



## ***KKR & Co. (Guernsey) L.P. Announces Fourth Quarter 2009 Results***

**2009 Fourth Quarter Economic Net Income of \$515.3 million**

**2009 Full Year Pro Forma Economic Net Income of \$1,953.9 million**

**Fourth Quarter Distribution of \$0.08 per KKR Guernsey Common Unit**

**Election to Seek Listing on New York Stock Exchange**

**Guernsey, Channel Islands, February 24, 2010** – KKR & Co. (Guernsey) L.P. (Euronext Amsterdam: KKR), formerly known as KKR Private Equity Investors, L.P. (“KPE”) and referred to as KKR Guernsey, today reported financial information of KKR<sup>1</sup> for the quarter ended December 31, 2009 and pro forma financial information<sup>2</sup> for the year ended December 31, 2009.

As previously announced on October 1, 2009, KKR and KKR Guernsey completed a transaction to combine their businesses (the “Business Combination”). In connection with the Business Combination, KKR acquired all of the assets and all of the liabilities of KKR Guernsey, and, in exchange, KKR Guernsey received interests in KKR Group Holdings L.P. (“Group Holdings”) representing 30% of the outstanding equity in the combined business. KKR Guernsey’s sole investment is in Group Holdings. The remaining 70% of the equity is held by KKR’s predecessor owners and employees through KKR Holdings L.P.

### **KKR’S FINANCIAL HIGHLIGHTS<sup>3</sup>**

Assets under management (“AUM”) were \$52.2 billion as of December 31, 2009.

Fee related earnings (“FRE”) were \$87.5 million for the quarter ended December 31, 2009 and pro forma FRE for the year ended December 31, 2009 were \$247.4 million.

Economic net income (“ENI”) was \$515.3 million for the quarter ended December 31, 2009 and pro forma ENI for the year ended December 31, 2009 was \$1,953.9 million.

Committed dollars invested amounted to \$456.7 million for the quarter ended December 31, 2009 and \$2.1 billion for the year ended December 31, 2009.

KKR had uncalled commitments to its investment funds of \$14.5 billion as of December 31, 2009, of which \$445.0 million had been committed by KKR as a general partner and \$827.3 million consisted of commitments by KPE acquired through the Business Combination.

Book value was \$4.2 billion or \$6.08 per unit as of December 31, 2009.

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<sup>1</sup> KKR refers to the global asset management business of KKR & Co. L.P. and its controlled affiliates resulting from the Business Combination. The financial information for KKR prior to October 1, 2009 is based on a group, for accounting purposes, of certain consolidated and combined entities under the common control of KKR’s senior principals, and under the common ownership of KKR’s principals and certain other individuals who have been involved in KKR’s business.

<sup>2</sup> The financial information reported for periods prior to October 1, 2009 did not reflect certain adjustments that are applicable for periods after October 1, 2009 as a result of the Business Combination. As a result, the comparisons to all periods prior to October 1, 2009 in this press release are on a pro forma basis giving effect to the Business Combination. For a discussion of these pro forma adjustments, see “KKR’s Segment Review” in this release.

<sup>3</sup> KKR’s financial highlights do not include all adjustments necessary for a presentation of the consolidated and combined financial results of KKR in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

## **KKR'S SEGMENT REVIEW**

### *Private Markets*

AUM in KKR's private markets segment were \$38.8 billion as of December 31, 2009, an increase of \$1.3 billion or 3.6% compared to pro forma AUM of \$37.5 billion as of September 30, 2009. The increase was due primarily to an increase in the fair value of KKR's private equity portfolio offset by distributions during the quarter.

Fee paying assets under management ("FPAUM") in KKR's private markets segment were \$36.5 billion as of December 31, 2009, a decrease of \$0.7 billion or 1.8% compared to pro forma FPAUM of \$37.1 billion as of September 30, 2009. The decrease was due primarily to the reallocation of fee paying uncalled commitments in KKR European Fund III to KKR E2 Investors, which is not fee-paying, as well as distributions during the quarter.

FRE in KKR's private markets segment were \$69.2 million for the quarter ended December 31, 2009, an increase of \$14.9 million or 27.4% compared to pro forma FRE of \$54.3 million for the quarter ended September 30, 2009. The increase was due primarily to a higher level of gross monitoring fees associated with a \$46.1 million termination payment on a monitoring agreement with a portfolio company during the fourth quarter, which impacted FRE by \$28.6 million net of associated fee credits. A similar termination payment in the third quarter amounted to \$26.1 million of gross monitoring fees, which impacted FRE by \$9.2 million net of associated fee credits. These types of termination payments may occur in the future; however, they are infrequent in nature. Pro forma FRE were \$217.0 million for the year ended December 31, 2009.

ENI in KKR's private markets segment was \$145.6 million for the quarter ended December 31, 2009, a decrease of \$158.0 million or 52.1% compared to pro forma ENI of \$303.6 million for the quarter ended September 30, 2009. ENI for both quarters was due primarily to unrealized gains in KKR's private equity portfolio. While the fair value of KKR's private equity portfolio increased during the fourth quarter, the level of unrealized gains was lower than that experienced during the third quarter of 2009. Pro forma ENI was \$661.5 million for the year ended December 31, 2009.

### *Public Markets*

AUM in KKR's public markets segment were \$13.4 billion as of December 31, 2009, an increase of \$0.4 billion or 3.3% compared to pro forma AUM of \$12.9 billion as of September 30, 2009. The increase was due primarily to new capital raised offset by distributions during the quarter.

FPAUM in KKR's public markets segment were \$6.3 billion as of December 31, 2009, an increase of \$0.5 billion or 7.8% compared to pro forma FPAUM of \$5.8 billion as of September 30, 2009. The increase was due primarily to new capital raised offset by distributions during the quarter.

FRE in KKR's public markets segment were \$2.4 million for the quarter ended December 31, 2009, a decrease of \$4.3 million, or 64.1%, compared to pro forma FRE of \$6.7 million for the quarter ended September 30, 2009. This decrease was due primarily to an incentive fee earned during the third quarter of 2009 that was not earned in the fourth quarter. Pro forma FRE were \$11.8 million for the year ended December 31, 2009.

ENI in KKR's public markets segment was \$1.5 million for the quarter ended December 31, 2009, a decrease of \$3.0 million or 67.3% compared to pro forma ENI of \$4.4 million for the quarter ended September 30, 2009. This decrease was due primarily to the decrease in FRE explained above. Pro forma ENI was \$6.4 million for the year ended December 31, 2009.

### *Capital Markets and Principal Activities*

The capital markets and principal activities segment was formed upon completion of the Business Combination on October 1, 2009 by combining KKR's capital markets business, which was formerly part of the private markets segment, with the assets and liabilities of KPE.

