitments of any Increasing Lenders and such Assuming Lenders shall become or be, as the case may be, as of such Commitment Increase Date, the amounts specified in the notice delivered by the Borrower to the Administrative Agent; provided , that:

(x) the Administrative Agent shall have received at or prior to 9:00 a.m. (New York time) on such Commitment Increase Date (A) if requested by any Assuming Lender or Increasing Lender, a duly executed Note, dated as of such Commitment Increase Date, for such Assuming Lender or Increasing Lender, dated the date to which interest on the existing Notes shall have been paid for each Increasing Lender, in each case in an amount equal to the Commitment of each such Assuming Lender and such Increasing Lender after giving effect to such Commitment Increase and (B) a certificate of a Financial Officer stating that each of the applicable conditions to such Commitment Increase set forth in this Section 2.05(c) has been satisfied;

(y) with respect to each Assuming Lender, the Administrative Agent shall have received, at or prior to 9:00 a.m. (New York time) on such Commitment Increase Date, an appropriate New Lender Assumption Agreement, duly executed by such Assuming Lender and the Borrower and acknowledged by the Administrative Agent; and

(z) each Increasing Lender shall have delivered to the Administrative Agent, at or prior to 9:00 a.m. (New York time) on such Commitment Increase Date, confirmation in writing satisfactory to the Administrative Agent as to its increased Commitment, with a copy of such confirmation to the Borrower.

(iii) Upon its receipt of confirmation from a Lender that it is increasing its Commitment hereunder, together with the appropriate Note and certificate referred to in clause (ii)(x) above in each case, if any, the Administrative Agent shall (A) record the

information contained therein in the Register and (B) give prompt notice thereof to the Borrower. Upon its receipt of a New Lender Assumption Agreement as provided above executed by an Assuming Lender representing that it is an Eligible Assignee, together with the appropriate Note and certificate referred to in clause (ii)(x) above, the Administrative Agent shall accept such assumption agreement, record the information contained therein in the Register and (z) give prompt notice thereof to the Borrower.

(iv) In the event that the Administrative Agent shall not have received notice from the Borrower as to any agreement with respect to a Commitment Increase on or prior to the relevant Commitment Increase Date or the Borrower shall, by notice to the Administrative Agent prior to such Commitment Increase Date, withdraw its proposal for a Commitment Increase or any of the actions provided for above in clauses (ii)(x) through (ii)(z) shall not have occurred by 9:00 a.m. (New York time) on such Commitment Increase Date, such proposal by the Borrower shall be deemed not to have been made. In such event, any actions theretofore taken under clauses (ii)(x) through (ii)(z) above shall be deemed to be of no effect and all the rights and obligations of the parties shall continue as if no such proposal had been made.

(v) In the event that the Administrative Agent shall have received notice from the Borrower as to any agreement with respect to a Commitment Increase on or prior to the relevant Commitment Increase Date and the actions provided for in clauses (ii)(x) through (ii)(z) above shall have occurred by 9:00 a.m. (New York time) on such Commitment Increase Date, the Administrative Agent shall notify the Lenders (including any Assuming Lenders) of the occurrence of such Commitment Increase Date promptly and in any event by 10:00 a.m. (New York time) on such date by facsimile transmission or electronic messaging system. Each Increasing Lender and each Assuming Lender shall, before 11:00 a.m. (New York time) on such Commitment Increase Date, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account for Loans denominated in the relevant Currency, in same day funds, an amount equal to such Increasing Lender's or such Assuming Lender's ratable portion of the Borrowings then outstanding (calculated based on its Commitment Percentage after giving effect to the relevant Commitment Increase). After the Administrative Agent's receipt of such funds, the Administrative Agent will promptly thereafter cause to be distributed like funds to the Lenders for the account of their respective Applicable Lending Offices in an amount to each Lender such that the aggregate amount of the outstanding Loans owing to each Lender after giving effect to such distribution equals such Lender's ratable portion of the Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase).

(vi) The Letter of Credit Facility Amount will automatically be increased proportionately with and at the same time as each Commitment Increase.

ARTICLE III

PAYMENTS

SECTION 3.01. Repayment . The Borrower agrees to repay the full principal amount of each Loan by each Lender, and each such Loan shall mature, on the Commitment Termination Date.

SECTION 3.02. Interest .

(a) Ordinary Interest . The Borrower agrees to pay interest on the unpaid principal amount of each Loan, from the date of such Loan until such principal amount shall be paid in full, at the following rates per annum:

(i) ABR Loans . While such Loan is an ABR Loan, a rate per annum equal to the ABR in effect from time to time plus the Tranche A Applicable Margin for ABR Loans as in effect from time to time, to the extent such Loan is a Tranche A ABR Loan, or plus the Tranche B Applicable Margin for ABR Loans as in effect from time to time, to the extent such Loan is a Tranche B ABR Loan, interest under this clause (i) to be payable quarterly in arrears on the last Business Day of each March, June, September and December and on the date such ABR Loan shall be Converted and on the date of each payment of principal thereof.

(ii) Eurocurrency Loans . While such Loan is a Eurocurrency Loan, a rate per annum for each Interest Period for such Loan equal to the Eurocurrency Rate for such Interest Period plus the Tranche A Applicable Margin for Eurocurrency Loans as in effect from time to time, to the extent such Loan is a Tranche A Eurocurrency Loan, or plus the Tranche B Applicable Margin for Eurocurrency Loans as in effect from time to time, to the extent such Loan is a Tranche B Eurocurrency Loan, interest under this clause (ii) to be payable on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on the date three months after the first day of such Interest Period, and on each date on which such Eurocurrency Loan shall be Continued or Converted and on the date of each payment of principal thereof.

(b) Default Interest . Notwithstanding the foregoing, the Borrower shall pay interest on:

(i) any principal of any Loan that is not paid when due (whether at scheduled maturity, by mandatory prepayment or otherwise), payable on demand and in any event on the date such amount shall be paid, at a rate per annum equal at all times to two percent (2%) per annum above the rate per annum required to be paid on such Loan pursuant to said Section 3.02(a)(i) or (a)(ii), as applicable; and

(ii) any interest, fee or other amount thereof that is not paid when due, from the due date thereof until such amount shall be paid, payable on demand and in any event on the date such amount shall be paid in full, at a rate per annum equal at all times to two percent (2%) per annum above the rate per annum required to be paid on Tranche A ABR

Loans or Tranche B ABR Loans, as the case may be, pursuant to Section 3.02(a)(i) above.

SECTION 3.03. Eurocurrency Reserves . The Borrower shall pay to each Lender additional interest on the unpaid principal amount of each Eurocurrency Loan of such Lender, from the date of such Loan until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurocurrency Rate for each Interest Period for such Loan from (ii) the rate obtained by dividing such Eurocurrency Rate by a percentage equal to 100% minus the Eurocurrency Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Loan. Such additional interest shall be determined by such Lender and notified to the Borrower through the Administrative Agent.

SECTION 3.04. Interest Rate Determinations .

(a) Reference Banks . Each Reference Bank agrees to furnish to the Administrative Agent timely information for the purpose of determining each Eurocurrency Rate if so requested by the Administrative Agent. If any one or more of the Reference Banks shall not furnish such timely information to the Administrative Agent for the purpose of determining any such interest rate, the Administrative Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks (subject to the provisions set forth in the definition of "Eurocurrency Rate" in Section 1.01 and to clause (c) below).

(b) Notice of Interest Rates . The Administrative Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rates determined by the Administrative Agent.

(c) Unavailability of Rate . If the relevant rates required to determine the Eurocurrency Rate do not appear on the Screen Page and fewer than two Reference Banks furnish timely information to the Administrative Agent for determining such rate for any Interest Period for any Eurocurrency Loans, the Administrative Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurocurrency Loans for such Interest Period, whereupon:

(i) each such Eurocurrency Loan will automatically, on the last day of the then current Interest Period therefor, be Converted into an ABR Loan; and

(ii) the obligation of the Lenders to make or Continue, or to Convert Loans into, Eurocurrency Loans shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(d) Eurocurrency Rate Inadequate . If, with respect to any Eurocurrency Loans, the Majority Lenders notify the Administrative Agent that the Eurocurrency Rate for any Interest Period for such Loans will not fairly reflect the cost to such Majority Lenders of making, funding or maintaining their respective Eurocurrency Loans for such Interest Period, the Administrative Agent shall so notify the Borrower and the Lenders, whereupon:

(i) any Notice of Borrowing requesting a Borrowing comprised of Eurocurrency Loans shall be ineffective;

(ii) each Eurocurrency Loan will automatically, on the last day of the then current Interest Period therefor, be Converted into an ABR Loan; and

(iii) the obligation of the Lenders to make or Continue, or to Convert Loans into, Eurocurrency Loans shall be suspended until the Administrative Agent shall notify the Borrower and such Lenders that the circumstances causing such suspension no longer exist.

(e) Certain Mandatory Conversions .

(i) Upon the occurrence and during the continuance of any Event of Default, (x) each Eurocurrency Loan will automatically, on the last day of the then current Interest Period therefor, be Converted into an ABR Loan and (y) the obligation of the Lenders to make or Continue, or to Convert Loans into, Eurocurrency Loans shall be suspended.

(ii) If this Agreement shall require that any Eurocurrency Loan be Converted to an ABR Loan and such Eurocurrency Loan is denominated in an Alternate Currency, the Borrower shall on the last day of the current Interest Period pay or prepay the full amount of such Eurocurrency Loan (provided , that the foregoing shall not prevent the Borrower from borrowing additional Loans to the extent otherwise permitted hereunder).

SECTION 3.05. Voluntary Conversion or Continuation of Loans .

(a) Conversions . The Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 11:00 a.m. (New York time) on the third Business Day prior to the date of the proposed Conversion, Convert all or any portion of the outstanding Loans of one Type comprising part of the same Borrowing into Loans of the other Type; provided , that in the case of any such Conversion of a Eurocurrency Loan into an ABR Loan on a day other than the last day of an Interest Period therefor, the Borrower shall promptly reimburse the Lenders the amounts provided in Section 3.12 relating to such prepayment. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Loans to be Converted, and (z) if such Conversion is into Eurocurrency Loans, the duration of the initial Interest Period for each such Loan. Each notice of Conversion shall be irrevocable and binding on the Borrower.

(b) Continuations . The Borrower may, on any Business Day, upon notice given to the Administrative Agent not later than 11:00 a.m. (New York time) on the third Business Day prior to the date of the proposed Continuation, Continue all or any portion of the outstanding Eurocurrency Loans comprising part of the same Borrowing for one or more Interest Periods. Each such notice of a Continuation shall, within the restrictions specified above, specify (i) the date of such Continuation, (ii) the Eurocurrency Loans to be Continued and (y) the duration of the next Interest Period for the Eurocurrency Loans subject to such Continuation. Each notice of Continuation shall be irrevocable and binding on the Borrower.

SECTION 3.06. Prepayments of Loans .

(a) Optional Prepayment . The Borrower may, on notice (given not later than 11:00 a.m. (New York time) on the second Business Day prior to the date of the proposed prepayment of Loans (in the case of Eurocurrency Loans) or given not later than 11:00 a.m. (New York time) on the Business Day of the proposed prepayment of Loans (in the case of ABR Loans)), stating the proposed date and aggregate principal amount (stated in Dollars) of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amounts of the Loans comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided , however , that (i) each partial prepayment shall be in an aggregate principal amount not less than $5,000,000 or integral multiples of $1,000,000 in excess thereof (or, in the case of Loans denominated in an Alternate Currency, the Alternate Currency Equivalent thereof in such Alternate Currency) and (ii) in the case of any such prepayment of a Eurocurrency Loan on a day other than the last day of an Interest Period therefor, the Borrower shall reimburse the Lenders the amounts provided in Section 3.12 relating to such prepayment. No optional prepayment of Loans shall be permitted except as provided in this clause (a).

(b) Borrowing Base . (i) If at any time the Total Credit Exposure for either Tranche exceeds the Borrowing Base for such Tranche (after giving effect to any reallocation referred to below), the Borrower will, within 30 days of providing notice thereof to the Administrative Agent in accordance with Section 6.01(a)(v), prepay Loans and/or Swing Line Loans of such Tranche or, if no such Loans and no Swing Line Loans are outstanding, provide cash collateral for the outstanding L/C Exposure of such Tranche pursuant to documentation reasonably satisfactory to the Administrative Agent, in such aggregate amount as may be required to cause such Total Credit Exposure to be equal to or less than such Borrowing Base. Total Credit Exposure shall be deemed reallocated from Tranche B to Tranche A to the extent an updated Borrowing Base Certificate delivered by the Borrower to the Administrative Agent demonstrates that there is adequate Tranche A Availability for such reallocation, such reallocation to be effective on the date such Borrowing Base is certified.

(ii) Anything herein to the contrary notwithstanding, the Borrower may not designate any Portfolio Investment included in the Borrowing Base as an Excluded Investment (or cause any Eligible Portfolio Investment included in the Borrowing Base to cease to be subject to a perfected first priority Lien in favor of the Administrative Agent) if, after giving pro forma effect to such designation and any related Excluded Investment Financing, the Total Credit Exposure for either Tranche would exceed the Borrowing Base for

such Tranche (or if as a result of such designation any excess of such Borrowing Base over such Total Credit Exposure would be increased).

(c) Alternate Currency Revaluation . If at any time by reason of fluctuations in foreign exchange rates (1) the Total Credit Exposure exceeds (2) 105% of the then aggregate amount of the Commitments, and the Majority Lenders shall so request, the Administrative Agent shall use all reasonable efforts to give prompt written notice thereof to the Borrower, specifying the amount to be prepaid under this clause (c), and the Borrower shall prepay Loans and/or Swing Line Loans or, if no Loans and no Swing Line Loans are outstanding, provide cash collateral for or otherwise backstop outstanding Letters of Credit on terms reasonably

satisfactory to the Borrower, the Issuing Lender and the Administrative Agent, in such aggregate amount as may be required to cause the Total Credit Exposure (treating such cash collaterization or other backstopping for purposes hereof as a reduction in such Exposure) to be equal to or less than the aggregate amount of the Commitments, such payments or other measures to be made within 30 days of demand or, in the case of prepayment of Eurocurrency Loans, on the date that is the earlier of (i) the last day of the then current Interest Period therefor and (ii) the last Business Day of the first full calendar month after such revaluation, provided that any such prepayment shall be accompanied by any amounts payable under Section 3.12. The determinations of the Administrative Agent hereunder shall be conclusive and binding on the Borrower in the absence of manifest error.

SECTION 3.07. Payments; Computations; Etc.

(a) Pro Rata Payments . The Loans comprising each Borrowing shall be made pro rata among the Lenders based on their respective Commitment Percentages. All payments of principal of and interest on the Loans shall be made for the pro rata account of the Lenders based on the respective outstanding principal amounts thereof, and all payments of commitment fees and letter of credit commission shall be made for the pro rata account of the Lenders based on their respective Commitment Percentages.

(b) Lenders' Obligations Several . The obligations of the Lenders under this Agreement are several and the failure of any Lender to make any Loan or any payment required to be made by it hereunder shall not relieve any other Lender of its obligations hereunder, nor shall any Lender be responsible for any other Lender's failure to make any Loan required to be made by such other Lender. The amounts payable at any time hereunder shall be a separate and independent debt and each Lender shall be entitled to protect and enforce its rights under this Agreement, and it shall not be necessary for any other Lender to be joined as an additional party in any proceedings for such purpose.

(c) Currencies . All payments by the Borrower of or in respect of principal of and interest on and other amounts directly relating to any Loan that is denominated in an Alternate Currency shall be made in such Alternate Currency. All payments of principal and interest on any Loan denominated in Dollars, and any Swing Line Loan, all payments in respect of any Letter of Credit, and all payments of fees payable pursuant to Section 2.04(c), commitment fees and agency fees hereunder and all other payments by the Borrower provided for in this Agreement, except as provided in the preceding sentence, shall be made in Dollars.

(d) Payments .

(i) The Borrower shall make each payment hereunder and under each other Loan Document without set-off or counterclaim to the Administrative Agent at the Administrative Agent's Account in the Principal Financial Center for the relevant Currency not later than 11:00 a.m. Local Time on the due date of such payment (each such payment made after such time on such date to be deemed to have been made on the next Business Day).

(ii) The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest ratably to the Lenders as provided in

Section 3.07(a) for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Assumption and recording of the information contained therein in the Register pursuant to Section 9.06(c), from and after the assignment date set forth therein, the Administrative Agent shall remit all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Assumption shall make all appropriate adjustments in such payments for periods prior to such assignment date directly between themselves.

(e) Computations . All computations of interest based on the ABR (except any Federal Funds Rate component thereof) shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable. All computations of interest based on the Eurocurrency Rate or the Federal Funds Rate and of commitment fee shall be made by the Administrative Agent, and any computations of amounts payable pursuant to Section 3.03, shall be made on the basis of a year of 360 days, for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or other amount is payable. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(f) Payment Dates . Whenever any payment hereunder or under the Notes would be due on a day other than a Business Day, such due date shall be extended to the next succeeding Business Day, and any such extension of such due date shall in such case be included in the computation of interest; provided , that if such extension would cause payment of principal or interest in respect of Eurocurrency Loans to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(g) Presumption by Administrative Agent .

(i) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available at such time in accordance with Section 2.01(b) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (x) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (y) in the case of a payment to be made by the Borrower, the interest rate applicable to ABR Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the

Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(ii) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (if such Loan is denominated in Dollars) or at the overnight London Interbank offered rate for the relevant Currency (if such Loan is denominated in an Alternate Currency).

SECTION 3.08. Sharing of Payments, Etc. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender's receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided , that:

(i) if any such participation is purchased and all or any portion of the related payment is recovered, such participation shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this subsection shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans other than to the Borrower or any Subsidiary thereof (as to which the provisions of this subsection shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such

participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

SECTION 3.09. Increased Costs .

(a) Eurocurrency Costs . If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended in by, any Lender (except any reserve requirement reflected in the Eurocurrency Rate Reserve Percentage); or

(ii) impose on any Lender or the London interbank market any other condition, cost or expense affecting or Eurocurrency Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan (or of maintaining its obligation to make any Eurocurrency Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) in respect of Eurocurrency Loans then, from time to time upon request of such Lender, the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered. This Section 3.09 shall not apply to matters covered by Section 3.11 relating to Taxes.

(b) Capital Requirements . If any Lender determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company as a consequence of this Agreement, the Commitments of such Lender or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time upon request of such Lender, the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for such reduction.

(c) Certificates for Reimbursement . A certificate of any Lender setting forth the amount or amounts and a reasonable basis for the determination thereof necessary to compensate such Lender or its holding company, as the case may be, as specified in clauses (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 Business Days after receipt thereof.

(d) Delay in Requests . Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation, provided , that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than 180 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation

therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 3.10. Illegality . Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other Governmental Authority asserts that it is unlawful, for such Lender or its Eurocurrency Lending Office to perform its obligations hereunder to make or Continue Eurocurrency Loans or to fund or otherwise maintain Eurocurrency Loans hereunder, (i) the obligation of such Lender to make or Continue, or to Convert Loans into, Eurocurrency Loans shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist and (ii) each Eurocurrency Loan of such Lender shall convert into an ABR Loan at the end of the then current Interest Period for such Eurocurrency Loan.

SECTION 3.11. Taxes .

(a) All payments on account of the principal of and interest on the Loans and the Notes, fees and all other amounts whatsoever payable by the Borrower under the Loan Documents, including amounts payable under paragraph (b) of this Section 3.11, shall be made free and clear of and without reduction or liability for Indemnified Taxes.

(b) The Borrower shall indemnify the Administrative Agent and each Lender (including each Issuing Lender) against, and reimburse them upon demand for, any Indemnified Taxes paid at any time by them and any loss, liability, claim or expense, including interest, penalties and legal fees, that they may incur at any time arising out of or in connection with any failure of the Borrower to make any payment of Indemnified Taxes when due.

(c) In the event that the Borrower, any Person making a payment hereunder on behalf of the Borrower or the Administrative Agent shall be required by applicable law, decree or regulation to deduct or withhold Indemnified Taxes from any amounts payable on, under or in respect of this Agreement, the Loans or any Loan Document, the Borrower shall promptly pay the Person entitled to such amount such additional amounts as may be required, after the deduction or withholding of Indemnified Taxes, to enable such Person to receive from the Borrower on the due date thereof an amount equal to the full amount stated to be payable to such Person.

(d) The Borrower shall furnish to the Administrative Agent original or certified copies of official tax receipts in respect of each payment of Indemnified Taxes required under this Section 3.11, as soon as practicable (and in any event no later than 45 days) after the date such payment is made, and the Borrower shall promptly furnish to the Administrative Agent at its request or at the request of any Lender (through the Administrative Agent) any other information, documents and receipts that the Administrative Agent or such Lender may reasonably require to establish that full and timely payment has been made of all Indemnified Taxes required to be paid under this Section 3.11.

(e) The Borrower agrees to pay all present and future stamp, court or documentary taxes and any other excise taxes, charges or similar levies and any related interest

or penalties incidental thereto imposed by Guernsey, or any jurisdiction from which any amount payable hereunder is made, or any municipality or other political subdivision or taxing authority thereof or therein which arises from any payment made by the Borrower under any Loan Document or from the execution, delivery, enforcement or registration of any Loan Document (hereinafter referred to as " Other Applicable Taxes ").

(f) If the Administrative Agent, any Lender or the Issuing Lender determines, in its sole discretion, that it has received a refund or credit (in lieu of such refund) of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 3.11, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 3.11 with respect to the Taxes of Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent, any Lender or the Issuing Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the Administrative Agent, any Lender or the Issuing Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent, any Lender or the Issuing Lender in the event the Administrative Agent, any Lender or the Issuing Lender is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require the Administrative Agent, any Lender or the Issuing Lender to make available its tax returns or its books or records (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

(g) If pursuant to this Section 3.11 the Borrower is required to pay to or for the account of any Lender any additional amounts in excess of such additional amounts payable on the date hereof, then such Lender shall use commercially reasonable efforts to change the jurisdiction of its Applicable Lending Office if, in the sole and absolute judgment of such Lender, such change (i) would eliminate or reduce any such excess additional amounts and (ii) would not otherwise be materially disadvantageous to such Lender.

SECTION 3.12. Break Funding Payments . The Borrower agrees to indemnify each Lender and to hold each Lender harmless from any loss, cost or expense incurred by such Lender which is in the nature of funding breakage costs or costs of liquidation or redeployment of deposits or other funds and any other related expense (but excluding loss of margin or other loss of anticipated profit), which such Lender may sustain or incur as a consequence of (a) default by the Borrower in making any Borrowing of Eurocurrency Loans after the Borrower has given a Notice of Borrowing requesting the same in accordance with the provisions of this Agreement (including as a result of any failure to fulfill, on or before the date specified in such Notice of Borrowing, the applicable conditions set forth in Article IV), (b) default by the Borrower in making any prepayment of any Eurocurrency Loan when due after the Borrower has given notice thereof in accordance with this Agreement, (c) the making by the Borrower of a prepayment of any Eurocurrency Loan on a day which is not the last day of an Interest Period with respect thereto, (d) default by the Borrower in payment when due of the principal of or interest on any Eurocurrency Loan, (e) the Conversion or Continuation of any Eurocurrency Loan on a day other than on the last day of an Interest Period with respect thereto, and (f) any assignment such Lender is required to make pursuant to Section 3.13(b) if such Lender holds Eurocurrency Loans at the time of such assignment. A certificate of any Lender setting forth any

amount or amounts and a reasonable basis for the determination thereof that such Lender is entitled to receive pursuant to this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay to such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 3.13. Mitigation Obligations; Replacement of Lenders .

(a) Designation of a Different Lending Office . If any Lender requests compensation under Section 3.09, or requires the Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.11, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, if, in the sole and absolute judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.09 or 3.11, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender.

(b) Replacement of Lenders . If any Lender requests compensation under Section 3.09, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.11, or if any Lender defaults in its obligation to fund Loans hereunder, or if any Lender has failed to consent to a proposed amendment, waiver, discharge or termination that, pursuant to the terms of Section 9.01, requires the consent of all of the Lenders or all of the Lenders affected (and such Lender is an affected Lender) and with respect to which the Majority Lenders shall have granted their consent, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(i) no Default or Event of Default has occurred and is continuing on and as of the date of such notice and the date of such assignment;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.12) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 3.09 or payments required to be made pursuant to Section 3.11, such assignment will result in a reduction in such compensation or payments thereafter; and

(iv) such assignment does not conflict with applicable law.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. A Lender so replaced shall not be required to pay the processing and recordation fee referred to in Section 9.05(b).

