

## Press Release

**Guernsey, Channel Islands, May 16, 2007**

**KKR Private Equity Investors Reports Results for Quarter Ended March 31, 2007**

**Investments and Pending Transactions of \$6.3 billion as of May 11, 2007**

**Annualized Return of 12.6% for the First Quarter of 2007**

KKR Private Equity Investors, L.P. (Euronext Amsterdam: KPE), a Guernsey limited partnership that invests its assets in private equity and opportunistic investments identified by Kohlberg Kravis Roberts & Co. ("KKR"), today reported its financial results for the quarterly period ended March 31, 2007. KPE commenced operations on May 10, 2006, with \$4,830.1 million of investable capital, which has grown to \$5,192.5 million in net asset value ("NAV") as of March 31, 2007. KPE's cumulative return from May 10, 2006 to March 31, 2007 was 9.4 percent on an annualized basis.

KPE invests its capital as the sole limited partner of KKR PEI Investments, L.P. (the "Investment Partnership"). As of May 11, 2007, the Investment Partnership's investments and anticipated fundings for announced transactions totaled \$6.3 billion, excluding temporary investments. The \$6.3 billion of actual and pending investments was comprised of \$3.3 billion of investments at March 31, 2007, at fair value and net of related financing, \$0.4 billion of subsequent investment activity on a cost basis and \$2.6 billion of identified transactions as of May 11, 2007. In addition, the remaining undrawn commitments to investment funds totaled \$0.8 billion as of May 11, 2007.

Henry R. Kravis, Co-Founder of KKR and Co-Chairman of KPE's Managing Partner's Board of Directors, commented, "We are pleased to report that our deployment of capital remains ahead of our original projections. The current pace of investments is a result of both a favorable macro environment as well as KKR's unique internal capabilities."

George R. Roberts, Co-Founder of KKR and Co-Chairman of KPE's Managing Partner's Board of Directors, added, "The private equity environment remains very attractive, with opportunities at the high end of the market providing us the ability to leverage our expertise to create value for our unitholders."

### **Results of Operations**

As of March 31, 2007, KPE's net asset value per unit was \$25.58, before deducting the \$0.19 distribution paid on December 15, 2006, compared to \$23.61 on May 10, 2006, on a pro-forma basis, as if the over-allotment option was exercised on such date. The NAV per unit at March 31, 2007, net of the \$0.19 distribution, was \$25.39. On an annualized basis, KPE's total return for the quarter ended March 31, 2007 was 12.6 percent.

Operating results of KPE for the quarter ended March 31, 2007, are highlighted as follows:

- Net unrealized gain on investments and foreign currency transactions was \$120.4 million primarily due to net appreciation in the value of co-investments in portfolio companies of KKR's private equity funds, negotiated equity investments and investments in KKR's private equity funds;
- Net realized gain on investments was \$11.5 million and resulted primarily from the sale of investments by KKR's private equity funds and opportunistic investments;

- Net investment income was \$25.1 million, which primarily represented interest income from cash management activities; and
- The resulting net increase in net assets resulting from operations was \$156.9 million.

### **Investments**

As of March 31, 2007, the Investment Partnership held \$1.9 billion of temporary investments and a portfolio of private equity and opportunistic investments, net of related financing, which totaled \$3,256.0 million, at fair value, as follows:

- Investments of \$739.5 million through KKR's private equity funds:
  - \$333.9 million in KKR European Fund, Limited Partnership,
  - \$177.2 million in KKR Millennium Fund L.P.,
  - \$154.1 million in KKR 2006 Fund L.P., and
  - \$74.3 million in KKR European Fund II, Limited Partnership.
- Co-investments of \$1,466.4 million in portfolio companies of KKR's private equity funds:
  - \$290.1 million in PagesJaunes Groupe S.A., the leading publisher of printed and online directories in France,
  - \$262.9 million in NXP B.V., a leading semi-conductor company,
  - \$250.0 million in HCA Inc., a leading provider of healthcare services,
  - \$200.3 million in ProSiebenSat. 1 Media AG, Germany's largest television broadcasting group,
  - \$200.0 million in The Nielsen Company B.V., a global information and media company,
  - \$148.5 million in Capmark Financial Group Inc., a leading commercial real estate finance company, and
  - \$114.6 million in KION Group GmbH, a leading forklift truck business.
- Negotiated equity investments of \$382.4 million (net of long-term financing of \$350.0 million) in convertible senior notes of Sun Microsystems, Inc., a leading technology company.
- Opportunistic investments of \$667.7 million:
  - \$538.9 million of publicly traded securities and related derivative transactions, and
  - \$128.8 million in KKR Strategic Capital Institutional Fund, Ltd., a KKR-sponsored opportunistic credit fund.