KKR's AUM and FPAUM reported prior to the Business Combination on October 1, 2009 reflected the NAV of KPE and its commitments to KKR's investment funds. Subsequent to the Business Combination, the NAV of KPE and its commitments to KKR's private equity funds are excluded from KKR's calculation of AUM and FPAUM.

FRE in KKR's capital markets and principal activities segment were \$15.8 million for the quarter ended December 31, 2009, an increase of \$9.9 million, or 165.9%, compared to pro forma FRE of \$6.0 million for the quarter ended September 30, 2009. This increase was due primarily to increased activity in KKR's capital markets business in the fourth quarter. Pro forma FRE in KKR's capital markets and principal activities segment were \$18.7 million for the year ended December 31, 2009.

ENI in KKR's capital markets and principal activities segment was \$368.2 million for the quarter ending December 31, 2009, a decrease of \$146.4 million, or 28.5%, compared to pro forma ENI of \$514.7 million for the quarter ended September 30, 2009.

The decrease was primarily attributable to a lower level of appreciation of KKR's principal investments during the fourth quarter offset by the increase in FRE described above. While the fair value of KKR's principal investments increased during the fourth quarter, the level of unrealized gains was lower than that experienced during the third quarter of 2009. Pro forma ENI was \$1,286.0 million for the year ending December 31, 2009.

#### *Business Combination/Pro Forma Adjustments*

The FRE and ENI previously reported for periods prior to October 1, 2009 did not reflect certain adjustments that are applicable for periods after October 1, 2009 as a result of the Business Combination, which include items such as:

- the exclusion of approximately 40% of the carry allocated to KKR principals pursuant to its carry pool;
- the exclusion of carry allocated to former KKR principals;
- the exclusion of the capital invested by or on behalf of the general partners of KKR's private equity funds before the completion of the Business Combination and any returns thereon;
- the exclusion of the economic interests associated with the KKR 1996 Fund;
- the elimination of management fees paid by KPE to KKR's management companies;
- the inclusion of the financial results of KPE; and
- certain compensation adjustments including: (a) the exclusion of bonuses earned by certain of KKR's principals which will not be borne by public investors and (b) the inclusion of salaries for KKR's senior principals.

Given the significance of these adjustments, the comparisons to all periods prior to October 1, 2009 in this press release are on a pro forma basis giving effect to the adjustments above. For a further discussion of adjustments related to the Business Combination please refer to KKR Guernsey's consent solicitation statement dated July 24, 2009, which is available at the Investor Relations page at [www.kkr.com](http://www.kkr.com).

#### **CAPITAL AND LIQUIDITY**

As of December 31, 2009, KKR had an available cash balance of \$556.7 million and \$733.7 million of outstanding debt obligations. As of December 31, 2009, KKR's availability for further borrowings was approximately \$1.2 billion. In addition, KKR has a \$500 million revolving credit facility for use in KKR's capital markets business that was undrawn as of December 31, 2009.

As of December 31, 2009, KKR had the following uncalled commitments to its private equity and other investment funds (amounts in thousands):

	<b>Uncalled Commitments of KKR</b>		
	<b>General Partner</b>	<b>Acquired from KPE</b>	<b>Total</b>
<u>Private Markets</u>			
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
KKR E2 Investors (Annex Fund)	20,399	15,875	36,274
Total Private Markets commitments	428,642	827,325	1,255,967
<u>Public Markets</u>			
Capital Solutions	16,327	-	16,327
Total Uncalled Commitments	\$ 444,969	\$ 827,325	\$ 1,272,294

Subsequent to December 31, 2009, KKR received net proceeds of \$392.1 million related to both the settlement of its investment in Sun Microsystems and a dividend received on its investment in HCA. Those proceeds, plus other available cash on hand, were used to make repayments on debt obligations of \$429.1 million.

#### **DISTRIBUTION POLICY**

KKR intends to make quarterly cash distributions in amounts that in the aggregate are expected to constitute substantially all of the cash earnings of its asset management business each year in excess of amounts determined by KKR to be necessary or appropriate to provide for the conduct of its business, to make appropriate investments in its business and its investment funds and to comply with applicable law and any of its debt instruments or other agreements. KKR does not intend to distribute gains on principal investments, other than certain tax distributions, if any, to the extent that distributions for the relevant tax year were otherwise insufficient to cover certain tax liabilities of its partners, as calculated by KKR. For the purposes of KKR's distribution policy, KKR's distributions are expected to consist of (i) its fee related earnings after deducting non-cash items and certain other adjustments, (ii) its carry distributions received from its investment funds which have not been allocated as part of its carry pool, and (iii) certain tax distributions, if any.

Because KKR Guernsey makes its investment in KKR through a holding company structure, the distributions received by KKR Guernsey from KKR will be net of amounts required by such holding companies to be paid or withheld under applicable tax laws. KKR Guernsey intends to distribute the net amount received from such holding companies to the holders of KKR Guernsey common units as and when received from KKR. The actual amount and timing of distributions are subject to the discretion of the applicable board of directors of KKR and KKR Guernsey, and there can be no assurance that distributions will be made as intended or at all or that such distributions will be sufficient to pay any particular KKR Guernsey unitholder's actual U.S. or non-U.S. tax liability.

## **DISTRIBUTION**

A distribution of \$0.08 per KKR Guernsey unit, subject to applicable withholding taxes, will be payable on or about March 25, 2010 to KKR Guernsey unitholders of record as of the close of business on March 11, 2010. KKR Guernsey, representing a 30% economic interest in KKR, currently has 204,902,226 common units issued and outstanding.

## **U.S. LISTING**

KKR has 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 light of the election to seek a listing on the New York Stock Exchange, KKR Guernsey does not presently plan to hold an annual unitholder meeting to present a report on the investment activities of KKR Guernsey. Unitholders are instead urged to participate in the conference call scheduled to discuss KKR's results noted below.

## **FINANCIAL REPORT**

The availability of KKR Guernsey's financial report, which will include a discussion of KKR, the audited financial statements of KKR Guernsey and the audited consolidated and combined financial statements of Group Holdings, will be announced by press release and be made available at the Investor Relations page on KKR's website ([www.kkr.com](http://www.kkr.com)) as soon as practicable. KKR Guernsey encourages investors to carefully read the financial report once available.