ARTICLE IV

CONDITIONS PRECEDENT

SECTION 4.01. Closing Conditions . The obligation of each Lender to make a Loan on the occasion of the initial Borrowing and of the Issuing Lender to issue the initial Letter of Credit (whichever shall first occur) shall be subject to the conditions precedent that the Administrative Agent has received on or prior to June 11, 2007 the following, each (unless otherwise specified below) dated the Closing Date, and each in form and substance reasonably satisfactory to the Administrative Agent:

(a) This Agreement, duly executed and delivered by the Borrower and each of the other parties hereto;

(b) The Guarantee and Security Agreement, duly executed and delivered by the Borrower and each Guarantor that is a signatory thereto as of the Closing Date, together with evidence of the perfection and first priority of the Liens created thereby, provided that the Administrative Agent may determine that it is not necessary to perfect a security interest in any of the Collateral that is not part of the Borrowing Base if it determines that the cost or difficulty of doing so is material in relation to the benefit, including evidence of the filing of a UCC-1 financing statement in the District of Columbia; and provided , further , that (subject and without prejudice to anything in this Agreement relating to the Borrowing Base) such evidence with respect to Collateral located outside the United States may be provided to the Administrative Agent within 30 days of the Closing Date or within such other period of time as the Administrative Agent may agree, and the Borrower agrees to use commercially reasonable efforts to provide the same as promptly as practicable;

(c) Certified copies of the Borrower Partnership Agreement, of the constitutive documents of Borrower General Partner and the Managing Investment Partner, and of the constitutive documents of each such Guarantor, and of documents evidencing the taking of all necessary action authorizing and approving the making and performance by the Borrower and each such Guarantor of the Loan Documents and the transactions contemplated thereby;

(d) A certificate of the Managing Investment Partner certifying the names and true signatures of the officers authorized to sign the Loan Documents and any other documents to be delivered hereunder by the Borrower and each such Guarantor;

(e) A certified copy of the Services Agreement, as in effect on the Closing Date;

(f) Favorable opinions of special Guernsey counsel to the Borrower, substantially in the form of Exhibit D-1, of Simpson Thacher & Bartlett LLP, special New York counsel to the Borrower, substantially in the form of Exhibit D-2, and of Milbank, Tweed, Hadley & McCloy LLP, special New York counsel to the Administrative Agent, substantially in the form of Exhibit D-3, and favorable opinions of Luxembourg and Cayman Islands counsel as to each Guarantor organized under the laws of such respective jurisdiction as to such matters relating to such Guarantor and the Guarantee and Security Agreement as the Administrative Agent may reasonably require;

(g) A certificate of a Financial Officer, dated the Closing Date, certifying that (i) the representations and warranties contained in Section 5.01 and in the other Loan Documents are true and correct in all material respects on and as of such date as though made on and as of such date and (ii) no event has occurred and is continuing on and as of such date which constitutes a Default or an Event of Default; and

(h) Evidence of the payment of all fees and expenses required to be paid on or prior to the Closing Date in connection with this Agreement.

The Administrative Agent will promptly notify the Lenders of the occurrence of the Closing Date.

SECTION 4.02. Conditions Precedent to Each Borrowing and Issuance . The obligation of each Lender to make a Loan on the occasion of each Borrowing (including the initial Borrowing) and of the Issuing Lender to issue each Letter of Credit (including the initial Letter of Credit) shall be subject to the conditions precedent that on the date of and after giving effect to such Borrowing or issuance, the Aggregate Borrowing Availability, the Tranche A Availability and the Tranche B Availability shall each be greater than or equal to zero, and the following statements shall be true:

(a) the representations and warranties contained in Section 5.01 and in the other Loan Documents are true and correct in all material respects on and as of the date of such Borrowing or issuance as though made on and as of such date, except to the extent such representation or warranty expressly relates to an earlier date, in which case it is true and correct in all material respects on and as of such earlier date;

(b) no event has occurred and is continuing, or would result from such Borrowing or issuance or from the application of the proceeds from such Borrowing, which constitutes a Default or an Event of Default; and

(c) the Borrower shall have delivered to the Administrative Agent a duly completed Form or Forms FR U-1 or supplement thereto to the extent required by and in accordance with Section 6.01(j).

ARTICLE V

REPRESENTATIONS AND WARRANTIES

SECTION 5.01. Representations and Warranties . The Borrower represents and warrants to the Administrative Agent and the Lenders as follows:

(a) Organization . It is duly organized, validly existing and in good standing as a limited partnership under the laws of Guernsey, and each Guarantor is duly organized, validly existing and in good standing (to the extent such concept is recognized under such law) under the laws of its jurisdiction of organization.

(b) Authorization . The making and performance by it of this Agreement and the other Loan Documents are within its powers as set forth in the Borrower Partnership Agreement and have been duly authorized by all necessary action thereunder, and the making and performance by each Guarantor of the Guarantee and Security Agreement are within the powers of such Guarantor and have been duly authorized by all necessary action.

(c) Approvals; No Conflicts; Etc . The making and performance by each Obligor of the Loan Documents to which it is a party (i) do not require any consent or approval of, or registration or filing with, any Governmental Authority (except for (A) such as have been obtained or made and are in full force and effect in all material respects, (B) filings and recordings in respect of Liens created pursuant to the Guarantee and Security Agreement and (C) such licenses, approvals, authorizations or consents the failure to obtain or make would not have an adverse effect on the validity or enforceability of any of the material rights and remedies of the Lenders under the Loan Documents), (ii) will not violate any applicable law, regulation or order of any Governmental Authority the violation of which would have an adverse effect on the validity or enforceability of any of the material rights and remedies of the Lenders under the Loan Documents or any provision of the Borrower Partnership Agreement or the Borrower GP Partnership Agreement, and (iii) will not violate or constitute an event of default under any credit agreement, loan agreement, note or indenture, or any other material agreement, binding upon it or its Property; and no Default has occurred and is continuing.

(d) Enforceability . (i) This Agreement has been duly executed and delivered by the Managing Investment Partner as general partner on behalf of the Borrower General Partner as general partner on behalf of the Borrower and constitutes, and each Note and the Guarantee and Security Agreement when duly executed and delivered by or on behalf of it and, in the case of the Guarantee and

Security Agreement, by each Guarantor for value will constitute, the legal, valid and binding obligation of it and as applicable, such Guarantor, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(ii) Each Obligor is subject to civil and commercial law with respect to its obligations under the Loan Documents, and the making and performance by it of the Loan Documents constitute private and commercial acts rather than public or governmental acts; and no Obligor is entitled to any immunity on the ground of sovereignty or the like from the jurisdiction of any court or from any action, suit, set-off or proceeding, or the service of process in connection therewith, arising under or in connection with the Loan Documents.

(iii) This Agreement is, and each Note and the Guarantee and Security Agreement when duly executed and delivered by the Managing Investment Partner as general partner on behalf of the Borrower General Partner as general partner on behalf of the Borrower and, in the case of the Guarantee and Security Agreement, each Guarantor, will be, in proper legal form under the laws of the jurisdiction of organization of the Borrower or such Guarantor as the case may be, for the enforcement thereof against the Borrower or such Guarantor under such law, and if this Agreement were stated to be governed by such law, it would constitute a legal, valid and binding obligation of the Borrower and such Guarantor under such law, enforceable in accordance with its terms; and all corporate or similar formalities required in each relevant jurisdiction for the validity and enforceability of each of the Loan Documents have been accomplished, and no Taxes are required to be paid and no notarization is required (except to the extent already paid or notarized), for the validity and enforceability thereof.

(iv) None of the Obligors is carrying on unauthorized controlled investment business or regulated fiduciary activities as defined in the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000, as amended.

(e) Financial Condition; No Material Adverse Change . The Borrower has heretofore furnished to the Lenders its unaudited Consolidated statements of assets and liabilities, Consolidated schedule of investments, and Consolidated statements of operations, changes in net assets and cash flows for the fiscal quarter ended March 31, 2007, certified by a Financial Officer. Such financial statements present fairly, in all material respects, the consolidated financial position and consolidated results of operations and cash flows of the Borrower as of such date and for such period in accordance with GAAP, subject to year-end audit adjustments and the absence of (or absence of a requirement to have) footnotes. As of the Closing Date, the Borrower has no material contingent liabilities or material unusual forward or long-term commitments not disclosed in the financial statements referred to in this paragraph or in any footnotes thereto. Since March 31, 2007, there has been no material adverse change in the Consolidated business, financial condition or operations of the Borrower.

(f) No Litigation . There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting it or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that seek to prevent the consummation, performance or enforcement of this Agreement or the transactions contemplated hereby.

(g) Margin Regulations . It is not engaged in the business of extending credit for the purpose of buying or carrying Margin Stock, and no proceeds of any Loans will be used for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock in violation of Regulation T, U or X as in effect on the date or dates of such Loan and such use of proceeds.

(h) Investment Company Status . The Borrower is not required to register under and is not subject to regulation under the Investment Company Act of 1940, as amended.

(i) Disclosure . No written report, financial statement, certificate or other written information furnished by or on behalf of it to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole, in the light of the circumstances under which they were made, not misleading; provided, that with respect to projected financial information, it represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time and that actual results may differ materially from such information.

(j) Intellectual Property . The Borrower owns, or is licensed or otherwise permitted to use, all intellectual property required for the conduct of its business as currently conducted, except to the extent the failure to own or be licensed or otherwise permitted to use such intellectual property would not reasonably be expected to have a Material Adverse Effect.

(k) ERISA . No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $75,000,000 the fair market value of the assets of all such underfunded Plans.

(l) Taxes . There is no income, stamp or other tax, levy, assessment, impost, deduction, charge or withholding of any kind imposed by Guernsey (or any municipality or other political subdivision or taxing authority thereof or therein that exercises de facto or de jure power to impose such tax, levy, assessment, impost, deduction, charge or withholding) either (a) on or by virtue of the execution or delivery of the Loan Documents or (b) on any payment to be made by the Borrower pursuant to the Loan Documents, other than any income tax imposed on any Person as a result of such Person being organized under the laws of Guernsey or by virtue of its having a permanent establishment in Guernsey to which income under this Agreement and the Notes is attributable or its Applicable Lending Office being located in Guernsey.

(m) Subsidiaries . Schedule VIII is a complete list of Subsidiaries of the Borrower as of the date hereof.

ARTICLE VI

COVENANTS

SECTION 6.01. Affirmative Covenants . So long as any principal of or interest on any Loan or any other amount payable under the Loan Documents (other than contingent indemnity obligations not then due) shall remain unpaid or any Lender shall have any Commitment or any Letter of Credit shall remain outstanding hereunder (unless such Letter of Credit has been cash collaterized or otherwise backstopped on terms reasonably satisfactory to the relevant Issuing Lender), the Borrower covenants and agrees that, unless the Majority Lenders shall otherwise consent in writing:

(a) Reporting Requirements . It will furnish to the Lenders:

(i) within 90 days after the end of each of the first three fiscal quarters, its unaudited Consolidated statement of assets and liabilities, Consolidated schedule of investments and Consolidated statements of operations, changes in net assets and cash flows as of the end of and for such quarter year, setting forth in each case in comparative form (if applicable) the figures for the corresponding period of the previous fiscal year, certified by a Financial Officer to the effect that such financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a Consolidated basis in accordance with GAAP consistently applied, subject to the absence of (or absence of a requirement to have) footnotes and to year-end adjustments;

(ii) within 130 days after the end of each fiscal year, its audited Consolidated statement of assets and liabilities, Consolidated schedule of investments and Consolidated statements of operations, changes in net assets and cash flows as of the end of and for such fiscal year, with the opinion thereon of Deloitte & Touche LLP or such other independent certified public accountants of recognized standing selected by the Borrower;

(iii) concurrently with any delivery of financial statements under clauses (i) and (ii) above, a certificate of a Financial Officer (x) certifying that no Default has occurred or, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (y) setting forth calculations demonstrating in reasonable detail compliance with Section 6.03;

(iv) on or before the last Business Day of each month, a Borrowing Base Certificate as of the last day of the immediately preceding month, provided, that the Borrower may at any other time, in its discretion, provide to the Administrative Agent additional Borrowing Base Certificates (which shall be deemed to have been delivered under this Section 6.01(a)(iv) for purposes of the definition of “Borrowing Base”);

(v) promptly upon determining at any time that the Total Credit Exposure for either Tranche exceeds the Borrowing Base for such Tranche, notice thereof with reasonable detail as to the amount of the excess and as to the steps being taken by the Borrower to eliminate the excess (which may include reallocation thereof to the other

Tranche to the extent there is Availability thereunder) in compliance with Section 3.06(b)(i); and

(vi) promptly upon request by the Administrative Agent on behalf of the Majority Lenders, such other information regarding the business, operations and financial condition of any Obligor as such Lender may reasonably request (it being understood that the Administrative Agent shall use reasonable efforts to coordinate any such requests).

(b) Existence; Conduct of Business . It will do or cause to be done all things necessary to preserve, renew and keep in full force and effect (i) its legal existence, (ii) its status as (A) a partnership in Guernsey and as (B) a partnership for U.S. federal income tax purposes, and (iii) except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect, the rights, licenses, permits, privileges and franchises material to the conduct of its business; provided that the foregoing shall not prohibit any transaction expressly permitted under Section 6.02(c).

(c) Compliance with Laws . It will, and will cause each of the Guarantors to, (i) comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its Property including, but not limited to, the Partnership (Guernsey) Law 1995, as amended, the Limited Partnerships (Guernsey) Law, 1995, as amended, and provisions of applicable tax laws, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect and (ii) take all steps necessary to cause the Loans and other extensions of credit hereunder to be in compliance with Regulation U. Without limiting the foregoing, the Borrower will not withdraw or substitute any of the Collateral except in compliance with the provisions of said Regulation.

(d) KKR . It will ensure that KKR or an Affiliate thereof continues to provide investment management services to the Borrower substantially similar to those provided for in the Services Agreement as in effect on the Closing Date.

(e) Investment Strategies . It will, and will cause each of the Guarantors to, comply in all material respects with the Investment Strategies.

(f) Maintenance of Properties . It will, and will cause each of the Guarantors to, keep and maintain all Property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect.

(g) Books and Records; Visitation and Inspection Rights . It will, and will cause each of the Guarantors to, keep proper books of record and account in accordance with GAAP, and permit representatives designated by the Administrative Agent, upon reasonable prior notice, to visit and inspect its Properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested, but in each case subject to and in accordance with all applicable laws of any Governmental Authority and such confidentiality measures relating thereto as the Borrower may reasonably require.

(h) Notices of Material Events . It will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(i) the occurrence of any Default or Event of Default;

(ii) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting it as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would reasonably be expected to result in a Material Adverse Effect;

(iii) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in liability in an aggregate amount exceeding $75,000,000; and

(iv) any other event that has had, or would reasonably be expected to have, a Material Adverse Effect.

Each notice delivered under this subsection shall be accompanied by a statement of a Financial Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

(i) Further Assurances . It will, and will cause each of the Guarantors to, from time to time give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other paper that is necessary to cause the Liens created by the Guarantee and Security Agreement to be valid first priority perfected Liens on the Property purported to be covered thereby (including after-acquired Property), subject to no equal or prior Lien except as otherwise permitted by the Loan Documents, and promptly from time to time obtain and maintain in full force and effect, and cause each of the Guarantors to obtain and maintain in full force and effect, all licenses, consents, authorizations and approvals of, and make all filings and registrations with, any Governmental Authority necessary under the laws of Guernsey or the jurisdiction of organization of such Guarantor (or any other jurisdiction in which part of the Collateral owned by it or by any Guarantor may be situated) for the making and performance by it of the Loan Documents to which it is a party.

(j) Form FR U-1 . At the time of each Borrowing and each substitution or withdrawal of Collateral, the Borrower will furnish to the Administrative Agent a duly completed Form or Forms FR U-1, or an appropriate supplement to any such form previously furnished, in form and content satisfactory to the Administrative Agent demonstrating compliance with the requirements of Regulation U; provided , that this provision shall apply only during such time as the Collateral includes Margin Stock.

(k) Equity Interests in Investment Funds . Promptly after the inclusion in the Borrowing Base of any Equity Interest in any Investment Fund which is an Eligible Portfolio Interest solely by application of clause (iii) of the Definition of “Eligible Portfolio Investment”, and prior to any sale or other disposition by an Obligor of any such Equity Interest, the Borrower will cause irrevocable instructions to be given to such Investment Fund or, as the case may be, to the Person to whom such Equity Interest is to be disposed of, to make all payments in respect of

Investment Fund Payment Rights relating to such Investment Fund directly to the relevant Investment Fund Payment Account.

SECTION 6.02. Negative Covenants . So long as any principal of or interest on any Loan or any other amount payable under the Loan Documents (other than contingent indemnity obligations not then due) shall remain unpaid or any Lender shall have any Commitment or any Letter of Credit shall remain outstanding hereunder (unless such Letter of Credit has been cash collaterized or otherwise backstopped on terms reasonably satisfactory to the relevant Issuing Lender), the Borrower covenants and agrees that, unless the Majority Lenders shall otherwise consent in writing:

(a) Indebtedness . It will not, nor will it permit any of the Guarantors to, create, incur, assume or suffer to exist any Indebtedness for Borrowed Money other than (i) unsecured Indebtedness and (ii) any Excluded Investment Financing, and (iii) Indebtedness of a Person that becomes a Guarantor after the date hereof existing at the time it became a Guarantor (and not incurred in contemplation thereof); and it will not, nor will it permit any of the Guarantors to, Guarantee any Indebtedness for Borrowed Money other than in respect of unsecured Indebtedness and any Excluded Investment Financing.

(b) Liens . It will not, nor will permit any Guarantor to, create, incur, assume or permit to exist any Lien on any Property now owned or hereafter acquired by it, except Liens under the Guarantee and Security Agreement and other Liens in favor of the Administrative Agent as contemplated hereby and except:

(i) Permitted Encumbrances;

(ii) Liens (other than on the Collateral) securing Third-Party Hedge Obligations;

(iii) Liens (A) on Excluded Investments, (B) on Margin Stock (not constituting part of the Collateral) and (C) (other than on the Collateral) securing Excluded Investment Financings; or

(iv) any Lien on any Property of the Borrower or any of Guarantor existing on the date hereof and set forth in Schedule II, provided , that (x) such Lien shall not apply to any other Property of the Borrower or such Guarantor (or existing on Property of a Person that becomes a Guarantor after the date hereof and not created in contemplation thereof) and (y) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

provided that notwithstanding anything in clauses (ii) through (iv) above no Obligor shall create, incur, assume or suffer to exist any Lien on any Portfolio Investment included in the Borrowing Base solely by reason of clause (iii) in the definition of "Eligible Portfolio Investment".

(c) Mergers, Consolidations, Sales of Assets, Etc . It will not merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its Property (in each case, whether now owned or hereafter

acquired), or liquidate or dissolve; provided , that, if at the time thereof and immediately after giving effect thereto no Default or Event of Default shall have occurred and be continuing, any Person may merge into the Borrower in a transaction in which the Borrower is the surviving corporation; provided , further, that this clause (c) shall not be deemed to restrict the Borrower from disposing of Margin Stock that is not part of the Collateral.

(d) Restricted Payments . It will not, and will not permit any Guarantor to, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except Restricted Payments:

(i) the proceeds of which will be used to pay (or to pay distributions to allow any direct or indirect partner of the Borrower to pay) the tax liability of any KPE Party or its partners, which for the avoidance of doubt includes such payments to the unitholders of KPE (which payments may be made on the basis of a common assumption as to the tax residency of each KPE unitholder); and

(ii) the proceeds of which shall be used to allow any KPE Party to pay its operating expenses incurred in the ordinary course of business and other corporate, partnership or other entity overhead costs and expenses, including administrative, legal, accounting and similar expenses provided by third parties, indemnification claims made by directors or officers of any KPE Party attributable to the ownership or operations of any KPE Party, indemnification claims made by indemnified persons under the organizational documents of any KPE Party or under the Services Agreement, any litigation costs, any offering costs, management fees and expenses, and carried interest payments and incentive distributions payable under the Borrower Partnership Agreement.

Notwithstanding anything in this Agreement to the contrary, the Borrower shall be permitted, so long as no Default or Event of Default shall have occurred and be continuing at the time of declaration or payment thereof and immediately thereafter, to make Restricted Payments on any date when (i) the Total Credit Exposure for either Tranche shall not exceed the Borrowing Base for either Tranche and (ii) the Borrower shall be in pro forma compliance with Section 6.03, in each case, after giving effect to such Restricted Payment and the use of proceeds thereof.

(e) Line of Business . It will not, nor will it permit its Subsidiaries to, materially change their lines of business from the business of making investments with capital provided by KPE or any other partner of the Borrower.

SECTION 6.03. Financial Covenant . So long as any principal of or interest on any Loan or any other amount payable under the Loan Documents (other than contingent indemnity obligations not then due) shall remain unpaid or any Lender shall have any Commitment or any Letter of Credit shall remain outstanding hereunder (unless such Letter of Credit has been cash collaterized or otherwise backstopped on terms reasonably satisfactory to the Borrower, the relevant Issuing Lender and the Administrative Agent), the Borrower covenants and agrees that, unless the Majority Lenders shall otherwise consent in writing, the Borrower will not permit the Senior Secured Debt to Total Assets Ratio at any time to exceed 0.50 to 1.00.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01. Events of Default . If any of the following events (" Events of Default ") shall occur and be continuing:

(a) the Borrower shall fail to pay when due any principal of any Loan;

(b) the Borrower shall fail for five Business Days or more to pay any interest or any fee or any other amount (other than principal) payable by the Borrower under any Loan Document when and as the same shall become due and payable;

(c) any representation or warranty made or deemed made by an Obligor in this Agreement or any other Loan Document, or in any report, certificate or other document furnished pursuant to this Agreement, shall prove to have been incorrect in any material respect when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 6.01(b)(i) or (ii)(A), 6.02(a), (b) or (c) or 6.03;

(e) any Obligor shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Section) or in any other Loan Document, and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to the Borrower;

(f) the Borrower or any Guarantor shall fail to make any payment of principal of or interest on any Material Indebtedness, when and as the same shall become due and payable; or any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, winding up, reorganization or other relief in respect of any KPE Party or its debts, or of a substantial part of its Property, under any Federal, state or foreign

bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official (including Her Majesty's Sheriff in Guernsey) for any KPE Party or for a substantial part of its Property, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) any KPE Party shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, winding up, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the

appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official (including Her Majesty's Sheriff in Guernsey) for any KPE Party or for a substantial part of its Property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(i) any KPE Party shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) one or more judgments for the payment of money in an aggregate amount in excess of $75,000,000 shall be rendered against the Borrower or any Guarantor and the same shall remain undischarged for a period of 60 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any Property of the Borrower or any Guarantor to enforce any such judgment;

(k) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, would reasonably be expected to have a Material Adverse Effect;

(l) the Guarantee and Security Agreement (or any security interest therein) shall cease to be valid and binding on, or enforceable against, the Borrower and any Guarantor which is a Significant Subsidiary, or the Borrower or any such Guarantor shall so assert in writing; or

(m) neither KKR nor an Affiliate thereof is providing investment management services to the Borrower substantially similar to those contained in the Services Agreement as in effect on the Closing Date;

then the Administrative Agent shall upon the request of the Majority Lenders, by notice to the Borrower, take any or all of the following actions, at the same or different times: (i) terminate the Commitments and the obligation of the Swing Line Lender to make Swing Line Loans, and thereupon they shall terminate immediately, (ii) terminate any obligation of the Issuing Lender to issue Letters of Credit hereunder, and thereupon such obligations shall terminate, (iii) declare the Loans and the Swing Line Loans and all other amounts payable by the Obligors under the Loan Documents to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued and other amounts payable by the Obligors under the Loan Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, and/or (iv) require the Borrower to provide cash collateral for the outstanding L/C Reimbursement Obligations in an aggregate amount equal to the then aggregate L/C Exposure and thereupon the Borrower shall forthwith provide such cash collateral on terms and subject to documentation reasonably satisfactory to the Administrative Agent; and in case of any event with respect to the Borrower described in clause (g) or (h) of this Section, the Commitments and such obligations of the Issuing Lender shall automatically terminate and the principal of the Loans and Swing Line Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Obligors accrued under the Loan Documents, shall automatically become due and payable, and the Borrower shall automatically be required to

provide such cash collateral, all without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower. Nothing herein shall terminate or otherwise modify the obligations of the Lenders under Section 2.02(d) or 2.03(c).

ARTICLE VIII

THE ADMINISTRATIVE AGENT

SECTION 8.01. Appointment and Authority . Each of the Lenders hereby irrevocably appoints Citibank, N.A. to act on its behalf as the Administrative Agent under and in connection with the Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders and the Borrower shall have no rights as a third party beneficiary of any of such provisions.

SECTION 8.02. Rights as a Lender . The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Obligor or any Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 8.03. Exculpatory Provisions .

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(iii) shall not, except as expressly set forth in the Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to

any Obligor or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Majority Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 8.01) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrower or a Lender.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent .

SECTION 8.04. Reliance by Administrative Agent . The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan or issuance of a Letter of Credit that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan or such issuance. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.05. Delegation of Duties . The Administrative Agent may perform any and all of its duties and exercise its rights and powers under any Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

SECTION 8.06. Resignation of Administrative Agent . The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon

receipt of any such notice of resignation, the Majority Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a nationally recognized bank with an office in New York, New York or an Affiliate of any such bank with an office in New York, New York. If no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above, provided , that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Majority Lenders appoint a successor Administrative Agent as provided for above in this subsection; and provided , further, that resignation by the Administrative Agent shall not be effective until the Collateral has been transferred to a successor. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations under the Loan Documents (if not already discharged therefrom as provided above in this subsection). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation, the provisions of this Article and Section 9.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

SECTION 8.07. Non-Reliance on Administrative Agent and Other Lenders . Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon any Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 8.08. No Other Duties; Etc . Anything herein to the contrary notwithstanding, the Lead Arrangers listed on the cover page hereof shall not, in such capacities, have any powers, duties or responsibilities under any of the Loan Documents.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments, Etc .

