

Part 2A of Form ADV: Firm Brochure



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This brochure provides information about the qualifications and business practices of Kohlberg Kravis Roberts & Co. L.P. (“**KKR**”). If you have any questions about the contents of this brochure, please contact us at (212) 750-8300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority. KKR is registered as an investment adviser with the SEC. This registration does not, however, imply a certain level of skill or training of any KKR personnel.

Additional information about KKR also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 **Material Changes**

KKR's most recent update to Part 2A was made in October 2011. KKR updated Part 2B in March 2012. KKR is now updating Part 2A to reflect the following material changes:

- Item 4 – Updated to reflect KKR assets under management as of December 31, 2011. Updated to reflect additional investment strategies pursued by KKR, as well as additional investment strategies with regard to KKR's affiliate, KKR Asset Management LLC (“**KAM**”).
- Item 8 – Updated to reflect additional investment strategies pursued by KKR.
- Item 10 – Updated information regarding KKR Capital Markets' business, KKR's relationship with KAM and pooled investment vehicles advised by KKR.
- Item 11 – Potential conflicts of interest relating to KKR Capital Markets' business, KKR strategic partnerships and conflicting investment strategies updated. Updated information regarding KKR's allocation policies.
- Item 13 – Investment and Portfolio Management Committee information updated.

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Item 4 **Advisory Business**

Overview

Kohlberg Kravis Roberts & Co. L.P. (“**KKR**”) is a Delaware limited partnership founded in 1976 with \$51.8 billion¹ in assets under management as of December 31, 2011. Today, through its offices across the United States, Europe, the Middle East, Asia and Australia, KKR advises private equity funds and other investment vehicles that invest capital for long-term appreciation, primarily either through controlling ownership of companies or minority positions. In addition, KKR manages investments in infrastructure assets and in natural resource assets, such as oil and natural gas properties, that offer exposure to underlying commodity prices and current cash flows from the production of the acquired resources, and may also invest in real estate assets. KKR also sponsors and manages investment vehicles that facilitate co-investment in specific or multiple portfolio companies and other assets of KKR funds, a customized platform that may invest in KKR funds and funds sponsored and managed by unaffiliated investment managers (“**third party funds**”) and related co-investments, and strategic partnership vehicles that invest across multiple KKR funds and investment strategies. The Global Macro and Asset Allocation Group within KKR (the “**GMAA Group**”) from time to time publishes commentary on economic trends and related topics.

KKR is affiliated with KKR Asset Management LLC and its subsidiaries, which operates under the group name of KKR Asset Management (“**KAM**”) and primarily invests in leveraged credit strategies, such as leveraged loan and high yield bond strategies, liquid long/short equity strategies, alternative credit strategies (for example, mezzanine debt), special situations investments, direct senior loan portfolios and related investments and natural resources assets such as those described above. KKR has an affiliated capital markets business operated through affiliated broker-dealers (please see Item 10 for additional information regarding KKR’s affiliated broker-dealers) and has a proprietary trading business. KKR does not manage client assets on a non-discretionary basis, although certain clients have consent rights with respect to certain investments.

Ownership/Structure

KKR is a subsidiary of KKR Management Holdings L.P. (“**KKR Management Holdings**”) and an indirect subsidiary of KKR & Co. L.P. (the “**Public Company**”), which was listed on the New York Stock Exchange on July 15, 2010. KKR Management LLC serves as the general partner of the Public Company and may be deemed to indirectly control the Public Company’s business for regulatory purposes. It does not hold any economic interests in the Public Company. Public unit holders hold 100% of the limited partner interests in the Public Company, although KKR Holdings L.P. (“**KKR Holdings**”) holds special voting units in the Public Company. As of December 31, 2011, the Public Company indirectly held approximately 33.24% of the limited partnership interests in KKR Management Holdings and KKR Fund Holdings L.P. (together, the “**Group Partnerships**”), which hold the combined business of KKR and its affiliates. As of December 31, 2011, the remaining limited partnership interests in the Group Partnerships were held indirectly by KKR Holdings. KKR Holdings is owned by certain KKR senior employees and non-employee operating consultants and their related persons.

Nature of KKR’s Clients

KKR generally provides investment management and administrative services through affiliated general partners of investment funds and other investment vehicles sponsored and managed by KKR (“**KKR**”

¹ AUM calculations may differ from those used in other regulatory filings by KKR in accordance with applicable requirements and guidelines.

GPs”). These funds and vehicles are typically U.S. and non-U.S. limited partnerships and other investment vehicles that are not registered or required to be registered under the U.S. Investment Company Act of 1940, amended (the “**Investment Company Act**”) or the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and are privately placed to qualified investors in the United States and elsewhere. KKR may also provide investment advice to institutional clients through managed account arrangements. Investment funds, co-investment vehicles and other vehicles and accounts to which KKR provides investment management and administrative services are referred to throughout this Brochure as “**KKR Funds**”.

KKR does not participate as manager in any wrap fee programs.

KKR’s Investment Mandates

The terms upon which KKR or its affiliates serve as investment manager of a KKR Fund are established at the time each KKR Fund is established and are generally set out in separate management agreements with the KKR Fund and the governing documents of the KKR Fund. These terms, which vary as among each KKR Fund, may include restrictions on the types of securities and other assets in which the KKR Fund may invest, the amount of assets that may be invested in any portfolio company or industry, the geographies in which the KKR Fund may invest and leverage, among others.

Item 5 Fees and Compensation

General

KKR (including the KKR GPs) generally receives management fees, carried interest allocations and/or performance fees in connection with the investment management and administrative services KKR provides to KKR Funds. Management fees, carried interest allocations and/or any other compensation payable to KKR or its affiliates for such services by a KKR Fund and its investors are generally negotiated with the KKR Fund investors and will depend on a number of factors as discussed below.

Management Fees

KKR receives periodic management fees from the KKR Funds of up to 2% of capital committed to, or the net asset value of, the relevant KKR Fund, depending, in particular, on the strategy of the relevant KKR Fund, the amount of assets being placed under management with KKR and the point in time in the life cycle of the relevant KKR Fund. Management fees may be paid annually or quarterly and in advance or arrears, depending on the KKR Fund. The KKR GPs generally make capital calls on investors in KKR Funds for the amount of KKR’s management fees and pay the amounts received to KKR.