## **CONFERENCE CALL**

A conference call to discuss the firm's results, outlook and related matters will be held tomorrow, February 25, 2010 at 10:00 AM EST (New York City) / 3:00 PM GMT (Guernsey) / 4:00 PM CET (Amsterdam). The call will be open to the public. Members of the public who would like to listen to the conference call may do so by dialing (888) 213-3754 (U.S.) or +1 (913) 312-1386 (non-U.S.); a pass code is not required. The conference call will also be accessible as an audio webcast through the Investor Relations section of KKR's website at [http://www.kkr.com/investor\\_relations/events.cfm](http://www.kkr.com/investor_relations/events.cfm). For those unable to listen to the live broadcast, a replay will be available on KKR's website or by dialing (888) 203-1112 (U.S.) and +1 (719) 457-0820 (non-U.S.) / pass code 3543030, beginning approximately two hours after the broadcast.

## **ABOUT KKR**

Founded in 1976 and led by [Henry Kravis](#) and [George Roberts](#), KKR is a leading global alternative asset manager with \$52.2 billion in assets under management, over 600 people, and 13 offices around the world as of December 31, 2009. KKR manages assets through a variety of investment funds and accounts covering multiple asset classes. KKR seeks to create value by bringing operational expertise to its portfolio companies and through active oversight and monitoring of its investments. KKR complements its investment expertise and strengthens interactions with investors through its client relationships and capital markets platforms. KKR is publicly traded through KKR & Co. (Guernsey) L.P. (Euronext Amsterdam: KKR). For additional information, please visit KKR's website at [www.kkr.com](http://www.kkr.com).

## **NO OFFERING STATEMENT**

This release does not constitute an offer of securities for sale in the United States or elsewhere. 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 KKR or KKR Guernsey and that will contain detailed information about them 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 KKR's and KKR Guernsey'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 KKR or KKR Guernsey or are within their control. If a change occurs, KKR's and KKR Guernsey's business, financial condition, liquidity and results of operations, including net asset value, assets under management, fee paying assets under management, fee-related earnings, economic net income, committed dollars invested and uncalled commitments, 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 possibility that the listing of the interests in the combined business on the New York Stock Exchange may or 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 KKR's or KKR Guernsey'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; and the degree and nature of KKR's competition. Neither KKR nor KKR Guernsey 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 KKR Guernsey's business strategy is focused on the long-term and financial results are subject to significant volatility. Additional information about factors affecting KKR and KKR Guernsey are available in KKR Guernsey's consent solicitation statement dated July 24, 2009, which is available at the Investor Relations section at [www.kkr.com](http://www.kkr.com).

### **CONTACT INFORMATION**

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KKR  
TOTAL REPORTABLE SEGMENTS (UNAUDITED)  
(Amounts in thousands)

	Pro-Forma Quarter Ended March 31, 2009	Pro-Forma Quarter Ended June 30, 2009	Pro-Forma Quarter Ended September 30, 2009	Actual Quarter Ended December 31, 2009	Pro-Forma Year Ended December 31, 2009
<b>Fees</b>					
Management and incentive fees:					
Management fees	\$ 107,638	\$ 109,019	\$ 107,444	\$ 113,615	\$ 437,716
Incentive fees	-	-	4,472	-	4,472
Management and incentive fees	107,638	109,019	111,916	113,615	442,188
Monitoring and transaction fees:					
Monitoring fees	21,960	20,954	46,946	68,383	158,243
Transaction fees	191	14,376	37,419	39,842	91,828
Fee credits	(1,722)	(8,794)	(37,125)	(26,260)	(73,901)
Net monitoring and transaction fees	20,429	26,536	47,240	81,965	176,170
Total fees	128,067	135,555	159,156	195,580	618,358
<b>Expenses</b>					
Employee compensation and benefits	40,021	38,684	41,874	48,018	168,597
Other operating expenses	48,394	43,606	50,249	60,095	202,344
Total expenses	88,415	82,290	92,123	108,113	370,941
<b>Fee Related Earnings</b>	<b>39,652</b>	<b>53,265</b>	<b>67,033</b>	<b>87,467</b>	<b>247,417</b>
<b>Investment income (loss)</b>					
Gross carried interest	(50,143)	195,213	318,323	139,034	602,427
Less: allocation to KKR carry pool	(697)	(27,606)	(85,447)	(40,077)	(153,827)
Less: management fee refunds	-	-	-	(22,720)	(22,720)
Net carried interest	(50,840)	167,607	232,876	76,237	425,880
Other investment income (loss)	14,002	393,181	523,579	352,576	1,283,338
Total investment income (loss)	(36,838)	560,788	756,455	428,813	1,709,218
<b>Income (Loss) before noncontrolling interests</b>					
in Income of consolidated entities	2,814	614,053	823,488	516,280	1,956,635
<b>Income (Loss) attributable to noncontrolling interests</b>					
	307	566	793	1,025	2,691
<b>Economic Net Income (Loss)</b>	<b>\$ 2,507</b>	<b>\$ 613,487</b>	<b>\$ 822,695</b>	<b>\$ 515,255</b>	<b>\$ 1,953,944</b>
<b>Assets Under Management</b>	<b>\$ 43,757,900</b>	<b>\$ 46,865,800</b>	<b>\$ 50,435,200</b>	<b>\$ 52,204,200</b>	<b>\$ 52,204,200</b>
<b>Fee Paying Assets Under Management</b>	<b>\$ 41,624,100</b>	<b>\$ 41,994,700</b>	<b>\$ 42,991,700</b>	<b>\$ 42,779,800</b>	<b>\$ 42,779,800</b>
<b>Committed Dollars Invested</b>	<b>\$ 18,000</b>	<b>\$ 562,900</b>	<b>\$ 1,070,100</b>	<b>\$ 456,700</b>	<b>\$ 2,107,700</b>
<b>Uncalled Commitments</b>	<b>\$ 14,825,081</b>	<b>\$ 14,695,766</b>	<b>\$ 14,244,300</b>	<b>\$ 14,544,427</b>	<b>\$ 14,544,427</b>

See notes to KKR's unaudited reportable segments on page 21 of this press release

KKR  
PRIVATE MARKETS SEGMENT (UNAUDITED)  
(Amounts in thousands)

