



KKR & Co. (Guernsey) L.P. Reports Third Quarter 2009 Results

Guernsey, Channel Islands, November 19, 2009—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 their respective financial information for the quarter ended September 30, 2009 for KKR Guernsey and KKR & Co. L.P. (together with its affiliates, “KKR”¹).

As previously announced on October 1, 2009, KPE and KKR completed their transaction to combine their businesses (the “Business Combination”). In connection with the Business Combination, KPE changed its name to KKR & Co. (Guernsey) L.P. and changed the ticker symbol for its common units on Euronext Amsterdam to “KKR.” Under the terms of the Business Combination, KKR acquired all of the assets and all of the liabilities of KKR Guernsey, and, in exchange, KKR Guernsey received interests representing 30% of the outstanding equity in the combined business with the balance of the equity remaining with KKR’s owners and employees. KKR Guernsey currently has 204,902,226 common units outstanding or, as a result of the Business Combination, 683,007,420 common units on a fully diluted basis giving effect to common units that may be issued by KKR Guernsey in exchange for additional equity in the combined business.

“While we continue to face difficult economic conditions, we are also observing signs of improving trends, particularly as it relates to debt and equity capital markets. We are seeing interesting situations to invest capital all over the world, across various industries, and throughout the capital structure. We remain focused on capitalizing on these opportunities and creating value in the investments we have already made,” said Henry R. Kravis and George R. Roberts, Co-Chairmen and Co-Chief Executive Officers.

FINANCIAL HIGHLIGHTS²

KKR

Assets under management (“AUM”) were \$54.8 billion as of September 30, 2009, compared to \$50.8 billion as of June 30, 2009, an increase of 7.9%.

Fee related earnings (“FRE”) were \$61.5 million for the quarter ended September 30, 2009, compared to \$54.3 million for the quarter ended June 30, 2009, an increase of 13.3%.

Economic net income (“ENI”) was \$656.6 million for the quarter ended September 30, 2009, compared to ENI of \$366.9 million for the quarter ended June 30, 2009, an increase of 78.9%.

Private equity dollars invested amounted to \$1.1 billion for the quarter ended September 30, 2009.

As of September 30, 2009, KKR had uncalled private equity commitments of \$14.2 billion.

KKR GUERNSEY

Net asset value (“NAV”) was \$3.5 billion as of September 30, 2009, compared to \$3.0 billion as of June 30, 2009.

NAV per unit was \$16.98 as of September 30, 2009, compared to \$14.66 as of June 30, 2009, an increase of 15.8% (based on 204,902,226 common units outstanding as of September 30, 2009 and prior to the Business Combination).

¹ 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.

² The financial highlight information for KKR and KKR Guernsey reflects historical financial information for dates or periods completed prior to the consummation of the Business Combination and does not include any pro forma adjustments relating to the Business Combination. The historical financial information presented does not include all adjustments necessary for a presentation of the 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

FRE in KKR's private markets segment were \$57.5 million during the quarter ended September 30, 2009, a decrease of \$35.6 million, or 38.2%, from the quarter ended September 30, 2008. The decrease was primarily due to unusually high management fees reported during the quarter ended September 30, 2008 as a result of the reversal of accrued management fee refunds in the amount of approximately \$40 million. In addition, FRE decreased during the quarter ended September 30, 2009 primarily due to an increase in compensation expense as a result of certain non-cash accruals of performance based compensation related to the performance of KKR's private equity funds. These negative effects were partially offset by a net increase in transaction and monitoring fees primarily reflecting an increase in transaction-fee generating private equity activity during the period and a termination fee earned on a monitoring agreement with a portfolio company.

ENI in KKR's private markets segment was \$652.5 million during the quarter ended September 30, 2009, an increase of \$1.1 billion compared to an economic net loss of \$478.7 million during the quarter ended September 30, 2008. This increase was driven primarily by an increase in net unrealized gains resulting from increases in the fair value of KKR's private equity investment portfolio.

The ENI reported for periods prior to October 1, 2009 does 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 (i) the exclusion of 40% of the carry allocated to KKR principals; (ii) 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, and (iii) the exclusion of the economic interests associated with the KKR 1996 Fund. The impact of these adjustments would have decreased ENI by approximately \$300 million for the quarter ended September 30, 2009. For a further discussion of the 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.