(a) No amendment or waiver of any provision of this Agreement or the Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Majority Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided , that no amendment, waiver or consent shall, unless in writing and signed by each Lender adversely affected thereby, do any of the following: (a) subject such Lender to any additional obligations including, without limitation, any extension of the expiry date of the Commitment of such Lender, (b) reduce the principal of, or rate of interest on, any Loan or any fees or other amounts payable hereunder, (c) postpone any date for payment of principal of, or interest on, any Loan or any fees or other amounts payable hereunder when due (other than fees or other amounts payable for the sole account of an Issuing Lender), or (d) modify any of the provisions of the Loan Documents relating to pro rata payments; and provided , further, that no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders, change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans, or the number of Lenders, which shall be required for the Lenders or any of them to take any action hereunder, (x) amend Section 3.07(a) or (b), or this Section 9.01, (y) change the advance rates under the Borrowing Base for either Tranche or the Portfolio Limitations with the effect of increasing the availability under the Borrowing Base for either Tranche, or (z) release all or substantially all of the Collateral; and provided , further, that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent and the Issuing Lenders in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent or, as the case may be, the Issuing Lenders under any Loan Document.

(b) This Agreement, the Notes, the Guarantee and Security Agreement, the Fee Letter and the other agreements provided for herein constitute the entire agreement of the parties hereto and thereto with respect to the subject matter hereof and thereof.

SECTION 9.02. N otices, Etc.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsections (b) and (c) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows:

(i) if to the Borrower or any Guarantor:

KKR PEI Investments, L.P.
P.O. Box 255
Trafalgar Court, Les Banques
St. Peter Port, Guernsey GY1 3QL
Channel Islands

Attention: William J. Janetschek
Telephone No.: +44.1481.745.001
Telecopier No.: +44.1481.745.074

With a copy to:

KKR KPE LLC
9 West 57 th Street
Suite 1640
New York, New York 10019

Attention: Kendra L. Decious
Telephone No.: 212-659-2050
Telecopier No.: 212-659-2040

(ii) if to the Administrative Agent:

Citibank, N.A.
2 Penns Way, Suite 200
New Castle, Delaware 19720

Attention: Valerie Burrows
Telephone No.: 302-894-6065
Telecopier No.: 212-994-0961; and

(iii) if to the Issuing Lender:

Wachovia Bank, N.A.
301 S. College Street, NC 5562
Charlotte, N.C. 28288
Attention: Karen Hanke
Telephone No.: 704-374-3061
Telecopier No.: 704-383-6647

(iv) if to a Lender, to it at its address (or telecopier number) set forth in its Administrative Questionnaire;

provided , that any party may change its address or telecopier number for notices and other communications hereunder by notice to the other parties. Except as provided in clause (d) below, notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient), except that notices and communications to the Administrative Agent pursuant to Article II or Article VII shall not be effective until received by the Administrative Agent. Notices delivered through electronic communications to the extent provided in clauses (b) and (c) below, shall be effective as provided in said clauses (b) and (c).

(b) The Borrower agrees that it will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Loan Documents, including all notices, requests, financial statements,

financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (ii) provides notice of any Default or Event of Default under this Agreement or (iii) is required to be delivered to satisfy any condition precedent to the occurrence of the Closing Date and/or any Borrowing (all such non-excluded communications being referred to herein collectively as " Communications "), by transmitting the Communications in an electronic/soft medium in a format acceptable to the Administrative Agent to oploanswebadmin@citigroup.com. In addition, the Borrower agrees to continue to provide the Communications to the Administrative Agent in the manner specified in the Loan Documents but only to the extent requested by the Administrative Agent.

(c) The Borrower further agrees that the Administrative Agent may make the Communications available to the Lenders by posting the Communications on Intralinks or a substantially similar electronic transmission system (the " Platform "). THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT OR ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ADVISORS OR REPRESENTATIVES (COLLECTIVELY, THE " AGENT PARTIES ") HAVE ANY LIABILITY TO ANY OBLIGOR, ANY LENDER OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF SUCH OBLIGOR'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(d) The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at its e-mail address set forth above shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents. Each Lender agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender agrees (i) to provide to the Administrative Agent in writing (including by electronic communication), promptly after the date of this Agreement, one or more e-mail addresses to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such e-mail address or addresses.

(e) Nothing herein shall prejudice the right of the Administrative Agent or any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

SECTION 9.03. No Waiver; Remedies; Setoff .

(a) No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

(b) If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender to or for the credit or the account of the Borrower against any and all of the obligations of such now or hereafter existing under this Agreement or any other Loan Document to such Lender irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender may have. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application, provided , that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 9.04. Expenses; Indemnity; Damage Waiver .

(a) Costs and Expenses . The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and the Lead Arrangers (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), in connection with the syndication of the facility contemplated hereby, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all out-of-pocket expenses incurred by the Administrative Agent (including the fees, charges and disbursements of any counsel for the Administrative Agent) in connection with the enforcement or, during the continuance of an Event of Default, protection of its rights in connection with this Agreement and the other Loan Documents, including its rights under this Section.

(b) Indemnification by the Borrower . The Borrower shall indemnify the Administrative Agent, the Lead Arrangers, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an " Indemnitee ") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of one counsel for the Indemnitees in each relevant jurisdiction or of more than one such counsel to the extent any Indemnitee reasonably determines that there is an actual conflict of interest requiring the employment of separate

counsel), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Swing Line Loan or Letter of Credit or the use or proposed use of the proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower and regardless of whether any Indemnitee is a party thereto, provided , that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower against an Indemnitee for breach of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) Reimbursement by Lenders . To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under clause (a) or (b) of this Section to be paid by it to the Administrative Agent or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent or such Related Party, as the case may be, such Lender's Commitment Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided , that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent in connection with such capacity.

(d) Waiver of Consequential Damages, Etc . To the fullest extent permitted by applicable law, each party hereto agrees that it will not assert, and hereby waives, any claim against any other party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, any Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Swing Line Loan or the use of the proceeds thereof or any Letter of Credit.

(e) Payments . All amounts due under this Section shall be payable not later than 10 Business Days after demand therefor.

SECTION 9.05. Binding Effect, Successors and Assigns . This Agreement shall become effective when it shall have been executed by the Borrower and the Administrative Agent and when the Administrative Agent shall have been notified by each Lender that such Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Lender and their respective successors and permitted assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 9.06. Assignments and Participations .

(a) Successors and Assigns Generally . The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of clause (b) of this Section, (ii) by way of participation in accordance with the provisions of clause (d) of this Section or (iii) by way of pledge or assignment of a security interest in accordance with clause (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in clause (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders . Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided , that

(i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $10,000,000 or an integral multiple of $1,000,000 in excess thereof, unless each of the Administrative Agent and, unless an Event of Default has occurred and is continuing, the Borrower otherwise consent (each such consent not to be unreasonably withheld or delayed);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement under both Tranches with respect to the Loans or the Commitment assigned; and

(iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 and the Eligible Assignee, if it shall not be a Lender, shall deliver to the

Administrative Agent an Administrative Questionnaire.

Subject to notice to the Borrower and acceptance and recording thereof by the Administrative Agent pursuant to clause (c) of this Section, from and after the Assignment Date specified in each Assignment and Assumption (an " Assignment Date "), the Eligible Assignee thereunder

shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.11, 3.12 and 9.04 with respect to facts and circumstances occurring prior to such Assignment Date. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (d) of this Section.

(c) Register . The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at its address specified in Section 9.02 a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the " Register "). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations . Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a " Participant ") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided , that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided , that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso of Section 9.01 that affects such Participant. Subject to clause (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of 3.11 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 3.12 as though it were a Lender.

(e) Limitations upon Participant Rights . A Participant shall not be entitled to receive any greater payment under Sections 3.09 and 3.11 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant.

(f) Certain Pledges . Any Lender, without the consent of the Borrower or the Administrative Agent may at any time grant security interest in all or any portion of its rights under this Agreement or any Note to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided , that no such pledge or assignment shall release such Lender from any of its obligations hereunder.

SECTION 9.07. Governing Law; Jurisdiction; Etc.

(a) Governing Law . This Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

(b) Submission to Jurisdiction . The Borrower irrevocably submits, for itself and its Property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and the Borrower irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by applicable law, in such Federal court. The Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in any Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to any Loan Document against the Borrower or its Properties in the courts of any jurisdiction.

(c) Waiver of Venue . The Borrower irrevocably waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to any Loan Document in any court referred to in clause (b) above. The Borrower irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process . The Borrower agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to KKR KPE LLC (the " Process Agent ") as agent for the Borrower in New York, New York for service of process at its address set forth in Section 9.02, or at such other address of which the Administrative Agent shall have been notified in writing by the Borrower; provided , that if the Process Agent changes its location (outside the Borough of Manhattan) or ceases to act as the Borrower's agent for service of process, the Borrower will, by an instrument reasonably satisfactory to the Administrative Agent, promptly appoint another Person (subject to the approval of the Administrative Agent) in the Borough of Manhattan, New York, New York to act as the Borrower's agent for service of process. Each other party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.02. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

(e) Waiver of Immunity . To the extent that the Borrower may be or become entitled to claim for itself or its Property any immunity on the ground of sovereignty or the like from suit, court jurisdiction, attachment prior to judgment, attachment in aid of execution of a judgment or execution of a judgment, and to the extent that in any such jurisdiction there may be attributed such an immunity (whether or not claimed), the Borrower hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity with respect to its obligations under this Agreement and the other Loan Documents.

SECTION 9.08. Severability . Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.09. Counterparts; Integration; Effectiveness; Execution .

(a) Counterparts; Integration; Effectiveness . This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Loan Documents or any Assignments . The words “execution,” “signed,” “signature,” and words of like import in any Loan Documents or any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 9.10. Survival . The provisions of Sections 3.09, 3.11 and 3.12 and Article VIII and Section 9.04 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.11. Waiver of Jury Trial . EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY

LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THE LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.12. Confidentiality . Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies under any Loan Document or any action or proceeding relating to any Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a non-confidential basis from a source other than the Borrower.

For purposes of this Section, " Information " means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by the Borrower or any of its Subsidiaries, provided , that, in the case of information received from the Borrower or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential, provided , that all information received pursuant to Section 6.01(a)(iii) through (vi) and 6.01(h) shall be treated as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. No Fiduciary Relationship . The Borrower acknowledges that neither any Lender nor the Administrative Agent has any fiduciary relationship with, or fiduciary duty to, the Borrower arising out of or in connection with any Loan Document, and the relationship between the Administrative Agent and the Lenders, on the one hand, and the

Borrower, on the other, in connection herewith or therewith is solely that of debtor and creditor. This Agreement does not create a joint venture among the parties.

SECTION 9.14. Headings . Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.15. USA PATRIOT Act . Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the " Act "), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Act.

SECTION 9.16. Judgment Currency . This is an international loan transaction in which the specification of Dollars or an Alternate Currency, as the case may be (the " Specified Currency "), and any payment in New York City or the country of the Specified Currency, as the case may be (the " Specified Place "), is of the essence, and the Specified Currency shall be the currency of account in all events relating to Amounts denominated in such Specified Currency. The payment obligations of the Borrower under this Agreement and the other Loan Documents shall not be discharged by an amount paid in another currency or in another place, whether pursuant to a judgment or otherwise, to the extent that the amount so paid on conversion to the Specified Currency and transfer to the Specified Place under normal banking procedures does not yield the amount of the Specified Currency at the Specified Place due hereunder. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in the Specified Currency into another currency (the " Second Currency "), the rate of exchange which shall be applied shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the Specified Currency with the Second Currency on the Business Day next preceding that on which such judgment is rendered. The obligation of the Borrower in respect of any such sum due from it to the Administrative Agent or any Lender hereunder shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be due hereunder or under the Notes in the Second Currency to the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase and transfer to the Specified Place the Specified Currency with the amount of the Second Currency so adjudged to be due; and the Borrower hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify the Administrative Agent or such Lender, as the case may be, against, and to pay the Administrative Agent or such Lender, as the case may be, on demand in the Specified Currency, any difference between the sum originally due to the Administrative Agent or such Lender, as the case may be, in the Specified Currency and the amount of the Specified Currency so purchased and transferred.

SECTION 9.17 European Monetary Union . (a) Definitions . In this Section 9.17 and in each other provision of this Agreement to which reference is made in this Section 9.17 (whether expressly or impliedly), the following terms have the following respective meanings:

" EMU " shall mean economic and monetary union as contemplated in the Treaty on European Union.

" EMU Legislation " shall mean legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency, being in part the implementation of the third stage of EMU.

" Euro " shall mean the single currency of Participating Member States of the European Union, which shall be a Currency under this Agreement.

" Euro Unit " shall mean a currency unit of the Euro.

" National Currency Unit " shall mean a unit of any Currency (other than a Euro Unit) of a Participating Member State.

" Participating Member State " shall mean each state so described in any EMU Legislation.

" Target Operating Day " shall mean any day that is not (i) a Saturday or Sunday, (ii) Christmas Day or New Year's Day or (iii) any other day on which the Trans-European Real-time Gross Settlement Express Transfer system (or any successor settlement system) is not operating (as determined by the Administrative Agent).

" Treaty on European Union " shall mean the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht on February 7, 1992, and came into force on November 1, 1993), as amended from time to time.

(b) Alternative Currencies . If and to the extent that any EMU Legislation provides that an amount denominated either in the Euro or in the National Currency Unit of a Participating Member State and payable within the Participating Member State by crediting an account of the creditor can be paid by the debtor either in the Euro Unit or in that National Currency Unit, any party to this Agreement shall be entitled to pay such amount either in the Euro Unit or in such National Currency Unit.

(c) Payments by the Administrative Agent Generally . With respect to the payment of any amount denominated in the Euro or in a National Currency Unit, the Administrative Agent shall not be liable to the Borrower or any of the Lenders in any way whatsoever for any delay, or the consequences of any delay, in the crediting to any account of any amount required by this Agreement to be paid by the Administrative Agent if the Administrative Agent shall have taken all relevant steps to achieve, on the date required by this Agreement, the payment of such amount in immediately available, freely transferable, cleared funds (in the Euro Unit or, as the case may be, in a National Currency Unit) to the account of the Borrower or any Lender, as the case may be, in the Principal Financial Center in the Participating Member State which the Borrower or, as the case may be, such Lender shall have specified for such purpose. In this paragraph (c), " all relevant steps " shall mean all such steps as may be prescribed from time to time by the regulations or operating procedures of such clearing or

settlement system as the Administrative Agent may from time to time reasonably determine for the purpose of clearing or settling payments of the Euro.

(d) Determination of Eurocurrency Rate . For the purposes of determining the date on which the applicable rate for Eurocurrency Loans, as the case may be, is determined under this Agreement for any Loan denominated in the Euro (or any National Currency Unit) for any Interest Period therefor, references in this Agreement to London Banking Days shall be deemed to be references to Target Operating Days. In addition, if the Administrative Agent determines that there is no Eurocurrency Rate displayed on the Screen Page for deposits denominated in the National Currency Unit in which any Loans are denominated, the Eurocurrency Rate for such Loans shall be based upon the rate displayed on the applicable Screen Page for the offering of deposits denominated in Euro Units.

(e) Rounding . Without prejudice and in addition to any method of conversion or rounding prescribed by the EMU Legislation, each reference in this Agreement to a minimum amount (or a multiple thereof) in a National Currency Unit to be paid to or by the Administrative Agent shall be replaced by a reference to such reasonably comparable and convenient amount (or a multiple thereof) in the Euro Unit as the Administrative Agent may from time to time specify.

(f) Other Consequential Changes . Without prejudice to the respective liabilities of the Borrower to the Lenders and the Lenders to the Borrower under or pursuant to this Agreement, except as expressly provided in this Section 9.17, each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be necessary or appropriate to reflect the introduction of or changeover to the Euro in Participating Member States.

IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be executed by their respective officers or representatives thereunto duly authorized, as of the date first above written.

KKR PEI INVESTMENTS, L.P.

By: KKR PEI ASSOCIATES, L.P., its general partner
By: KKR PEI GP Limited, its general partner

CITIBANK, N.A.,
as Administrative Agent

LENDERS

CITIBANK, N.A.

GOLDMAN SACHS CREDIT PARTNERS, L.P.

MORGAN STANLEY BANK

ABN AMRO BANK N.V.

BANK OF AMERICA, N.A.

BEAR STEARNS CORPORATE LENDING INC.

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

DEUTSCHE BANK AG, NEW YORK BRANCH

JPMORGAN CHASE BANK, N.A.

LEHMAN COMMERCIAL PAPER INC.

MERRILL LYNCH BANK USA

ROYAL BANK OF CANADA

THE BANK OF NOVA SCOTIA

WACHOVIA BANK, NATIONAL ASSOCIATION

SCHEDULE I

LENDERS AND COMMITMENTS

Lender		Commitment
Citibank, N.A.	$	125,000,000
Goldman Sachs Credit Partners, L.P.	$	125,000,000
Morgan Stanley Bank	$	125,000,000
ABN Amro Bank N.V.	$	55,000,000
Bank of America, N.A.	$	75,000,000
Bear Stearns Corporate Lending Inc.	$	20,000,000
Credit Suisse, Cayman Islands Branch	$	75,000,000
Deutsche Bank AG, New York Branch	$	75,000,000
JPMorgan Chase Bank, N.A.	$	75,000,000
Lehman Commercial Paper Inc.	$	75,000,000
Merrill Lynch Bank USA	$	75,000,000
Royal Bank of Canada	$	25,000,000
The Bank of Nova Scotia	$	25,000,000
Wachovia Bank, National Association	$	50,000,000

EXISTING LIENS

[See Section 6.02(b)(iv)]

Liens in favor of Deutsche Bank Luxembourg S.A., in its capacity as custodian (the " Custodian "), under the Custodian Agreement, dated April 28, 2006, between KKR PEI SICAR, S.à r.l. and the Custodian.

PORTFOLIO INVESTMENTS; SPECIFIED PERCENTAGES

Portfolio investments in common equity that are owned directly by the Credit Parties (but that are made "side-by-side" with KKR-sponsored funds or constitute co-investments with KKR-sponsored funds) will be treated as Co-Investments. The following are the advance rates applicable to Co-Investments and other investments.

TRANCHE A

Portfolio Investment	Quoted	Unquoted
Cash, cash equivalents and U.S. treasuries of less than one month	100%	n.a.
U.S. treasuries of one month or more	95%	n.a.
Other Short-Term Securities	92%	n.a.
Investment grade bank loans	92%	n.a.
Investment grade bonds — cash pay	90%	n.a.
Performing 1 st lien bank loans	90%	80%
Performing 2 nd lien bank loans	80%	70%
Performing unsecured bank loans	75%	65%
Performing high yield bonds — cash pay	70%	60%
Performing mezzanine, preferred and convertible securities — cash pay	65%	55%
Performing high yield — non-cash pay	60%	50%
Performing mezzanine, preferred and convertible securities — non-cash pay	55%	45%
Nonperforming 1 st lien bank loans	65%	55%
Nonperforming 2 nd lien bank loans	55%	45%
Nonperforming unsecured bank loans	50%	40%
Nonperforming high yield bonds	50%	40%
Nonperforming mezzanine, preferred and convertible securities	50%	40%
Co-Investments and common equity (and zero cost or penny warrants) where debt is performing	50%	n.a.

If the Eligible Investments are denominated in a currency other than U.S. dollars and are not micro-hedged for fluctuations in the currency in which the investment is denominated versus the U.S. dollar, the above advance rate will apply; provided, however, that availability under the Borrowing Base will be calculated as the product of (i) the Fair Value of the investment (ii) the applicable advance rate and (iii) 95.0%.

"Quoted" Portfolio Investments in Co-Investments and common equity may be held directly or indirectly through one or more holding entities; provided that any such intermediate holding entity has no assets or liabilities other than de minimis assets or liabilities not affecting the value of such Portfolio Investment.

TRANCHE B

Investments	Quoted	Unquoted
Co-investments and common equity (and zero cost or penny warrants) where debt is performing	n.a.	30%
Co-investments and common equity (and zero cost or penny warrants) where debt is non-performing	25%	0%
Equity interests in private equity funds	50%	40%

If the Eligible Investments are denominated in a currency other than U.S. dollars and are not micro-hedged for fluctuations in the currency in which the investment is denominated versus the U.S. dollar, the above advance rate will apply; provided, however, that availability under the Borrowing Base will be calculated as the product of (i) the Fair Value of the investment (ii) the applicable advance rate and (iii) 95.0%.

Investments in Diversified Capital Markets Funds *

No lockup, fund leverage <1:1	50%
Lockup, fund leverage <1:1	40%
No lockup, fund leverage <3:1	25%
Lockup, fund leverage <3:1	20%
Fund leverage >3:1	0%

* For these purposes, (i) Diversified Capital Markets Funds are funds investing largely in debt securities and public equities, (ii) no lockup means the relevant investment can be liquidated within 90 days, (iii) lockup means that the relevant investment cannot be liquidated within 90 days and (iv) leverage means the ratio of debt to equity of the relevant investment vehicle.

* "Quoted" Portfolio Investments in Co-Investments and common equity may be held directly or indirectly through one or more holding entities; provided that any such intermediate holding entity has no assets or liabilities other than de minimis assets or liabilities not affecting the value of such Portfolio Investment.

PORTFOLIO LIMITATIONS

Advance rate applicable to that portion of a direct investment in any specific security (other than Cash, Cash Equivalents or other government securities and Diversified Capital Markets Funds) exceeding 12% of net assets ("NAV") of the Borrower, as disclosed in its most recent consolidated statement of assets and liabilities, will be 0% of advance rate (as specified in Annex II) otherwise applicable.

Advance rate applicable to that portion of a direct investment in any specific industry (determined, for example, by reference to NAICS Codes) exceeding 25% of NAV will be 0%.

For purposes hereof, concentration limitations for Portfolio Investments in private equity funds shall be determined in reference to the underlying portfolio investments of such funds and industry concentration limitations shall not apply.

VALUATION CRITERIA

Investments by the Obligors shall be valued as follows:

- Quoted Investments (other than funds noted below) — to be valued monthly
    - Average bid prices of two approved dealers for public and 144A securities
    - Administrative Agent-approved exchange closing price
    - Administrative Agent-approved pricing service (including LPC for bank loans)

provided , that it is agreed that Bloomberg Information Service is an Administrative Agent-approved quotation and pricing service

- Unquoted Investments (other than funds noted below) — to be valued quarterly
    - Duff & Phelps (or any nationally recognized valuation firm as may be approved by a majority of the independent directors of KPE General Partner) shall assist the Board of Directors of the Managing Investment Partner in determining the value or the methodology for determining value of unquoted investments, in accordance with the Borrower's existing valuation procedures
    - Refreshed valuations for monthly compliance reports are not necessary, i.e. no requirement for external valuation for unquoted investments more often than quarterly; if an unquoted investment is acquired during a fiscal quarter, such investment shall have a value equal to the investment's cost until the end of quarter valuation
    - Funds — net asset value
- Valuation for Borrowing Base for each Tranche to be based on existing valuation procedures that require external valuation firms to confirm that the internal valuations are not unreasonable, provided that if the Borrower fails to determine the value of any investment, the value of such investment will be deemed to be zero.

- All valuations shall be on a settlement date basis and shall be calculated in accordance with GAAP as in effect from time to time.

SCHEDULE VI

INVESTMENT STRATEGIES

[See Section 1.01]

The investment strategy of the Borrower is to make investments identified by Kohlberg Kravis Roberts & Co. L.P. and its Affiliates (collectively, "KKR"). As of the date of the Agreement, these investments consist of two categories of investments: private equity investments and opportunistic investments (it being understood that these categories may be revised from time to time).

Private equity investments include investments in limited partner interests in KKR-sponsored private equity funds, co-investments in certain portfolio companies of such private equity funds, and negotiated investments in equity and equity-linked securities.

Opportunistic investments are any investments other than private equity investments, which include investments in publicly listed stock and corporate debt obligations.

Pursuant to a services agreement, KKR is responsible for selecting, evaluating, structuring, diligencing, negotiating, executing, monitoring and exiting the Borrower's investments.

SCHEDULE VII

MANDATORY COST RATE

Calculation of Mandatory Cost Rate

1. The MCR Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.

2. On the first day of each Interest Period for any Loan denominated in an Alternate Currency (or as soon as possible thereafter) the Administrative Agent shall calculate, as a percentage rate, a rate (the " Additional Cost Rate ") for each Lender, in accordance with the paragraphs set out below. The MCR Cost will be calculated by the Administrative Agent as a weighted average of the Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum.

3. The Additional Cost Rate for any Lender lending from an Applicable Lending Office in a Participating Member State (as defined in Section 9.17) will be the percentage notified by that Lender to the Administrative Agent. This percentage will be certified by that Lender in its notice to the Administrative Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender's participation in all Loans made from that Applicable Lending Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Applicable Lending Office.

4. The Additional Cost Rate for any Lender lending from an Applicable Lending Office in the United Kingdom will be calculated by the Administrative Agent as follows:

   (a) in relation to a Loan made in Pounds Sterling:

   $$\frac{AB + C(B - D) + E \times 0.01}{100 - (A + C)}$$ per cent. per annum

   (b) in relation to a Loan made in any Alternate Currency other than Pounds Sterling:

   $$\frac{E \times 0.01}{300}$$ per cent. per annum.

Where:

A is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which such Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.

B is the percentage rate of interest (excluding the Applicable Margin and the MCR Cost and, if applicable, any additional amount of interest specified in Section 3.02(b)) payable for the relevant Interest Period on the Loan.