Where management fees are paid in advance with respect to a KKR Fund, the terms of such funds (which are generally closed-end) typically do not contemplate repayments of fees to the extent that KKR’s services terminate prior to the end of the relevant payment period. Management fees paid by investors in KKR Funds generally impact the carried interest allocations received by the KKR GPs from those KKR Funds that provide for carried interest allocations.

Management fees payable to KKR by certain KKR Funds may be reduced by certain other compensation received by KKR or its affiliates that relate to the relevant KKR Fund and its activities or by certain organizational, offering and other expenses borne by the KKR Fund.

Performance-Related Compensation

KKR GPs also generally receive carried interest allocations from KKR Funds (other than certain co-investment vehicles) of up to 20% of the net realized returns of each portfolio investment. Carried interest allocations may be subject to hurdles and/or claw-backs, depending, among other things, on the strategy of the relevant KKR Fund. In addition, to the extent that certain KKR Funds may invest in publicly traded equity and debt securities and other marketable securities and instruments (collectively, “**Marketable Securities**”), KKR may receive periodic performance fees determined on the basis of increases in the net asset value of such KKR Funds’ Marketable Securities portfolio in excess of a high water mark.

As indicated above, management fees, carried interest allocations, performance fees and/or other compensation payable to KKR (including the KKR GPs) by KKR Funds are established by KKR at the time of the establishment of the relevant vehicle and negotiated with participating investors prior to their investment. Specific details of such compensation and expenses and their method of calculation are set out in the offering materials, disclosure documents and/or governing documents of the relevant KKR Funds and, as indicated above, vary from KKR Fund to KKR Fund. Such compensation and expenses, once the relevant KKR Fund has been established and commenced operations, are generally not negotiable although KKR may enter into strategic partnerships, side letter agreements or other arrangements with specific investors in KKR Funds whereby such investors receive direct or indirect reductions of management fees or other compensation otherwise payable with respect to their investments to KKR.

Other Compensation

KKR Funds may also indirectly incur other fees payable to KKR or its affiliates depending on the nature of the KKR Fund and its portfolio activities. For example, KKR or its affiliates may receive monitoring fees in exchange for providing KKR Fund portfolio companies with management, consulting and other services and may also receive financial advisory fees. KKR or its affiliates may also receive “break up” or similar fees in connection with unconsummated transactions. These may be shared with the KKR Funds and their investors through reductions or off-sets against management fees that would otherwise be applicable as described in the offering materials, disclosure documents and/or governing documents of the relevant KKR Funds. KKR will retain the balance of any such compensation not shared with KKR Funds. Certain officers and employees of KKR (“**Employees**”) currently do and may in the future also receive directors’ fees for serving on the boards of KKR Fund portfolio companies. These directors’ fees are generally not offset against KKR Fund management fees and may be retained in whole or in part by the Employees.

Affiliated U.S. and non-U.S. broker-dealers of KKR may participate in underwriting syndicates and/or selling groups with respect to the securities of portfolio companies of certain KKR Funds or may otherwise be involved in the public or private placement of such securities and the syndication of portfolio company co-investment opportunities alongside or to certain KKR Funds and/or may provide or arrange lines of credit or other financing or provide advisory services to such portfolio companies and will receive fees, commissions and other compensation in respect of such services. Neither KKR nor any KKR Fund will have the right to share in such compensation.

Other Expenses

Each KKR Fund (and its underlying investors) will typically pay or otherwise bear all legal, accounting, and filing expenses incurred in connection with organizing and establishing the KKR Fund and the related KKR GP, and the marketing and offering of interests in the KKR Fund, including commissions, costs,

fees, and expenses of any placement agent or finder and legal, accounting, filing, capital raising, travel and accommodation, printing and other similar costs, fees, and expenses. Investors in KKR Funds (other than certain co-investment vehicles) will typically receive a reduction in management fees in respect of offering and organizational expenses in excess of specific amounts as described in the offering materials, disclosure documents and/or governing documents of the relevant KKR Fund.

In addition, each KKR Fund will typically pay broken deal expenses and all expenses related to the operation of the KKR Fund, including fees, costs, and expenses directly related to the purchase, holding, and sale of investments, expenses of any consultants (including Senior Advisors), counsel, and accountants, any insurance, indemnity, or litigation expenses, custody fees, brokerage fees (if any), underwriting and syndication fees and expenses, certain taxes, expenses of any advisory committee established in respect of the KKR Fund and its members, costs of any information meetings of the KKR Fund's investors, and any fees or other governmental charges levied against the KKR Fund. Such fees and expenses may be reduced by monitoring and transaction fees received by KKR as may be agreed in respect of the relevant KKR Fund, and as discussed below in Items 11 and 14. Such expenses may be borne by one or more KKR Funds (and proprietary accounts) depending on the participants in relevant transactions. Out-of-pocket expenses associated with completed investments by a KKR Fund are generally reimbursed by the portfolio company or capitalized as part of the acquisition price of the relevant transaction (see also response to Item 12 for more information regarding brokerage costs borne by KKR Funds). Certain KKR Funds have agreed to bear a portion of KKR's overhead expenses, including office, computer, employee and other internal costs and expenses.

KKR Funds, directly or through portfolio companies in which they invest, may bear the cost of consulting services provided by KKR Capstone LLC and its related parties ("**KKR Capstone**"), which provides consulting services to KKR, its affiliates and certain KKR Fund portfolio companies. KKR Capstone operates under several consulting agreements with KKR and uses the name "KKR" under license from KKR. KKR Capstone is owned by its senior management. Fees and other compensation received by KKR Capstone, which are not shared with KKR, are not described in this Brochure.

Neither KKR nor any of its supervised persons accept compensation from third parties for the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-By-Side Management

As noted in the response to Item 5 above, KKR (including the KKR GPs) generally receives performance-based compensation from KKR Funds. KKR has an incentive to favor, or take increased investment risk with respect to KKR Funds from which it receives performance-based compensation over KKR Funds from which it does not (for example, certain co-investment vehicles). Similarly, KKR has an incentive to favor, or take increased investment risk with respect to KKR Funds from which it receives higher performance-based compensation over KKR Funds from which lower performance-based compensation is received. KKR has in place policies and procedures to address these conflicts, including policies and procedures designed to ensure allocation of trades and securities to client accounts on a fair and equitable basis, taking into account the client's investment objectives. These policies and procedures are described in more detail below in Item 11.