Subsequent to March 31, 2007, and through May 11, 2007, the Investment Partnership made additional investments, which totaled \$452.9 million, consisting of the following:

- Opportunistic investments of \$225.9 million:

- \$167.5 million of corporate debt obligations and net purchases of publicly traded securities; and
- \$58.4 million of further capital contributions to KKR Strategic Capital Institutional Fund, Ltd.
- Negotiated equity investment – \$167.4 million of convertible preferred stock of Orient Corporation, one of the largest consumer credit companies in Japan.
- KKR’s private equity funds and co-investments – \$59.6 million of net capital contributions with respect to limited partner interests in KKR’s private equity funds and certain co-investments.

As of May 11, 2007, the Investment Partnership has entered into commitments to make investments of \$470.0 million in Harman International Industries, Incorporated, a leading manufacturer of high-quality, high fidelity audio products and electronic systems for the automotive, consumer and professional markets, and U.S. Foodservice, Inc., the second largest broadline foodservice distributor in the U.S., as follows:

- \$250.0 million in Harman International Industries, Incorporated, which includes a \$150.0 million co-investment, in addition to, approximately \$100.0 million of expected capital contributions to KKR’s private equity funds, and
- \$220.0 million in U.S. Food Service, Inc. which includes a \$100.0 million co-investment, in addition to, approximately \$120.0 million of expected capital contributions to KKR’s private equity funds.

In addition, the Investment Partnership expects to fund an aggregate of \$2,118.5 million of additional capital with respect to certain of KKR’s private equity fund investments, including related co-investments in:

- Alliance Boots plc, a leading European pharmacy-led health and beauty group,
- First Data Corp., the leading provider of electronic commerce and payment solutions for businesses worldwide,
- TXU Corp., a Dallas-based energy company,
- Dollar General Corp., a Fortune 500® discount retailer,
- Biomet, Inc., a leading designer and manufacturer of musculoskeletal medical products, and
- Laureate Education, Inc., a leading international provider of higher education.

After taking into account the subsequent investment activity, commitments and pending transactions described above, the Investment Partnership will have remaining undrawn capital commitments to KKR’s investment funds of approximately \$800 million as of May 11, 2007.

The Investment Partnership is currently in the process of establishing a senior secured credit facility with certain lenders for the purpose of providing an additional source of liquidity. The credit facility is expected to have a 5-year term and an initial availability of \$1.0 billion, with an option to increase availability to up to \$2.0 billion.

Whether these investments or credit facility will be consummated depends on the satisfaction or waiver of a number of conditions, some or all of which may not be in the control of KPE, the Investment Partnership or KKR. No assurances can be made as to whether or when, or the actual amounts at which, any of these investments or credit facility will be consummated.

KPE has posted its unaudited financial statements and the unaudited consolidated financial statements of the Investment Partnership, as well as an interim operating and financial review, to its website ([www.kkrpei.com](http://www.kkrpei.com)). KPE encourages investors to carefully read these documents in conjunction with this news release.

#### **Information for Investors - Teleconference and Webcast**

KPE will discuss its financial results on a teleconference to be broadcast live on the Internet on Wednesday, May 16, 2007, at 6:30 pm CEST (Amsterdam) / 5:30 pm BST (Guernsey/London) / 12:30 p.m. EDT (New York City). A webcast (listen only) of the teleconference can be accessed via the Investor Relations section of KPE's website at [www.kkrpei.com](http://www.kkrpei.com).