C is the percentage (if any) of Eligible Liabilities which such Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.

D is the percentage rate per annum payable by the Bank of England to the Administrative Agent on interest bearing Special Deposits.

E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Administrative Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Administrative Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000;

5. For the purposes of this Schedule:

(a) " Eligible Liabilities " has the meaning given to it from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England.

(b) " Fees Rules " means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits.

(c) " Fee Tariffs " means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate).

(d) " Special Deposits " has the meaning given to it from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England.

(e) " Tariff Base " has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

7. If requested by the Administrative Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Administrative Agent the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.

8. Each Lender shall supply any information required by the Administrative Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:

(a) the jurisdiction of its Applicable Lending Office; and

(b) any other information that the Administrative Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Administrative Agent of any change to the information provided by it pursuant to this paragraph.

9. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Administrative Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Administrative Agent to the contrary, each Lender's obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with an Applicable Lending Office in the same jurisdiction as its Applicable Lending Office.

10. The Administrative Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or Reference Bank pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.

11. The Administrative Agent shall distribute the additional amounts received as a result of the MCR to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.

12. Any determination by the Administrative Agent pursuant to this Schedule VII in relation to a formula, the MCR, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all Parties.

13. The Administrative Agent may from time to time, after consultation with the Borrower and the Lenders, determine and provide notice to the Borrower and the Lenders of any amendments which are required to be made to this Schedule VII in order to comply with any change in law, regulation or any requirements from time to time imposed by the

Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties to the Credit Agreement.

SUBSIDIARIES

[See Section 5.01(m)]

Legal Name	Jurisdiction of Formation	Type of Entity	Equity Interest Holders	Percentage of Equity Interests Held
KKR Sprint (KPE) Limited	Cayman	Limited Company	KKR PEI SICAR, S.à r.l.	100%
KKR PEI Alternative Investments Limited	Cayman	Limited Company	KKR PEI Investments, L.P.	100%
KKR PEI Japan Investment I, Ltd.	Cayman	Limited Company	KKR PEI Investments, L.P.	100%
KKR PEI SICAR, S.à r.l.	Luxembourg	Limited Liability Company	KKR PEI Investments, L.P.	100%
SEVRES IV, S.à r.l.	Luxembourg	Limited Liability Company	KKR PEI SICAR, S.à r.l.	100%
KKR PEI Securities Holdings, Ltd.	Cayman	Limited Company	KKR PEI Investments, L.P.	100%
KKR PEI Solar Holdings I, Ltd.	Cayman	Limited Company	KKR PEI Investments, L.P.	100%
KKR PEI Solar Holdings II, Ltd.	Cayman	Limited Company	KKR PEI Investments, L.P.	100%
Capmark Co-Investment LLC	Delaware	Limited Liability Company	KKR PEI Investments, L.P.	59.2%
KKR Glory (KPE) Limited	Cayman	Limited Company	KKR PEI SICAR, S.à r.l.	93.43%

EXHIBIT A

[FORM OF NOTE]

PROMISSORY NOTE

$[ ] [ ], 2007
New York, New York

FOR VALUE RECEIVED, KKR PEI INVESTMENTS, L.P., a Guernsey limited partnership (the " Borrower ") (acting through its general partner, KKR PEI Associates, L.P., a Guernsey limited partnership acting through its general partner, KKR PEI GP Limited), hereby promises to pay to the order of [*NAME OF LENDER*] (the " Lender "), at such of the offices of Citibank, N.A. in New York, New York as shall be notified to the Borrower from time to time, the principal sum of [*DOLLAR AMOUNT*] [United States Dollars, in lawful money of the United States] and in immediately available funds, on , 2012, or such lesser amount at any time as shall equal the then aggregate outstanding principal amount of Loans by the Lender under the Credit Agreement referred to below, and to pay interest on the unpaid principal amount hereof, at such office, in like money and funds, for the period commencing on the date hereof until the principal hereof shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement referred to below.

This Note evidences Loans made by the Lender under the Credit Agreement dated as of June 11, 2007 (as modified and supplemented and in effect from time to time, the " Credit Agreement ") among the Borrower, the lenders party thereto (including the Lender) and Citibank, N.A., as Administrative Agent. Terms used but not defined in this Note have the respective meanings assigned to them in the Credit Agreement.

The date, amount, Type, Currency, interest rate and Interest Period of each Loan made by the Lender to the Borrower, and each payment made on account of the principal thereof, shall be recorded by the Lender on its books and, prior to any transfer of this Note, endorsed by the Lender on the Schedule attached hereto or any continuation thereof, provided that the failure of the Lender to make any such recordation (or any error in making any such recordation) or endorsement shall not affect the obligations of the Borrower to make a payment when due of any amount owing under the Credit Agreement or hereunder.

The Credit Agreement provides for the acceleration of the maturity of this Note upon the occurrence of certain events and for prepayments hereof upon the terms and conditions specified therein.

Except as permitted by Section 9.06 of the Credit Agreement, this Note may not be assigned by the Lender to any other Person.

This Note shall be governed by, and construed in accordance with, the law of the State of New York.

KKR PEI INVESTMENTS, L.P.

By: Its general partner KKR PEI Associates, L.P.,
acting through its general partner
KKR PEI GP Limited

By _____
Name:
Title:

SCHEDULE OF LOANS

This Note evidences Loans made under the within-described Credit Agreement to the Borrower, on the dates, in the principal amounts and of the Types, and bearing interest at the rates and having the Interest Period set forth below, subject to the payments and prepayments of principal set forth below:

Principal Amount of Loan (in Dollars)	Currency	Type of Loan	Interest Rate and Period	Amount Paid or Prepaid	Unpaid Principal Amount	Notation Made By

EXHIBIT B

[FORM OF GUARANTEE AND SECURITY AGREEMENT]

GUARANTEE AND SECURITY AGREEMENT

GUARANTEE AND SECURITY AGREEMENT dated as of June 11, 2007, between KKR PEI Investments, L.P., a Guernsey limited partnership (the " Borrower ") (acting through its general partner, KKR PEI Associates, L.P., a Guernsey limited partnership acting through its general partner, KKR PEI GP Limited), each of the Subsidiaries of the Borrower identified under the caption "GUARANTORS" on the signature pages hereto and each entity, if any, that becomes a "Guarantor" hereunder as contemplated by Section 7.12 hereof (individually, a " Guarantor " and, collectively, the " Guarantors " and, together with the Borrower, the " Obligors "), and CITIBANK, N.A., as administrative agent for the parties defined as "Lenders" under the Credit Agreement referred to below (in such capacity, together with its successors in such capacity, the " Administrative Agent ").

The Borrower, such Lenders and the Administrative Agent are parties to a Credit Agreement dated as of June 11, 2007 (as modified and supplemented and in effect from time to time, the " Credit Agreement "), providing, subject to the terms and conditions thereof, for extensions of credit (by means of loans and letters of credit) to be made by such Lenders to the Borrower. In addition, the Borrower may from time to time be obligated to various of said lenders (or their affiliates) in respect of one or more Hedging Agreements under and as defined in the Credit Agreement.

To induce such Lenders to enter into the Credit Agreement and to extend credit thereunder and under the Hedging Agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantors have agreed to guarantee the Guaranteed Obligations (as hereinafter defined) and each Obligor has agreed to grant a security interest in the Collateral (as so defined) as security for the Secured Obligations (as so defined).

Accordingly, the parties hereto agree as follows:

Section 1. Definitions, Etc.

1.01 Terms Generally . Terms used herein and not otherwise defined herein are used herein as defined in the Credit Agreement.

1.02 Certain Uniform Commercial Code Terms . As used herein, the terms " Account ", " Chattel Paper ", " Commodity Account ", " Commodity Contract ", " Document ", " Deposit Account ", " General Intangible ", " Goods ", " Instrument ", " Investment Property ", " Letter-of-Credit Right ", " Payment Intangible ", " Proceeds " and " Promissory Note ", have the respective meanings set forth in Article 9 of the NYUCC, and the terms " Certificated Security ", " Entitlement Holder ", " Financial Asset ", " Instruction ", " Securities Account ", " Security ",

" Security Certificate ", " Security Entitlement " and " Uncertificated Security " have the respective meanings set forth in Article 8 of the NYUCC.

1.03 Additional Definitions . In addition, as used herein:

" Collateral " has the meaning assigned to such term in Section 4.

" Collateral Account " has the meaning assigned to such term in Section 5.01.

" Guaranteed Obligations " has the meaning assigned to such term in Section 2.01.

" Secured Creditors " means, collectively, the Lenders (including each Issuing Lender) and the Administrative Agent, any other holder from time to time of any of the Secured Obligations and, in each case, their respective successors and assigns.

" Secured Obligations " means, collectively, (a) in the case of the Borrower, (i) all obligations of the Borrower under the Loan Documents to pay the principal of and interest on the Loans and the Swing Line Loans and the L/C Reimbursement Obligations and all fees, indemnification payments and other amounts whatsoever, whether direct or indirect, absolute or contingent, now or hereafter from time to time owing to the Secured Creditors or any of them under the Loan Documents and (ii) all obligations of the Borrower to any Lender (or any affiliate thereof) under any Hedging Agreement, (b) in the case of the Guarantors, all obligations of the Guarantors under Section 2 hereof and (c) in the case of each of the foregoing, including all interest thereon and expenses related thereto, including any interest or expenses accruing or arising after the commencement of any case with respect to the Borrower under the United States Bankruptcy Code or any other bankruptcy or insolvency law (whether or not such interest or expenses are allowed or allowable as a claim in whole or in part in such case).

1.04 Treatment of Hedging Agreements . For purposes hereof, it is understood that any obligations of the Borrower to a Person arising under a Hedging Agreement entered into with a Lender or an affiliate thereof shall nevertheless continue to constitute Secured Obligations and Guaranteed Obligations for purposes hereof, notwithstanding that such Person (or its affiliate) may have assigned all of its Loans and other interests in the Credit Agreement and, therefore, at the time a claim is to be made in respect of such obligations, such Person (or its affiliate) is no longer a "Lender" party to the Credit Agreement, provided that neither such Person nor any such affiliate shall be entitled to the benefits of this Agreement (and such obligations shall not constitute Secured Obligations or Guaranteed Obligations hereunder) unless, at or prior to the time it ceased to be a Lender under the Credit Agreement, it shall have notified the Administrative Agent in writing of the existence of such Hedging Agreement.

Section 2. Guarantee .

2.01 The Guarantee . Each Guarantor hereby guarantees to each of the Secured Creditors and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of

(a) the principal of and interest on the Loans and the Swing Line Loans and the L/C Reimbursement Obligations and all fees, indemnification payments and other amounts whatsoever, whether direct or indirect, absolute or contingent, now or hereafter from time to time owing to the Lenders or the Administrative Agent or any of them by any Obligor under any of the Loan Documents, and

(b) all obligations of the Borrower to any Lender (or any affiliate thereof) under any Hedging Agreement,

in each case strictly in accordance with the terms thereof and including all interest and expenses accrued or incurred subsequent to the commencement of any bankruptcy or insolvency proceeding with respect to the Borrower, whether or not such interest or expenses are allowed as a claim in such proceeding (such obligations being herein collectively called the " Guaranteed Obligations "). The Guarantors hereby further jointly and severally agree that if the Borrower shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Guarantors will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

2.02 Obligations Unconditional . The obligations of the Guarantors under Section 2.01 are absolute and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of the Borrower under any of the Loan Documents or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 2.02 that the obligations of the Guarantors hereunder shall be absolute and unconditional, joint and several, under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantors hereunder, which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to the Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of the Loan Documents or any other agreement or instrument referred to herein or therein shall be done or omitted;

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Loan Documents shall be waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with; or

(iv) any Lien in favor of any Secured Creditor as security for any of the Guaranteed Obligations shall fail to be perfected.

The Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that any Secured Creditor exhaust any right, power or remedy or proceed against the Borrower under any of the Loan Documents or against any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations.

2.03 Reinstatement . The obligations of the Guarantors under this Section 2 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Guarantors jointly and severally agree that they will indemnify the Secured Creditors on demand for all reasonable costs and expenses (including fees of counsel) incurred by the Secured Creditors in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

2.04 Subrogation . The Guarantors hereby jointly and severally agree that until the payment and satisfaction in full of all Guaranteed Obligations (other than contingent indemnity obligations not then due) and the expiration and termination of the Commitments under the Credit Agreement and the expiry, termination or cash collateralization or other back-stopping on terms reasonably satisfactory to the relevant Issuing Lender, the Administrative Agent and the Borrower of all Letters of Credit thereunder, they shall not exercise any right or remedy arising by reason of any performance by them of their guarantee in Section 2.01, whether by subrogation or otherwise, against the Borrower or any other guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations.

2.05 Remedies . The Guarantors jointly and severally agree that, as between the Guarantors and the Lenders, the obligations of the Borrower under the Credit Agreement may be declared to be forthwith due and payable as provided in Article VII of the Credit Agreement (and shall be deemed to have become automatically due and payable in the circumstances provided in said Article VII) for purposes of Section 2.01 notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against the Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by the Borrower) shall forthwith become due and payable by the Guarantors for purposes of Section 2.01.

2.06 Instrument for the Payment of Money . Each Guarantor acknowledges that the guarantee in this Section 2 constitutes an instrument for the payment of money, and consents and agrees that any Secured Creditor, at its sole option, in the event of a dispute by such Guarantor in the payment of any moneys due hereunder, shall have the right to bring motion-action under New York CPLR Section 3213.

2.07 Continuing Guarantee . The guarantee in this Section 2 is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising.

2.08 Rights of Contribution . The Obligors hereby agree, as between themselves, that if any Guarantor shall become an Excess Funding Guarantor (as defined below) by reason of the payment by such Guarantor of any Guaranteed Obligations, then each other Guarantor shall, on demand of such Excess Funding Guarantor (but subject to the next sentence), pay to such Excess Funding Guarantor an amount equal to such Guarantor's Pro Rata Share (as defined below and determined, for this purpose, without reference to the properties, debts and liabilities of such Excess Funding Guarantor) of the Excess Payment (as defined below) in respect of such Guaranteed Obligations. The payment obligation of a Guarantor to any Excess Funding Guarantor under this Section 2.08 shall be subordinate and subject in right of payment to the prior payment in full of the obligations of such Guarantor under the other provisions of this Section 2 and such Excess Funding Guarantor shall not exercise any right or remedy with respect to such excess until payment and satisfaction in full of all of such obligations.

For purposes of this Section 2.08, (i) " Excess Funding Guarantor " means, in respect of any Guaranteed Obligations, a Guarantor that has paid an amount in excess of its Pro Rata Share of such Guaranteed Obligations, (ii) " Excess Payment " means, in respect of any Guaranteed Obligations, the amount paid by an Excess Funding Guarantor in excess of its Pro Rata Share of such Guaranteed Obligations and (iii) " Pro Rata Share " means, for any Guarantor, the ratio (expressed as a percentage) of (x) the amount by which the aggregate fair saleable value of all properties of such Guarantor (excluding any shares of stock or other equity interest of any other Guarantor) exceeds the amount of all the debts and liabilities of such Guarantor (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of such Guarantor hereunder and any obligations of any other Guarantor that have been Guaranteed by such Guarantor) to (y) the amount by which the aggregate fair saleable value of all properties of the Borrower and all of the Guarantors exceeds the amount of all the debts and liabilities (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of the Obligors hereunder and under the other Loan Documents) of all of the Guarantors, determined (A) with respect to any Guarantor that is a party hereto on the date hereof, as of the date hereof, and (B) with respect to any other Guarantor, as of the date such Guarantor becomes a Guarantor hereunder.

Section 3. Representations and Warranties . Each Obligor represents and warrants to the Lenders and the Administrative Agent for the benefit of the Secured Creditors that:

3.01 Organizational Matters; Enforceability, Etc . In the case of each Guarantor the representations and warranties of the Borrower relating to such Guarantor in Article V of the Credit Agreement are true as of the date such representations were made.

3.02 Title . Such Obligor is the sole beneficial owner of the Collateral in which it purports to grant a security interest pursuant to Section 4 and no Lien exists upon the Collateral (and no right or option to acquire the same exists in favor of any other Person) other than (a) Liens permitted by the Credit Agreement and (b) the security interest created or provided for herein, which security interest constitutes a valid first and prior perfected Lien on the Collateral, provided that no Obligor shall be required to perfect the security interests created or provided for herein (other than with respect to Portfolio Investments) by any means other than filings pursuant to the NYUCC , together with such steps as may be required under applicable law to perfect the security interests in any Equity Interest held by such Obligor in any of its Subsidiaries .

3.03 Names, Etc. The full and correct legal name, type of organization, jurisdiction of organization, organizational ID number (if applicable) and mailing address of each Obligor as of the date hereof are correctly set forth in Annex 1. Said Annex 1 correctly specifies (a) the place of business of such Obligor or, if such Obligor has more than one place of business, the location of the chief executive office of such Obligor, and (b) each location where any financing statement naming such Obligor as debtor is currently on file.

3.04 Changes in Circumstances . Such Obligor has not (a) within the period of four months prior to the date hereof, changed its location (as defined in Section 9-307 of the NYUCC), (b) heretofore changed its name, or (c) heretofore become a "new debtor" (as defined in Section 9-102(a)(56) of the NYUCC) with respect to a currently effective security agreement previously entered into by any other Person.

Section 4. Collateral . As collateral security for the payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, each Obligor hereby pledges and grants to the Administrative Agent for the benefit of the Secured Creditors as hereinafter provided a security interest in all of such Obligor's right, title and interest in, to and under the following property, in each case whether tangible or intangible, wherever located, and whether now owned by such Obligor or hereafter acquired and whether now existing or hereafter coming into existence (all of the property described in this Section 4 being collectively referred to herein as " Collateral "):

(a) all Portfolio Investments of such Obligor;

(b) in the case of any Portfolio Investment in an Investment Fund, all Investment Fund Payment Rights relating thereto;

(c) all Accounts, Chattel Paper, Commodity Accounts, Commodity Contracts, Deposit Accounts, Documents, General Intangibles, Instruments,

Securities, Securities Accounts and other Investment Property, Letter-of-Credit Rights and Promissory Notes, whether constituting or evidencing Portfolio Investments or otherwise, and Goods; and

(d) all Proceeds of any of the Collateral, all substitutions and replacements for, any of the Collateral, and, to the extent related to any Collateral, all books, correspondence, credit files, records, invoices and other papers (including all tapes, cards, computer runs and other papers and documents in the possession or under the control of such Obligor or any computer bureau or service company from time to time acting for such Obligor),

EXCLUDING, HOWEVER, (i) cash and cash equivalents securing Third-Party Hedge Obligations, (ii) Excluded Investments and (iii) any and all tangible assets, or classes of tangible assets, in respect of which the Administrative Agent and the Borrower agree in writing that the cost of obtaining and perfecting a security interest would be excessive in relation to the value of such assets (it being understood that assets excluded under clauses (i), (ii) and (iii) above shall be excluded from the Borrowing Base) and (iv) any Equity Interest in an Investment Fund constituting a Portfolio Investment and any Equity Interests in the relevant Investment Fund Holder, to the extent that the grant of a security interest in respect of such Portfolio Investment or any Equity Interests would constitute a violation of a valid and enforceable contractual restriction with respect thereto; provided that the foregoing clause (iv) shall not exclude, nor affect, limit, restrict or impair the grant by any Obligor of a security interest pursuant to this Agreement in, any Investment Fund Payment Rights.

Section 5. Cash Proceeds of Collateral .

5.01 Collateral Account . The Administrative Agent will, if so directed by the Issuing Lender or the Majority Lenders, as applicable, cause to be established at a banking institution to be selected by the Administrative Agent and acceptable to the Borrower a cash collateral account (the " Collateral Account "), that

(i) to the extent of all Investment Property or Financial Assets (other than cash) credited thereto shall be a Securities Account in respect of which the Administrative Agent shall be the Entitlement Holder or which shall be subject to a control agreement in form and substance satisfactory to the Administrative Agreement, and

(ii) to the extent of any cash credited thereto shall be a Deposit Account in respect of which the Administrative Agent shall be the depositary bank's customer, and

into which each Obligor agrees to deposit from time to time the cash proceeds of any of the Collateral required to be delivered to the Administrative Agent pursuant to any of the Loan Documents, or pursuant hereto, and into which the Obligors may from time to time deposit any additional amounts that it wishes to provide as additional collateral security hereunder. The Collateral Account, and any money or other property from time to time therein, shall constitute part of the Collateral hereunder and shall not constitute payment of the Secured Obligations until applied as hereinafter provided.

5.02 Withdrawals . The balance from time to time in the Collateral Account shall be subject to withdrawal only as provided in this Section 5.02 and Section 5.03 below. The Administrative Agent shall (except as otherwise provided in the last sentence of this Section 5.02) remit the collected balance standing to the credit of the Collateral Account to or upon the order of the relevant Obligor as such Obligor (through the Borrower) shall from time to time instruct. At any time following the occurrence and during the continuance of an Event of Default, the Administrative Agent may (and, if instructed by the Lenders as provided in the Credit Agreement, shall) in its (or their) discretion apply or cause to be applied (subject to collection) the balance from time to time standing to the credit of the Collateral Account (regardless of the origin thereof) to the prepayment of the principal of the Loans (and/or to provide cover for L/C Exposure) in the manner specified in Article VII of the Credit Agreement.

5.03 Investment of Balance in Collateral Account . The cash balance standing to the credit of the Collateral Account shall be invested from time to time as the respective Obligor through the Borrower or, after the occurrence and during the continuance of an Event of Default, the Administrative Agent shall determine (but, in any event, within reasonable parameters requested by the Borrower), which investments shall be held in the name and be under the control of the Administrative Agent (and credited to the Collateral Account), provided that at any time after the occurrence and during the continuance of an Event of Default, the Administrative Agent may (and, if instructed by the Lenders as provided in the Credit Agreement, shall) in its (or their) discretion at any time and from time to time elect to liquidate any such investments and to apply or cause to be applied the proceeds thereof to the payment of the Secured Obligations then due and payable in the manner specified in Section 6.09.

5.04 Cover for L/C Exposure . Amounts deposited into the Collateral Account as cover for LC Exposure under the Credit Agreement as contemplated by Article VII thereof shall be held by the Administrative Agent in a separate sub-account (designated "L/C Exposure Sub-Account") and all amounts held in such sub-account shall constitute collateral security first for the L/C Exposure outstanding from time to time and second as collateral security for the other Secured Obligations hereunder.

Section 6. Further Assurances; Remedies . In furtherance of the grant of the security interest pursuant to Section 4, the Obligors hereby jointly and severally agree with the Administrative Agent for the benefit of the Secured Creditors as follows:

6.01 Delivery and Other Perfection . Each Obligor shall promptly from time to time give, execute, deliver, file, record, authorize or obtain all such financing statements, continuation statements, notices, instruments, documents, agreements or consents or other papers as may be necessary to create, preserve, perfect, maintain the perfection of or validate the security interest granted pursuant hereto or to enable the Administrative Agent to exercise and enforce its rights hereunder with respect to such security interest.

6.02 Other Financing Statements or Control . No Obligor shall (a) file or suffer to be on file, or authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to any of the Collateral in which the Administrative

Agent is not named as the sole secured party for the benefit of the Secured Creditors, or (b) cause or permit any Person other than the Administrative Agent to have "control" (as defined in Section 9-106 of the NYUCC) of any Portfolio Investment or any Equity Interest held by such Obligor in any of its Subsidiaries constituting part of the Collateral.

6.03 Preservation of Rights . The Administrative Agent shall not be required to take steps necessary to preserve any rights against prior parties to any of the Collateral.

6.04 Remedies .

(a) Rights and Remedies Generally upon Default . If an Event of Default shall have occurred and is continuing and upon receipt by the Borrower of written notice thereof from the Administrative Agent, the Administrative Agent shall have all of the rights and remedies with respect to the Collateral of a secured party under the NYUCC (whether or not the NYUCC is in effect in the jurisdiction where the rights and remedies are asserted) and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including the right, to the fullest extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Administrative Agent were the sole and absolute owner thereof (and each Obligor agrees to take all such action as may be appropriate to give effect to such right); and without limiting the foregoing:

(i) the Administrative Agent in its discretion may, in its name or in the name of any Obligor or otherwise, demand, sue for, collect or receive any money or other property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so;

(ii) the Administrative Agent may make any reasonable compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, any of the Collateral;

(iii) the Administrative Agent may require the Obligors to notify (and each Obligor hereby authorizes the Administrative Agent to so notify) each account debtor in respect of any Account, Chattel Paper or General Intangible, and each obligor on any Instrument, constituting part of the Collateral that such Collateral has been assigned to the Administrative Agent hereunder, and to instruct that any payments due or to become due in respect of such Collateral shall be made directly to the Administrative Agent or as it may direct (and if any such payments, or any other Proceeds of Collateral, are received by any Obligor they shall be held in trust by such Obligor for the benefit of the Administrative Agent and as promptly as possible remitted or delivered to the Administrative Agent for application as provided herein);

(iv) the Administrative Agent may prohibit withdrawals from, and/or apply to the payment of the Secured Obligations, any money or other property in the Collateral Account and/or any Investment Fund Payment Account;

(v) the Administrative Agent may require the Obligors to cause any securities constituting part of the Collateral to be transferred of record into the name of the Administrative Agent or its nominee (and the Administrative Agent agrees that if any of such securities is transferred into its name or the name of its nominee, the Administrative Agent will thereafter promptly give to respective Obligor (through the Borrower) copies of any notices and communications received by it with respect to such securities); and

(vi) the Administrative Agent may (subject to any contractual rights of first offer, which in any event shall include (i) the pro rata right of first offer of each shareholder, member or other equity holder (other than the relevant Obligor), in the case of the exercise of remedies with respect to any private equity co-investment, and (ii) the right of first offer of the general partner of an Investment Fund, in the case of the exercise of remedies with respect to any Investment Fund; and further subject to any transfer restrictions affecting any shareholder, member, limited partner or other equity holder in respect of such Portfolio Investment) sell, lease, assign or otherwise dispose of all or any part of the Collateral, at such place or places as the Administrative Agent deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required by applicable statute and cannot be waived), and the Administrative Agent or any other Secured Creditor or anyone else may be the purchaser, lessee, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of the Obligors, any such demand, notice and right or equity being hereby expressly waived and released. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned.