Public Markets

Fee related earnings in KKR's public markets segment were \$4.0 million during the quarter ended September 30, 2009, a decrease of \$9.1 million, or 69.7%, from the quarter ended September 30, 2008. This decrease was primarily driven by increases in expenses as a result of non-cash stock-based compensation expenses associated with equity grants received from a public permanent capital vehicle managed by KKR, as well as a reduced base management fee rate in certain credit oriented funds and a decrease in the NAV of the public permanent capital vehicle. These decreases were partially offset by incentive fees earned during the quarter ended September 30, 2009.

Economic net income in KKR's public markets segment was \$4.1 million during the quarter ended September 30, 2009, a decrease of \$9.0 million, or 68.6%, from the quarter ended September 30, 2008. The decrease in fee related earnings described above was the main contributor to the period over period decrease in economic net income.

RESULTS OF OPERATIONS FOR KKR GUERNSEY

As of September 30, 2009, KKR Guernsey's NAV was \$3.5 billion, an increase of \$475.8 million during the quarter ended September 30, 2009 compared to a decrease of \$695.9 million during the quarter ended September 30, 2008. The increase during the quarter ended September 30, 2009 was predominantly due to the net increase in the fair value of private equity investments of \$453.8 million, which included the change in value of co-investments in portfolio companies of KKR's private equity funds, investments in KKR's private equity funds and negotiated equity investments. NAV per unit was \$16.98 as of September 30, 2009, compared to \$14.66 as of June 30, 2009, an increase of 15.8% (based on 204,902,226 common units outstanding as of September 30, 2009 and prior to the Business Combination).

CAPITAL AND LIQUIDITY

As of September 30, 2009, KKR had an available cash balance of \$207.0 million and KKR Guernsey and KKR PEI Investments, L.P. (the "KPE Investment Partnership") had a combined cash balance of \$759.6 million.

As of September 30, 2009, KKR had \$203.2 million of outstanding debt obligations. The KPE Investment Partnership had \$949.0 million outstanding on its senior secured credit facility. Subsequent to September 30, 2009 and through November 19, 2009, the KPE Investment Partnership repaid \$150.0 million of outstanding borrowings under its credit facility.

As of September 30, 2009, KKR and the KPE Investment Partnership collectively had the following uncalled commitments to KKR's private equity funds, with amounts in thousands:

	<u>Uncalled Commitments</u>		
	<u>KKR</u>	<u>KPE Investment Partnership</u>	<u>Total</u>
KKR European Fund III, Limited Partnership.....	\$ 259,076	\$ 270,183	\$ 529,259
KKR 2006 Fund L.P.	96,882	390,409	487,291
KKR Asian Fund L.P.	59,658	168,470	228,128
KKR E2 Investors L.P.	22,674	17,644	40,318
	<u>\$ 438,290</u>	<u>\$ 846,706</u>	<u>\$ 1,284,996</u>

Subsequent to the Business Combination, the uncalled commitments for the combined business will include those of both KKR and the KPE Investment Partnership.

FINANCIAL REPORT AND OTHER INFORMATION

KKR Guernsey's interim financial report, which includes a discussion of KKR, the unaudited financial statements of KKR Guernsey and the unaudited consolidated financial statements of the KPE Investment Partnership, is available at the Investor Relations page on KKR's website (www.kkr.com). KKR Guernsey encourages investors to carefully read these documents accompanying this release. Investors are reminded that financial information as of and for periods ending September 30, 2009 and prior do not give effect to the Business Combination, which became effective on October 1, 2009.

INFORMATION FOR INVESTORS – TELECONFERENCE AND WEBCAST

KKR Guernsey and KKR will discuss their financial results on a teleconference to be hosted on Friday, November 20, 2009 at 7:00 PM CET (Amsterdam) / 6:00 PM GMT (Guernsey) / 1:00 PM EST (New York City). The conference call may be accessed by dialing (877) 795-3647 (U.S.) or +1 (719) 325-4933 (non-U.S.); a pass code is not required. Additionally, the conference call will be broadcast live over the Internet and may be accessed through the Investor Relations on KKR's website at http://www.kkr.com/investor_relations/events.cfm.