KKR manages certain KKR Funds that are either feeder funds investing in other KKR Funds or side-by-side vehicles investing on a pro rata basis along side other KKR Funds that are established primarily for the benefit of Employees and KKR affiliates. Such vehicles are not subject to management fees or carried interest allocations. KKR may also bear any allocable share of expenses on behalf of these vehicles. As the investment activities of these vehicles are implemented indirectly through the other KKR Funds in

which they invest or on a pro rata basis along side other KKR Funds, as applicable, KKR does not view these arrangements as giving rise to the types of conflicts of interest described above.

Item 7 Types of Clients

KKR provides investment management and administrative services, as described above in response to Item 4, to the KKR Funds. Investment in KKR Funds is generally only available to institutional investors and certain high net worth investors that are “accredited investors” and “qualified purchasers” or non-“U.S. persons”, within the meaning of the Securities Act, and the Investment Company Act, as applicable. KKR Funds generally have a specified minimum investment amount as set forth in their offering materials, disclosure documents and/or governing documents. These minimum amounts are subject to discretion, on the part of KKR or the relevant KKR GP, to permit investments of a smaller amount generally or with respect to any investor.

A broad range of U.S. and non-U.S. institutional investors, including, among others, governmental and corporate pension and profit sharing plans, endowments, insurance companies, sovereign wealth funds, funds of funds and certain high net worth individuals and family offices, invest in KKR Funds. Additionally, Employees and other persons associated with KKR and/or its affiliates, and KKR out of its proprietary accounts, may make capital contributions to KKR Funds.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies and Methods of Analysis

As noted above in response to Item 4, KKR advises private equity funds and other investment vehicles that invest capital for long-term appreciation, primarily either through controlling ownership of companies or minority positions. KKR may also manage investments in infrastructure assets across a broad range of sectors, including: electric and gas utilities; long-term contracted or “hedgeable” generation; midstream energy infrastructure; alternative energy infrastructure; airports; ports; surface transportation (roads, bridges, tunnels, railway lines, parking, and mass transit structures); water and wastewater; social infrastructure (e.g., schools, public healthcare facilities, and government housing); and communications infrastructure. In addition, KKR manages investments in natural resource assets, such as oil and natural gas properties, that offer exposure to underlying commodity prices and current cash flows from the production of the acquired resources and may make investments in real estate. KKR sponsors a customized platform that may invest in KKR funds and third party funds pursuing private equity and related co-investments, and strategic partnership vehicles that invest across multiple KKR funds and investment strategies. The KKR GMAA Group from time to time publishes commentary on economic trends and related topics.

Certain KKR Funds may make ancillary convertible arbitrage or other investments in Marketable Securities. KKR also may employ hedging techniques and derivative instruments, including, without limitation swaps, options and forward contracts, to hedge exchange rate and interest rate risks and other risks associated with the investment strategies described above, in each case as permitted pursuant to the offering materials, disclosure documents and/or governing documents of the relevant KKR Fund.

KKR employs various methods of analysis, including fundamental and technical methods, when analyzing potential investments. KKR utilizes multiple sources of information in analyzing investments, including financial newspapers and magazines, inspections of corporate activities, research material prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases. KKR also uses industry magazines, third party consultants, asset operators, regulatory filings filed with non-U.S. regulators, in-person meetings with company management, due

diligence visits to operational facilities and other physical assets, discussions, as appropriate, with suppliers, customers and competitors, financial reports and projections, and information provided by strategic investors in KKR Funds and by investment banks. In addition, KKR Capstone and KKR's senior advisors ("**Senior Advisors**") often provide supplemental insights to KKR from the perspective of a C-level executive (i.e., "chief" executive officers or other senior officers) or board of directors. KKR has a roster of approximately 32 active Senior Advisors globally, many of whom have extensive corporate management expertise, having served as Chief Executive Officer, Chief Financial Officer, Chairman of the Board, or other comparable positions at large, industry-leading companies or governmental regulatory agencies. In conducting due diligence on investments in third party funds, KKR will use many of the above due diligence methods, as appropriate, in addition to a detailed review of fund governing documents.

Material Risk Relating to Methods of Investment Analysis

KKR seeks to conduct reasonable and appropriate analysis and due diligence of its investments based on the facts and circumstances applicable to each investment. The objective of such analysis and due diligence is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment, to identify possible risks associated with that investment and, in the case of private equity, infrastructure and certain natural resources investments, to prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. When conducting due diligence and making an assessment regarding an investment, KKR relies primarily on publicly available information and resources. In certain circumstances, KKR may rely on information provided by the target of the investment and, in some circumstances, third-party investigations. As a result, the due diligence process may at times be subjective. Accordingly, KKR cannot be certain that its due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts (including fraud) that may be necessary or helpful in evaluating such investment opportunity.

KKR will generally establish the capital structure of an investment and the terms and targeted returns of such investment on the basis of financial and other applicable projections. Projected operating results will normally be based primarily on investment professional judgments or third-party advice and reports. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be achieved, and actual results may vary significantly from the projections. General economic, natural, and other conditions, which are not predictable, can have an adverse impact on the reliability of such projections. Assumptions or projections about asset lives; the stability, growth, or predictability of costs; demand; or revenues generated by an investment or other factors associated therewith may, due to various risks and uncertainties including those described herein, differ materially from actual results.

Material Risks of Significant Investment Strategies

Private Equity Investments

Private equity investments made by KKR involve a number of material risks including (but not limited to) the following:

Illiquid and Long-Term Investments Most private equity investments are highly illiquid, and there can be no assurance that a KKR Fund will be able to realize these investments in a timely manner. The realizable value of a highly illiquid investment at any given time may be less than its intrinsic value. Although certain of these investments may generate current income, the return of capital, and the realization of gains, if any, with respect to most of these investments will occur only upon the partial or

complete disposition of the investment. While an investment may be sold at any time, typically this will occur a number of years after the investment is made and there can be no assurance that KKR will be able to dispose of an investment at the price and time it wishes to do so. Certain private equity investments may be in securities that are or become publicly traded. These investments may involve economic, political, interest rate, and other risks, any of which could result in an adverse change in their market price.