The Proceeds of each collection, sale or other disposition under this Section 6.05, including by virtue of the exercise of any license granted to the Administrative Agent in Section 6.04(b), shall be applied in accordance with Section 6.09.

(b) Certain Securities Act Limitations . The Obligors recognize that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof. The Obligors acknowledge that any such private sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agree that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Administrative Agent shall have no obligation to engage in public sales and no

obligation to delay the sale of any Collateral for the period of time necessary to permit the issuer thereof to register it for public sale.

(c) Notice . The Obligors agree that to the extent the Administrative Agent is required by applicable law to give reasonable prior notice of any sale or other disposition of any Collateral, fifteen Business Days' notice shall be deemed to constitute reasonable prior notice.

6.06 Deficiency . If the proceeds of sale, collection or other realization of or upon the Collateral pursuant to Section 6.05 are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, the Obligors shall remain liable for any deficiency.

6.07 Locations; Names, Etc . Without at least 30 days' prior written notice to the Administrative Agent, no Obligor shall (i) change its location (as defined in Section 9-307 of the NYUCC), (ii) change its name from the name shown as its current legal name on Annex 1, or (iii) agree to or authorize any modification of the terms of any item of Collateral that would result in a change thereof from one Uniform Commercial Code category to another such category (such as from a General Intangible to Investment Property), if the effect thereof would be to result in a loss of perfection of, or diminution of priority for, the security interests created hereunder in such item of Collateral, or the loss of control (within the meaning of Section 9-104, 9-105, 9-106 or 9-107 of the NYUCC) over such item of Collateral.

6.08 Private Sale . The Secured Creditors shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to Section 6.05 conducted in a commercially reasonable manner. Each Obligor hereby waives any claims against the Secured Creditors arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Administrative Agent accepts the first offer received and does not offer the Collateral to more than one offeree.

6.09 Application of Proceeds . Except as otherwise herein expressly provided and except as provided below in this Section 6.09, the Proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by the Administrative Agent under Section 5 or this Section 6, shall be applied by the Administrative Agent:

First , to the payment of the costs and expenses of such collection, sale or other realization, including reasonable out-of-pocket costs and expenses of the Administrative Agent and the fees and expenses of its agents and counsel, and all expenses incurred and advances made by the Administrative Agent in connection therewith;

Next , to the payment in full of the Secured Obligations, in each case equally and ratably in accordance with the respective

amounts thereof then due and owing or as the Lenders holding the same may otherwise agree; and

Finally , to the payment to the relevant Obligor, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining.

Notwithstanding the foregoing, the proceeds of any cash or other amounts held in the "L/C Exposure Sub-Account" of the Collateral Account pursuant to Section 5.04 shall be applied first to the L/C Exposure outstanding from time to time and second to the other Secured Obligations in the manner provided above in this Section 6.09.

6.10 Attorney-in-Fact . Without limiting any rights or powers granted by this Agreement to the Administrative Agent while no Event of Default has occurred and is continuing, upon the occurrence and during the continuance of any Event of Default the Administrative Agent is hereby appointed the attorney-in-fact of each Obligor for the purpose of carrying out the provisions of this Section 6 and taking any action and executing any instruments that the Administrative Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, so long as the Administrative Agent shall be entitled under this Section 6 to make collections in respect of the Collateral, the Administrative Agent shall have the right and power to receive, endorse and collect all checks made payable to the order of any Obligor representing any dividend, payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

6.11 Termination . When all Secured Obligations shall have been paid in full (other than contingent indemnity obligations not then due) and the Commitments of the Lenders under the Credit Agreement and all L/C Exposure shall have expired or been terminated or have been cash collateralized or otherwise back-stopped on terms reasonably satisfactory to the relevant Issuing Lender, the Administrative Agent and the Borrower, this Agreement shall terminate, and the Administrative Agent shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or on the order of the relevant Obligor. The Administrative Agent shall also, at the expense of such Obligor, execute and deliver to the respective Obligor upon such termination such Uniform Commercial Code termination statements, as shall be reasonably requested by the respective Obligor to effect the termination and release of the Liens on the Collateral as required by this Section 6.11.

6.12 Further Assurances . Each Obligor agrees that, from time to time upon the written request of the Administrative Agent, such Obligor will execute and deliver such further documents and do such other acts and things as the Administrative Agent may reasonably request in order fully to effect the purposes of this Agreement.

Section 7. Miscellaneous .

7.01 Notices . All notices, requests, consents and demands hereunder shall be in writing and telecopied or delivered to the intended recipient at its "Address for Notices" specified pursuant to Section 9.02 of the Credit Agreement and shall be deemed to have been given at the times specified in said Section 9.02. Any notice to be delivered to any Guarantor

hereunder shall be delivered to the Borrower (at its aforesaid address) on behalf of such Guarantor.

7.02 No Waiver . No failure on the part of any Secured Creditor to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by any Secured Creditor of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

7.03 Amendments, Etc . The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by each Obligor and the Administrative Agent (with the consent of the Lenders as specified in Section 9.01 of the Credit Agreement). Any such amendment or waiver shall be binding upon the Secured Creditors and each Obligor.

7.04 Expenses . The Obligors jointly and severally agree to reimburse each of the Secured Creditors for all reasonable costs and expenses incurred by them (including the reasonable fees and expenses of one legal counsel for the Secured Creditors in each relevant jurisdiction or of more than one such legal counsel to the extent any Secured Creditor reasonably determines that there is an actual conflict of interest requiring the employment of separate legal counsel) in connection with (i) any Default and any enforcement or collection proceeding resulting therefrom, including all manner of participation in or other involvement with (w) performance by the Administrative Agent of any obligations of the Obligors in respect of the Collateral that the Obligors have failed or refused to perform, (x) bankruptcy, insolvency, receivership, foreclosure, winding up or liquidation proceedings, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of the Administrative Agent in respect thereof, by litigation or otherwise, including expenses of insurance, (y) judicial or regulatory proceedings and (z) workout, restructuring or other negotiations or proceedings (whether or not the workout, restructuring or transaction contemplated thereby is consummated) and (ii) the enforcement of this Section 7.04, and all such costs and expenses shall be Secured Obligations entitled to the benefits of the collateral security provided pursuant to Section 4.

7.05 Successors and Assigns . This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of each Obligor and the Secured Creditors (provided that no Obligor shall assign or transfer its rights or obligations hereunder without the prior written consent of the Administrative Agent).

7.06 Counterparts . This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

7.07 Governing Law; Submission to Jurisdiction; Etc .

(a) Governing Law . This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Submission to Jurisdiction . Each Guarantor hereby irrevocably and unconditionally submits, for itself and its Property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each Guarantor irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by applicable law, in such Federal court. Each Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Secured Creditor may otherwise have to bring any action or proceeding relating to this Agreement against any Obligor or its properties in the courts of any jurisdiction.

(c) Waiver of Venue . Each Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each Guarantor irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process . Each Guarantor agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to KKR KPE LLC (the " Process Agent ") as agent for such Guarantor in New York, New York for service of process at its address set forth in Section 9.02 of the Credit Agreement, or at such other address of which the Administrative Agent shall have been notified in writing by such Guarantor; provided, that if the Process Agent changes its location (outside the Borough of Manhattan) or ceases to act as such Guarantor's agent for service of process, such Guarantor will, by an instrument reasonably satisfactory to the Administrative Agent, promptly appoint another Person (subject to the approval of the Administrative Agent) in the Borough of Manhattan, New York, New York to act as such Guarantor's agent for service of process. Each other party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.02 of the Credit Agreement. Nothing in this Agreement will affect the right of any party to serve process in any other manner permitted by applicable law.

(e) Waiver of Sovereign Immunity . To the extent that a Guarantor may be or become entitled to claim for itself or its Property any immunity on the ground of sovereignty or the like from suit, court jurisdiction, attachment prior to judgment, attachment in aid of execution of a judgment or execution of a judgment, and to the extent that in any such jurisdiction there may be attributed such an immunity (whether or not claimed), such Guarantor hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity with respect to its obligations under this Agreement.

7.08 WAIVER OF JURY TRIAL . EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

7.09 Captions . The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

7.10 Agents and Attorneys-in-Fact . The Administrative Agent may employ agents and attorneys-in-fact in connection herewith and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith.

7.11 Severability . If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Secured Creditors in order to carry out the intentions of the parties hereto as nearly as may be possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

7.12 Additional Subsidiary Guarantors . Any Wholly-Owned Subsidiary of the Borrower formed or acquired after the date hereof may become a "Guarantor" under this Agreement, by executing and delivering to the Administrative Agent a Guarantee Assumption Agreement in the form of Exhibit 1 hereto (together with an appropriate legal opinion of counsel, as referred to in said Exhibit 1). Accordingly, upon the execution and delivery of any such Guarantee Assumption Agreement by any such new Subsidiary, such new Subsidiary shall automatically and immediately, and without any further action on the part of any Person, become a "Guarantor" and an "Obligor" under and for all purposes of this Agreement. In addition, upon the execution and delivery of any such Guarantee Assumption Agreement, the new Guarantor makes the representations and warranties set forth in Section 3 hereof.

7.13 Droit de Discussion . Any right which at any time any Obligor may have under the existing or future laws of Guernsey whether by virtue of the *droit de discussion* or otherwise to require that recourse be had to the assets of any other person before any claim is enforced against such Obligor in respect of the obligations assumed by such Obligor under or in connection with any Loan Document is hereby waived.

7.14 Droit de Division . Any right which at any time any Obligor may have under the existing or future laws of Guernsey whether by virtue of the *droit de division* or otherwise to require that any liability under any guarantee or indemnity given in or in connection with any Loan Document be divided or apportioned with any other person or reduced in any manner whatsoever is hereby waived.

7.15 Luxembourg Obligor Limitations . Notwithstanding any other provision of this Agreement to the contrary, the liabilities hereunder of any Obligor which is organized under the laws of the Grand Duchy of Luxembourg in relation to the obligations of any direct or indirect parent company and/or of any Subsidiary thereof which is not its own Subsidiary shall (a) be limited at any time to an aggregate amount not exceeding 95% of the greater of such Obligor's own funds " *capitaux propres* " (as determined by article 34 of the Luxembourg law of 19 December 2002 in the Register of Commerce and Companies) as reflected in its most recently approved financial statements or existing as at the original date of this Agreement and (b) not apply to any payment which, if made, would amount to prohibited financial assistance as provided in article 49-6 of the Luxembourg law of 10 August 1915 on commercial companies, as amended.

IN WITNESS WHEREOF, the parties hereto have caused this Guarantee and Security Agreement to be duly executed and delivered as of the day and year first above written.

KKR PEI INVESTMENTS, L.P.

By: KKR PEI Associates, L.P., its general partner
By: KKR PEI GP Limited, its general partner

By _____
Title:

KKR SPRINT (KPE) LIMITED

By _____
Title:

KKR PEI ALTERNATIVE INVESTMENTS LIMITED

By _____
Title:

KKR PEI JAPAN INVESTMENT I, LTD.

By _____
Title:

SEVRES IV, S.À R.L.,

By _____
Name:
Title:

CITIBANK, N.A.,
as Administrative Agent

By _____
Title:

EXHIBIT 1

[Form of Guarantee Assumption Agreement]

GUARANTEE ASSUMPTION AGREEMENT

GUARANTEE ASSUMPTION AGREEMENT dated as of , 2007 by [NAME OF ADDITIONAL GUARANTOR], a corporation (the " Additional Guarantor "), in favor of Citibank, N.A., as administrative agent for the parties defined as "Lenders" under the Credit Agreement referred to below (in such capacity, together with its successors in such capacity, the " Administrative Agent ").

KKR PEI Investments, L.P., a Guernsey limited partnership (the " Borrower ") (acting through its general partner, KKR PEI Associates, L.P., a Guernsey limited partnership acting through its general partner, KKR PEI GP Limited) , the Guarantors referred to therein and the Administrative Agent are parties to a Credit Agreement dated as of June 11, 2007 (as modified and supplemented and in effect from time to time, the " Credit Agreement "). In connection with the Credit Agreement, the Borrower, the Guarantors referred to therein and the Administrative Agent are parties to a Guarantee and Security Agreement dated as of June 11, 2007 (as modified and supplemented and in effect from time to time, the " Guarantee and Security Agreement ").

Pursuant to Section 7.12 of the Guarantee and Security Agreement, the Additional Guarantor hereby agrees to become a "Guarantor" for all purposes of the Credit Agreement, and a "Guarantor" for all purposes of the Guarantee and Security Agreement. Without limiting the foregoing, the Additional Guarantor hereby, jointly and severally with the other Guarantors, guarantees to each Secured Creditor and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of all Guaranteed Obligations (as defined in Section 2.01 of the Guarantee and Security Agreement) in the same manner and to the same extent as is provided in Section 2 of the Guarantee and Security Agreement. In addition, the Additional Guarantor hereby makes the representations and warranties set forth in Section 3 of the Guarantee and Security Agreement, with respect to itself and its obligations under this Agreement, as if each reference in such Sections to the Loan Documents included reference to this Agreement.

The Additional Guarantor hereby instructs its counsel to deliver any opinions to the Secured Creditors required to be delivered in connection with the execution and delivery hereof.

IN WITNESS WHEREOF, the Additional Guarantor has caused this Guarantee Assumption Agreement to be duly executed and delivered as of the day and year first above written.

[NAME OF ADDITIONAL SUBSIDIARY GUARANTOR]

By _____
Title:

Accepted and agreed:

[NAME OF ADMINISTRATIVE AGENT],
as Administrative Agent

By _____
Title

ANNEX 1

FILING DETAILS

[See Sections 3.03 and 3.04 and 6.07]

1. Name Etc.

Legal Name	Type of Organization	Jurisdiction of Organization	Place of Business	Filing Jurisdiction
KKR PEI Investments, L.P.	Limited Partnership	Guernsey	P.O. Box 255 Trafalgar Court, Les Banques St. Peter Port, Guernsey GY1 3QL Channel Islands	Washington, D.C.
KKR Sprint (KPE) Limited	Limited Liability Company	Cayman	M&C Corporate Services Limited, PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands	Washington, D.C.
KKR PEI Alternative Investments Limited	Limited Liability Company	Cayman	M&C Corporate Services Limited, PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands	Washington, D.C.
KKR PEI Japan Investment I, Ltd.	Limited Liability Company	Cayman	M&C Corporate Services Limited, PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands	Washington, D.C.
SEVRES IV, S.à r.l.	Limited Liability Company	Luxembourg	59, rue du Rollingergrund, L-2440 Luxembourg	Washington, D.C.

2. **Change in Locations; Names, Etc.**

None

ANNEX 2

NEW DEBTOR EVENTS

[See Section 3.04]

None.

EXHIBIT C

[FORM OF NOTICE OF BORROWING]

NOTICE OF BORROWING

[Date]

Citibank, N.A., as Administrative Agent
for the Lenders parties to the Revolving Credit
Agreement referred to below
[2 Penns Ways, Suite 200
New Castle, Delaware 19720]

Attention: [ ]

Ladies and Gentlemen:

The undersigned, KKR PEI Investments, L.P. (the " Borrower ") (acting through its general partner, KKR PEI Associates, L.P., a Guernsey limited partnership acting through its general partner, KKR PEI GP Limited), refers to the Credit Agreement dated as of June 11, 2007 (as from time to time amended, the " Credit Agreement ", the terms defined therein being used herein as therein defined), among the undersigned, the Lenders party thereto and Citibank, N.A., as Administrative Agent for said Lenders, and hereby give you notice, irrevocably, pursuant to Section 2.01(b) of the Credit Agreement, that the undersigned hereby request a Borrowing of Loans thereunder, and in that connection set forth below the information relating to such Borrowing (the " Proposed Borrowing ") as required by Section 2.01(b) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is , .

(ii) The aggregate amount of the Proposed Borrowing stated in Dollars is $ and the Currency thereof is .

(iii) The initial Interest Period for each Loan made as part of the Proposed Borrowing is month[s]](1).

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Section 4.01 are true and correct in all material respects, as though made on and as of such date; and

---

(1) For Eurocurrency Loans only.

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or a Default.

Very truly yours,

KKR PEI INVESTMENTS, L.P.

By: Its general partner KKR PEI Associates, L.P.,
acting through its general partner
KKR PEI GP Limited

By: _____
Name:
Title:

EXHIBIT D-1

[FORM OF OPINION OF SPECIAL GUERNSEY COUNSEL
TO OBLIGORS]

Citibank, N.A.
2 Penns Ways, Suite 200
New Castle, Delaware 19720

in its capacity as administrative agent under the Credit Agreement (defined at paragraph 1.1 of this opinion) (the " **Administrative Agent** ")

and to each Lender (as defined in the Credit Agreement) from time to time party to the Credit Agreement referred to below

[ ] 2007

Dear Sirs

KKR PEI Investments, L.P. (the "Limited Partnership"), KKR PEI Associates, L.P. (the "General Partner" and, together with the Limited Partnership, the "Partnership Entities"), and KKR PEI GP Limited (the "Company")

We have been requested to provide to you our legal opinion on matters of Guernsey law in relation to the Limited Partnership acting by the General Partner and, in turn, acting by the Company as its general partner (together, the " **Guernsey Entities** ") established and registered in Guernsey by virtue of a limited partnership agreement dated 1 May 2006 made between the General Partner acting by the Company and KKR Private Equity Investors, L.P. (the " **Limited Partnership Agreement** ").

For the purpose of this opinion we have examined the following copy documents (the " **Documents** "):

1.1 a $1,000,000,000 5-year revolving credit agreement dated on or about the date hereof (the " **Credit Agreement** ") made between (1) the Limited Partnership acting by the General Partner in turn acting by the Company as borrower, (2) the Lenders party thereto, (3) the Administrative Agent, and (4) Citigroup Global Markets Inc. as joint lead arrangers and bookrunners; and

1.2 the form of promissory note attached as an exhibit to the Credit Agreement to be made by (1) the Limited Partnership acting by the General Partner in turn acting by the Company as borrower in favour of (2) each Lender which requests the execution and delivery of such a promissory note in accordance with the Credit Agreement; and

1.3 the form of guarantee and security agreement attached as an exhibit to the Credit Agreement to be made between (1) the Limited Partnership acting by the General Partner in turn acting by the Company as borrower, (2) each party to be specified therein as guarantor, and (3) the Administrative Agent (the " **Guarantee** ").

Except as expressly referred to in this opinion, we have not seen or examined, and give no opinion on, any underlying or other documents referred to in the Documents.

We acknowledge that in entering into the Documents to which you are a party you will be relying upon this opinion.

We are lawyers qualified to practise law in and to advise on the laws of the Island of Guernsey.

2. In addition, we have examined:

2.1 the public records of the Company on file and available for inspection at the Greffe in Guernsey on [ ] 2007 (the " **Public Records** ");

2.2 a certified true copy of the Certificate of Registration and Memorandum and Articles of Association of the Company;

2.3 a certificate of a director of the Company (the " **Director's Certificate** ") relating to certain matters, together with a certified true copy of the written resolutions of the directors of the Company (the " **Directors' Resolutions** ") referred to therein relating to the Documents, a copy of which is attached;

2.4 a search of the computerised records of matters raised in the Royal Court available for inspection at the Greffe in Guernsey on [ ] 2007 (the " **Royal Court records** ");

2.5 a copy of the Limited Partnership Agreement and of the limited partnership agreement establishing the General Partner dated 1 May 2006 (together with the Limited Partnership Agreement, the " **LPAs** ");

2.6 a certified true copy of the Certificates of Registration relating to the Limited Partnership and the General Partner issued by H.M. Greffier dated 18 April 2006;

2.7 a copy of the Guernsey Financial Services Commission's formal consents pursuant to the Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959 (as amended) dated 13 April 2006 issued in respect of the Limited Partnership and the General Partner (the " **Consents** "); and

2.8 a search of the register of limited partnerships available for public inspection at the Greffe in Guernsey on [ ] 2007 (the " **Register** "),

(together the "ancillary documents").

3. **Assumptions**

3.1 For the purposes of giving this opinion, we have with your permission assumed (and relied upon these assumptions):

3.1.1 that all parties (other than the Guernsey Entities) have the capacity, power and authority to enter into the Documents to which they are a party and that such parties have duly authorised, executed and delivered those documents and that those documents have been dated;

3.1.2 the genuineness and authenticity of all signatures and seals on all documents, the authenticity of all original documents and the completeness and conformity to original documents of all documents produced to us as copies;

3.1.3 the continuing accuracy and completeness of the Director's Certificate, and that the Director's Resolutions were duly adopted, have not been revoked or varied and remain in full force and effect as confirmed by the Director's Certificate, and the continuing accuracy and completeness of all statements as to matters of fact contained in the Documents and the ancillary documents, as at the date hereof;

3.1.4 that where we have examined drafts, the Documents as executed do not differ in any material respect from the drafts which we have examined and that the Documents to which the Limited Partnership is a party are executed in the manner prescribed by the relevant resolution of the directors of the Company set out in the Director's Resolutions;

3.1.5 that each of the Documents to which the Limited Partnership is a party when executed and delivered by Company as general partner of the General Partner in accordance with the resolutions set out in the Director's Resolutions and by the other parties thereto will constitute the legal, valid and binding obligation of the Limited Partnership and the other parties thereto, enforceable in accordance with its terms under the laws of the State of New York by which law the said Documents are expressed to be governed;

3.1.6 that there is no provision of the law or regulation of any jurisdiction other than Guernsey which would have any adverse implication in relation to the opinions expressed hereunder;

3.1.7 that the choice of the laws of the State of New York to govern each of the Documents is bona fide (for example not made with any intention of avoiding provisions of the law with which the transaction under each of the said Documents has the closest and most real connection) and legal and there is no reason for avoiding that choice of law on grounds of public policy;

3.1.8 that the information and documents disclosed by our searches of the Public Records, the Royal Court records and the Register in Guernsey referred to in paragraphs 2.1, 2.4 and 2.8 above are accurate as at the date hereof and there is no information or document which had been delivered for registration, or which is required by the laws of Guernsey to be delivered for registration, which was not included in the Public Records, the Royal Court records or the Register;

3.1.9 that where incomplete documents or signature pages only have been supplied to us for the purposes of issuing this opinion, the original corresponds in all material respects with the last draft of the complete document supplied to us;

3.1.10 that in respect of the transaction contemplated by, referred to in, provided for or effected by, the Documents each of the parties thereto entered into the same in good faith for the purpose of carrying on its business on arm's length commercial terms;

3.1.11 that each of the parties to the Documents (other than the Guernsey Entities) is duly incorporated and organised, validly existing and in good standing under the laws of its jurisdiction of incorporation and of the jurisdiction of its principal place of business;

3.1.12 the due compliance with all matters (including, without limitation, the obtaining of all necessary consents, licences, approvals and filings) under any law other than that of Guernsey;

3.1.13 that in resolving that the Limited Partnership enter into the Documents to which it is a party and the transactions documented thereby, the directors of the Company were acting with a view to the best interests of and for the purposes of the General Partner and the Limited Partnership;

3.1.14 that the copies of the Certificates of Registration of the Limited Partnership and the General Partner, the LPAs, and the Certificate of Registration and Memorandum and Articles of Association of the Company provided to us are true and complete as of the date of this letter, as confirmed by the Directors' Certificate;

3.1.15 that the corporate (if any) directors, secretary and members of the Company are duly incorporated and organised, validly existing and in good standing under the law of their place of incorporation, that they have capacity, power and authority to act in the manner contemplated and that the authorised signatories of such corporate directors, secretary and members have been validly appointed;

3.1.16 that any notice(s) required to be given pursuant to the terms of the Documents are given to the addressee(s) as set out therein in the form required;

3.1.17 that the LPAs remain in full force and effect and have not been rescinded, revoked or amended in any way including by way of addition of any additional limited partners thereto;

3.1.18 that the Consents remain in full force and effect and have not been rescinded, revoked or amended in any way;

3.1.19 that there has been no change to the constitution of the Guernsey Entities or any other matter which would require either notification to H.M. Greffier, the Guernsey Financial Services Commission or an amendment to the Register;

3.1.20 that the declarations filed with H.M. Greffier pursuant to section 8(2) of the Limited Partnerships (Guernsey) Law, 1995 (as amended) in relation to the Limited Partnership and the General Partner represent a true and correct disclosure as at the date hereof of relevant matters required thereunder;

3.1.21 that the General Partner acts solely as general partner of the Limited Partnership and is not carrying on, nor holding itself out as carrying on, any other business or activity including any controlled investment business (as that term is defined in the Protection of Investors (Bailiwick of Guernsey) Law, 1987) or any regulated activities (as that term is defined in the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2000) in or from within the Bailiwick of Guernsey;

3.1.22 that the Company acts solely as general partner of the General Partner and is not carrying on, nor holding itself out as carrying on, any other business or activity including any controlled investment business (as that term is defined in the Protection of Investors (Bailiwick of Guernsey) Law, 1987) or any regulated activities (as that term is defined in the Regulation of Fiduciaries, Administration

Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2000) in or from within the Bailiwick of Guernsey; and

3.1.23 that any assets secured under the Documents are situated and remain outside the Island of Guernsey.