A replay of the live broadcast will be available on the KKR website or by dialing (888) 203-1112 (U.S.) and +1 (719) 457-0820 (non-U.S.) / pass code 2786430, beginning approximately two hours after the broadcast.

ANNUAL UNITHOLDER MEETING

KKR Guernsey amended its limited partnership agreement to forgo an annual unitholder meeting in 2009. KKR Guernsey will instead hold the next annual unitholder meeting on or before April 30, 2010 when the financial statements showing the combined businesses of KKR and KKR Guernsey are publicly available. At the annual unitholder meeting, KKR Guernsey will present a report on its investment activities, which, effective October 1, 2009, consists solely of its investment in KKR. Unitholders are not entitled to vote or take any action at such meeting.

ABOUT KKR GUERNSEY

KKR & Co. (Guernsey) L.P. (Euronext Amsterdam: KKR) is a Guernsey limited partnership referred to as KKR Guernsey, which as of October 1, 2009 represents a 30% economic interest in KKR's business. KKR Guernsey's common units and related restricted depositary units are subject to a number of ownership and transfer restrictions. Information concerning these ownership and transfer restrictions is included at the Investor Relations section of KKR's website at www.kkr.com. KKR Guernsey was formerly known as KKR Private Equity Investors, L.P.

ABOUT KKR

KKR is a leading global alternative asset manager with \$54.8 billion in assets under management, over 600 people and 13 offices around the world as of September 30, 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.

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, 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 possibility that the listing of the interests in the combined business on the New York Stock Exchange or The NASDAQ Stock Market 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.

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FINANCIAL SCHEDULES FOLLOW

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REPORTABLE SEGMENTS SELECTED FINANCIAL DATA (UNAUDITED)
(Amounts in thousands)

	Quarter Ended					
	September 30, 2009			September 30, 2008		
	Private Markets	Public Markets	Total	Private Markets	Public Markets	Total
Fee Income:						
Management and incentive fees:						
Management fees	\$ 105,733	\$ 14,569	\$ 120,302	\$ 148,746	\$ 16,506	\$ 165,252
Incentive fees	—	4,472	4,472	—	—	—
	<u>105,733</u>	<u>19,041</u>	<u>124,774</u>	<u>148,746</u>	<u>16,506</u>	<u>165,252</u>
Net monitoring and transaction fees:						
Monitoring fees.....	52,943	—	52,943	30,636	3,245	33,881
Transaction fees	37,419	—	37,419	8,092	—	8,092
Fee credits	(37,124)	—	(37,124)	(8,489)	—	(8,489)
	<u>53,238</u>	<u>—</u>	<u>53,238</u>	<u>30,239</u>	<u>3,245</u>	<u>33,484</u>
Fee income	<u>158,971</u>	<u>19,041</u>	<u>178,012</u>	<u>178,985</u>	<u>19,751</u>	<u>198,736</u>
Expenses:						
Employee compensation and benefits	48,324	10,278	58,602	35,869	1,511	37,380
Other operating expenses	53,106	4,795	57,901	50,014	5,150	55,164
Total expenses	<u>101,430</u>	<u>15,073</u>	<u>116,503</u>	<u>85,883</u>	<u>6,661</u>	<u>92,544</u>
Fee related earnings	57,541	3,968	61,509	93,102	13,090	106,192
Investment income (loss)	<u>595,056</u>	<u>129</u>	<u>595,185</u>	<u>(571,876)</u>	<u>(34)</u>	<u>(571,910)</u>
Income (loss) before non-controlling interests in income of consolidated entities	652,597	4,097	656,694	(478,774)	13,056	(465,718)
Income (loss) attributable to non-controlling interests	123	—	123	(69)	—	(69)
Economic net income (loss)	<u>\$ 652,474</u>	<u>\$ 4,097</u>	<u>\$ 656,571</u>	<u>\$ (478,705)</u>	<u>\$ 13,056</u>	<u>\$ (465,649)</u>
Assets under management	\$ 41,732,800	\$ 13,051,300	\$ 54,784,100	\$ 43,509,300	\$ 14,500,300	\$ 58,009,600
Fee paying assets under management	\$ 40,773,000	\$ 5,957,100	\$ 46,730,100	\$ 40,648,000	\$ 5,500,300	\$ 46,148,300
Private equity dollars invested.....	\$ 1,070,100	\$ —	\$ 1,070,100	\$ 326,600	\$ —	\$ 326,600
Uncalled private equity commitments.....	\$ 14,244,300	\$ —	\$ 14,244,300	\$ 15,264,728	\$ —	\$ 15,264,728

See notes to KKR's unaudited reportable segments selected financial data beginning on page 8 of this release.