	Pro-Forma Quarter Ended March 31, 2009	Pro-Forma Quarter Ended June 30, 2009	Pro-Forma Quarter Ended September 30, 2009	Actual Quarter Ended December 31, 2009	Pro-Forma Year Ended December 31, 2009
<b>Fees</b>					
Management and incentive fees:					
Management fees	\$ 95,609	\$ 97,089	\$ 95,193	\$ 99,221	\$ 387,112
Incentive fees	-	-	-	-	-
Management and incentive fees	<u>95,609</u>	<u>97,089</u>	<u>95,193</u>	<u>99,221</u>	<u>387,112</u>
Monitoring and transaction fees:					
Monitoring fees	21,960	20,954	46,946	68,383	158,243
Transaction fees	-	10,400	27,030	20,269	57,699
Fee credits	(1,722)	(8,794)	(37,125)	(26,260)	(73,901)
Net monitoring and transaction fees	<u>20,238</u>	<u>22,560</u>	<u>36,851</u>	<u>62,392</u>	<u>142,041</u>
Total fees	<u>115,847</u>	<u>119,649</u>	<u>132,044</u>	<u>161,613</u>	<u>529,153</u>
<b>Expenses</b>					
Employee compensation and benefits	32,619	30,811	33,636	39,399	136,465
Other operating expenses	41,180	37,498	44,067	52,991	175,736
Total expenses	<u>73,799</u>	<u>68,309</u>	<u>77,703</u>	<u>92,390</u>	<u>312,201</u>
<b>Fee Related Earnings</b>	<b><u>42,048</u></b>	<b><u>51,340</u></b>	<b><u>54,341</u></b>	<b><u>69,223</u></b>	<b><u>216,952</u></b>
Investment income (loss)					
Gross carried interest	(50,143)	195,213	318,323	139,034	602,427
Less: allocation to KKR carry pool	(697)	(27,606)	(85,447)	(40,077)	(153,827)
Less: management fee refunds	-	-	-	(22,720)	(22,720)
Net carried interest	(50,840)	167,607	232,876	76,237	425,880
Other investment income (loss)	(1,431)	4,520	16,927	605	20,621
Total investment income (loss)	<u>(52,271)</u>	<u>172,127</u>	<u>249,803</u>	<u>76,842</u>	<u>446,501</u>
Income (Loss) before noncontrolling interests					
in Income of consolidated entities	(10,223)	223,467	304,144	146,065	663,453
Income (Loss) attributable to noncontrolling interests					
	420	513	543	497	1,973
<b>Economic Net Income (Loss)</b>	<b><u>\$ (10,643)</u></b>	<b><u>\$ 222,954</u></b>	<b><u>\$ 303,601</u></b>	<b><u>\$ 145,568</u></b>	<b><u>\$ 661,480</u></b>
<b>Assets Under Management</b>	<b>\$ 31,487,500</b>	<b>\$ 33,686,100</b>	<b>\$ 37,498,800</b>	<b>\$ 38,842,900</b>	<b>\$ 38,842,900</b>
<b>Fee Paying Assets Under Management</b>	<b>\$ 37,062,600</b>	<b>\$ 36,813,800</b>	<b>\$ 37,149,600</b>	<b>\$ 36,484,400</b>	<b>\$ 36,484,400</b>
<b>Committed Dollars Invested</b>	<b>\$ 18,000</b>	<b>\$ 562,900</b>	<b>\$ 1,070,100</b>	<b>\$ 456,700</b>	<b>\$ 2,107,700</b>
<b>Uncalled Commitments</b>	<b>\$ 14,825,081</b>	<b>\$ 14,695,766</b>	<b>\$ 14,244,300</b>	<b>\$ 13,728,100</b>	<b>\$ 13,728,100</b>

See notes to KKR's unaudited reportable segments on page 21 of this press release

KKR  
PUBLIC MARKETS SEGMENT (UNAUDITED)  
(Amounts in thousands)

	Pro-Forma Quarter Ended March 31, 2009	Pro-Forma Quarter Ended June 30, 2009	Pro-Forma Quarter Ended September 30, 2009	Actual Quarter Ended December 31, 2009	Pro-Forma Year Ended December 31, 2009
<b>Fees</b>					
Management and incentive fees:					
Management fees	\$ 12,029	\$ 11,930	\$ 12,251	\$ 14,394	\$ 50,604
Incentive fees	-	-	4,472	-	4,472
Management and incentive fees	<u>12,029</u>	<u>11,930</u>	<u>16,723</u>	<u>14,394</u>	<u>55,076</u>
Monitoring and transaction fees:					
Monitoring fees	-	-	-	-	-
Transaction fees	-	-	-	-	-
Fee credits	-	-	-	-	-
Net monitoring and transaction fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fees	<u>12,029</u>	<u>11,930</u>	<u>16,723</u>	<u>14,394</u>	<u>55,076</u>
<b>Expenses</b>					
Employee compensation and benefits	5,153	5,426	5,189	6,909	22,677
Other operating expenses	6,121	4,603	4,795	5,068	20,587
Total expenses	<u>11,274</u>	<u>10,029</u>	<u>9,984</u>	<u>11,977</u>	<u>43,264</u>
<b>Fee Related Earnings</b>	<b><u>755</u></b>	<b><u>1,901</u></b>	<b><u>6,739</u></b>	<b><u>2,417</u></b>	<b><u>11,812</u></b>
Investment income (loss)					
Gross carried interest	-	-	-	-	-
Less: allocation to KKR carry pool	-	-	-	-	-
Less: management fee refunds	-	-	-	-	-
Net carried interest	-	-	-	-	-
Other investment income (loss)	<u>(660)</u>	<u>(1,411)</u>	<u>(2,236)</u>	<u>(952)</u>	<u>(5,259)</u>
Total investment income (loss)	<u>(660)</u>	<u>(1,411)</u>	<u>(2,236)</u>	<u>(952)</u>	<u>(5,259)</u>
Income (Loss) before noncontrolling interests					
in Income of consolidated entities	95	490	4,503	1,465	6,553
Income (Loss) attributable to noncontrolling interests					
	<u>8</u>	<u>19</u>	<u>67</u>	<u>15</u>	<u>109</u>
<b>Economic Net Income (Loss)</b>	<b><u>\$ 87</u></b>	<b><u>\$ 471</u></b>	<b><u>\$ 4,436</u></b>	<b><u>\$ 1,450</u></b>	<b><u>\$ 6,444</u></b>
<b>Assets Under Management</b>	<b>\$ 12,270,400</b>	<b>\$ 13,179,700</b>	<b>\$ 12,936,400</b>	<b>\$ 13,361,300</b>	<b>\$ 13,361,300</b>
<b>Fee Paying Assets Under Management</b>	<b>\$ 4,561,500</b>	<b>\$ 5,180,900</b>	<b>\$ 5,842,100</b>	<b>\$ 6,295,400</b>	<b>\$ 6,295,400</b>
<b>Committed Dollars Invested</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Uncalled Commitments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 816,327</b>	<b>\$ 816,327</b>

See notes to KKR's unaudited reportable segments on page 21 of this press release



KKR  
CAPITAL MARKETS AND PRINCIPAL ACTIVITIES SEGMENT (UNAUDITED)  
(Amounts in thousands)

