

## Press Release

**Guernsey, Channel Islands, March 28, 2007**

**KKR Private Equity Investors Reports Results for Partial Year Ended December 31, 2006**

**Investments and Pending Transactions of \$4.3 billion as of March 23, 2007:  
Annualized Return of 9.2% for the Fourth Quarter of 2006**

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 initial annual period ended December 31, 2006. KPE commenced operations on May 10, 2006 with \$4,830.1 million of investable capital, which has grown to \$5,035.6 million in net asset value ("NAV") as of December 31, 2006.

KPE invests its capital as the sole limited partner of KKR PEI Investments, L.P. (the "Investment Partnership"). As of March 23, 2007, the Investment Partnership's investments and pending fundings into announced transactions totaled \$4.3 billion, excluding temporary investments. The \$4.3 billion of actual and pending investments was comprised of \$1.9 billion of investments at December 31, 2006 at fair value, \$1.2 billion of subsequent investment activity on a cost basis and \$1.2 billion of identified transactions as of March 23, 2006. In addition, the remaining undrawn commitments to investment funds totaled \$1.4 billion as of March 23, 2006.

Henry R. Kravis, Co-Founder of KKR and Co-Chairman of KPE's Managing General Partner's Board of Directors, commented, "In just over ten months of operations, we have been able to identify and deploy over 90% of KPE's capital in a variety of investments. Recently, the pace of these investments has accelerated as our unique sourcing model has allowed us to identify a variety of large and attractive situations."

George R. Roberts, Co-Founder of KKR and Co-Chairman of KPE's Managing General Partner's Board of Directors, added, "Our deep industry knowledge and global approach allows us to selectively capitalize on the range of opportunities available at the high-end of the private equity market. We remain confident that KKR's disciplined global approach will continue to result in a sustainable competitive advantage."

### **Results of Operations**

As of December 31, 2006, KPE's net asset value per unit was \$24.81, adjusted for 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 December 31, 2006 net of the \$0.19 distribution was \$24.62. On an annualized basis, KPE's total return for the quarter ended December 31, 2006 was 9.2 percent and for the period from the date of commencement of operations, on May 10, 2006, to December 31, 2006 was 7.8 percent.

Operating results of KPE for the partial year ended December 31, 2006, were highlighted as follows:

- Net investment income was \$126.5 million, which primarily represented interest income from cash management activities;

- Net realized gain on investments and foreign currency transactions was \$34.5 million and resulted primarily from the sale of opportunistic investments;
- Net unrealized gain on investments and foreign currency transactions was \$83.3 million primarily due to net appreciation in the value of portfolio companies of KKR's private equity funds; and
- The resulting net increase in net assets resulting from operations was \$244.4 million.

### **Investments**

As of December 31, 2006, the Investment Partnership held \$3.1 billion of temporary investments and the portfolio of the Investment Partnership consisted of investments, valued at fair value, totaling \$1,901.8 million as follows:

- Investments of \$701.8 million through KKR's private equity funds:
  - \$326.9 million in KKR European Fund, Limited Partnership,
  - \$178.2 million in KKR Millennium Fund L.P.,
  - \$139.6 million in KKR 2006 Fund L.P., and
  - \$57.1 million in KKR European Fund II, Limited Partnership.
- Co-investments of \$958.1 million in portfolio companies of KKR's private equity funds:
  - \$259.9 million in NXP B.V., a leading semi-conductors business,
  - \$250.0 million in HCA Inc., a leading provider of healthcare services,
  - \$200.0 million in The Nielsen Company B.V. (formerly VNU Group B.V.), a global information and media company,
  - \$135.0 million in Capmark Financial Group Inc., a leading commercial real estate finance company, and
  - \$113.2 million in KION Group GmbH, a leading forklift truck business.
- Opportunistic investments of \$241.9 million:
  - \$158.5 million of publicly traded securities, and
  - \$83.4 million in KKR Strategic Capital Institutional Fund, Ltd., a KKR-sponsored opportunistic credit fund.