Market and Economic Risks Private equity investments in portfolio companies may be materially and adversely affected by market, economic, and political conditions globally and in the jurisdictions and sectors in which the investments are made or the portfolio companies operate, including factors affecting interest rates, the availability of credit, currency exchange rates, and trade barriers. In particular, economic and financial market conditions began to significantly deteriorate approximately four years ago as compared to prior periods. In the ensuing time period, global financial markets experienced considerable declines in the valuations of equity and debt securities, an acute contraction in the availability of credit, and the failure of a number of leading financial institutions. As a result, certain government bodies and central banks worldwide have undertaken unprecedented intervention programs, the effects of which remain uncertain. These events have led to a significantly diminished availability of credit and an increase in the cost of financing for businesses, which has materially hindered the initiation of new, large-sized, leveraged transactions and, together with declines in valuations of equity and debt securities, has adversely affected the private equity sector. To the extent economic conditions experienced over the last four years continue or recur, they may adversely impact these types of investments.

Availability of Suitable Investment Opportunities The success of KKR's private equity strategy will depend on the ability of KKR to identify and select appropriate investment opportunities and to acquire these investments. The industries and sectors in which KKR invests are highly competitive. KKR competes for investments with operating companies, financial institutions, and other institutional investors as well as private equity, hedge, and other investment funds, which competition may adversely impact the availability of investments and the terms upon which they are effected and exited.

International Investments KKR invests and seeks to invest globally and in particular may invest in emerging or developing market countries (including in Asia, Latin America and Africa). Investments in emerging and developing markets involve certain factors not typically associated with investing in the U.S. or other developed countries, including risks relating to: (i) differences relating to local securities markets, including potential price volatility in and relative illiquidity of some overseas securities markets, the absence of uniform accounting, auditing, and financial reporting standards, practices, and disclosure requirements, and less government supervision and regulation; (ii) other differences in law and regulation, including fewer investor protections, less stringent fiduciary duties, less developed bankruptcy laws, and difficulty in enforcing contractual obligations; (iii) certain economic and political risks, including potential economic, political, or social instability, exchange control regulations, restrictions on foreign investment and repatriation of capital (possibly requiring government approval), expropriation or confiscatory taxation, higher rates of inflation, and reliance on a more limited number of commodity inputs, service providers, and/or distribution mechanisms; and (iv) the possible imposition of local taxes on income and gains recognized with respect to securities and assets. The risks of investing in emerging and developing markets, including the risks described above, are usually greater than the risks involved in investing in more developed markets.

Real Estate Investments KKR may invest in real estate and make investments for which real estate is an incidental but significant portion of the investment's asset base or value. Over the last few years real estate investments have experienced significant volatility. Real estate values are affected by a number of factors, including changes in the general economic climate, local conditions (such as an oversupply of or

a reduction in demand for real estate), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties, financial condition of tenants, buyers, and sellers of properties, quality of maintenance, insurance, and management services, and changes in operating costs. Real estate values are also affected by and sensitive to factors such as government regulations (including those governing usage, improvements, zoning, and taxes), interest rate levels, the availability of financing, and potential liability under changing environmental and other laws. In addition, investments in real estate may cause adverse tax consequences for certain non-U.S. investors regarding income effectively connected with the conduct of a U.S. trade or business and the imposition of certain tax withholding, and may require the filing of additional tax returns and the payment of additional taxes in jurisdictions in which real estate is owned. KKR investments may include development opportunities in various stages of completion, which investments will be subject to the risk that there may be unanticipated delays in the completion of such development projects.

Regulatory Approvals There can be no assurance that a portfolio company targeted by KKR will be able to (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent operation of a facility owned by a portfolio company, the completion of a previously announced acquisition or sales to third parties, or could otherwise result in additional costs to a portfolio company.

Leverage KKR's private equity investments typically include investments in companies whose capital structures may have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. A highly leveraged entity may be subject to restrictive covenants imposed by lenders restricting its activity, or may be limited in making strategic acquisitions, or obtaining additional financing, and will have increased exposure to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Securities acquired by KKR Funds may be the most junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss in the case of the issuer's financial difficulty, or if an event of default occurs under the terms of the relevant financing and a lender decides to enforce its creditor rights. Events of default may in some cases be triggered by events not related directly to the borrower itself, such as the insolvency of a guarantor. KKR's ability to achieve attractive rates of return will depend on its ability to access sufficient sources of indebtedness at attractive rates. An increase in either interest rates or risk spreads demanded by leverage providers could make it more expensive to finance investments by KKR Funds and could make it more difficult to compete for new investments with other potential buyers who have a lower cost of capital. In addition, a portion of the indebtedness used to finance investments may include high-yield debt securities issued in the capital markets. Availability of capital from the high-yield debt markets is subject to significant volatility, and there may be times when KKR may not be able to access those markets at attractive rates, or at all, when completing an investment. Leverage may also be applied with respect to a KKR Fund's portfolio as a whole or with respect to one or more investments, and the presence of such borrowings will magnify the volatility of such KKR Fund's investment portfolio and may substantially increase the risk profile of the KKR Fund and its investments.

Minority Investment Positions; Investments with Third Parties Investments may be made by KKR in portfolio companies in conjunction with one or more other investors. Although KKR typically will negotiate shareholder rights that give it significant influence over the direction of the portfolio company, it will not always do so and in any event, certain major decisions generally may require the consent of other investors, thereby lessening KKR's control and, therefore, its ability to protect the position of the relevant KKR Fund. In addition, KKR may co-invest with third parties through partnerships, joint ventures or other entities, which may have larger or controlling ownership interests in such portfolio

companies. These investments may involve risks in connection with such third-party involvement, including the possibility that a third party may have financial difficulties resulting in a negative impact on the investment, may have economic or business interests or goals that are inconsistent with those of KKR, or may be in a position to take (or block) action in a manner contrary to the relevant KKR Fund's investment objectives. In addition, the investing KKR Fund may in certain circumstances be liable for the actions of its third-party co-investors. Investments made with third parties in joint ventures or other entities also may involve compensation arrangements including carried interest distributions and/or other compensation payable to such third-party partners or co-investors, particularly in those circumstances where such third-party partners or co-investors include a management group.