3.2 We have not independently verified the above assumptions.

4. **Opinion**

On the basis of and subject to the foregoing and the observations and qualifications that follow and to matters not disclosed to us, we are of the opinion that:

4.1 the Limited Partnership is a duly organised, validly formed and existing limited partnership with registered number 602 under and in accordance with the laws of Guernsey;

4.2 the General Partner is a duly organised, validly formed and existing limited partnership with registered number 601 under and in accordance with the laws of Guernsey;

4.3 the Company is a limited liability company duly incorporated and validly existing under the laws of Guernsey;

4.4 the General Partner has been duly and validly appointed as general partner of the Limited Partnership under the Limited Partnership Agreement and the laws of Guernsey;

4.5 the Company has been duly and validly appointed as general partner of the General Partner under the General Partner's limited partnership agreement and the laws of Guernsey;

4.6 the Limited Partnership acting by the General Partner in turn acting by the Company has power and capacity to enter into the Documents to which it is a party and to exercise its rights and perform its obligations thereunder and all corporate or other acts required under the laws of Guernsey to authorise the acceptance and due execution by the Limited Partnership, acting by the General Partner in turn acting by the Company as its general partner, of the Documents to which it is a party and the acceptance and performance by it of its obligations thereunder have been duly performed;

4.7 each of the Documents to which the Limited Partnership is a party when executed and delivered by the Company as general partner of the General Partner in accordance with the resolutions set out in the Director's Resolutions and by the other parties thereto will constitute the legal, valid and binding obligation of the Limited Partnership, enforceable in accordance with its terms;

4.8 it is not necessary in order to ensure the legality, validity, enforceability or admissibility in evidence (subject to filings which may be necessary in connection with legal proceedings) of any of the Documents in Guernsey:-

(i) that they be notarised or filed, registered, recorded or enrolled with any court or governmental authority in Guernsey; or

(ii) that any registration, stamp or other similar fees, duties, or taxes (other than the payment of court fees in the event of litigation before the Guernsey Courts) be paid on or in relation to any of the Documents; or

(iii) that any consents, authorisations or approvals of any court or governmental authority in Guernsey be obtained by the Guernsey Entities (other than the Consents) in relation to any of the Documents;

4.9 the execution and delivery of the Documents to which the Limited Partnership is a party and the performance of the Limited Partnership's obligations thereunder will not contravene:-

(i) any applicable provision of the laws of Guernsey to which the Limited Partnership is subject; or

(ii) any provision of the LPAs; or

(iii) any provision of the Company's Memorandum and Articles of Association;

4.10 the choice of the laws of the State of New York to govern the Documents is valid and binding and will be recognised by the Courts of Guernsey;

4.11 enforcement of a judgement of the courts of the State of New York in respect of the Documents may be possible in Guernsey at common law. This is achieved by suing in the Guernsey Courts on the foreign judgment itself. Guernsey law would be likely to follow New York common law rules in this context. To that extent, a foreign judgment would only be enforced if the foreign court was itself of competent jurisdiction. In deciding that issue, the Guernsey Courts would be likely to apply New York conflict of law principles and, in an action in personam, would enforce a foreign judgment in the following circumstances:-

4.11.1 where the defendant is a subject of the foreign country in which the judgment has been obtained;

4.11.2 where the defendant was resident in the foreign country when the action began;

4.11.3 where the defendant in the character of plaintiff has selected the forum in which he is afterwards sued;

4.11.4 where the defendant has voluntarily appeared; or

4.11.5 where the defendant has contracted to submit himself to the forum in which the judgment was obtained.

A foreign judgment sued upon in the Courts of Guernsey is likely to be impeachable only on the following limited grounds:

4.11.6 if the foreign court did not have jurisdiction to give the judgment; or

4.11.7 if there has been fraud on the part of the party in whose favour the judgment was given; or

4.11.8 if there has been fraud on the part of the court pronouncing the judgment; or

4.11.9 where enforcement would be contrary to public policy; or

4.11.10 where the proceedings in which the judgment was obtained were contrary to natural justice.

4.12 a search on [ ] 2007 at the Greffe, the Registrar of Companies in Guernsey, revealed (i) no order or resolution for the winding-up of the Company and (ii) no notice of appointment of a liquidator, receiver or other such person given control of the assets of the Company;

4.13 a search of the Royal Court records available for inspection at the Greffe on [ ] 2007 as referred to in paragraph 2.4 above has confirmed that no proceedings have been taken against the Guernsey Entities (including no proceedings to declare the assets of the Guernsey Entities to be "en désastre");

4.14 an inspection on [ ] 2007 of the Register revealed that (i) the Partnership Entities remain registered as limited partnerships in accordance with the laws of Guernsey, (ii) the General Partner remains the general partner of the Limited Partnership, and (iii) the Company remains the general partner of the General Partner;

4.15 no Guernsey Entity is entitled to claim immunity on the ground of sovereignty or the like from any suit, execution, attachment or other legal process in Guernsey and the making and performance by it of its obligations under the Documents to which it is a party constitute private and commercial acts rather than public and governmental acts;

4.16 subject to the qualification at paragraph 5.18 and to the assumption at paragraph 3.1.23, it is not necessary under the laws of Guernsey to take any action to perfect any security interest created by the Guarantee;

4.17 it is not necessary under the laws of Guernsey:

(i) in order to enable the Administrative Agent or any Lender to enforce its rights under the Documents to which it is party; or

(ii) by reason of the execution of the Documents to which it is a party or the performance by Administrative Agent or any Lender of its obligations thereunder

that the Administrative Agent or any Lender should be licensed, qualified or otherwise entitled to carry on business in Guernsey;

4.18 neither the Administrative Agent nor any Lender will be, nor will be deemed to be, resident, domiciled or carrying on business in Guernsey by reason only of the execution, performance and/or enforcement of the Documents to which it is a party;

4.19 none of the Guernsey Entities is required by Guernsey law to make any deduction or withholding of tax from, or any payment of tax with respect to, any payments to be made under or pursuant to the Documents; and

4.20 any claims of the Administrative Agent or any Lender against the Limited Partnership under the Credit Agreement will rank at least pari passu with the claims of unsecured and unsubordinated creditors of the Limited Partnership save those whose claims are preferred by applicable law.

5. **Qualifications**

This opinion is subject to the following qualifications:-

5.1 the term "enforceable" as used in paragraph 4 of this opinion means that the obligations assumed by the relevant party under the relevant Document are of a type which the Guernsey Courts customarily enforce. This opinion is not to be taken to imply that any obligation would necessarily be capable of enforcement or be enforced in all circumstances in accordance with its terms. In particular, but without limitation:

(a) enforcement may be limited by bankruptcy, désastre, saisie, insolvency, liquidation, dissolution, re-organisation and other laws of general application relating to, or affecting the rights of, creditors;

(b) the Courts of Guernsey do not generally recognize equitable remedies, for example, specific performance is not available in Guernsey and other equitable remedies are not necessarily available or where available are discretionary and may not be available where damages are considered to be an adequate remedy;

(c) claims may be or become barred under the laws relating to the prescription and limitation of actions or may become subject to the general doctrine of estoppel or waiver in relation to representations, acts or omissions of any relevant party or may become subject to defences of set-off or counterclaim;

(d) the Courts of Guernsey will not enforce provisions of the Documents to the extent that the same may be illegal or contrary to public policy in Guernsey or if obligations are to be performed in a jurisdiction outside Guernsey to the extent that such performance would be illegal or invalid, or contrary to the exchange control regulations under the laws of, or contrary to public policy, in that jurisdiction;

(e) the enforcement of the obligations of the parties to the Documents may be limited by the provisions of Guernsey law applicable to agreements or contracts held to have been frustrated by events happening after the relevant agreement or contract was entered into;

(f) enforcement of obligations may be invalidated by reason of fraud, duress or misrepresentation;

(g) enforcement may be limited to the extent that matters which it has been expressly assumed herein will be done have not been done; and

(h) the effectiveness of any provision exculpating any party from a liability or duty otherwise owed may be limited by law.

5.2 a Court in Guernsey may decline to accept jurisdiction in an action where it determines that there is another more appropriate forum in another jurisdiction or that a court of competent jurisdiction has already made a determination of the relevant matter or where there is litigation pending in respect thereof in another jurisdiction or it may stay proceedings if concurrent proceedings are instituted elsewhere;

5.3 information available in public registries in Guernsey is limited and in particular there is no publicly available record of charges or other security interests over the shares, limited

partnership interests or assets of Guernsey companies or limited partnerships (other than in respect of real property situated in Guernsey and Guernsey registered ships);

5.4 the question of whether or not any provision of the Documents which may be invalid on account of illegality or otherwise may be severed from the other provisions thereof would be determined by a Court in Guernsey in its discretion;

5.5 where any party to any of the Documents is vested with a discretion or may determine a matter in its opinion, the laws of Guernsey may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds;

5.6 we offer no opinion as to the title or interest of any Guernsey Entity to or in, or the existence of, any property or assets the subject of the Documents;

5.7 we offer no opinion as to whether the Limited Partnership's execution of, or entering into the agreements constituted by, the Documents, or the performance by the Limited Partnership of its obligations under the Documents, will result in any breach of or otherwise infringe any other agreement, deed or document (other than the Company's Memorandum and Articles of Association and the LPAs) entered into by or binding on the Limited Partnership;

5.8 we express no opinion as to any other law other than the laws of the Island of Guernsey in force at and as interpreted at the date of this opinion. In particular we offer no opinion as to whether the Documents are enforceable in any jurisdiction outside Guernsey;

5.9 we do not give any opinion on the commerciality of any transaction contemplated or entered into by the Limited Partnership under or pursuant to the Documents. If in resolving to enter into the transaction the directors of the Company were not acting with a view to the best interests of the Company, they would be acting in breach of their duties as directors of the Company under the laws of Guernsey;

5.10 where a person incorporated, resident or domiciled in Guernsey gives security governed by foreign law over property situated outside the Island, then that person is deemed to have had capacity to give it under the laws of Guernsey. For the purposes of this paragraph, "property" means all property, whether tangible or intangible, vested, contingent or future;

5.11 any provision of the Documents purporting to provide for certain payments to be made in the event of a breach of any term of the Documents would not be enforceable to the extent that a Court in Guernsey was to construe it to be a penalty which was excessive. For example, provisions for default interest to be paid on overdue amounts may amount to such an excessive penalty under the laws of Guernsey and such interest may therefore not be recoverable;

5.12 we offer no opinion on whether or not any transaction under the Documents constitutes a transaction at an undervalue or a preference under the laws of Guernsey;

5.13 any provisions in the Documents to the effect that calculations and/or certifications and/or determinations will be conclusive and binding will not be effective if such calculations and/or certifications and/or determinations are fraudulent or erroneous on their face and will not necessarily prevent a judicial enquiry into the merits of any claim by the relevant party relative to any such calculation, certification or determination or

review by the Royal Court of Guernsey of the grounds on which such calculation, certification or determination is made or given;

5.14 a court in Guernsey may refuse to (i) give effect to any provision of an agreement it considers usurious or (ii) allow unjust enrichment;

5.15 the searches of the Public Records referred to in paragraph 2.1 and of the Register referred to at paragraph 2.8 above are not conclusively capable of revealing whether or not:

(i) a winding up or dissolution order has been made or a resolution passed for the winding up or dissolution of a Guernsey Entity; or

(ii) an order has been made or a resolution passed appointing a liquidator in respect of any Guernsey Entity,

as notice of these matters might not be filed with the Greffe immediately and, when filed, might not be entered on the public record of the relevant Guernsey Entity immediately;

5.16 there is no official register of pending actions in Guernsey available for public inspection and no formal procedure for determining whether any proceedings have been commenced against any Guernsey Entity including as to whether proceedings have commenced to declare the property of any Guernsey Entity "en désastre". The enquiry of the Royal Court records referred to in paragraph 2.4 above is an informal enquiry only and cannot be relied upon exclusively;

5.17 save as expressly provided herein, we offer no opinion in relation to any representations or warranty made or given by any Guernsey Entity in the Documents;

5.18 in respect of the Guarantee:

5.18.1 the Guarantee is not a security agreement for the purposes of The Security Interests (Guernsey) Law, 1993 (the " **Security Interests Law** ") and Guernsey law prohibits the giving of security over tangible moveable property situated in Guernsey other than by pledge and requires compliance with the Security Interests Law in order that security is obtained over intangible moveable property situate in Guernsey. Thus purported creation of security by fixed charge or otherwise under the Guarantee will not be valid and enforceable in respect of real property or tangible moveable property in Guernsey and is unlikely to be valid or enforceable in respect of other Guernsey situs assets. The question of situs of assets will be determined by the Courts of Guernsey in accordance with principles of private international law which principles are broadly similar to those applied by the English Courts;

5.18.2 the Royal Court of Guernsey is unlikely to recognise powers of any receiver or administrator appointed under the Guarantee claimed in respect of Guernsey situs assets; and

5.18.3 for the avoidance of doubt, where a person incorporated, resident or domiciled in Guernsey gives security governed by foreign law over property situated outside the Island of Guernsey, then that person is deemed to have had capacity to give it under the laws of Guernsey. For the purposes of this paragraph, "property"

means all property, whether tangible or intangible, vested, contingent or future; and

5.19 the opinions expressed in paragraph 4 above in respect of the Company are subject to the doctrine expressed in the English case of Russell v Northern Bank Development Corp. Ltd . and others [1992] 1 WLR 588 (which would be persuasive in the Courts of Guernsey) that a provision in a contract made by a company restricting the exercise of a statutory power to, for example, alter the Company's memorandum and articles of association, or increase its share capital, is of no effect.

6. This opinion shall be governed by and construed in accordance with the laws of Guernsey and is limited to the matters expressly stated herein. This opinion is confined to and given on the basis of the laws and practice in Guernsey at the date hereof. We have made no investigation and express no opinion in relation to the laws or practice of any jurisdiction other than Guernsey. This opinion is addressed only to you and is solely for the benefit of you and your professional legal advisers in connection with the Documents and except with our prior written consent it may not be disclosed to or relied upon by any other person or used for any other purpose or referred to or made public in any way save that it may be disclosed to (but not relied on by) any public or governmental agency or other person, where such disclosure is required by law.

Yours faithfully

CAREY OLSEN

EXHIBIT D-2

[FORM OF OPINION OF SPECIAL NEW YORK
COUNSEL TO OBLIGORS]

June 11, 2007

Citibank, N.A., as Administrative Agent under the Credit Agreement, as hereinafter defined (the " Agent ")

and

The other addressees listed on Schedule I hereto

Re: 5-Year Revolving Credit Agreement dated as of June 11, 2007, (the " Credit Agreement ") among KKR PEI Investments, L.P., a Guernsey limited partnership (the " Company "), the lending institutions from time to time party thereto (the " Lenders "), the Agent and the other agents and entities party thereto

Ladies and Gentlemen:

We have acted as special New York counsel to the Company and the subsidiaries of the Company named on Schedule II hereto (each, a " Subsidiary Guarantor " and, collectively, the " Subsidiary Guarantors "; the Company and the Subsidiary Guarantors being referred to herein collectively as, the " Credit Parties ") in connection with the preparation, execution and delivery of the following documents:

(i) the Credit Agreement; and

(ii) the Guarantee and Security Agreement (the " Security Document "; the Credit Agreement and the Security Document being referred to herein collectively as, the " Credit Documents ").

Unless otherwise indicated, capitalized terms used but not defined herein shall have the respective meanings set forth in the Credit Agreement. This opinion is furnished to you pursuant to Section 4.01(f) of the Credit Agreement.

We have examined the following:

(i) the Credit Agreement, signed by each Credit Party that is a party thereto and by the Agent and certain of the Lenders and the agents and other entities that are a party thereto;

(ii) the Security Document, signed by each Credit Party that is a party thereto; and

(iii) unfiled copies of the financing statements listed on Schedule III hereto (the " Financing Statements "), naming the Credit Parties indicated on such Schedule III as debtors and the Agent as secured party, which we understand will be filed in the Office of the Recorder of Deeds in the District of Columbia (the " Filing Office ").

In addition, we have examined, and have relied as to matters of fact upon, the documents delivered to you at the closing, and upon originals, or duplicates or certified or conformed copies, of such corporate records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Credit Parties, and have made such other investigations, as we have deemed relevant and necessary in connection with the opinions hereinafter set forth. In such examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents. In addition, we have relied as to certain matters of fact upon the representations made in the Credit Documents.

In addition, we have assumed that (1) the Credit Parties have rights in the Collateral existing on the date hereof and will have rights in property which becomes Collateral after the date hereof and (2) "value" (as defined in Section 1-201(44) of the Uniform Commercial Code as in effect on the date hereof in the State of New York (the " New York UCC ")) has been given by the Secured Parties to the Credit Parties for the security interests and other rights in the Collateral.

Based upon and subject to the foregoing, and subject to the qualifications and limitations set forth herein, we are of the opinion that:

1. Assuming that each of the Credit Parties (a) is validly existing and in good standing under the laws of the jurisdiction in which it is organized, (b) has the power and authority to execute and deliver the Credit Documents to which it is a Party and to perform its obligations thereunder and (c) has duly authorized the Credit Documents to which it is a party, each of the Credit Parties has duly executed and delivered the Credit Documents to which it is a party insofar as the laws of the State of New York are concerned.

2. The execution and delivery by any Credit Party of the Credit Documents to which it is a party, the performance of its payment obligations thereunder and granting of the security interests to be granted by it pursuant to the Security Document to which it is a party, will not result in, assuming that proceeds of borrowings will be used in accordance with the terms of the Credit Agreement, any violation of any New York or Federal statute or any rule or regulation issued pursuant to any New York or Federal statute or any order known to us issued by any court or governmental agency or body.

3. No consent, approval, authorization, order, filing, registration or qualification of or with any Federal or New York governmental agency or body is required for the execution and delivery by any Credit Party of the Credit Documents to which it is a party, the borrowings by the Company in accordance with the terms of the Credit Documents, the performance by the Credit Parties of their respective payment obligations under the Credit Documents or the granting of any security interests under the

Security Document, except filings required for the perfection of security interests granted pursuant to the Security Document.

4. Assuming that each of the Credit Documents is a valid and legally binding obligation of each of the parties thereto (other than the Credit Parties) and assuming that (a) each of the Credit Parties is validly existing and in good standing under the laws of the jurisdiction in which it is organized and has duly authorized, executed and delivered the Credit Documents to which it is a party in accordance with its organizational documents, (b) execution, delivery and performance by each of the Credit Parties of the Credit Documents to which it is a party do not violate the laws of the jurisdiction in which it is organized or any other applicable laws (excepting the law of the State of New York and the Federal laws of the United States) and (c) execution, delivery and performance by each Credit Party of the Credit Documents to which it is a party do not constitute a breach or violation of any agreement or instrument which is binding upon any Credit Party, each Credit Document constitutes the valid and legally binding obligation of each Credit Party that is a party thereto, enforceable against such Credit Party in accordance with its terms.

5. To our knowledge having made no independent investigation there is no action, suit or proceeding now pending before or by any court, arbitrator or governmental agency, body or official to which any Credit Party is a party or to which the business, assets or property of any Credit Party is subject, and no such action, suit or proceeding is threatened to which any Credit Party would be a party or to which the business, assets or property of any Credit Party would be subject, that in either case questions the validity of the Credit Documents.

6. No Credit Party is an "investment company" within the meaning of, and subject to regulation under, the Investment Company Act of 1940, as amended.

7. Assuming that the Company will comply with the provisions of the Credit Agreement relating to the use of proceeds and that the amount of the Loans outstanding at any time will not exceed 50% of the value of the Collateral at such time, the execution and delivery of the Credit Agreement by the Company and the making of the Loans to the Company under the Credit Agreement will not violate Regulation T, U or X of the Board of Governors of the Federal Reserve System.

8. The Security Document creates in favor of the Agent for the benefit of the Secured Parties a security interest in the Collateral described therein in which a security interest may be created under Article 9 of the New York UCC (the " Security Agreement Article 9 Collateral ").

9. Upon the filing in the Filing Office of the Financing Statements referred to on Schedule III the Agent will have a perfected security interest for the benefit of the Lenders in that portion of the Security Agreement Article 9 Collateral in which a security interest is perfected by filing a financing statement in the Filing Office.

Although we express no opinion as to the law of the District of Columbia, we have reviewed Article 9 of the Uniform Commercial Code in effect in the District of Columbia as set forth in the Commerce Clearing House, Inc. Secured Transactions Guide as supplemented

through May 2, 2007 (the " D.C. UCC ") and, based solely on such review, we advise you that (a) the Financing Statements to be filed in the Filing Office are in appropriate form for filing in the Filing Office and (b) upon the filing of the Financing Statements in the Filing Office, the Agent will have a perfected security interest for the benefit of the Secured Parties in that portion of the Article 9 Collateral in which a security interest can be perfected by filing a financing statement in the Filing Office.

Our opinions in paragraphs 4 and 8 above are subject to (i) the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law), (iii) an implied covenant of good faith and fair dealing and (iv) the effects of the possible judicial application of foreign laws or foreign governmental or judicial action affecting creditors' rights. Our opinion in paragraph 4 above also is subject to the qualification that certain provisions of the Security Document may not be enforceable in whole or in part, although the inclusion of such provisions does not render the Security Document invalid, and the Security Document and the law of the State of New York contain adequate remedial provisions for the practical realization of the rights and benefits afforded thereby.

Our opinion in paragraph 8, and our advice in the second preceding paragraph above, are limited to Article 9 of the New York UCC or the D.C. UCC, as the case may be, and our opinion in paragraph 9 is limited to Article 9 of the New York UCC, and, therefore, those opinions and advice paragraphs do not address (i) collateral of a type not subject to Article 9 of the New York UCC or the D.C. UCC and (ii) what law governs perfection of the security interests granted in the collateral covered by this opinion letter.

We note that (A) a New York statute provides that with respect to a foreign currency obligation a court of the State of New York shall render a judgment or decree in such foreign currency and such judgment or decree shall be converted into currency of the United States at the rate of exchange prevailing on the date of entry of such judgment or decree and (B) with respect to a foreign currency obligation a United States Federal court in New York may award judgment in United States dollars, provided that we express no opinion as to the rate of exchange such court would apply.

We express no opinion and render no advice with respect to:

(i) perfection of any security interest in (1) any collateral of a type represented by a certificate of title, (2) any proceeds and (3) any collateral consisting of money or cash equivalents;

(ii) perfection of any security interest whose priority is subject to § 9-334 of the applicable Uniform Commercial Code;

(iii) the priority of any security interest;

(iv) the effect of Section 552 of the Bankruptcy Code (11 U.S.C. 552) (relating to property acquired by a pledgor after the commencement of a case under the United States Bankruptcy Code with respect to such pledgor) and Section 506(c) of the Bankruptcy Code (11 U.S.C. 506(c) (relating to certain costs and expenses of a trustee in preserving or disposing of collateral);

(v) the effect of any provision of the Credit Documents which is intended to establish any standard other than a standard set forth in the New York UCC as the measure of the performance by any party thereto of such party's obligations of good faith, diligence, reasonableness or care or of the fulfillment of the duties imposed on any secured party with respect to the maintenance, disposition or redemption of collateral, accounting for surplus proceeds of collateral or accepting collateral in discharge of liabilities;

(vi) the effect of any provision of the Credit Documents which is intended to permit modification thereof only by means of an agreement in writing signed by the parties thereto;

(vii) the effect of any provision of the Credit Documents insofar as it provides that any Person purchasing a participation from a Lender or other Person may exercise set-off or similar rights with respect to such participation or that any Lender or other Person may exercise set-off or similar rights other than in accordance with applicable law;

(viii) the effect of any provision of the Credit Documents imposing penalties or forfeitures;

(ix) the enforceability of any provision of any of the Credit Documents to the extent that such provision constitutes a waiver of illegality as a defense to performance of contract obligations; and

(x) the effect of any provision of the Credit Documents relating to indemnification or exculpation in connection with violations of any securities laws or relating to indemnification, contribution or exculpation in connection with willful, reckless or criminal acts or gross negligence of the indemnified or exculpated Person or the Person receiving contribution.

In connection with the provisions of the Credit Documents whereby the parties submit to the jurisdiction of the courts of the United States of America located in the State of New York, we note the limitations of 28 U.S.C. §§ 1331 and 1332 on subject matter jurisdiction of the Federal courts. In connection with the provisions of the Credit Documents which relate to forum selection (including, without limitation, any waiver of any objection to venue or any objection that a court is an inconvenient forum), we note that under NYCPLR § 510 a New York State court may have discretion to transfer the place of trial, and under 28 U.S.C. § 1404(a) a United States District Court has discretion to transfer an action from one Federal court to another.

With respect to matters of Cayman Islands, Guernsey and Luxembourg law, we understand that you are relying on the opinions of Maples and Calder, Carey Olson and Linklaters LLP, respectively.