Subsequent to December 31, 2006 and through March 23, 2007, the Investment Partnership made additional investments, which totaled \$1,225.2 million, consisting of the following:

- KKR's private equity funds – \$12.3 million of net capital contributions with respect to limited partner interests in KKR's private equity funds.
- Co-investments of \$434.1 million:
  - \$235.2 million in PagesJaunes Groupe S.A., the leading publisher of printed and on-line directories in France, and
  - \$198.9 million in ProSiebenSat. 1 Media AG, Germany's largest television broadcasting group.
- Opportunistic investments of \$778.8 million:
  - \$350.0 million in convertible senior notes of Sun Microsystems, Inc. (net of \$350.0 million of financing),
  - \$370.5 million of net purchases of publicly traded securities (net of \$226.7 million of financing), and
  - \$58.3 million of further capital contributions to KKR Strategic Capital Institutional Fund, Ltd.

As of March 23, 2007, the Investment Partnership expects to fund an aggregate of approximately \$1,225.0 million of additional capital with respect to certain of KKR's private equity fund investments, including related co-investments in:

- TXU Corp., a Dallas-based energy company,
- Dollar General Corp., a Fortune 500® 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 expected fundings, the Investment Partnership will have remaining undrawn capital commitments to KKR's investment funds of \$1.4 billion as of March 23, 2007.

Whether these investments 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.

KPE has posted its audited financial statements and the audited consolidated financial statements of the Investment Partnership, as well as an annual 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.

#### **Adoption of Equity Incentive Plan**

In March 2007, the Board of Directors of KPE's General Partner approved the KKR Private Equity Investors, L.P. 2007 Equity Incentive Plan (the "Plan"). The Plan provides for the grant of options, share appreciation rights (SARs), restricted units and other unit-based awards to eligible directors, officers, employees (if any) and key service providers. The plan allows for the issuance of awards with respect to an aggregate of 1,000,000 common units.

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

KPE will discuss its financial results on a teleconference to be broadcast live on the Internet on Wednesday, March 28, 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)

	Fair Value as of December 31, 2006	Subsequent Investment Activity, at cost (Jan. 1, 2007 to Mar. 23, 2007) (1)	Pending Transactions (2)	Remaining Undrawn Commitments
KKR's private equity funds:				
KKR European Fund, Limited Partnership	\$ 326.9	\$ (9.2)	\$ -	\$ -
KKR Millennium Fund L.P.	178.2	(7.8)	-	3.1
KKR 2006 Fund L.P.	139.6	14.5	475.0	1,345.9
KKR European Fund II, Limited Partnership	57.1	14.8	-	26.0
	701.8	12.3	475.0	1,375.0
Co-investments:				
TXU Corp.	-	-	300.0	-
Dollar General Corp.	-	-	250.0	-
NXP B.V.	259.9	-	-	-
HCA Inc.	250.0	-	-	-
PagesJaunes Groupe S.A.	-	235.2	-	-
The Nielsen Company B.V.	200.0	-	-	-
Biomet, Inc.	-	-	200.0	-
ProSiebenSat. 1 Media AG	-	198.9	-	-
Capmark Financial Group Inc.	135.0	-	-	-
KION Group GmbH	113.2	-	-	-
	958.1	434.1	750.0	-
Opportunistic:				
Sun Microsystems, Inc. - convertible senior notes (3)	-	350.0	-	-
Publicly traded securities (4)	158.5	370.5	-	-
KKR Strategic Capital Institutional Fund, Ltd.	83.4	58.3	-	58.4
	241.9	778.8	-	58.4
	\$ 1,901.8	\$ 1,225.2	\$ 1,225.0	\$ 1,433.4

(1) These investment are reflected at their cost basis, net of any dispositions and, therefore, do not include any unrealized gains or losses and may differ from previously disclosed figures about such investments.

(2) 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.

(3) Net of \$350.0 million of financing as of March 23, 2007.

(4) Net of \$226.7 million of financing as of March 23, 2007.