Currency Risk KKR Fund investments and income received from such investments may be denominated in various currencies which are not the base currency of the relevant KKR Fund. Changes in currencies may adversely affect the base currency value of portfolio investments, interest, and dividends received by a KKR Fund, gains and losses realized on the sale of portfolio investments, and the amount of distributions, if any, to be made by the KKR Fund. A KKR Fund may also incur costs in converting investment proceeds from one currency to another.

Hedging KKR may utilize swaps, forward contracts, and other arrangements to seek to preserve a return on a particular KKR Fund investment or to seek to protect against currency exchange rate or interest rate fluctuations. Such transactions have special risks associated with them, including the possible default by the counterparty to the transaction and the illiquidity of the derivative instrument acquired by the relevant KKR Fund relating thereto. In addition, there can be no assurance that such strategies will be effective. Although these transactions may reduce a KKR Fund's exposure to the aforementioned fluctuations or decreases in the value of investments, the costs associated with these arrangements may reduce the returns that the KKR Fund would have otherwise achieved if these transactions were not entered into. Similarly, portfolio companies may also enter into hedging transactions in order to hedge risks applicable to them. Such transactions are subject to similar risks to those described above.

Infrastructure Investments

Infrastructure investments made by KKR generally involve the types of material risks discussed above in respect of private equity investments. In addition, certain other material risks may be particularly relevant to these investments as summarized below:

Government and Agency Risk In many instances, the provision or acquisition of infrastructure investments involves an ongoing commitment to a municipal, state or federal government and/or regulatory agencies ("**Government Agency**"). The nature of these obligations exposes the owners of infrastructure investments to a higher level of regulatory control than typically imposed on other businesses. Government Agencies may impose conditions on the construction, operations, and activities of an investment as a condition to granting their approval or to satisfy regulatory requirements. This may include requirements that such investments remain managed by KKR or its affiliates, which may limit the ability to dispose of investments at opportune times. Government Agencies may have considerable discretion to change or increase regulation of the operations of an infrastructure investment or to otherwise implement laws, regulations, or policies affecting its operations, separate from any contractual rights that the Government Agency counterparties may have. Accordingly, additional or unanticipated regulatory approvals may be required to acquire infrastructure investments, and additional approvals may become applicable in the future due to, among other reasons, a change in applicable laws and regulations or a change in the investment's customer base.

In addition, since many portfolio companies in the infrastructure sector will provide basic, everyday services and face limited competition, Government Agencies may be influenced by political

considerations and may make decisions that adversely affect a portfolio company's business. Certain types of infrastructure investments are very much in the "public eye" and politically sensitive and as a result any related investments by KKR may attract an undesirable level of publicity. Additionally, pressure groups and lobbyists may induce Government Agency action to the detriment of the relevant KKR Funds as the owners of the relevant asset or business.

Inflation Risk If an infrastructure investment is unable to generate increased revenue in times of higher inflation, its profitability may be adversely affected. Some related portfolio companies may have long-term rights to income linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangements. Typically, as inflation rises, a portfolio company will earn more revenue, but will incur higher expenses; as inflation declines, a portfolio company may not be able to reduce expenses in line with any resulting reduction in revenue. Many such businesses rely on concessions to mitigate the inflation risk to cash flows through escalation provisions linked to the inflation rate. While these provisions may protect against certain risks, they do not protect against the risk of a rise in real interest rates, which is likely to create higher financing costs for such businesses and a reduction in the amount of cash available for distribution to investors.

Commodity Price Risk Infrastructure investments may be subject to commodity price risk. The operation and cash flows of any investment may depend, in some cases to a significant extent, upon prevailing market prices of commodities. Commodity prices may fluctuate depending on a variety of factors, including, without limitation, weather conditions, foreign and domestic supply and demand, force majeure events, changes in laws, governmental regulations, price and availability of alternative commodities, international political conditions, and overall economic conditions.

Concessions, Leases, and Public Ways An infrastructure investment's operations may rely on government licenses, concessions, leases, or contracts that are generally very complex and may result in a dispute over interpretation or enforceability. Even though most permits and licenses applicable to KKR's investments are generally obtained prior to the commencement of full project operations, many of these licenses and permits have to be maintained over the project's life and a failure to do so may involve monetary penalties or the loss of rights to operate the affected asset, or both. Where concessions or leases are held from a Government Agency, such arrangements are subject to special risks as a result of the nature of the counterparty. The concession or lease may restrict the operation of the relevant asset or business in a way that maximizes cash flows and profitability. The lease or concession may also contain clauses more favorable to the government counterparty than a typical commercial contract. In addition, there is the risk that the relevant Government Agency will exercise sovereign rights and take actions contrary to the interests of KKR and the relevant KKR Funds. Poor performance and other events during construction or operating phases may lead to termination of the relevant concession or lease agreement, which may or may not provide for compensation to the relevant portfolio company. If it does, as the portfolio company would generally be deemed to have been "at fault," then often the amount of any related senior debt may not be paid out in full and compensation for lost equity returns may not be provided.

Certain infrastructure investments may require the use of public ways or may operate under easements. Government Agencies may retain the right to restrict the use of such public ways or easements or require a portfolio company to remove, modify, replace, or relocate facilities relating to infrastructure assets at its own expense. If a Government Agency exercises these rights, a portfolio company could incur significant costs and its ability to provide service to its customers could be disrupted, which could adversely impact the performance of such investment.

Rate Risk Services provided by portfolio companies comprising infrastructure investments may be subject to rate regulation by a Government Agency that determines or limits the prices that may be charged, particularly if the relevant portfolio company is the sole or predominant service provider in its service area or provides services that are essential to the community. The portfolio company may be subject to unfavorable regulatory determinations that may be final with no right of appeal or that, despite a right of appeal, could result in its profits being negatively affected and investments not meeting initial return expectations.

Public Demand and Usage KKR may invest in portfolio companies that derive substantially all of their revenues from tolls, tariffs, or other usage or throughput-related fees. Users of the applicable service provided by a portfolio company may react negatively to any adjustments to the applicable rates, or public pressure may cause a Government Agency to challenge such rates. In addition, adverse public opinion, or lobbying efforts by specific interest groups, could result in Government Agency pressure on a portfolio company to reduce its rates or to forego planned rate increases. KKR cannot guarantee that Government Agencies with which a portfolio company has concession agreements will not try to exempt certain users from tolls, tariffs, or other fees or negotiate lower rates.