We do not express any opinion herein concerning any law other than the law of the State of New York and the federal law of the United States.

This opinion letter is rendered to you in connection with the above described transactions. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent.

Very truly yours,

SIMPSON THACHER & BARTLETT LLP

SCHEDULE I

ADDRESSEES

ENTITY NAME

Citibank, N.A.
Goldman Sachs Credit Partners, L.P.
Morgan Stanley Bank
ABN Amro Bank N.V.
Bank of America, N.A.
Bear Stearns Corporate Lending Inc.
Credit Suisse, Cayman Islands Branch
Deutsche Bank AG, New York Branch
JPMorgan Chase Bank, N.A.
Lehman Commercial Paper Inc.
Merrill Lynch Bank USA
Royal Bank of Canada
The Bank of Nova Scotia
Wachovia Bank, National Association

SCHEDULE II

SUBSIDIARY GUARANTORS

Entity Name	Jurisdiction of Organization
KKR PEI Alternative Investments Limited	Cayman Islands
KKR PEI Japan Investment I, Ltd.	Cayman Islands
KKR Sprint (KPE) Limited	Cayman Islands
SEVRES IV, S.a r.l.	Luxembourg

SCHEDULE III

FINANCING STATEMENTS

Financing statements on form UCC-1, naming the Person listed below as debtor and the Administrative Agent as secured party for the benefit of the Secured Parties, to be filed in the Filing Office:

Debtor

KKR PEI Alternative Investments Limited

KKR PEI Investments, L.P.

KKR PEI Japan Investment I, Ltd.

KKR Sprint (KPE) Limited

SEVRES IV, S.a r.l.

EXHIBIT D-3

[FORM OF OPINION OF SPECIAL NEW YORK
COUNSEL TO THE ADMINISTRATIVE AGENT]

[ ], 2007

To the Lenders that are parties to the
Credit Agreement referred to below
and Citibank, N.A., as Administrative
Agent for such Lenders (the " Administrative Agent ")

Ladies and Gentlemen:

We have acted as special New York counsel to the Administrative Agent in connection with the Revolving Credit Agreement dated as of June 11, 2007 (the " Credit Agreement ") among KKR PEI Investments, L.P., a Guernsey limited partnership (the " Borrower ") (acting through its general partner, KKR PEI Associates, L.P., a Guernsey limited partnership acting through its general partner, KKR PEI GP Limited), the financial institutions referred to as "Lenders" in the Credit Agreement (the " Lenders ") and the Administrative Agent, and the Guarantee and Security Agreement dated as of June 11, 2007 (the " Guarantee and Security Agreement ") between the Borrower, the Guarantors and the Administrative Agent. Terms defined in the Credit Agreement have the same respective defined meanings when used herein. The term "Collateral" has the meaning ascribed thereto in the Guarantee and Security Agreement.

In rendering the opinions expressed below, we have examined:

(a) an executed copy of the Credit Agreement; and

(b) an executed copy of the Guarantee and Security Agreement (together with the Credit Agreement, the " Credit Documents "); and

(c) the financing statements in the form of Annex 1 hereto (the " Financing Statements ").

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with authentic original documents of all documents submitted to us as copies. When relevant facts were not independently established, we have relied upon representations made in or pursuant to the Credit Documents. We have also assumed that the Credit Documents have been duly authorized, executed and delivered by, and (except, to the extent set forth below, as to the Borrower and

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Guarantors) constitute legal, valid, binding and enforceable obligations of, all of the parties thereto, that all signatories thereto have been duly authorized and that all such parties are duly organized and validly existing and have the power and authority (corporate or other) to execute, deliver and perform the same, and that all authorizations, approvals or consents of (including without limitation all foreign exchange control approvals), and all filings or registrations with, any governmental or regulatory authority or agency of Guernsey (including the central bank of Guernsey) required for the making and performance by the Borrower and the Guarantors of the Credit Documents have been obtained or made and are in effect.

Based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, and having considered such questions of law as we have deemed necessary as a basis for the opinions expressed below, we are of the opinion that:

(1) Each Credit Document constitutes, and each Note when duly executed and delivered for value will constitute, a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws relating to or affecting the rights of creditors generally and to the possible judicial application of foreign laws or governmental action affecting the rights of creditors generally, and except as the enforceability of the Credit Documents is subject to the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including without limitation (i) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (ii) concepts of materiality, reasonableness, good faith and fair dealing.

(2) The Guarantee and Security Agreement is effective to create, in favor of the Administrative Agent for the benefit of the Secured Creditors (as defined in the Security Agreement), a valid security interest under the Uniform Commercial Code as in effect in the State of New York (the " UCC ") in the Collateral, provided that (a) such security interest will continue in Collateral after disposition thereof and in any proceeds (as defined in § 9-102(a)(64) of the UCC) only to the extent provided in § 9-315 of the UCC, and (b) such security interest in any portion of the Collateral in which the Borrower or any Guarantor acquires rights after the commencement of a case under the Bankruptcy Code in respect of the Borrower or such Guarantor may be limited by Section 552 of the Bankruptcy Code.

(3) If the jurisdiction of organization of an Obligor outside the United States of America constitutes a filing jurisdiction as hereinafter defined (as to which we express no opinion), and the place of business of an Obligor (or if it has more than one place of business its chief executive office) is in such jurisdiction, under §9-301 of the UCC the local law of Guernsey governs perfection, the effect of perfection or nonperfection and the priority of the security interest created by such Obligor under the Guarantee and Security Agreement. If such jurisdiction does not constitute a filing jurisdiction as hereinafter defined, (i) each Obligor will be deemed to be located in the District of Columbia for purposes of Article 9 of the UCC, (ii) under §9-301 of the UCC the local law of the District of Columbia governs perfection, the effect of perfection or nonperfection and the priority of the security interest created by the Guarantee and Security Agreement and (iii) pursuant to §9-501 of the Uniform Commercial Code as in effect in the District of Columbia, the filing of the Financing Statements in the Recorder of Deeds of the District of Columbia will cause such security interest to be perfected.

As used herein, “filing jurisdiction” means a jurisdiction whose law generally requires information concerning the existence of a nonpossessory security interest to be made generally available in a filing, recording or registration system as a condition or result of the security interest’s taking priority over the rights of a lien creditor (as defined in §9-102(a)(52) of the UCC) with respect to the Collateral.

The foregoing opinions are also subject to the following comments and qualifications:

(A) The enforceability of provisions in the Credit Documents to the effect that terms may not be waived or modified except in writing may be limited under certain circumstances.

(B) The enforceability of Section 9.04(b) of the Credit Agreement may be limited by laws limiting the enforceability of provisions exculpating or exempting a party from, or requiring indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involves gross negligence, recklessness, willful misconduct or unlawful conduct.

(C) We express no opinion as to (i) the effect of the laws of any jurisdiction in which any Lender is located (other than New York) that limits the interest, fees or other charges it may impose for the loan or use of money or other credit, (ii) Section 9.03(b) of the Credit Agreement, (iii) the first sentence of Section 9.07(b) of the Credit Agreement, or any similar provision in any of the other Credit Documents, insofar as such sentence relates to the subject-matter jurisdiction of the United States District Court for the Southern District of New York to adjudicate any controversy related to the Credit Documents, (iv) the waiver of inconvenient forum set forth in Section 9.07(c) of the Credit Agreement, or any similar provision in any of the other Credit Documents, with respect to proceedings in the United States District Court for the Southern District of New York or (v) Section 9.16 of the Credit Agreement.

(D) We express no opinion as to Section 9.07(e) of the Credit Agreement or Section 7.07(e) of the Guarantee and Security Agreement to the extent it relates to immunity acquired after the date of execution and delivery of each such agreement.

(E) We wish to point out that the obligations of the Borrower and the Guarantors, and the rights and remedies of the Secured Parties, under the Guarantee and Security Agreement may be subject to possible limitations upon the exercise of remedial or procedural provisions contained therein, provided that such limitations do not, in our opinion (but subject to the other comments and qualifications set forth in this opinion letter), make the remedies and procedures that will be afforded to the Administrative Agent inadequate for the practical realization of the substantive benefits purported to be provided by the Guarantee and Security Agreement.

(F) We express no opinion as to the existence of, or the right, title or interest of the Borrower or any Guarantor in, to or under, any of the Collateral, and except as expressly provided in paragraphs (2) or (3) above, we express no opinion as to the creation, perfection or priority of any security interest in any of the Collateral.

(G) With respect to our opinion in paragraph (3) above, we have assumed that the Financing Statement will be filed in the appropriate filing office no later than 10 days after the initial extension of credit under the Credit Agreement.

(H) We wish to point out that the acquisition by the Borrower and/or the Guarantors after the initial extension of credit under the Credit Agreement of an interest in property that becomes subject to the lien of the Guarantee and Security Agreement may constitute a voidable preference under Section 547 of the Bankruptcy Code.

(I) We express no opinion with respect to the applicability or effect on the obligations or the Guarantors under the Guarantee and Security Agreement, or the grant of security interests thereunder, of Section 548 of the Bankruptcy Code, Article 10 of the New York Debtor and Creditor Law or any other law relating to fraudulent conveyances or transfers.

(J) With respect to our opinions in paragraphs (2) and (3) above, we express no opinion as to the creation or perfection of any security interest in any portion of the Collateral to the extent that, pursuant to §9-109(c) or (d) of the UCC, Article 9 of the UCC does not apply thereto.

(K) We express no opinion as to the perfection of any security interest in any of the Collateral consisting of fixtures, timber to be cut, commercial tort claims or consumer goods, or in Collateral covered by a certificate of title. We express no opinion as to the creation or perfection of any security interest in commingled goods within the meaning of UCC §9-336(a).

(L) We assume that each endorsement, instruction and entitlement order, as such terms are defined in §8-102(a) of the UCC, is effective in accordance with §8-107 of the UCC; we express no opinion as to the effect of any rule adopted by any clearing corporation, as defined in §8-102(a) of the UCC, governing rights and obligations among such clearing corporation and its participants; our opinion with respect to any security entitlement is subject to Part 5 of Article 8 of the UCC; and we express no opinion as to the creation, perfection or priority of any security interest in any obligations of the Government of the United States or any agency or instrumentality thereof except for obligations subject to the Revised Book-Entry Rules as defined in Annex 2 hereto.

(M) Our opinion in paragraph (3) above with respect to perfection of a security interest under the laws of the District of Columbia is based solely upon a review of the relevant statutory text of Article 9 of the UCC as displayed on LEXIS/NEXIS on and on our review of D.C. Mun. Regs., tit. 9, § 513.2, without regard to the decisional law of the District of Columbia.

The foregoing opinions are limited to matters involving the Federal laws of the United States and the law of the State of New York, and, to the extent provided in clause (M) above, the laws of the District of Columbia, and we do not express any opinion as to the law of any other jurisdiction. Without limiting the foregoing, we do not hold ourselves out as experts

on, or purport to advise on, the laws of Guernsey. In addition, we express no opinion as to any matter relating to the Investment Company Act of 1940, as amended.

This opinion letter is provided to you by us as special New York counsel to the Administrative Agent pursuant to Section 4.01 (f) of the Credit Agreement and may not be relied upon by any other person or for any purpose other than in connection with the transactions contemplated by the Credit Documents without our prior written consent in each instance.

Very truly yours,

[ ]

WFC/RMG

Revised Book-Entry Rules

The term “Revised Book-Entry Rules” means 31 C.F.R. §357 (Treasury bills, notes and bonds; 12 C.F.R. §615 (book-entry securities of the Farm Credit Administration); 12 C.F.R. §§910 and 912 (book-entry securities of the Federal Home Loan Bank); 24 C.F.R. §81 (book-entry securities of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation); 12 C.F.R. §1511 (book-entry securities of the Resolution Funding Corporation; and 31 C.F.R. §354 (book-entry securities of the Student Loan Marketing Association).

EXHIBIT E

[FORM OF NEW LENDER ASSUMPTION AGREEMENT]

[DATE]

Citibank, N.A.
as Administrative Agent under
the within mentioned
Credit Agreement
[Two Penn's Way
Suite 200
New Castle, DE 19720]

Ladies and Gentlemen:

Reference is made herein to the Credit Agreement dated as of June 11, 2007 (as amended, supplemented or otherwise modified from time to time, the " Credit Agreement "; terms defined therein being used herein as therein defined) among KKR PEI Investments, L.P., a Guernsey limited partnership (the " Borrower ") (acting through its general partner, KKR PEI Associates, L.P., a Guernsey limited partnership acting through its general partner, KKR PEI GP Limited), the Lenders named therein and Citibank, N.A., as Administrative Agent (the " Administrative Agent ").

The Borrower and (the " Assuming Lender ") agree as follows:

1. The Assuming Lender proposes to become an Assuming Lender pursuant to Section 2.05(c) of the Credit Agreement and, in that connection, hereby agrees with the Administrative Agent and the Borrower that it shall become a Lender for all purposes of the Credit Agreement on the applicable Commitment Increase Date with a Commitment in the amount of $.

2. The undersigned Assuming Lender (a) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Sections 5.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assumption Agreement; (b) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (c) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (d) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; (e) confirms that it is an Eligible Assignee; and (f) specifies as its Applicable Lending Offices the offices set forth below its name on the signature page hereof.

3. Following the execution of this Assumption Agreement, it will be delivered to the Administrative Agent for acceptance and recording by the Administrative Agent. The effective date for this Assumption Agreement (the " Effective Date ") shall be the applicable Commitment Increase Date.

4. Upon satisfaction of the applicable conditions set forth in Section 2.05(c) and upon such acceptance and recording by the Administrative Agent, as of the effective date, the Assuming Lender shall be a party to the Credit Agreement and have all of the rights and obligations of a Lender thereunder.

5. This Assumption Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

6. This Assumption Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Assumption Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Assumption Agreement.

Very truly yours,

KKR PEI INVESTMENTS, L.P.

By: Its general partner KKR PEI Associates, L.P.,
acting through its general partner
KKR PEI GP Limited

By _____
Name:
Title:

By _____
Name:
Title:

[NAME OF ASSUMING LENDER]

By _____
Name:
Title:

Date: ,

[Address]

Applicable Lending Office(s)

[Address(es)]

Accepted this day of
, :

CITIBANK, N.A.,
As Administrative Agent

By _____
Name:
Title:

EXHIBIT F

[FORM OF ASSIGNMENT AND ASSUMPTION]

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the " Assignment and Assumption ") is dated as of the Assignment Date set forth below and is entered into by and between [*Insert name of Assignor*] (the " Assignor ") and [*Insert name of Assignee*] (the " Assignee "). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the " Credit Agreement "), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Assignment Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any guarantees included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the " Assigned Interest "). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____
[and is an Affiliate/Approved Fund of [*identify Lender*](1)]

3. Borrower:

4. Administrative Agent: Citibank, N.A., as the administrative agent under the Credit Agreement

5.	Credit Agreement:	$1,000,000,000 Credit Agreement dated as of June 11, 2007 among KKR PEI Investments, L.P., the Lenders party thereto and Citibank, N.A., as Administrative Agent

(1) Select as applicable.

6. Assigned Interest:

Aggregate Amount of Commitment for all Lenders	Amount of Commitment Assigned	Percentage Assigned of Commitment	Outstanding Loans	CUSIP Number
$	$	%		
$	$	%		
$	$	%		

[7. Trade Date:](2)

Assignment Date: , 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Name:
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Name:
Title:

[Consented to and](3) Accepted:

CITIBANK, N.A., as
Administrative Agent

By _____
Name:
Title:

[Consented to:](4)

KKR PEI INVESTMENTS, L.P.

By: Its general partner KKR PEI Associates, L.P.,
acting through its general partner
KKR PEI GP Limited

(2) To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

(3) To be added only if the consent of the Administrative Agent is required by the terms of the Revolving Credit Agreement.

(4) To be added only if the consent of KKR PEI Investments, L.P. is required by the terms of the Revolving Credit Agreement.

By _____
Name:
Title:

$1,000,000,000 CREDIT AGREEMENT
DATED AS OF JUNE 11, 2007 AMONG
KKR PEI INVESTMENTS, L.P., THE LENDERS PARTY THERETO
AND CITIBANK, N.A., AS ADMINISTRATIVE AGENT

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties .

1.1 Assignor . The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee . The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Assignment Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 (b) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments . From and after the Assignment Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Assignment Date and to the Assignee for amounts which have accrued from and after the Assignment Date.(6)

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(6) The Administrative Agent should consider whether this method conforms to its systems. In some circumstances, the following alternative language may be appropriate: "From and after the Assignment Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Assignment Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Assignment Date or with respect to the making of this assignment directly between themselves."

3. General Provisions . This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT G

[Form of Borrowing Base Certificate]

Dated: _____

As of: _____

To: Citibank, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of June 11, 2007 (as amended, supplemented, or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined), among KKR PEI Investments, L.P. (the "Borrower") (acting through its general partner, KKR PEI Associates, L.P., a Guernsey limited partnership acting through its general partner, KKR PEI GP Limited) , the Lenders from time to time party thereto and Citibank, N.A., as Administrative Agent (the "Administrative Agent").

The undersigned, , a Financial Officer of the Borrower hereby certifies that (a) the information set forth in the attachment hereto is true and correct as of the last day of the period specified herein, (b) the representations and warranties of the Borrower contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the date of this Borrowing Base Certificate except to the extent such representations and warranties relate to an earlier date, (c) this Borrowing Base Certificate has been prepared in accordance with the applicable provisions of the Credit Agreement relating to the computation of the Borrowing Base and the various components thereof, each of the assets listed in the attachment hereto being an Eligible Portfolio Investment as defined in the Credit Agreement subject to a perfected first priority Lien in favor of the Administrative Agent in accordance with said definition, and (d) as of the date of this Borrowing Base Certificate, there exists no Default or Event of Default.

KKR PEI INVESTMENTS, L.P.

By: Its general partner KKR PEI Associates, L.P.,
acting through its general partner
KKR PEI GP Limited

By: _____
Name:
Title:

Exhibit 10.11

AMENDMENT NO. 1 AND CONSENT

AMENDMENT NO. 1 AND CONSENT (this " Amendment No. 1 and Consent ") dated as of August 14, 2009 among KKR PEI INVESTMENTS, L.P. (the " Borrower "), the GUARANTORS party hereto (the " Guarantors " and, together with the Borrower, the " Obligors "), the Lenders executing this Amendment No. 1 and Consent, each of which is a party to the Credit Agreement referred to below, and CITIBANK, N.A., as Administrative Agent (the " Administrative Agent ").

The Obligors, the Lenders party thereto (including the Lenders executing this Amendment No. 1 and Consent) and the Administrative Agent are parties to a Credit Agreement dated as of June 11, 2007 (as amended, supplemented or otherwise modified from time to time, the " Credit Agreement "), providing, subject to the terms and conditions thereof, for extensions of credit to be made by said lenders to the Borrower thereunder.

The parties hereto wish now to amend the Credit Agreement in certain respects and, accordingly, the parties hereto hereby agree as follows:

Section 1. Definitions . Except as otherwise defined in this Amendment, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Amendments . Subject to the satisfaction of the conditions precedent specified in Section 5 below, the Credit Agreement shall be amended as follows:

2.01. References Generally . References in the Credit Agreement (including references to the Credit Agreement as amended hereby) to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein" and "hereof") shall be deemed to be references to the Credit Agreement as amended hereby.

2.02. Defined Terms . Section 1.01 of the Credit Agreement is hereby amended by (i) restating the following definitions (to the extent such definitions are already included in said Section 1.01) to read as follows and (ii) adding the following definitions in the appropriate alphabetical location (to the extent such definitions are not already included in said Section 1.01):

" Affiliate Lender " means any Permitted Affiliate Assignee that becomes a Lender in accordance with Sections 9.06 and 9.18.

" Affiliate Lender Pledge Agreement " means a pledge agreement entered into by an Affiliate Lender and the Administrative Agent, in form and substance reasonably acceptable to the Administrative Agent.

" Amendment No. 1 and Consent Effective Date " shall mean the date that the amendments contemplated by the Amendment No. 1 and Consent dated as of August 14, 2009 related hereto become effective.

" Assignment Date " has the meaning specified in Section 9.06(b).

" Cash Collateralize " means, in respect of an obligation, to provide and pledge cash collateral in Dollars, in a cash collateral account established at Citibank, N.A. (or an Affiliate thereof), which account shall be subject to a valid first priority perfected Lien pursuant to an Affiliate Lender Pledge Agreement and under the control (as defined in Section 9-104 of the NYUCC) of the Administrative Agent.

" Defaulting Lender " means, at any time, a Lender as to which the Administrative Agent has notified the Borrower that (i) such Lender has failed for three or more Business Days to comply with its obligations under this Agreement to make a Loan, make a payment to the relevant Issuing Lender in respect of an L/C Payment and/or make a payment to the Swing Line Lender in respect of a Swing Line Loan (each a " funding obligation "), unless the requirement to make such payment is the subject of a good faith dispute, (ii) such Lender has, for three or more Business Days, failed to confirm in writing to the Administrative Agent, in response to a written request of the Administrative Agent, that it will comply with a funding obligation, provided that any such Lender shall cease to be a Defaulting Lender under this clause (ii) upon receipt of such confirmation by the Administrative Agent, or (iii) a Lender Insolvency Event has occurred and is continuing with respect to such Lender. Any determination that a Lender is a Defaulting Lender under clauses (i) through (iii) above will be made by the Administrative Agent in its sole discretion acting in good faith. The Administrative Agent will promptly send to all parties hereto a copy of any notice to the Borrower provided for in this definition.

" Eligible Assignee " means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, (d) a Permitted Affiliate Assignee and (e) any other Person (other than a natural person) approved by the Administrative Agent, the Swing Line Lender and each Issuing Lender and, unless an Event of Default of the kind referred to in Section 7.01(a), 7.01(b), 7.01(g) or 7.01(h) has occurred and is continuing, by the Borrower (each such approval not to be unreasonably withheld or delayed); provided , that notwithstanding the foregoing, "Eligible Assignee" shall not include the Borrower, any of the Borrower's Subsidiaries or any of the Borrower's Affiliates (other than Permitted Affiliate Assignees).

" Issuing Lender " means any Lender from time to time designated as an Issuing Lender in a writing signed by such Lender, the Borrower and the Administrative Agent (such Lenders being collectively referred to herein as the "Issuing Lender" unless the context otherwise requires).

" Lender Insolvency Event " means that (i) a Lender is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (ii) a Lender is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor or sequestrator or the like has been appointed for such Lender, or such Lender has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment; provided that a Lender shall not become a Defaulting Lender solely as a result of the acquisition or maintenance of an ownership interest in such Lender or the exercise of control over a Lender by a Governmental Authority.

" Loan Documents " means, collectively, this Agreement, the Notes, the Security Documents, the Affiliate Lender Pledge Agreements and the Fee Letter.

" Permitted Affiliate Assignee " means any Affiliate of the Borrower (other than a Subsidiary of the Borrower) approved by the Administrative Agent and, unless an Event of Default of the kind referred to in Section 7.01(a), 7.01(b), 7.01(g) or 7.01(h) has occurred and is continuing, by the Borrower (each such approval not to be unreasonably withheld or delayed).

" Secured Creditors " has the meaning assigned to such term in the Guarantee and Security Agreement.

" Secured Obligations " has the meaning assigned to such term in the Guarantee and Security Agreement.

" Security Documents " means the Guarantee and Security Agreement and any other security document delivered to the Administrative Agent purporting to grant a Lien on any Property of any Obligor to secure any of its obligations hereunder or under the other Loan Documents.

" Senior Creditors " means the Secured Creditors other than the Subordinated Creditors.

" Senior Obligations " means all Secured Obligations held by the Senior Creditors.

" Senior Secured Debt " means Indebtedness for Borrowed Money of the Obligors, on a Consolidated basis, that is (a) not subordinated in right of payment to any other Indebtedness and that is secured by a Lien on Property of any Obligor or (b) owing hereunder to Affiliate Lenders.

" Subordinated Creditor " means (a) each Affiliate Lender and (b) each subsequent holder of Loans, Commitments, participations in Letters of Credit and/or participations in Swing Line Loans (other than Affiliate Lenders) assigned by Affiliate Lenders if such Loans, Commitments and/or participations are assigned at a time that an Event of Default shall have occurred and be continuing, but, in the case of this clause (b), only for so long as such Event of Default shall be continuing and only to the extent of the Loans, Commitments and/or participations assigned by such Affiliate Lenders.

" Subordinated Creditor Account " means a cash collateral account established at Citibank, N.A. (or an Affiliate thereof), which account shall be subject to a valid first priority perfected Lien in favor of the Senior Creditors pursuant to an Affiliate Lender Pledge Agreement and under the control (as defined in Section 9-104 of the NYUCC) of the Administrative Agent for the benefit of the Senior Creditors.

" Subordinated Obligations " means all Secured Obligations held by the Subordinated Creditors.

2.03. Defaulting Lender . The following new Section 3.14 shall be added immediately after Section 3.13 of the Credit Agreement:

"SECTION 3.14. Defaulting Lender . The Borrower shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole the Commitment of a Defaulting Lender (but without a reduction or termination of the Commitments of the other Lenders), and the Aggregate Facility Amount shall be reduced by the amount of such Defaulting Lender's Commitment in effect immediately prior to such termination; provided that (x) such termination will not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, any Issuing Lender, the Swing Line Lender or any Lender may have against such Defaulting Lender under this Agreement, (y) any fees owing to such Defaulting Lender with respect to its Commitment through the effective date of such termination shall be paid on the next date on which such fees are paid to the other Lenders pursuant to the terms of this Agreement and (z) the Borrower shall not be required to pay the principal of or interest on the Loans, or any other amounts payable under the Loan Documents, owing to such Lender on the effective date of such termination as a condition thereto, but shall be required to pay such principal, interest and other amounts owing to such Lender at the times otherwise provided for in the Loan Documents and such Lender shall continue to be a "Lender" under the Loan Documents until such principal, interest and other amounts are paid in full."

