



Ma Anshan Modern Farming Receives Investment from KKR

Leading Dairy Farming Company Poised for Further Growth Advanced Dairy Farm Practices Take off in China

Hong Kong, June 15, 2009, Kohlberg Kravis Roberts & Co., L.P. today announced the final completion of a series of investments in Ma Anshan Modern Farming Co. Ltd. ("Modern Dairy"), a leading dairy farming company headquartered in China's central province of Anhui. Modern Dairy is one of the largest operators of centralized large scale dairy farms in China. With KKR's investment, Modern Dairy is targeting to construct another 20 to 30 large scale farms in China as well as to pursue acquisitions over the next few years, in order to capitalize on the industry's growth.

"Modern Dairy's senior management has a well-established track record in China's dairy industry," David Liu, Member of KKR and Head of KKR Greater China, said. "Through our investment, we have brought in not only capital, but more importantly, international best practices and expertise in the dairy farming industry that will help Modern Dairy develop world-class facilities, and provide best-in-class, high quality milk production that will benefit China's consumers," Liu said.

The dairy farming industry in China today is fragmented in that, large scale farms are not as common as they are in other countries. Large scale farms like Modern Dairy tend to have significantly higher operating efficiency and more stable, high quality milk supply due to their ability to have advanced management programs. These types of farms allow for a much more cost effective collection of raw milk, lowering costs to the downstream dairy processors.

The development of large farms like Modern Dairy coincides with the Chinese government's goal of promoting standardization and modernization of China's dairy industry. Modern Dairy follows international best practices with extremely strict controls through the entire manufacturing process, which helps enhance product safety of dairy products for consumers in China.

"We have known KKR China team members for close to ten years. We have worked very well with them in the past and this is the second time we are working together. They are great partners with a deep understanding of the opportunities and challenges of our industry. They are committed to our strategy of growth and our dedication to safety and quality. KKR is a leading global investment firm and a true value-added partner who will work with us to grow our business into a world-class dairy farming company," Deng Jiuqiang, Chairman of Modern Dairy, said.

Capital investments in large scale farms like Modern Dairy are expected to help the overall dairy industry in China address many of the challenges it faces, including product safety, milk quality, operational efficiency, disease control and environmental protection. Modern Dairy has already demonstrated leadership in these areas and has set a good example for its peers.

About KKR

Established in 1976, KKR is a leading global alternative asset manager. KKR's franchise is sponsoring and managing funds that make investments in private equity, fixed income and other assets in North America, Europe, Asia and the Middle East. Throughout its history, KKR has brought a long-term investment approach, focusing on working in partnership with management teams of its portfolio companies and investing for future competitiveness and growth. KKR has more than \$35 billion in private equity assets under management and more than \$12 billion in credit assets under management as of March 31, 2009 through various private and publicly traded funds and separately managed accounts. KKR also carries out capital markets activities through its broker dealer subsidiaries. The Firm has offices in New York, Menlo Park, London, San Francisco, Hong Kong, Tokyo, Beijing, Houston, Washington, D.C., Sydney, Paris, Mumbai and Dubai. More information about KKR is available at: www.kkr.com.

About Ma Anshan Modern Farming Co. Ltd.

Headquartered in China's central province of Anhui, Modern Dairy's primary business is raising dairy cows and selling raw milk to branded dairy companies for processing into consumer dairy products. Modern Dairy, founded in 2005 by former senior management of Mengniu Dairy, built its first farm in 2006 and started full operations in 2007. Today, the company is one of the largest dairy farming companies in China, with total production capacity of over 150,000 tons of raw milk per year.

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