#### **About KPE**

KKR Private Equity Investors, L.P. (KPE) is a Guernsey limited partnership that seeks to create long-term value by participating in private equity and opportunistic investments identified by Kohlberg Kravis Roberts & Co. (KKR). Formed in April 2006, KPE enables certain public market investors to invest in KKR-identified investments. KPE will invest at least 75% of its assets in KKR's private equity investments, while up to 25% of its assets may be invested opportunistically in other investments identified by KKR. KPE makes its investments through another Guernsey limited partnership, KKR PEI Investments, L.P., as its sole limited partner.

The common units and related restricted depositary units of KPE are subject to a number of ownership and transfer restrictions. Information concerning these ownership and transfer restrictions is included in the Investor Relations section of KPE's website at [www.kkrpei.com](http://www.kkrpei.com).

#### **Forward-Looking Statements**

This release may contain certain forward-looking statements with respect to the financial condition, results of operations, liquidity, investments, business, net asset value and prospects of KPE. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future, and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. KPE does not undertake to update any of these forward-looking statements.

#### FINANCIAL SCHEDULES FOLLOW

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## KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

### SCHEDULE OF INVESTMENTS

(Amounts in millions)

	<u>Fair Value as of March 31, 2007</u>	<u>Subsequent Net Investment Activity, at cost (Apr. 1, 2007 to May 11, 2007)</u>	<u>Pending Transactions (1)</u>	<u>Remaining Undrawn Commitments</u>
KKR's private equity funds:				
KKR European Fund, Limited Partnership	\$ 333.9	\$ -	\$ -	\$ -
KKR Millennium Fund L.P.	177.2	0.1	-	3.0
KKR 2006 Fund L.P.	154.1	2.4	1,032.0	786.6
KKR European Fund II, Limited Partnership	<u>74.3</u>	<u>0.6</u>	<u>13.0</u>	<u>17.3</u>
	<u>739.5</u>	<u>3.1</u>	<u>1,045.0</u>	<u>806.9</u>
Co-investments:				
PagesJaunes Groupe S.A.	290.1	-	-	
NXP B.V.	262.9	-	-	
HCA Inc.	250.0	-	-	
ProSiebenSat.1 Media AG	200.3	-	-	
The Nielsen Company B.V.	200.0	-	-	
Capmark Financial Group Inc.	148.5	-	-	
KION Group GmbH	114.6	-	-	
Alliance Boots plc	-	56.5	243.5	
First Data Corp.	-	-	300.0	
TXU Corp.	-	-	300.0	
Dollar General Corp.	-	-	250.0	
Biomet, Inc.	-	-	200.0	
Harman International Industries, Incorporated	-	-	150.0	
U.S. Foodservice, Inc.	-	-	100.0	
	<u>1,466.4</u>	<u>56.5</u>	<u>1,543.5</u>	<u>-</u>
Negotiated equity investments:				
Sun Microsystems, Inc. (2)	382.4	-		
Orient Corporation	<u>-</u>	<u>167.4</u>		
	<u>382.4</u>	<u>167.4</u>	<u>-</u>	<u>-</u>
Opportunistic:				
Publicly traded securities (3)	538.9	26.6		
Corporate debt obligations	-	140.9		
KKR Strategic Capital Institutional Fund, Ltd.	<u>128.8</u>	<u>58.4</u>		
	<u>667.7</u>	<u>225.9</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,256.0</u>	<u>\$ 452.9</u>	<u>\$ 2,588.5</u>	<u>\$ 806.9</u>

(1) Whether these transactions will be consummated depends on the satisfaction or waiver of a number of conditions, some or all of which may not be in the control of KPE, the Investment Partnership or KKR. No assurances can be made as to whether or when, or the actual amounts at which, any of these investments will be consummated.

(2) Reflected net of \$350 million of long-term financing.

(3) Includes the fair value of derivative transactions with an aggregate notional amount of \$238.0 million as of March 31, 2007. Subsequent to March 31, 2007, additional net derivative transactions were entered into with an aggregate notional amount of \$76.6 million.