Environmental Risks Ordinary operation or the occurrence of an accident with respect to an infrastructure asset could cause major environmental damage, which may result in significant financial distress to such asset if not covered by insurance. In addition, persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by those persons. Certain environmental laws and regulations may require that an owner or operator of an asset address prior environmental contamination, which could involve substantial cost. Such laws and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of environmental contamination.

Furthermore, changes in environmental laws or regulations or the environmental condition of an investment may create liabilities that did not exist at the time of its acquisition and that could not have been foreseen. Community and environmental groups may protest about the development or operation of infrastructure assets, which may induce government action to the detriment of the relevant KKR Fund. New and more stringent environmental or health and safety laws, regulations, and permit requirements, or stricter interpretations of current laws, regulations, or requirements, could impose substantial additional costs on a portfolio company, or could otherwise place a portfolio company at a competitive disadvantage compared to alternative forms of infrastructure, and failure to comply with any such requirements could have an adverse effect on a portfolio company.

Force Majeure The operations of infrastructure assets are exposed to potential unplanned interruptions caused by significant catastrophic or force majeure events, including, without limitation, wars, labor strikes, cyclones, earthquakes, landslides, floods, tsunamis, explosions, fires, terrorist attacks, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, toll rates, social instability, and competition from other forms of infrastructure. These risks could, among other effects, adversely impact the cash flows available from infrastructure assets, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. Force majeure events that are incapable of, or too costly to, cure may also have a permanent adverse effect on a portfolio company.

Terrorism Infrastructure investments may involve significant strategic assets having a national or regional profile. The nature of these assets could expose them to a greater risk of being the subject of a terrorist attack than other assets or businesses. Any terrorist attacks that occur at or near strategic assets would likely cause significant harm to employees, property, and, potentially, the surrounding community, and may result in liability with respect to a portfolio company far in excess of available insurance coverage. A terrorist attack on an infrastructure asset may also have adverse consequences for all infrastructure assets of that type or in the same vicinity, including those owned by a portfolio company, and may result in a portfolio company being forced to increase preventative security measures or expand its insurance coverage, adversely affecting the profitability of the investment. Terrorist attacks may reduce the availability of insurance coverage going forward for losses arising from similar events. A terrorist attack could cause reduced patronage, usage, and demand for an entire class of infrastructure assets or for infrastructure assets in the region of the terrorist attack, either of which could adversely affect an investment's profitability.

Construction Certain infrastructure investments may face construction risks typical for infrastructure businesses, including, without limitation: (i) labor disputes, shortages of material and skilled labor, or work stoppages; (ii) slower than projected construction progress and the unavailability or late delivery of necessary equipment; (iii) less than optimal coordination with public utilities in the relocation of their facilities; (iv) adverse weather conditions and unexpected construction conditions; (v) accidents or the breakdown or failure of construction equipment or processes; and (vi) catastrophic events such as explosions, fires, and terrorist activities, and other similar events. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of construction activities once undertaken.

Asset-Level Management The management of the business or operations of an infrastructure asset may be contracted to a third-party management company unaffiliated with KKR. Although it would be possible to replace any such operator, the failure of such an operator to adequately perform its duties or to act in ways that are in the portfolio company's best interest, or the breach by an operator of applicable agreements or laws, rules, and regulations, could have an adverse effect on the portfolio company's financial condition or results of operations. A third-party management company may suffer a business failure, become bankrupt, or engage in activities that compete with a portfolio company. These and other risks, including the deterioration of the business relationship between KKR and the third-party management company, could have an adverse effect on a portfolio company. Should a third-party management company fail to perform its functions satisfactorily, it may be necessary to find a replacement operator, which may require the approval of a government or agency that has granted a concession with respect to the relevant portfolio company. It may not be possible to replace an operator in such circumstances, or do so on a timely basis, or on terms that are acceptable to KKR.

Investments in Natural Resources and the Energy Sector

Investments by KKR in natural resources and other energy sector investments involve many of the material risks discussed above in respect of private equity and infrastructure investments. In addition, the material risks discussed below that are particularly relevant to these investments should be noted. References below to "**Operators**" are to operating companies engaged by KKR in the course of implementing its natural resources investment strategy to augment KKR's investment expertise with the technical capabilities and operational abilities needed to diligence, manage, improve and exploit acquired natural resources.

Energy Industry The energy industry is subject to comprehensive federal, state and local laws and regulations. Present, as well as future, statutes and regulations could cause additional expenditures, restrictions and delays that could materially and adversely affect these investments. In addition, estimates

of hydrocarbon reserves by qualified engineers are often a key factor in valuing certain energy companies or assets. These estimates are subject to wide variances based on changes in commodity prices and certain technical assumptions. Accordingly, it is possible for such reserve estimates to be significantly revised from time to time, creating significant changes in the value of the company owning such reserves.

Oil and Gas Prices Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors. These factors include, but are not limited to, weather conditions in North America, the condition of the United States economy, political stability in the Middle East and elsewhere, terrorist acts, the foreign and domestic supplies of oil and natural gas, the price and level of foreign oil imports, the price, availability and acceptance of alternate fuel sources, the availability of pipeline capacity, transportation interruption, domestic and foreign governmental regulations, price controls and taxes, domestic and foreign environmental laws and regulations, the level of consumer demand and the overall economic environment, including interest rates, levels of economic activity, the price of securities and the participation by other investors in the financial markets. Any substantial and extended decline in the price of oil or natural gas would have an adverse effect on the value of investments by KKR Funds in this sector. Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisition and divestiture and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Operating Risks The operation of oil and natural gas properties is subject to numerous risks inherent in the oil and gas industry, such as blowouts, cratering, explosions, uncontrollable flows of oil, natural gas or well fluids, fires, pollution, earthquakes and environmental risks. These risks could result in substantial losses due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage and suspension of operations. Any offshore operations of a KKR investment will be subject to a variety of operating risks peculiar to the marine environment, such as hurricanes or other adverse weather conditions, to more extensive governmental regulation, including regulations that may, in certain circumstances, impose strict liability for pollution damage, and to interruption or termination of operations by Government Agencies based on environmental or other considerations. The operations of an investment could result in liability for personal injuries, property damage, oil spills, discharge of hazardous materials, remediation and clean-up costs and other environmental damages and for environmental damages caused by previous property owners. As a result, substantial liabilities to third parties or governmental entities may be incurred in respect of these investments.