KKR

REPORTABLE SEGMENTS SELECTED FINANCIAL DATA (UNAUDITED)
(Amounts in thousands)

	Nine Months Ended					
	September 30, 2009			September 30, 2008		
	Private Markets	Public Markets	Total	Private Markets	Public Markets	Total
Fee Income:						
Management and incentive fees:						
Management fees	\$ 315,986	\$ 38,579	\$ 354,565	\$ 327,431	\$ 49,756	\$ 377,187
Incentive fees	—	4,472	4,472	—	—	—
	<u>315,986</u>	<u>43,051</u>	<u>359,037</u>	<u>327,431</u>	<u>49,756</u>	<u>377,187</u>
Net monitoring and transaction fees:						
Monitoring fees	102,072	—	102,072	83,564	10,853	94,417
Transaction fees	51,986	—	51,986	37,903	—	37,903
Fee credits	(47,640)	—	(47,640)	(13,215)	—	(13,215)
	<u>106,418</u>	<u>—</u>	<u>106,418</u>	<u>108,252</u>	<u>10,853</u>	<u>119,105</u>
Fee income	<u>422,404</u>	<u>43,051</u>	<u>465,455</u>	<u>435,683</u>	<u>60,609</u>	<u>496,292</u>
Expenses:						
Employee compensation and benefits	128,230	23,821	152,051	118,388	10,696	129,084
Other operating expenses	138,371	15,518	153,889	151,380	15,489	166,869
Total expenses	<u>266,601</u>	<u>39,339</u>	<u>305,940</u>	<u>269,768</u>	<u>26,185</u>	<u>295,953</u>
Fee related earnings	155,803	3,712	159,515	165,915	34,424	200,339
Investment income (loss)	<u>811,836</u>	<u>117</u>	<u>811,953</u>	<u>(656,584)</u>	<u>(95)</u>	<u>(656,679)</u>
Income (loss) before non-controlling interests in income of consolidated entities	967,639	3,829	971,468	(490,669)	34,329	(456,340)
Income (loss) attributable to non-controlling interests	70	—	70	(2)	6,421	6,419
Economic net income (loss)	<u>\$ 967,569</u>	<u>\$ 3,829</u>	<u>\$ 971,398</u>	<u>\$ (490,667)</u>	<u>\$ 27,908</u>	<u>\$ (462,759)</u>
Assets under management	\$ 41,732,800	\$ 13,051,300	\$ 54,784,100	\$ 43,509,300	\$ 14,500,300	\$ 58,009,600
Fee paying assets under management	\$ 40,773,000	\$ 5,957,100	\$ 46,730,100	\$ 40,648,000	\$ 5,500,300	\$ 46,148,300
Private equity dollars invested	\$ 1,651,000	\$ —	\$ 1,651,000	\$ 2,890,800	\$ —	\$ 2,890,800
Uncalled private equity commitments	\$ 14,244,300	\$ —	\$ 14,244,300	\$ 15,264,728	\$ —	\$ 15,264,728

See notes to the KKR's unaudited reportable segments selected financial data beginning on page 8 of this release.

KKR

PRIVATE EQUITY INVESTMENTS (UNAUDITED)
As of September 30, 2009
(Amounts in millions, except percentages)