**KKR PRIVATE EQUITY INVESTORS, L.P.**  
**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**  
(Amounts in thousands)

	<b>March 31, 2007</b>
<b>ASSETS:</b>	
Investments in limited partner interests, at fair value:	
KKR PEI Investments, L.P. - Class A, at fair value (cost of \$2,349,091)	\$ 2,499,308
KKR PEI Investments, L.P. - Class B, at fair value (cost of \$1,731,684)	1,829,610
KKR PEI Investments, L.P. - Class C, at fair value (cost of \$629,368)	737,956
KKR PEI Investments, L.P. - Class D, at fair value (cost of \$116,425)	127,361
	5,194,235
Cash and cash equivalents	310
Prepaid expenses	27
Total assets	5,194,572
<b>LIABILITIES:</b>	
Accrued liabilities	1,631
Due to affiliate	409
Total liabilities	2,040
<b>NET ASSETS</b>	<b>\$ 5,192,532</b>
<b>NET ASSETS CONSIST OF:</b>	
Partners' capital (204,550,001 common units outstanding), net	\$ 4,830,110
Distributable earnings	362,422
	\$ 5,192,532
Net asset value per common unit	\$ 25.39
Market price as of March 31, 2007	\$ 24.25

**KKR PRIVATE EQUITY INVESTORS, L.P.**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
(Amounts in thousands)

	<b>Quarter Ended March 31, 2007</b>
NET INVESTMENT INCOME ALLOCATED FROM KKR PEI INVESTMENTS, L.P.:	
Investment income	\$ 39,052
Expenses	12,629
	26,423
 INVESTMENT INCOME—Interest income	 9
 EXPENSES—General and administrative expenses	 1,366
 NET INVESTMENT INCOME	 25,066
 REALIZED AND UNREALIZED GAINS FROM INVESTMENTS AND FOREIGN CURRENCY ALLOCATED FROM KKR PEI INVESTMENTS, L.P.:	
Net realized gain	11,510
Net change in unrealized appreciation	120,357
Net gain on investments and foreign currency transactions	131,867
 NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	 \$ 156,933

# KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Amounts in thousands)

	<u>March 31, 2007</u>
ASSETS:	
Investments, at fair value:	
Opportunistic investments—Class A (cost of \$542,734)	\$ 538,916
Co-investments in portfolio companies of private equity funds—Class B (cost of \$1,384,231)	1,466,371
Negotiated equity investments—Class B (cost of \$701,049)	732,374
Private equity funds—Class C (cost of \$643,441)	739,488
Investment by KKR Strategic Capital Institutional Fund, Ltd.—Class D (cost of \$118,139)	128,838
	<u>3,605,987</u>
Cash and cash equivalents	1,593,462
Time deposit	350,000
Restricted cash	20,354
Other assets	16,687
Total assets	<u>5,586,490</u>
LIABILITIES:	
Accrued liabilities	17,279
Due to affiliates	1,785
Unrealized loss on foreign currency exchange contracts	12,286
Other liabilities	108
Long-term debt	350,000
Total liabilities	<u>381,458</u>
NET ASSETS	<u>\$ 5,205,032</u>
NET ASSETS CONSIST OF:	
Partners' capital contributions	\$ 4,836,568
Distributable earnings	368,464
	<u>\$ 5,205,032</u>



**KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
(Amounts in thousands)

	<b>Quarter Ended March 31, 2007</b>
<b>INVESTMENT INCOME:</b>	
Interest income	\$ 35,329
Dividend income, net of withholding taxes of \$626	3,804
Total investment income	39,133
<b>EXPENSES:</b>	
Interest expense	3,895
Management fees	7,138
Incentive fees	892
General and administrative expenses	716
Total expenses	12,641
<b>NET INVESTMENT INCOME</b>	<b>26,492</b>
<b>REALIZED AND UNREALIZED GAINS FROM INVESTMENTS AND FOREIGN CURRENCY:</b>	
Net realized gain, net of withholding taxes of \$489	11,534
Net change in unrealized appreciation	120,607
Net gain on investments and foreign currency transactions	132,141
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 158,633</b>