

...additional insight into KKR:
OUR ESTIMATE OF THE EQUITY FAIR VALUE RANGE

(\$ in billions)	Conservative	Base Case	Aggressive
Valuation methodology ¹	Sum-of-the-parts (see below for detailed assumptions)		
Value of asset management business (100% economics):			
<u>Value of management/monitoring fees:</u>			
Fee-paying assets under management (AUM) as of 9/30/2010	\$42.7	\$42.7	\$42.7
Estimated annual management/monitoring fees as a % of AUM	0.75%	1.00%	1.25%
Implied annual revenue	\$0.3	\$0.4	\$0.5
Estimated normalized EBIT margin	30%	35%	40%
Normalized EBIT	\$0.1	\$0.1	\$0.2
Fair value multiple (~90% of AUM contractually "locked-in" for 10-18 years)	10.0x	12.0x	14.0x
Estimated value of management/monitoring fees (A)	\$1.0	\$1.8	\$3.0
<u>Value of future carried interest:</u>			
Estimated at-cost capital with carry rights (incl. unfunded commitments; excl. own funds)	\$39.3	\$39.3	\$39.3
Estimated annual gross rate of return	10%	15%	20%
Implied dollar gain on which to apply carried interest (no hurdle rates in PE funds)	\$3.9	\$5.9	\$7.9
Carried interest percentage (generally 20%)	20%	20%	20%
Implied gross carried interest	0.8	1.2	1.6
Less carried interest allocated to KKR executives (typically 40%)	(0.3)	(0.5)	(0.6)
Net carried interest	0.5	0.7	0.9
Fair value multiple	3.0x	4.0x	5.0x
Estimated value of future carried interest (B)	\$1.4	\$2.8	\$4.7
Estimated value of asset management business (100%): (A) + (B)	\$2.4	\$4.6	\$7.7
Value of principal investing business (100% economics):			
Partners' capital of principal activities segment (incl. capital markets portion)	\$4.5	\$4.5	\$4.5
Fair value multiple	1.00x	1.25x	1.50x
Estimated value of principal investing business (100%)	\$4.5	\$5.6	\$6.8
Value of capital markets advisory business (100% economics):			
Estimated normalized annual fees (\$mn; 3Q10 annualized transaction fees are ~\$160 million)	\$150	\$200	\$300
Estimated normalized EBIT margin	50%	60%	70%
Normalized EBIT (\$mn)	\$75	\$120	\$210
Fair value multiple	8.0x	10.0x	12.0x
Estimated value of capital markets advisory business (100%)	\$0.6	\$1.2	\$2.5
Estimated total value of KKR activities (100%)	\$7.5	\$11.4	\$17.0
KKR & CO. L.P. % share of total economics	30%	30%	30%
Estimated total value attributable to KKR & CO. L.P. (30%)	\$2.2	\$3.4	\$5.1
Less: KKR & Co. L.P. portion of consolidated net cash/(debt) (as of 9/30/2010) ²	(0.1)	(0.1)	(0.1)
Estimated fair value of the equity of KKR & CO. L.P.³	\$2.1 billion	\$3.3 billion	\$4.9 billion
	\$10 per unit	\$16 per unit	\$24 per unit
<i>Selected implied ratios:</i>			
<i>Fair value of the equity to tangible book</i>	1.9x	3.0x	4.5x
<i>Estimated value of mgmt fees and advisory business/1H10 annualized fee-related EBIT</i>	5x	10x	18x
<i>Estimated value of future carried interest/1H10 annualized net carried interest</i>	3x	6x	9x

¹ Financials are based on total KKR figures including amounts attributable to the 70% economic interest held by KKR executives. As a result, our estimated value attributable to KKR & Co. L.P. adjusts for this in the lower part of the valuation table.

² Excludes restricted cash and cash held at consolidated entities. In addition, excludes cash within principal investing business as that is accounted for in the valuation of that segment.

³ Based on 205 million units outstanding (excludes 4.2 million units from the exchange of KKR Holdings' units into KKR & Co. L.P. units in November 2010. Any exchanged units proportionally increase KKR & Co. L.P.'s interests in KKR economics).

Source: Company filings, Manual of Ideas analysis, assumptions and estimates.