Private Equity Funds & Co-Investors	Investment Period		Amount						
	Commencement Date	End Date	Commitment	Percentage Committed by General Partner	Invested	Uncalled Private Equity Commitments	Realized	Remaining Cost	Fair Value
KKR E2 Investors (Annex Fund) (2009)	8/2009	11/2011	\$ 538.4	4.2%	\$ —	\$ 538.4	\$ —	\$ —	\$ —
European Fund III (2008)	3/2008	3/2014	6,300.3	4.3%	266.9	6,033.4	—	266.9	194.8
Asian Fund (2007)	7/2007	7/2013	4,000.0	2.5%	1,600.9	2,399.1	—	1,600.9	1,566.4
2006 Fund.....	9/2006	9/2012	17,642.1	2.1%	12,643.2	4,998.9	87.5	12,555.7	11,158.4
European Fund II (2005)	11/2005	10/2008	5,750.8	2.1%	5,750.8	—	606.1	5,491.3	3,013.1
Millennium Fund (2002)	12/2002	12/2008	6,000.0	2.5%	6,000.0	—	5,071.5	4,836.8	4,959.0
European Fund (1999)	12/1999	12/2005	3,085.4	3.2%	3,085.4	—	5,701.2	917.3	2,202.9
			43,317.0		29,347.2	13,969.8	11,466.3	25,668.9	23,094.6
Co-Investment Vehicles	Various	Various	1,662.7		1,388.2	274.5	31.0	1,388.2	1,499.8
Total.....			\$ 44,979.7		\$ 30,735.4	\$ 14,244.3	\$ 11,497.3	\$ 27,057.1	\$ 24,594.4

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 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 September 30, 2009, in the case of commitments.

Remaining Cost. The remaining cost represents the amount that will need to be returned to investors before the general partner is entitled to profit participation.

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

Notes to the KKR's Unaudited Reportable Segments Selected Financial Data

The reportable segments selected financial data reflects historical financial information for dates or periods completed prior to the consummation of the Business Combination and does not include any pro forma adjustments relating to the Business Combination. The historical financial information presented does not include adjustments necessary for a presentation of the combined financial results of KKR in accordance with U.S. GAAP. 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.

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 and charges relating to the amortization of intangible assets; and (iii) the exclusion of certain non-recurring charges.

Economic net income ("ENI") is a measure of profitability for KKR's reportable segments and is comprised of FRE plus segment investment income, less economic interests in KKR's segments held by third parties. ENI is calculated before the impact of income taxes. ENI differs from net income attributable to KKR on a U.S. GAAP combined basis as a result of (i) the exclusion of charges relating to the amortization of intangible assets; (ii) the exclusion of income taxes; and (iii) the exclusion of certain non-recurring charges.

Assets under management ("AUM") represents the assets to which KKR is entitled to receive fee income, carried interest or capital appreciation. KKR calculates the amount of AUM as of any date as the sum of: (i) the fair value of the investments of its traditional private equity 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 KKR's principal investments and 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 to which KKR receives fee income. 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 to which KKR does not receive a fee are excluded (i.e., those on which KKR receives only carried interest or capital appreciation) 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.

Private equity dollars invested is the aggregate amount of capital invested by KKR's private equity funds and carry-yielding co-investment vehicles in private equity transactions 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 as the general partner of a private equity fund with respect to which it is entitled to capital appreciation on the invested capital.

Uncalled private equity commitments represent unfunded capital commitments by partners of KKR's traditional private equity funds and carry-yielding co-investment vehicles to contribute capital to make investments in portfolio companies. Such amounts do not include capital of KKR's principal investments or KKR's fixed income funds that may be used to make private equity investments that are outside of KKR's traditional private equity funds.

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

Management Fees. KKR's traditional private equity 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, a liability to the funds' limited partners is recorded and fee income is reduced for the amount of the carried interest recognized, not to exceed 20% of management fees earned ("Management Fee Refunds"). As of September 30, 2009, the amount subject to Management Fee Refunds for which no liability has been recorded totaled \$156.5 million.

Fee Credits. KKR's agreements with the limited partners of its traditional private equity funds require KKR to share a portion of any transaction and monitoring 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 gross transaction and monitoring fees after fund related expenses are recovered.

Other Operating Expenses. During the quarter and nine months ended September 30, 2009, other operating expenses of KKR's private markets 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 & CO. (GUERNSEY) L.P.