	Pro-Forma Quarter Ended March 31, 2009	Pro-Forma Quarter Ended June 30, 2009	Pro-Forma Quarter Ended September 30, 2009	Actual Quarter Ended December 31, 2009	Pro-Forma Year Ended December 31, 2009
<b>Fees</b>					
Management and incentive fees:					
Management fees	\$ -	\$ -	\$ -	\$ -	\$ -
Incentive fees	-	-	-	-	-
Management and incentive fees	-	-	-	-	-
Monitoring and transaction fees:					
Monitoring fees	-	-	-	-	-
Transaction fees	191	3,976	10,389	19,573	34,129
Fee credits	-	-	-	-	-
Net monitoring and transaction fees	191	3,976	10,389	19,573	34,129
Total fees	191	3,976	10,389	19,573	34,129
<b>Expenses</b>					
Employee compensation and benefits	2,249	2,447	3,049	1,710	9,455
Other operating expenses	1,093	1,505	1,387	2,036	6,021
Total expenses	3,342	3,952	4,436	3,746	15,476
<b>Fee Related Earnings</b>	<b>(3,151)</b>	<b>24</b>	<b>5,953</b>	<b>15,827</b>	<b>18,653</b>
<b>Investment income (loss)</b>					
Gross carried interest	-	-	-	-	-
Less: allocation to KKR carry pool	-	-	-	-	-
Less: management fee refunds	-	-	-	-	-
Net carried interest	-	-	-	-	-
Other investment income (loss)	16,093	390,072	508,888	352,923	1,267,976
Total investment income (loss)	16,093	390,072	508,888	352,923	1,267,976
<b>Income (Loss) before noncontrolling interests</b>					
in Income of consolidated entities	12,942	390,096	514,841	368,750	1,286,629
<b>Income (Loss) attributable to noncontrolling interests</b>					
	(121)	34	183	513	609
<b>Economic Net Income (Loss)</b>	<b>\$ 13,063</b>	<b>\$ 390,062</b>	<b>\$ 514,658</b>	<b>\$ 368,237</b>	<b>\$ 1,286,020</b>

See notes to KKR's unaudited reportable segments on page 21 of this press release

KKR  
**TOTAL REPORTABLE SEGMENTS - PRO FORMA (UNAUDITED)**  
Year Ended December 31, 2009  
(Amounts in thousands)

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

See notes to KKR's unaudited reportable segments on page 21 of this press release

KKR  
**TOTAL REPORTABLE SEGMENTS - PRO FORMA (UNAUDITED)**  
Three Months Ended March 31, 2009  
(Amounts in thousands)

	Private Markets Segment	Public Markets Segment	Capital Markets and Principal Activities Segment	Total Reportable Segments
<b>Fees</b>				
Management and incentive fees:				
Management fees	\$ 95,609	\$ 12,029	\$ -	\$ 107,638
Incentive fees	-	-	-	-
Management and incentive fees	<u>95,609</u>	<u>12,029</u>	<u>-</u>	<u>107,638</u>
Monitoring and transaction fees:				
Monitoring fees	21,960	-	-	21,960
Transaction fees	-	-	191	191
Fee credits	(1,722)	-	-	(1,722)
Net monitoring and transaction fees	<u>20,238</u>	<u>-</u>	<u>191</u>	<u>20,429</u>
Total fees	<u>115,847</u>	<u>12,029</u>	<u>191</u>	<u>128,067</u>
<b>Expenses</b>				
Employee compensation and benefits	32,619	5,153	2,249	40,021
Other operating expenses	<u>41,180</u>	<u>6,121</u>	<u>1,093</u>	<u>48,394</u>
Total expenses	<u>73,799</u>	<u>11,274</u>	<u>3,342</u>	<u>88,415</u>
<b>Fee Related Earnings</b>	<u>42,048</u>	<u>755</u>	<u>(3,151)</u>	<u>39,652</u>
<b>Investment income (loss)</b>				
Gross carried interest	(50,143)	-	-	(50,143)
Less: allocation to KKR carry pool	(697)	-	-	(697)
Less: management fee refunds	-	-	-	-
Net carried interest	<u>(50,840)</u>	<u>-</u>	<u>-</u>	<u>(50,840)</u>
Other investment income (loss)	<u>(1,431)</u>	<u>(660)</u>	<u>16,093</u>	<u>14,002</u>
Total investment income (loss)	<u>(52,271)</u>	<u>(660)</u>	<u>16,093</u>	<u>(36,838)</u>
<b>Income (Loss) before noncontrolling interests</b>				
in Income of consolidated entities	(10,223)	95	12,942	2,814
Income (Loss) attributable to noncontrolling interests	420	8	(121)	307
<b>Economic Net Income (Loss)</b>	<u>\$ (10,643)</u>	<u>\$ 87</u>	<u>\$ 13,063</u>	<u>\$ 2,507</u>

See notes to KKR's unaudited reportable segments on page 21 of this press release

KKR  
**TOTAL REPORTABLE SEGMENTS - PRO FORMA (UNAUDITED)**  
**Three Months Ended June 30, 2009**  
(Amounts in thousands)

	Private Markets Segment	Public Markets Segment	Capital Markets and Principal Activities Segment	Total Reportable Segments
<b>Fees</b>				
Management and incentive fees:				
Management fees	\$ 97,089	\$ 11,930	\$ -	\$ 109,019
Incentive fees	-	-	-	-
Management and incentive fees	<u>97,089</u>	<u>11,930</u>	<u>-</u>	<u>109,019</u>
Monitoring and transaction fees:				
Monitoring fees	20,954	-	-	20,954
Transaction fees	10,400	-	3,976	14,376
Fee credits	(8,794)	-	-	(8,794)
Net monitoring and transaction fees	<u>22,560</u>	<u>-</u>	<u>3,976</u>	<u>26,536</u>
Total fees	<u>119,649</u>	<u>11,930</u>	<u>3,976</u>	<u>135,555</u>
<b>Expenses</b>				
Employee compensation and benefits	30,811	5,426	2,447	38,684
Other operating expenses	<u>37,498</u>	<u>4,603</u>	<u>1,505</u>	<u>43,606</u>
Total expenses	<u>68,309</u>	<u>10,029</u>	<u>3,952</u>	<u>82,290</u>
<b>Fee Related Earnings</b>	<u>51,340</u>	<u>1,901</u>	<u>24</u>	<u>53,265</u>
<b>Investment income (loss)</b>				
Gross carried interest	195,213	-	-	195,213
Less: allocation to KKR carry pool	(27,606)	-	-	(27,606)
Less: management fee refunds	-	-	-	-
Net carried interest	<u>167,607</u>	<u>-</u>	<u>-</u>	<u>167,607</u>
Other investment income (loss)	<u>4,520</u>	<u>(1,411)</u>	<u>390,072</u>	<u>393,181</u>
Total investment income (loss)	<u>172,127</u>	<u>(1,411)</u>	<u>390,072</u>	<u>560,788</u>
<b>Income (Loss) before noncontrolling interests</b>				
in Income of consolidated entities	223,467	490	390,096	614,053
Income (Loss) attributable to noncontrolling interests	513	19	34	566
<b>Economic Net Income (Loss)</b>	<u>\$ 222,954</u>	<u>\$ 471</u>	<u>\$ 390,062</u>	<u>\$ 613,487</u>