Demand for Oil and Natural Gas The availability of a ready market for the oil and natural gas production generated from KKR's investments in this sector will depend on a number of factors including the demand for, and supply of, oil and natural gas, the availability of alternative energy sources, the proximity of reserves to and the capacity of, oil and natural gas gathering systems, pipelines or trucking and terminal facilities. These investments may also have to shut-in some of their wells temporarily due to a lack of market or adverse weather conditions including hurricanes. In addition, federal and state regulation of oil and natural gas production and transportation, general economic conditions and changes in supply and demand could adversely affect an investment's ability to produce and market oil and natural gas on a profitable basis.

Drilling and Engineering Risks The revenues and operating results of KKR's natural resources investments will be dependent upon the success of the relevant Operator' exploitation, development and drilling activities. These oil and natural gas activities involve numerous risks, including the risk that no commercially productive oil or natural gas reservoirs will be encountered. The timing and cost of

drilling, completing and operating wells is often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment.

Acquisition Strategy KKR's natural resources strategy depends on the ability to acquire conventional oil and natural gas properties at appropriate prices. There is no assurance that KKR or any Operator it engages will be able to identify suitable acquisition opportunities or finance and complete any particular acquisition successfully. Furthermore, acquisitions involve a number of risks and challenges, including difficulty in assuming recoverable reserves, future production rates, operating costs, infrastructure requirements, environmental and other liabilities and factors beyond KKR's control.

Unavailability of Equipment or Personnel The energy industry is cyclical and, from the time to time, there is a shortage of equipment, supplies, drilling rigs or qualified personnel. During these periods, the costs and delivery times for equipment, supplies and rigs are substantially greater. In addition, demand for, and wage rates of, qualified drilling rig crews rise with increases in the number of active rigs in service. If the unavailability or high cost of drilling rigs, equipment, supplies or qualified personnel were particularly severe, KKR's investments could be materially and adversely affected.

Taxation Investments in properties in the energy sector may be subject to numerous taxes and fees by the jurisdiction in which such companies are organized or operate. Properties engaged in oil and natural gas operations or having substantial real property holdings, in particular, may be subject to specific tax regimes, such as petroleum revenue taxes, fees for drilling rights and exploration licenses, oil productions fees, real estate taxes and stamp duties.

Third Party Fund Investments

Investment in third party private equity and related funds and co-investments made by KKR generally involve the types of material risks discussed above in respect of direct investments in private equity and related assets. In addition, certain other material risks may be particularly relevant to these investments as summarized below:

Secondary Investments in Third Party Fund KKR may acquire interests in third party funds through secondary market transactions. The due diligence costs involved in such investments may be higher than those involved in direct subscriptions to such funds. Secondary market transactions may also require the relevant KKR Fund to assume related contingent liabilities associated with events occurring prior to the investment and, in particular, which may require the KKR Fund to make "return" payments of distributions made by a third party fund to the seller of the third party fund interest. The overall performance of a third party fund interest acquired through a secondary transaction will depend in large part on the purchase price paid by the relevant KKR Fund. Such price will be negotiated by KKR on the basis of information regarding the relevant third party fund provided by the seller and such third party fund, which may not be accurate or complete.

Business and Financial Risks of Third Party Fund Managers; Risk of Fraud KKR will conduct due diligence reviews of third party fund managers and investments managed by them that it believes is sufficient to invest in funds sponsored by such managers. However, due diligence is not a perfect process and may not uncover problems associated with a particular third party manager or any fund sponsored by it. Third party managers may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business, may require additional capital to support their operations or maintain their competitive position or otherwise have a weak financial condition that may

ultimately adversely impact any KKR Fund investing with them. The potential that a third party manager may engage in improper conduct or fraud cannot be eliminated. KKR may rely on representations with respect to a third party manager made by such manager, its accountants, attorneys and other associated investment professionals or service providers. If any such representations are misleading, incomplete or false, this may result in the selection of third party managers by KKR that might otherwise have been eliminated from consideration.

Item 9 Disciplinary Information

Neither KKR nor any of its executive officers, members of its investment committees or portfolio management committees or other “management persons” as defined in Form ADV has been subject to the legal or disciplinary events related to this Item or otherwise is required to disclose any event required by this Item.

Item 10 Other Financial Industry Activities and Affiliations

Affiliated Broker-Dealers

KKR is an affiliate of KKR Capital Markets LLC, which is a U.S. registered broker-dealer. KKR is also affiliated with KKR Capital Markets Limited located in London, which is authorized by the U.K. Financial Services Authority to conduct broker-dealer activities in the United Kingdom, with KKR Capital Markets Japan Limited, which is licensed by the Japanese Financial Supervisory Agency to conduct limited securities private placement activities, with KKR Capital Markets Asia Limited, which is licensed by the Hong Kong Securities and Futures Commission to conduct certain broker-dealer activities, with KKR India Financial Services Private Limited, which is licensed by the Reserve Bank of India as a non-deposit taking non-banking financial company that is authorized to undertake lending and financing activities and with KKR Capital Markets India Private Limited, which is licensed by the Securities and Exchange Board of India as a merchant bank that is authorized to execute capital market mandates, underwrite issues, offer investment advisory and other consultancy/advisory services. In addition, KKR is affiliated with KKR Australia Pty Limited and KKR MENA Limited, which hold financial services licenses from the Australian Securities and Investment Commission and the Dubai Financial Services Authority, respectively, permitting them among other things to conduct capital raising and other broker-dealer activities (collectively, the “**Affiliated Brokers**”).