STATEMENTS OF ASSETS AND LIABILITIES (UNAUDITED)
(Amounts in thousands, except unit and per unit amounts)

	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
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	<u>338</u>	<u>171</u>
Total assets	<u>3,499,836</u>	<u>2,625,236</u>
LIABILITIES:		
Accrued liabilities	19,914	4,927
Due to affiliate	<u>—</u>	<u>1,640</u>
Total liabilities	<u>19,914</u>	<u>6,567</u>
COMMITMENTS AND CONTINGENCIES	<u>—</u>	<u>—</u>
NET ASSETS	<u>\$ 3,479,922</u>	<u>\$ 2,618,669</u>
NET ASSETS CONSIST OF:		
Partners' capital contributions, net (common units outstanding of 204,902,226)	\$ 4,834,517	\$ 4,834,517
Distributable loss	<u>(1,354,595)</u>	<u>(2,215,848)</u>
	<u>\$ 3,479,922</u>	<u>\$ 2,618,669</u>
Net asset value per common unit	<u>\$ 16.98</u>	<u>\$ 12.78</u>
Market price per common unit	<u>\$ 9.35</u>	<u>\$ 3.50</u>

KKR & CO. (GUERNSEY) L.P.

STATEMENTS OF OPERATIONS (UNAUDITED)
(Amounts in thousands)

	Quarter Ended		Nine Months Ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Net investment income (loss) allocated from the KPE Investment Partnership:				
Investment income	\$ 24,267	\$ 9,814	\$ 37,229	\$ 40,535
Expenses.....	<u>19,662</u>	<u>23,646</u>	<u>56,739</u>	<u>91,230</u>
	4,605	(13,832)	(19,510)	(50,695)
Investment income—interest income	5	27	16	87
Expenses—General and administrative expenses.....	<u>15,978</u>	<u>13,430</u>	<u>19,012</u>	<u>16,173</u>
Net investment loss.....	<u>(11,368)</u>	<u>(27,235)</u>	<u>(38,506)</u>	<u>(66,781)</u>
Realized and unrealized gain (loss) from investments and foreign currency allocated from the KPE Investment Partnership:				
Net realized gain (loss)	5,290	(19,683)	(78,401)	(58,204)
Net change in unrealized appreciation (depreciation)	<u>481,912</u>	<u>(648,964)</u>	<u>978,160</u>	<u>(999,501)</u>
Net gain (loss) on investments and foreign currency transactions	<u>487,202</u>	<u>(668,647)</u>	<u>899,759</u>	<u>(1,057,705)</u>
Net increase (decrease) in net assets resulting from operations.....	<u>\$ 475,834</u>	<u>\$ (695,882)</u>	<u>\$ 861,253</u>	<u>\$ (1,124,486)</u>

KKR & CO. (GUERNSEY) L.P.

STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)
(Amounts in thousands, except common units)

NET ASSETS—DECEMBER 31, 2007	\$ <u>4,982,373</u>
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.	<u>(2,281,937)</u>
Net decrease in net assets resulting from operations	<u>(2,368,111)</u>
Partners' capital contributions (issued 352,225 common units)	<u>4,407</u>
NET ASSETS—DECEMBER 31, 2008.....	<u>2,618,669</u>
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.	<u>899,759</u>
Net increase in net assets resulting from operations	<u>861,253</u>
NET ASSETS—SEPTEMBER 30, 2009	\$ <u><u>3,479,922</u></u>

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	<u>468,168</u>	<u>(1,229)</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:		
Partners' capital contributions	<u>—</u>	<u>4,407</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS.....	468,168	3,178
CASH AND CASH EQUIVALENTS—Beginning of period	<u>2,095</u>	<u>452</u>
CASH AND CASH EQUIVALENTS—End of period.....	<u>\$ 470,263</u>	<u>\$ 3,630</u>

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES (UNAUDITED)
(Amounts in thousands)

	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
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
	<u>4,107,963</u>	<u>3,352,620</u>
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	<u>4,409,824</u>	<u>4,004,724</u>
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	<u>1,374,224</u>	<u>1,376,133</u>
COMMITMENTS AND CONTINGENCIES	<u>—</u>	<u>—</u>
NET ASSETS	<u>\$ 3,035,600</u>	<u>\$ 2,628,591</u>
NET ASSETS CONSIST OF:		
Partners' capital contributions	\$ 4,836,568	\$ 4,836,568
Distributable loss	<u>(1,800,968)</u>	<u>(2,207,977)</u>
	<u>\$ 3,035,600</u>	<u>\$ 2,628,591</u>

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS (UNAUDITED)
(Amounts in thousands, except percentage amounts)

Investment	Class	September 30, 2009		Fair Value as a Percentage of Net Assets
		Cost	Fair Value	
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	—	—
		<u>2,423,281</u>	<u>1,629,088</u>	<u>53.7</u>
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	—	—
		<u>992,582</u>	<u>796,458</u>	<u>26.2</u>
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
		<u>1,792,712</u>	<u>1,567,542</u>	<u>51.6</u>
Non-private equity funds –				
Investments by KKR Strategic Capital Institutional Fund, Ltd.	D	144,128	114,875	3.8
		<u>\$ 5,352,703</u>	<u>\$ 4,107,963</u>	<u>135.3%</u>

Continued on the following page.