See notes to KKR's unaudited reportable segments on page 21 of this press release

KKR  
**TOTAL REPORTABLE SEGMENTS - PRO FORMA (UNAUDITED)**  
**Three Months Ended September 30, 2009**  
(Amounts in thousands)

	Private Markets Segment	Public Markets Segment	Capital Markets and Principal Activities Segment	Total Reportable Segments
<b>Fees</b>				
Management and incentive fees:				
Management fees	\$ 95,193	\$ 12,251	\$ -	\$ 107,444
Incentive fees	-	4,472	-	4,472
Management and incentive fees	<u>95,193</u>	<u>16,723</u>	<u>-</u>	<u>111,916</u>
Monitoring and transaction fees:				
Monitoring fees	46,946	-	-	46,946
Transaction fees	27,030	-	10,389	37,419
Fee credits	(37,125)	-	-	(37,125)
Net monitoring and transaction fees	<u>36,851</u>	<u>-</u>	<u>10,389</u>	<u>47,240</u>
Total fees	<u>132,044</u>	<u>16,723</u>	<u>10,389</u>	<u>159,156</u>
<b>Expenses</b>				
Employee compensation and benefits	33,636	5,189	3,049	41,874
Other operating expenses	<u>44,067</u>	<u>4,795</u>	<u>1,387</u>	<u>50,249</u>
Total expenses	<u>77,703</u>	<u>9,984</u>	<u>4,436</u>	<u>92,123</u>
<b>Fee Related Earnings</b>	<b><u>54,341</u></b>	<b><u>6,739</u></b>	<b><u>5,953</u></b>	<b><u>67,033</u></b>
<b>Investment income (loss)</b>				
Gross carried interest	318,323	-	-	318,323
Less: allocation to KKR carry pool	(85,447)	-	-	(85,447)
Less: management fee refunds	-	-	-	-
Net carried interest	<u>232,876</u>	<u>-</u>	<u>-</u>	<u>232,876</u>
Other investment income (loss)	<u>16,927</u>	<u>(2,236)</u>	<u>508,888</u>	<u>523,579</u>
Total investment income (loss)	<u>249,803</u>	<u>(2,236)</u>	<u>508,888</u>	<u>756,455</u>
<b>Income (Loss) before noncontrolling interests</b>				
in Income of consolidated entities	304,144	4,503	514,841	823,488
Income (Loss) attributable to noncontrolling interests	543	67	183	793
<b>Economic Net Income (Loss)</b>	<b><u>\$ 303,601</u></b>	<b><u>\$ 4,436</u></b>	<b><u>\$ 514,658</u></b>	<b><u>\$ 822,695</u></b>

See notes to KKR's unaudited reportable segments on page 21 of this press release

KKR  
**TOTAL REPORTABLE SEGMENTS - ACTUAL (UNAUDITED)**  
**Three Months Ended December 31, 2009**  
(Amounts in thousands)

	Private Markets Segment	Public Markets Segment	Capital Markets and Principal Activities Segment	Total Reportable Segments
<b>Fees</b>				
Management and incentive fees:				
Management fees	\$ 99,221	\$ 14,394	\$ -	\$ 113,615
Incentive fees	-	-	-	-
Management and incentive fees	<u>99,221</u>	<u>14,394</u>	<u>-</u>	<u>113,615</u>
Monitoring and transaction fees:				
Monitoring fees	68,383	-	-	68,383
Transaction fees	20,269	-	19,573	39,842
Fee credits	(26,260)	-	-	(26,260)
Net monitoring and transaction fees	<u>62,392</u>	<u>-</u>	<u>19,573</u>	<u>81,965</u>
Total fees	<u>161,613</u>	<u>14,394</u>	<u>19,573</u>	<u>195,580</u>
<b>Expenses</b>				
Employee compensation and benefits	39,399	6,909	1,710	48,018
Other operating expenses	<u>52,991</u>	<u>5,068</u>	<u>2,036</u>	<u>60,095</u>
Total expenses	<u>92,390</u>	<u>11,977</u>	<u>3,746</u>	<u>108,113</u>
<b>Fee Related Earnings</b>	<u>69,223</u>	<u>2,417</u>	<u>15,827</u>	<u>87,467</u>
<b>Investment income (loss)</b>				
Gross carried interest	139,034	-	-	139,034
Less: allocation to KKR carry pool	(40,077)	-	-	(40,077)
Less: management fee refunds	<u>(22,720)</u>	<u>-</u>	<u>-</u>	<u>(22,720)</u>
Net carried interest	76,237	-	-	76,237
Other investment income (loss)	<u>605</u>	<u>(952)</u>	<u>352,923</u>	<u>352,576</u>
Total investment income (loss)	<u>76,842</u>	<u>(952)</u>	<u>352,923</u>	<u>428,813</u>
<b>Income (Loss) before noncontrolling interests</b>				
in Income of consolidated entities	146,065	1,465	368,750	516,280
Income (Loss) attributable to noncontrolling interests	497	15	513	1,025
<b>Economic Net Income (Loss)</b>	<u>\$ 145,568</u>	<u>\$ 1,450</u>	<u>\$ 368,237</u>	<u>\$ 515,255</u>

See notes to KKR's unaudited reportable segments on page 21 of this press release

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

**As of December 31, 2009 (Actual)**

	<u>Private Markets Segment</u>	<u>Public Markets Segment</u>	<u>Capital Markets and Principal Activities Segment</u>	<u>Total Reportable Segments</u>
Cash and cash equivalents	\$ 51,015	\$ 9,089	\$ 496,554	\$ 556,658
Investments	-	-	4,108,359 (a)	4,108,359
Unrealized carry	156,149	-	-	156,149
Other assets	154,964	53,319	55,219	263,502
<b>Total assets</b>	<u>\$ 362,128</u>	<u>\$ 62,408</u>	<u>\$ 4,660,132</u>	<u>\$ 5,084,668</u>
Debt obligations	\$ -	\$ -	\$ 733,697	\$ 733,697
Other liabilities	84,936	12,300	85,802	183,038
<b>Total liabilities</b>	<u>\$ 84,936</u>	<u>\$ 12,300</u>	<u>\$ 819,499</u>	<u>\$ 916,735</u>
Noncontrolling interests	\$ 130	\$ 527	\$ 14,392	\$ 15,049
Partners' capital	<u>\$ 277,062</u>	<u>\$ 49,581</u>	<u>\$ 3,826,241</u>	<u>\$ 4,152,884</u>
Book value per unit (b)	\$ 0.41	\$ 0.07	\$ 5.60	\$ 6.08

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

(b) Book value per unit is based on 683,007,420 units on a fully diluted basis giving effect to the common units that may be issued by KKR Guernsey in exchange for additional equity in KKR.