2.04. Events of Default . Section 7.01 of the Credit Agreement is hereby amended by:

(a) deleting the "or" at the end of clause (l) thereof;

(b) adding an "or" at the end of clause (m) thereof"; and

(c) adding the following new clause (n) immediately after clause (m) thereof:

"(n) the provisions of Section 9.18(c) shall not be valid and binding on, or enforceable against, the Subordinated Creditors, or any Obligor or any Subordinated Creditor shall so assert in writing."

2.05. Assignments by Lenders . Section 9.06(b) of the Credit Agreement is hereby amended by:

(a) amending the parenthetical "(including all or a portion of its Commitment and the Loans at the time owing to it)" in the first sentence therein to read in its entirety as follows:

"(including all or a portion of its Commitment and the Loans and participations in Letters of Credit and Swing Line Loans at the time owing to it)";

(b) amending paragraphs (i) and (ii) thereof to read in their entirety as follows:

"(i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans and participations in Letters of Credit and Swing Line Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (used and unused) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans and participations in Letters of Credit and Swing Line Loans of the assigning Lender subject to each such assignment

(determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $10,000,000 or an integral multiple of $1,000,000 in excess thereof, unless each of the Administrative Agent and, unless an Event of Default has occurred and is continuing, the Borrower otherwise consent (each such consent not to be unreasonably withheld or delayed);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement under both Tranches with respect to the Loans and participations in Letters of Credit and Swing Line Loans or the Commitment assigned;";

(c) replacing the period at the end of paragraph (iii) thereof with "; and";

(d) adding the following new paragraph (iv) immediately after clause (iii) thereof:

"(iv) each assignment to a Permitted Affiliate Assignee shall be subject to the following additional terms and conditions:

(A) The applicable Permitted Affiliate Assignee shall, at least two Business Days prior to the Assignment Date, provide written notice to the Administrative Agent in form reasonably acceptable to the Administrative Agent (each, an " Affiliate Assignment Notice "), such notice to be irrevocably binding on such Permitted Affiliate Assignee, stating (1) that such Permitted Affiliate Assignee shall accept assignments from one or more Lenders in accordance with this Section 9.06(b)(iv), (2) the proposed Assignment Date, (3) the intended aggregate amount of Commitments (used and unused) or, if the Commitments are not then in effect, the principal outstanding balance of Loans and participations in Letters of Credit and Swing Line Loans proposed to be included in such assignments (determined in the manner described in Section 9.06(b)(i)) (the " Proposed Assignment Amount "), which amount shall be equal to $10,000,000 or an integral multiple of $1,000,000 in excess thereof, and (4) the premium or discount to par value, if any, to be paid by the Permitted Affiliate Assignee for the assigned interests (the " Applicable Price ");

(B) Upon receipt of any Affiliate Assignment Notice, the Administrative Agent shall promptly notify each Lender thereof. On or prior to the proposed Assignment Date, each Lender may (but shall not be obligated to) elect by written notice to the Administrative Agent (each such notice, an " Election Notice "), in form reasonably acceptable to the Administrative Agent, such notice to be irrevocably binding on such Lender (each an " Electing Lender ") when received by the Administrative Agent, an amount of such Electing Lender's Commitment (used and unused) or, if its Commitment is not then in effect, its Loans and participations in Letters of Credit and Swing Line Loans, which it offers to assign to the applicable Permitted Affiliate Assignee (such amount, such Electing Lender's " Election Amount ", and the aggregate amount of all such Election Amounts, the " Total Election Amount ") at the

Applicable Price. Upon receipt of any Election Notice, the Administrative Agent shall promptly deliver a copy thereof to the Borrower and each applicable Permitted Affiliate Assignee. On the proposed Assignment Date, notwithstanding the requirements as to amounts of assignments set forth in Section 9.06(b)(i), (1) in the event that the Total Election Amount exceeds the Proposed Assignment Amount, the applicable Permitted Affiliate Assignee shall, at its option, either (x) accept assignments from the Electing Lenders in the amounts of their respective Election Amounts or (y) accept assignments from the Electing Lenders ratably based on their respective Election Amounts in an aggregate amount at least equal to the Proposed Assignment Amount, and (2) in the event that the Total Election Amount is less than or equal to the Proposed Assignment Amount, the applicable Permitted Affiliate Assignee shall accept assignments from the Electing Lenders in the amounts of their respective Election Amounts; and

(C) The effectiveness of each assignment to a Permitted Affiliate Assignee shall be subject to (x) the execution by such Permitted Affiliate Assignee and delivery to the Administrative Agent of an Affiliate Lender Pledge Agreement and (y) in the event any Letter of Credit or Swing Line Loans shall be outstanding on the applicable Assignment Date, the Cash Collateralization by such Permitted Affiliate Assignee of the assigned obligations (contingent or otherwise) in respect of any Letter of Credit or Swing Line Loan outstanding at such time in an amount at least equal to (i) 100% of the aggregate amount of such obligations, in the case of Swing Line Loans or Letters of Credit denominated in Dollars, or (ii) 105% of the Dollar Equivalent of the aggregate amount of such obligations, in the case of Letters of Credit denominated in Alternate Currencies. To the extent not expressly provided for herein, each assignment to a Permitted Affiliate Assignee shall be consummated pursuant to reasonable procedures (including as to response deadlines, rounding and minimum amounts and Type and Interest Periods of accepted Loans) established from time to time by the Administrative Agent."; and

(e) amending the final paragraph thereof to read in its entirety as follows:

"Subject to notice to the Borrower and acceptance and recording thereof by the Administrative Agent pursuant to clause (c) of this Section, from and after the Assignment Date specified in each Assignment and Assumption (an " Assignment Date "), the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption (except as set forth in Section 9.18), have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.11, 3.12 and 9.04 with respect to facts and circumstances occurring prior to such Assignment Date. Any assignment or

transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.06 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (d) of this Section; provided that any attempted assignment or transfer by a Lender of rights or obligations under this Agreement to an Affiliate of the Borrower that does not comply with this Section 9.06 or with Section 9.18 shall be null and void."

2.06. Participations . Section 9.06(d) of the Credit Agreement is hereby amended by:

(a) amending the parenthetical "(other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries)" therein to read in its entirety as follows:

"(other than a natural person, the Borrower, any of the Borrower's Subsidiaries or, unless the Lender selling such participation is an Affiliate Lender, any of the Borrower's Affiliates)"; and

(b) amending the parenthetical "(including all or a portion of its Commitment and/or the Loans owing to it)" therein to read in its entirety as follows:

"(including all or a portion of its Commitment and/or the Loans and participations in Letters of Credit and Swing Line Loans owing to it)".

2.07. Affiliate Lenders . The following new Section 9.18 shall be added immediately after Section 9.17 of the Credit Agreement:

"SECTION 9.18. Affiliate Lenders .

(a) Voting Rights, Lender Communications, etc . In respect of any amendments, modifications or waivers of any provision of the Credit Agreement or any actions to be taken by or approved by the Lenders or the Majority Lenders, any Affiliate Lender shall be deemed to have voted in the same manner as the majority in interest of the other Lenders (determined by reference to their respective Commitments, Loans, participations in Swing Line Loans and L/C Exposure) voting on such matter (with abstentions being deemed to constitute votes against the proposed action, amendment, modification or waiver); provided that no amendment, waiver or consent may (x) increase the Commitment of any Affiliate Lender, (y) reduce the principal of, or postpone any date for payment of principal of, any Loan owing to any Affiliate Lender, or (z) by its terms disproportionately and adversely affect any Affiliate Lender differently than other Lenders, in each case without the consent of such Affiliate Lender. In addition, each Affiliate Lender agrees that it will not and irrevocably and unconditionally waives its rights to, in its capacity as a Lender, (i) oppose, contest, object to or in any manner attempt to modify any position advocated, or any course of action supported or taken, by the majority in interest of the other Lenders (determined as aforesaid) in any bankruptcy, insolvency or similar proceeding involving any Obligor or (ii) independently assert any rights or claims or file any motions or take any other actions not otherwise approved by a majority in interest of the other Lenders (determined as aforesaid), including without limitation any motion for relief or stay or provision of debtor-in-possession financing.

Each Affiliate Lender hereby acknowledges and agrees that, in its capacity as such, it shall not be entitled to (A) participate in any meetings or conference calls with the other Lenders and/or the Administrative Agent in relation to this Agreement or any of the other Loan Documents or (B) receive communications from the Administrative Agent or the Lenders in relation to this Agreement or any of the other Loan Documents other than notices or other information provided by the Borrower to the Administrative Agent for distribution to the Lenders.

(b) Cash Collateralization of Letter of Credit and Swing Line Loan Obligations of Affiliate Lenders . If any Letter of Credit or Swing Line Loan shall be issued or made at any time when an Affiliate Lender is a party hereto, such Affiliate Lender shall be required to Cash Collateralize its obligations (contingent or otherwise) to the applicable Issuing Lender or the Swing Line Lender, as the case may be, in respect of such Letter of Credit or Swing Line Loan in an amount at least equal to (i) 100% of the aggregate amount of such obligations, in the case of Swing Line Loans or Letters of Credit denominated in Dollars, or (ii) 105% of the Dollar Equivalent of the aggregate amount of such obligations, in the case of Letters of Credit denominated in Alternate Currencies. No Issuing Lender will be required to issue any Letter of Credit or to amend any outstanding Letter of Credit, and the Swing Line Lender will not be required to make any Swing Line Loan, unless the obligations (contingent or otherwise) of each Affiliate Lender to such Issuing Lender or the Swing Line Lender in respect of such Letter of Credit or Swing Line Loan are so Cash Collateralized.

(c) Subordination of Obligations held by Subordinated Creditors .

(i) Payment Subordination during the continuance of an Event of Default . Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, the Subordinated Obligations are subordinated and subject in right of payment to the Senior Obligations such that, upon the occurrence and during the continuance of an Event of Default, the Senior Creditors shall be entitled to receive indefeasible payment in full in cash of the amounts constituting the Senior Obligations and all of the Commitments and Letters of Credit shall have expired or terminated before any Subordinated Creditor is entitled to receive any payment on account of the Subordinated Obligations and, in that connection, upon the occurrence of an Event of Default, until the date (the " Release Date ") that is the earlier to occur of (x) such time as there are no Events of Default continuing and (y) the expiration or termination of all Commitments (whether on the Commitment Termination Date or otherwise) and Letters of Credit and the indefeasible payment in full in cash of the principal of and interest on, and all other amounts in respect of, all Senior Obligations:

(1) all payments on account of the principal of or interest on, or any other amount in respect of, the Subordinated Obligations shall not be made to the Subordinated Creditors and shall instead be deposited by the Administrative Agent, after first converting any such amounts that are in Alternate Currencies into Dollars at the applicable spot rate for such day determined in accordance with its customary business practices, into the applicable Subordinated Creditor Account; and

(2) no Subordinated Creditor shall (i) ask, demand, sue for, accelerate or take or receive from any Obligor, by set-off or in any other

manner, any payment on account of Subordinated Obligations or (ii) seek any other remedy allowed at law or in equity against any Obligor for breach of such Obligor's obligations thereunder,

provided that amounts deposited into the applicable Subordinated Creditor Account shall be released to the applicable Subordinated Creditors on the applicable Release Date.

(ii) Actions upon Dissolution . In the event of any dissolution or winding up or total or partial liquidation or reorganization of any Obligor (other than any such transaction not then constituting a continuing Default or Event of Default), whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, then upon any payment or distribution of assets of such Obligor of any kind or character, whether in cash, property or securities, to any of its creditors (including any Subordinated Creditor) of any amounts (including interest, indemnities and fees) due or to become due, all Senior Obligations shall first be paid in full in cash before any Subordinated Creditor shall be entitled to retain any assets so paid or distributed in respect of the Subordinated Obligations (for principal, premium, interest or otherwise) and, to that end, the Senior Creditors shall be entitled to receive for application in payment thereof any payment or distribution of any kind or character, whether in cash or property or securities that would, but for the provisions of this Section 9.18(c) (these " Subordination Terms "), be paid or delivered to a Subordinated Creditor. If a Subordinated Creditor shall have failed to file claims or proofs of claim with respect to the Subordinated Obligations at least 30 days prior to the deadline for any such filing, the Administrative Agent, on behalf of the Senior Creditors is hereby irrevocably authorized to vote and file proofs of claim and otherwise to act with respect to the Subordinated Obligations as the Administrative Agent, on behalf of the Senior Creditors, may deem appropriate using its reasonable discretion under the circumstances. Each Subordinated Creditor shall provide to the Administrative Agent, on behalf of the Senior Creditors, all information and documents necessary to present claims or seek enforcement as aforesaid and will duly and promptly take such action as the Administrative Agent may request to collect the Subordinated Obligations for the account of the Administrative Agent and the Senior Creditors and to file appropriate claims or proofs of claim with respect thereto. If the Administrative Agent does not exercise its right to vote the Subordinated Obligations or otherwise act in any such reorganization proceeding as set forth in this clause (ii) (including the right to vote to accept or reject any plan of partial or complete liquidation, reorganization, arrangement, composition or

extension), no Subordinated Creditor shall take any action or vote in any way so as to contest (a) the validity or enforceability of any of the Loan Documents, (b) the rights and duties of the Administrative Agent and the Senior Creditors established in any of the Loan Documents or (c) the validity or enforceability of the subordination provisions set forth in this Section 9.18(c).

(iii) Turnover by the Subordinated Creditor . If any payment or distribution of any character, whether in cash, securities or other property, in respect of the Subordinated Obligations shall be received by a Subordinated Creditor in contravention of these Subordination Terms, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or

delivered to, the Administrative Agent for the benefit of the Senior Creditors, ratably according to the respective aggregate amounts remaining unpaid thereon, to the extent necessary to pay all Senior Obligations in full in cash. Notwithstanding anything to the contrary contained herein, no Subordinated Creditor shall have any rights under Section 3.08 but (without limiting its obligations under these Subordination Terms) acknowledges its obligations under such Section.

(iv) No Petition . So long as any Senior Obligation is outstanding, no Subordinated Creditor shall commence, or join with any creditor (other than any Senior Creditor) in commencing, or directly or indirectly cause any Obligor to commence, or assist any Obligor in commencing, any proceeding referred to clause (ii) above.

(v) Continuation . The provisions of these Subordination Terms constitute a continuing agreement and shall (x) remain in full force and effect until all Senior Obligations (other than contingent indemnity obligations not then payable) have been indefeasibly paid in full in cash and all Commitments and Letters of Credit have expired or terminated, (y) be binding upon each Subordinated Creditor and the Obligors and their respective successors, transferees and assignees, and (z) inure to the benefit of, and be enforceable by, the Senior Creditors.

(vi) Automatic Reinstatement . These Subordination Terms shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Obligor in respect of the Senior Obligations is rescinded or must be otherwise restored by any holder of any of the Senior Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

(vii) Subrogation . Each of the Subordinated Creditors hereby waives any and all rights to be subrogated to the rights of any Senior Creditor under or with respect to the Senior Obligations.

(viii) No Impairment . No right of the Senior Creditors to enforce the subordination provisions herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Obligors or by any act or failure to act, in good faith, by the Senior Creditors, or by any noncompliance by the Obligors with the terms of any of the Secured Obligations, the Senior Obligations, the Subordinated Obligations, regardless of any knowledge thereof which any such Senior Creditor may have or be otherwise charged with. The Senior Creditors may extend, renew, modify or amend the terms of any of the Secured Obligations or the Senior Obligations or any security therefor and release, sell or exchange such security and otherwise deal freely with the Obligors, all without affecting the rights of the Senior Creditors hereunder.

(ix) Continuing Effect . All rights and interests hereunder, under any Affiliate Lender Pledge Agreement or under the other Loan Documents of the Senior Creditors, and all agreements and obligations of any Subordinated Creditor hereunder, under any Affiliate Lender Pledge Agreement or under the other Loan Documents, shall remain in full force and effect irrespective of (A)

any lack of validity or enforceability of the Credit Agreement, any Affiliate Lender Pledge Agreement or any other Loan Document, or of any provision of any thereof or (B) any other circumstance that might otherwise constitute a defense available to, or a discharge of the Obligors in respect of any of the Secured Obligations.

The parties hereto agree that the provisions of this Section 9.18(c) set forth a contractual agreement of the type contemplated by Section 510(a) of Title 11 of the United States Code entitled "Bankruptcy". The provisions of this Section 9.18(c) are solely for the purpose of defining the relative rights of the Senior Creditors on the one hand, and the Subordinated Creditors on the other hand, and nothing in this Section 9.18(c) shall impair, as between the Obligors and the Subordinated Creditors, the obligation of the Obligors to pay to the Subordinated Creditors the principal and of and interest on the Subordinated Obligations as and when the same shall become due and payable in accordance with the terms of the Loan Documents, nor shall anything in this Section 9.18(c) prevent the Subordinated Creditors from exercising all remedies otherwise permitted by applicable law in respect hereof, subject to the rights under this Section 9.18 of the Senior Creditors."

Section 3. Consent to Termination of Commitment of LCPI . Subject to the satisfaction of the conditions precedent specified in Section 5 below, the Obligors and the Majority Lenders hereby agree that the Commitment (the " Terminated Commitment ") of Lehman Commercial Paper Inc. (" LCPI ") may be terminated (but without a reduction or termination of the Commitments of the other Lenders) pursuant to an agreement between the Borrower, LCPI and the Administrative Agent, whereupon LCPI shall have no further obligation to fund any amounts under the Credit Agreement. Concurrently with any subsequent payment of principal, interest or fees to the Lenders with respect to any period before the foregoing termination of Terminated Commitments the Borrower shall pay to LCPI its ratable share as provided in the Credit Agreement of such principal, interest or fees, as applicable with respect to the Terminated Commitments. Upon the effective date of the foregoing termination of the Terminated Commitments, LCPI shall not be deemed to be a Defaulting Lender with respect to any funded Loans existing as of such date and shall retain all rights of a Lender under the Credit Agreement (including, without limitation, voting rights and rights to payments of any fees, interest and principal; it being understood, for the avoidance of doubt, that no commitment fees accruing after the date of the foregoing termination of the Terminated Commitments shall be payable in respect of the Terminated Commitments). Any Loans made by LCPI that are subsequently repaid or prepaid, whether on account of any mandatory or voluntary prepayment or otherwise, may not be reborrowed.

Section 4. Representations and Warranties . Each Obligor represents and warrants to the Administrative Agent and the Lenders that immediately before and after giving effect to this Amendment No. 1 and Consent (a) the representations and warranties set forth in Article V of the Credit Agreement and in the other Loan Documents (as such term is defined in the Credit Agreement as amended hereby) are true and correct in all material respects on the date hereof as if made on and as of the date hereof (or, if any representation or warranty is expressly stated to have been made as of a specific date, such representation or warranty shall be true and correct in all material respects as of such specific date) and (b) no Default or Event of Default has occurred and is continuing.

Section 5. Conditions Precedent . The amendments set forth in Section 2 hereof and the agreements of the parties hereto set forth in Section 3 hereof shall each become effective

on the date on which the following conditions are satisfied (such date, the " Amendment No. 1 and Consent Effective Date "):

(a) this Amendment No. 1 and Consent shall have been duly executed and delivered by the Obligors, the Administrative Agent and the Majority Lenders;

(b) each Lender that shall have delivered (by facsimile or otherwise) an executed signature page to this Amendment No. 1 and Consent on or prior to 5:00 p.m. New York City time on August 14, 2009 shall have received from the Borrower payment in immediately available funds of an amendment fee equal to 0.05% of the Commitments of such Lender (the " Amendment Fee ");

(c) Citigroup Global Markets Inc. (" CGMI ") shall have received from the Borrower payment in immediately available funds of an arrangement fee in an amount that shall have been agreed between the Borrower and CGMI (the " Arrangement Fee ");

(d) the Administrative Agent shall have received from the Borrower payment in immediately available funds of all reasonable out-of-pocket expenses incurred by the Administrative Agent (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent) in connection with this Amendment No. 1 and Consent, the Credit Agreement and each other Loan Document, as required by Section 7 hereof (collectively, the " Agent's Expenses "); and

(e) no Swing Line Loans or L/C Exposure shall be outstanding.

Section 6. Costs and Expenses . The Obligors agree to pay the Agent's Expenses as provided in Section 5 hereof and Section 9.04(a) of the Credit Agreement.

Section 7. Confirmation of Security Documents . Each of the Obligors (a) confirms its obligations under the Security Documents (as such term is defined in the Credit Agreement as amended hereby), as applicable, (b) confirms that the obligations of the Borrower under the Credit Agreement as amended hereby are entitled to the benefits of the pledges and guarantees, as applicable, set forth in the Security Documents and (c) confirms that the Credit Agreement as amended hereby is the Credit Agreement under and for all purposes of the Security Documents.

Section 8. Miscellaneous . Except as herein provided, the Credit Agreement shall remain unchanged and in full force and effect. This Amendment No. 1 and Consent shall constitute a "Loan Document" for all purposes of the Credit Agreement. This Amendment No. 1 and Consent may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and both of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment No. 1 and Consent by electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment No. 1 and Consent. This Amendment No. 1 and Consent shall be governed by, and construed in accordance with, the law of the State of New York.

Section 9. Limitation . Each party hereto hereby agrees that this Amendment No. 1 and Consent (i) does not impose on LCPI affirmative obligations or indemnities not already existing as of the date of its petition commencing its proceeding under Chapter 11 of Title 11 of

the United States Code entitled “Bankruptcy”, and that could give rise to administrative expense claims and (ii) is not inconsistent with the terms of the Credit Agreement.

Section 10. Issuing Lender . The parties hereto hereby acknowledge that Wachovia Bank, N.A. shall cease to be an Issuing Lender as of the Amendment No. 1 and Consent Effective Date.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 and Consent to be executed by their respective officers or representatives thereunto duly authorized, as of the date first above written.

KKR PEI INVESTMENTS, L.P.,
as Borrower

By: KKR PEI Associates, L.P., its general partner
By: KKR PEI GP Limited (Registration No. 44667), its general partner

GUARANTORS

KKR SPRINT (KPE) LIMITED

KKR PEI ALTERNATIVE INVESTMENTS LIMITED

KKR PEI JAPAN INVESTMENT I, LTD.

SEVRES IV, S.A R.L.

KKR PEI SICAR, S.À R.L.

CITIBANK, N.A., as Administrative Agent

LENDERS

CITIBANK, N.A.

GOLDMAN SACHS CREDIT PARTNERS, L.P.

MORGAN STANLEY BANK

ABN AMRO BANK N.V.

BANK OF AMERICA, N.A.

BEAR STEARNS CORPORATE LENDING INC.

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

DEUTSCHE BANK AG, NEW YORK BRANCH

JPMORGAN CHASE BANK, N.A.

LEHMAN COMMERCIAL PAPER INC.

MERRILL LYNCH BANK USA

ROYAL BANK OF CANADA

THE BANK OF NOVA SCOTIA

WACHOVIA BANK, NATIONAL ASSOCIATION

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Amendment No.1 to the Registration Statement on Form S-1 of:

Our report dated March 10, 2010 (April 15, 2010, as to Note 13), which report expresses an unqualified opinion and includes explanatory paragraphs relating to investments without a readily determinable fair market value and the adoption of the new presentation and disclosure requirements for non-controlling interest in consolidated financial statements, relating to the consolidated and combined financial statements of KKR Group Holdings L.P. as of December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009, appearing in the Prospectus, which is part of this Registration Statement.

Our report dated March 10, 2010 relating to the statements of financial condition of KKR & Co. L.P. as of December 31, 2009 and 2008, appearing in the Prospectus, which is part of this Registration Statement.

Our report dated March 10, 2010 relating to the statements of financial condition of KKR Management LLC as of December 31, 2009 and 2008, appearing in the Prospectus, which is part of this Registration Statement.

Our report dated February 27, 2009 (April 15, 2010, as to the Business Combination described in Note 1, and Note 13 as to subsequent events), which report expresses an unqualified opinion and includes an explanatory paragraph relating to investments without a readily determinable fair market value, relating to the financial statements of KKR & Co. (Guernsey) L.P., as of December 31, 2008, 2007 and 2006 and for the years ended December 31, 2008 and 2007 and for the period from April 18, 2006 (Date of Formation) to December 31, 2006, appearing in the Prospectus, which is part of this Registration Statement.

Our report dated February 27, 2009 (April 15, 2010, as to the Business Combination described in Note 1, and Note 17 as to subsequent events), which report expresses an unqualified opinion and includes an explanatory paragraph relating to investments without a readily determinable fair market value, relating to the consolidated financial statements of KKR PEI Investments, L.P. and Subsidiaries, as of December 31, 2008, 2007 and 2006 and for the years ended December 31, 2008 and 2007 and for the period from April 18, 2006 (Date of Formation) to December 31, 2006, appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading ‘‘Experts’’ in such Prospectus.

/s/ Deloitte & Touche LLP

New York, New York
April 15, 2010