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS (UNAUDITED), CONTINUED
(Amounts in thousands, except percentage amounts)

Investment	September 30, 2009		
	Cost	Fair Value	Fair Value as a Percentage of Net Assets
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
	<u>\$ 5,352,703</u>	<u>\$ 4,107,963</u>	<u>135.3%</u>
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
	<u>\$ 5,352,703</u>	<u>\$ 4,107,963</u>	<u>135.3%</u>

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Amounts in thousands)

	<u>Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30, 2009</u>	<u>September 30, 2008</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Investment income:				
Interest income	\$ 5,152	\$ 9,636	\$ 12,945	\$ 31,663
Dividend income, net of withholding taxes of \$7,510, \$85, \$7,510 and \$334, respectively	19,165	199	24,362	8,955
Total investment income	<u>24,317</u>	<u>9,835</u>	<u>37,307</u>	<u>40,618</u>
Expenses:				
Management fees	10,603	11,560	28,244	38,298
Interest expense	7,815	11,351	25,840	48,775
Dividend expense	—	194	—	1,090
General and administrative expenses.....	1,262	567	2,713	3,178
Total expenses	<u>19,680</u>	<u>23,672</u>	<u>56,797</u>	<u>91,341</u>
Net investment income (loss).....	<u>4,637</u>	<u>(13,837)</u>	<u>(19,490)</u>	<u>(50,723)</u>
Realized and unrealized gain (loss) from investments and foreign currency:				
Net realized gain (loss), net of withholding tax (benefit) of \$0, \$0, \$0 and \$(37), respectively.....	5,301	(19,722)	(78,565)	(58,324)
Net change in unrealized appreciation (depreciation)	<u>482,914</u>	<u>(650,315)</u>	<u>980,194</u>	<u>(1,001,580)</u>
Net gain (loss) on investments and foreign currency transactions.....	<u>488,215</u>	<u>(670,037)</u>	<u>901,629</u>	<u>(1,059,904)</u>
Net increase (decrease) in net assets resulting from operations....	<u>\$ 492,852</u>	<u>\$ (683,874)</u>	<u>\$ 882,139</u>	<u>\$ (1,110,627)</u>

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)
(Amounts in thousands)

	<u>General Partner</u>	<u>Limited Partner</u>	<u>Total</u>
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.....	<u>(4,529)</u>	<u>(2,177,581)</u>	<u>(2,182,110)</u>
Net decrease in net assets resulting from operations	(4,793)	(2,346,594)	(2,351,387)
Fair value of distributions.....	<u>(31)</u>	<u>(14,969)</u>	<u>(15,000)</u>
DECREASE IN NET ASSETS	<u>(4,824)</u>	<u>(2,361,563)</u>	<u>(2,366,387)</u>
NET ASSETS—DECEMBER 31, 2008	<u>5,621</u>	<u>2,622,970</u>	<u>2,628,591</u>
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.....	<u>2,034</u>	<u>978,160</u>	<u>980,194</u>
Net increase in net assets resulting from operations.....	1,890	880,249	882,139
Fair value of distributions.....	<u>(982)</u>	<u>(474,148)</u>	<u>(475,130)</u>
INCREASE IN NET ASSETS.....	<u>908</u>	<u>406,101</u>	<u>407,009</u>
NET ASSETS—SEPTEMBER 30, 2009	\$ <u>6,529</u>	\$ <u>3,029,071</u>	\$ <u>3,035,600</u>

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	<u>140,018</u>	<u>389,411</u>

KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED), CONTINUED
(Amounts in thousands)

	Nine Months Ended	
	September 30, 2009	September 30, 2008
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.....	<u>(484,548)</u>	<u>(502,157)</u>
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	<u>\$ 289,366</u>	<u>\$ 142,669</u>
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)