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

As of December 31, 2009 (Actual)			
Investment	Cost	Fair Value	Fair Value as a Percentage of Investments
Private Equity Investments:			
Co-investments in portfolio companies of private equity funds:			
Dollar General Corporation	\$ 203,474	\$ 521,591	12.7 %
HCA Inc.	201,444	382,743	9.3
Alliance Boots GmbH.	301,352	242,454	5.9
The Nielsen Company B.V.	156,839	172,523	4.2
Biomet, Inc.	151,443	136,299	3.3
First Data Corporation	135,258	81,155	2.0
Energy Future Holdings Corp.	200,000	80,000	1.9
U.S. Foodservice, Inc.	100,000	80,000	1.9
NXP B.V.	250,000	75,000	1.8
KION Group GmbH.	128,058	28,610	0.7
ProSiebenSat.1 Media AG	226,913	28,387	0.7
Capmark Financial Group Inc.	137,321	—	—
PagesJaunes Groupe S.A.	235,201	—	—
	<u>2,427,303</u>	<u>1,828,762</u>	<u>44.4</u>
Private equity funds:			
KKR 2006 Fund L.P.	1,185,011	1,126,660	27.4
KKR Millennium Fund L.P.	200,365	174,600	4.2
KKR European Fund, Limited Partnership	179,044	167,430	4.1
KKR Asian Fund L.P.	114,976	121,656	3.0
KKR European Fund II, Limited Partnership	96,672	61,846	1.5
KKR European Fund III, Limited Partnership	12,341	8,898	0.2
KKR E2 Investors, L.P.	4,021	4,302	0.1
	<u>1,792,430</u>	<u>1,665,392</u>	<u>40.5</u>
Other private equity investments:			
Sun Microsystems, Inc. convertible senior notes (1)	351,164	315,000	7.7
Orient Corporation convertible preferred stock	169,706	154,822	3.8
Aero Technical Support & Services S.à r.l. (Aveos)	121,712	—	—
	<u>642,582</u>	<u>469,822</u>	<u>11.5</u>
Other Investments	<u>163,526</u>	<u>144,383</u>	<u>3.6</u>
	<u>\$ 5,025,841</u>	<u>\$ 4,108,359</u>	<u>100.0 %</u>

(1) Presented net of \$350 million of financing.



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

As of December 31, 2009 (Actual)			
Investment	Cost	Fair Value	Fair Value as a Percentage of Investments
Significant Aggregate Investments: (1)			
Dollar General Corporation	\$ 293,982	\$ 725,301	17.6 %
HCA Inc.	260,920	485,042	11.8
Alliance Boots GmbH	443,114	365,152	8.9
Sun Microsystems, Inc. (2)	351,164	315,000	7.7
Biomet, Inc.	256,358	230,723	5.6
First Data Corporation	347,551	208,531	5.1
	1,953,089	2,329,749	56.7
Other portfolio companies (3)	2,909,226	1,634,227	39.8
Other investments	163,526	144,383	3.5
	\$ 5,025,841	\$ 4,108,359	100.0 %
Investments by Geography:			
North America	\$ 3,004,251	\$ 2,967,019	72.2 %
Europe	1,635,980	740,592	18.0
Asia Pacific	385,610	400,748	9.8
	\$ 5,025,841	\$ 4,108,359	100.0 %
Investments by Industry:			
Healthcare	\$ 983,565	\$ 1,096,588	26.7 %
Technology	828,656	624,225	15.2
Retail	569,771	916,614	22.3
Financial Services	910,308	584,615	14.2
Media/Telecom	757,604	309,012	7.5
Industrial	437,593	241,009	5.9
Energy	393,009	185,551	4.5
Consumer Products	126,553	131,350	3.2
Other	18,782	19,395	0.5
	\$ 5,025,841	\$ 4,108,359	100.0 %

(1) The significant aggregate private equity investments include the co-investment in the underlying portfolio company, the limited partner and/or general partner interests equal to the pro rata share of KKR's private equity fund investment and other private equity investments with fair values in excess of 5% of the Capital Markets and Principal Activities Segment investment balance as of December 31, 2009.

(2) Presented net of \$350 million of financing.

(3) Other portfolio companies include aggregate private equity investments in portfolio companies with individual fair values less than 5% of the Capital Markets and Principal Activities Segment investments balance as of December 31, 2009.

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

**Assets Under Management**

	<u>Private Markets Segment</u>	<u>Public Markets Segment</u>	<u>Total Reportable Segments</u>
September 30, 2009 AUM as previously reported	\$ 41,732,800	\$ 13,051,300	\$ 54,784,100
Exclude: KPE	(4,234,000)	(114,900)	(4,348,900)
September 30, 2009 AUM Pro-forma	<u>37,498,800</u>	<u>12,936,400</u>	<u>50,435,200</u>
New Capital Raised	-	916,300	916,300
Distributions	(497,900)	(634,700)	(1,132,600)
Change in Value	1,842,000	143,300	1,985,300
December 31, 2009 AUM	<u>\$ 38,842,900</u>	<u>\$ 13,361,300</u>	<u>\$ 52,204,200</u>

**Fee Paying Assets Under Management**

	<u>Private Markets Segment</u>	<u>Public Markets Segment</u>	<u>Total Reportable Segments</u>
September 30, 2009 FPAUM as previously reported	\$ 40,773,000	\$ 5,957,100	\$ 46,730,100
Exclude: KPE	(3,623,400)	(115,000)	(3,738,400)
September 30, 2009 FPAUM Pro-forma	<u>37,149,600</u>	<u>5,842,100</u>	<u>42,991,700</u>
New Capital Raised	-	900,000	900,000
KKR European Fund III/ KKR E2 Investors	(571,600)	-	(571,600)
Distributions	(81,200)	(634,700)	(715,900)
Change in Value	(12,400)	188,000	175,600
December 31, 2009 FPAUM	<u>\$ 36,484,400</u>	<u>\$ 6,295,400</u>	<u>\$ 42,779,800</u>