# KKR PRIVATE EQUITY INVESTORS, L.P.

## CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Amounts in thousands)

	<u>December 31, 2006</u>
ASSETS:	
Investments in limited partner interests, at fair value:	
KKR PEI Investments, L.P. – Class A (cost of \$3,192,251)	\$ 3,321,084
KKR PEI Investments, L.P. – Class B (cost of \$948,180)	950,384
KKR PEI Investments, L.P. – Class C (cost of \$627,924)	700,367
KKR PEI Investments, L.P. – Class D (cost of \$58,213)	<u>64,110</u>
	5,035,945
Cash and cash equivalents	1,116
Prepaid expenses	<u>111</u>
Total assets	<u>5,037,172</u>
LIABILITIES:	
Accrued liabilities	1,209
Due to affiliate	<u>364</u>
Total liabilities	<u>1,573</u>
NET ASSETS	<u>\$ 5,035,599</u>
NET ASSETS CONSIST OF:	
Partners' capital (204,550,001 common units outstanding), net	\$ 4,830,110
Distributable earnings	<u>205,489</u>
	<u>\$ 5,035,599</u>
Net asset value per common unit	<u>\$ 24.62</u>
Market price at December 31, 2006	<u>\$ 22.85</u>

KKR PRIVATE EQUITY INVESTORS, L.P.

CONSOLIDATED STATEMENT OF OPERATIONS

(Amounts in thousands)

	Quarter Ended December 31, 2006	From April 18, 2006 (Date of Formation) to December 31, 2006
NET INVESTMENT INCOME ALLOCATED FROM KKR PEI INVESTMENTS, L.P.:		
Investment income	\$ 50,422	\$ 143,220
Expenses	<u>7,494</u>	<u>12,853</u>
	42,928	130,367
INVESTMENT INCOME—Interest income	32	212
EXPENSES—General and administrative expenses	<u>1,464</u>	<u>4,100</u>
NET INVESTMENT INCOME	<u>41,496</u>	<u>126,479</u>
REALIZED AND UNREALIZED GAINS FROM INVESTMENTS AND FOREIGN CURRENCY ALLOCATED FROM KKR PEI INVESTMENTS, L.P.:		
Net realized gain	35,541	34,547
Net change in unrealized appreciation	<u>37,971</u>	<u>83,327</u>
Net gain on investments and foreign currency transactions	<u>73,512</u>	<u>117,874</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 115,008</u>	<u>\$ 244,353</u>

# KKR PEI INVESTMENTS, L.P. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Amounts in thousands)

	<u>December 31, 2006</u>
ASSETS:	
Investments, at fair value:	
Opportunistic investments—Class A (cost of \$154,474)	\$ 158,462
Co-investments in portfolio companies of private equity funds—Class B (cost of \$950,145)	958,065
Private equity funds—Class C (cost of \$630,508)	701,818
Non-private equity funds—Investment by KKR Strategic Capital Institutional Fund, Ltd.—Class D (cost of \$77,472)	<u>83,466</u>
	1,901,811
Cash and cash equivalents	2,139,621
Time deposit	1,000,000
Other assets	<u>36,002</u>
Total assets	<u>5,077,434</u>
LIABILITIES:	
Accrued liabilities	1,503
Due to affiliates	5,722
Unrealized loss on foreign currency exchange contracts	5,712
Other liabilities	<u>18,098</u>
Total liabilities	<u>31,035</u>
NET ASSETS	<u>\$ 5,046,399</u>
NET ASSETS CONSIST OF:	
Partners' capital contributions	\$ 4,836,568
Distributable earnings	<u>209,831</u>
	<u>\$ 5,046,399</u>



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

**CONSOLIDATED STATEMENT OF OPERATIONS**

(Amounts in thousands)

	<u>Quarter Ended December 31, 2006</u>	<u>From April 18, 2006 (Date of Formation) to December 31, 2006</u>
INVESTMENT INCOME:		
Interest income	\$ 50,379	\$ 143,370
Dividend income, net of withholding taxes of \$63	<u>146</u>	<u>146</u>
Total investment income	<u>50,525</u>	<u>143,516</u>
EXPENSES:		
Management fees	5,479	9,874
Incentive fees	1,044	1,044
General and administrative expenses	<u>976</u>	<u>1,941</u>
Total expenses	<u>7,499</u>	<u>12,859</u>
NET INVESTMENT INCOME	<u>43,026</u>	<u>130,657</u>
REALIZED AND UNREALIZED GAINS FROM INVESTMENTS AND FOREIGN CURRENCY:		
Net realized gain	35,614	34,619
Net change in unrealized appreciation	<u>38,051</u>	<u>83,500</u>
Net gain on investments and foreign currency transactions	<u>73,665</u>	<u>118,119</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 116,691</u>	<u>\$ 248,776</u>