**KKR**  
**FUND INVESTMENTS (UNAUDITED)**  
**As of December 31, 2009**  
**(Amounts in millions, except percentages)**

	Investment Period		Amount						
	Commencement Date	End Date	Commitment	Uncalled Commitments	Percentage Committed by General Partner	Amount			
						Invested	Realized	Remaining Cost	Fair Value
<b>Private Markets</b>									
KKR 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-Investment Vehicles	Various	Various	1,662.8	262.5	0.2%	1,400.3	71.2	1,378.3	1,706.3
Private Markets Subtotal			\$ 44,911.5	\$ 13,728.1		\$ 31,183.3	\$ 11,947.7	\$ 27,077.7	\$ 26,542.7
<b>Public Markets</b>									
Capital Solutions Vehicles	Various	Various	\$ 816.3	\$ 816.3	2.0%	\$ -	\$ -	\$ -	\$ -
Total			\$ 45,727.8	\$ 14,544.4		\$ 31,183.3	\$ 11,947.7	\$ 27,077.7	\$ 26,542.7

**Commencement Date.** The commencement date represents the date on which the general partner of the applicable fund commenced investment of the fund's capital.

**End Date.** 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.

**Commitment.** The amount committed represents the aggregate capital commitments to the fund, including capital commitments by third-party fund investors and KKR. 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 commitments.

**Remaining Cost.** The remaining cost represents investors' initial investment adjusted for any return of capital in assets still held by the fund.

**Fair Value.** Fair value refers to the value determined by KKR in accordance with U.S. GAAP.

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

	<b>Quarter Ended December 31, 2009</b>	
KKR fee related earnings	\$	87,467
Realized cash carry		1,166
Less: noncontrolling interests		(1,157)
Gross KKR distributable earnings		87,476
Earnings attributable to KKR Guernsey (30%)		26,243
Less: estimated current corporate income taxes		(9,339)
Plus: tax distribution		-
Net cash available for distribution		16,904
Outstanding KKR Guernsey units		204,902,226
Distribution per KKR Guernsey unit	\$	0.08 (a)

(a) Distribution is subject to 30% U.S. tax withholding

## Notes to KKR's Unaudited Reportable Segments

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KKR's reportable segments are presented prior to giving effect to the allocation of income between Group Holdings and KKR Holdings L.P. 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. See distribution calculation on page 20 of this press release.

The FRE and ENI previously reported for periods prior to October 1, 2009 did not reflect certain adjustments that are applicable for periods after October 1, 2009 as a result of the Business Combination, which include items such as:

- the exclusion of approximately 40% of the carry allocated to KKR principals pursuant to its carry pool;
- the exclusion of carry allocated to former KKR principals;
- the exclusion of the capital invested by or on behalf of the general partners of KKR's private equity funds before the completion of the Business Combination and any returns thereon;
- the exclusion of the economic interests associated with the KKR 1996 Fund;
- the elimination of management fees paid by KPE to KKR's management companies;
- the inclusion of the financial results of KPE; and
- certain compensation adjustments including: (a) the exclusion of bonuses earned by certain of KKR's principals which will not be borne by public investors and (b) the inclusion of salaries for KKR's senior principals.

Given the significance of these adjustments, the comparisons to all periods prior to October 1, 2009 in this press release are on a pro forma basis giving effect to the adjustments above. For a further discussion of adjustments related to the Business Combination please refer to KKR Guernsey's consent solicitation statement dated July 24, 2009, which is available at the Investor Relations page at [www.kkr.com](http://www.kkr.com).

Key performance measures used by KKR in evaluating its reportable business segments are summarized below. These measures are used by management for KKR's segments in making resource deployment and other operational decisions.

**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) charges relating to the amortization of intangible assets; (iv) charges relating to carry pool allocations; (v) non-cash equity based compensation charges; and (vi) the exclusion of certain reimbursable expenses.

**Economic net income ("ENI")** is a measure of profitability for KKR's reportable segments and is comprised of (i) FRE; (ii) plus segment investment income, which is reduced for carry pool allocations and management fee refunds; (iii) less certain economic interests in KKR's 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 third-party investors in KKR's consolidated funds; and (iii) the exclusion of income taxes.

**Assets under management ("AUM")** represent the assets from which KKR is entitled to receive fee income or a carried interest and general partner capital. The AUM reported prior to the Business Combination on October 1, 2009 reflected the NAV of KPE and its commitments to KKR's investment funds. Subsequent to the Business Combination, the NAV of KPE and its commitments to KKR's private equity funds are excluded from KKR's calculation of AUM. As a result, AUM for all periods prior to October 1, 2009 has been presented on a pro forma basis giving effect to the exclusion of KPE. KKR calculates the amount of AUM as of any date as the sum of: (i) the fair value of the investments of its investment funds plus uncalled capital commitments from these funds; (ii) the fair value of investments in KKR's co-investment vehicles; (iii) the net asset value of certain of its fixed income products; and (iv) the value of outstanding structured finance vehicles. Note that KKR's calculation of AUM may differ from the calculations of other asset managers and, as a result, KKR's measurements of its AUM may not be comparable to similar measures presented by other asset managers. KKR's definition of AUM is not based on any definition of AUM that is set forth in the agreements governing the investment funds that KKR manages.

**Fee paying AUM ("FPAUM")** represents only those assets under management from which KKR receives fees. The FPAUM reported prior to the Business Combination on October 1, 2009 included the NAV of KPE.

Subsequent to the Business Combination, the NAV of KPE is excluded from KKR's calculation of FPAUM in its entirety as fees paid by KPE to KKR's management companies are eliminated as intersegment transactions. As a result, FPAUM for all periods prior to October 1, 2009 has been presented on a pro forma basis giving effect to the exclusion of fees paid by KPE. FPAUM is the sum of all of the individual fee bases that are used to calculate KKR's fees and differs from AUM in the following respects: (i) assets from which KKR does not receive a fee are excluded (i.e., those on which KKR receives only carried interest) and (ii) certain of KKR's fees, primarily in their private equity funds, are based on capital commitments and invested capital which excludes the impact of mark-to-market adjustments. Accordingly, certain management fees are not dependent on the fair value of certain KKR investments.

**Committed dollars invested** is the aggregate amount of third party and KKR capital commitments that have been invested by KKR's 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 KKR is entitled to a carried interest and (ii) capital invested by KKR.

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

The following should be considered when reviewing KKR's reportable segments:

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

**Other Operating Expenses** During the year ended December 31, 2009, other operating expenses of KKR's private markets segment excluded \$34.8 million incurred in connection with the Business Combination. 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. On a KKR combined basis, this charge is included in general, administrative and other expenses.

**KKR Carry Pool** 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.

**Management Fee Refunds** 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.

**Noncontrolling interests** represent 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.