Certain of the Affiliated Brokers (including their subsidiaries) may, from time to time, manage or otherwise participate in underwriting syndicates and/or selling groups with respect to securities issued by portfolio companies of a KKR Fund or be involved in the public or private placement of such securities and the syndication of portfolio company co-investment opportunities alongside or to certain KKR Funds. The Affiliated Brokers may also, from time to time, provide capital services to portfolio companies and provide or arrange lines of credit or other financing or provide advisory services to such portfolio companies and will receive fees, commissions and other compensation in respect of such services. In connection with such activities, Affiliated Brokers may from time to time have proprietary interests in securities issued by portfolio companies. An Affiliated Broker also may act as placement agent or underwriter of securities of a third party that a KKR Fund may purchase (for example, a co-investment vehicle), may act as the placement agent for a KKR Fund in certain jurisdictions (although no commissions or other compensation is received by the Affiliated Brokers from such KKR Funds or their investors for such service), may act as an agent in connection with secondary sales of securities of a portfolio company, including sales made by a KKR Fund and may arrange financing for third parties. The Affiliated Brokers do not otherwise execute transactions on behalf of KKR Funds. Neither KKR nor the KKR Funds generally have the right to share in the compensation received by an Affiliated Broker for its role in any transaction.

The relationship KKR has with its Affiliated Brokers may give rise to a material conflict of interest between KKR and KKR Funds that have an interest in any portfolio companies or investment vehicles with respect to which the Affiliated Brokers provide services. In particular, KKR may be incentivized to seek to influence the decision by a portfolio company's management to retain an Affiliated Broker, or to borrow from or otherwise transact with an Affiliated Broker, instead of other unaffiliated broker-dealers or other service providers or counterparties that may be more appropriate or offer better terms. Where an Affiliated Broker acts as a lender to a portfolio company of a KKR Fund (and, accordingly, a portfolio company in which the KKR Fund will typically have a majority equity investment which would be junior to any such debt assumed by the portfolio company), the arrangement may lead to a conflict between the Affiliated Broker and the KKR Fund in the event of a default by, or the liquidation of, the portfolio company or a restructuring or renegotiation of the terms of the loan. KKR may also be incentivized to structure portfolio company transactions, including related co-investment opportunities, so that they require the use of a broker-dealer (and consequently provide an opportunity for an Affiliated Broker to be retained by a portfolio company or acquisition company established for the relevant transaction and generate commissions, syndication fees, arranging fees or other compensation).

Affiliated Brokers may also provide financing and capital markets services to third parties that are not portfolio companies including third parties that are competitors of particular KKR or portfolio companies of particular KKR Funds, or that are service providers, suppliers, customers, or other counterparties with respect to such companies ("**competitor companies**"). In providing such services to, or with respect to, a competitor fund or company, Affiliated Brokers will not take into consideration the interests of the relevant portfolio companies or KKR Funds. In addition, Affiliated Brokers may also be engaged to provide financing or other capital markets services to third parties in connection with transactions that may also be appropriate for a KKR Fund. Accordingly, such services may result in adverse consequences to such KKR Funds or portfolio companies. Affiliated Brokers providing services to competitor companies may come into possession of information that they are prohibited from acting on (including on behalf of a KKR Fund) or disclosing to KKR as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the best interests of a KKR Fund.

An Affiliated Broker's ability to receive commissions or other transactional compensation in certain capital markets transactions on the basis of a KKR Fund's participation may be limited in certain circumstances. As a result, in the event that such services are provided to an issuer that is or becomes a potential investment opportunity for a KKR Fund, KKR, through the Affiliated Brokers, may have a conflict of interest in favoring third party participation over KKR Fund participation in a related capital markets transaction that may be an appropriate investment opportunity for such KKR Fund. Where an Affiliated Broker serves as underwriter with respect to a security in which a KKR Fund invests, such KKR Fund may be subject to a "lock-up" period following the offering under applicable regulations during which time its ability to sell the security that it continues to hold is restricted. This may prejudice the KKR Fund's ability to dispose of such security at an opportune time. KKR senior investment personnel will evaluate any such transactions on a case-by-case basis to address any such conflicts. Affiliated Brokers may have access to confidential and/or material non-public information regarding KKR Funds or their portfolio companies and, subject to applicable law, may use such information in connection with financing and other services provided by the Affiliated Brokers.

KKR has adopted a policy under which transactions involving a KKR Fund and an Affiliated Broker are reviewed by KKR's Global Conflicts Committee to ensure that the requirements of Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**") and Rule 206(3)-2 under the Advisers Act, as applicable, in respect of principal transactions between any KKR Fund and KKR or its affiliates (including any Affiliated Broker) are complied with in the context of such transactions.

Other Investment Advisers

Relying Advisers

KKR, either directly or indirectly, owns and controls the following subsidiaries, which are located in London, Hong Kong, Beijing, Tokyo, Paris, Sydney, Mumbai, Singapore, Dubai, Seoul, Mauritius and the U.S. respectively:

- Kohlberg Kravis Roberts & Co. Ltd.
- KKR Asia Limited
- KKR Investment Consultancy (“Beijing”) Company Limited
- KKR Japan Limited
- Kohlberg Kravis Roberts & Co. SAS
- KKR Australia Pty Limited
- KKR India Advisors Private Limited
- KKR Singapore Pte. Ltd.
- KKR MENA Limited
- KKR Korea Limited Liability Corporation
- KKR Holdings Mauritius, Ltd.
- KKR Account Adviser (Mauritius), Ltd.
- KKR Investment Management LLC

Each of the above subsidiaries (“**Relying Advisers**”) is involved in identifying and monitoring investments recommended by KKR on behalf of KKR Funds in the relevant jurisdictions or regions. The Relying Advisers are subject to KKR’s regulatory oversight and its Code of Ethics (see response to Item 11 below) together with its other compliance policies and procedures as adopted pursuant to the requirements of the Advisers Act (in addition to local regulatory requirements, as applicable, and any additional compliance policies and procedures adopted by the Relying Advisers pursuant to such local regulatory requirements). More particularly, KKR treats all Employees of the Relying Advisers as its “associated persons” and access persons for the purposes of the Advisers Act.

KKR Asset Management LLC

KKR is also affiliated with KAM and its subsidiaries. KAM is separately registered as an investment adviser under the Advisers Act. Certain executives of KKR serve on investment committees established by KAM. In addition, certain executives of KAM participate in investment decisions or serve on investment committees established by KKR for particular KKR Funds. KKR may also, from time to time, act as sub-adviser in respect of capital allocated within investment vehicles and accounts managed

by KAM (“**KAM Funds**”) to strategies implemented by KKR and KKR may delegate sub-advisory authority to KAM in respect of capital allocated within certain KKR Funds to strategies implemented by KAM (in each case, at no incremental cost to the relevant KKR Fund or KAM Fund). See Item 11 for a discussion of the relationship of KKR, KKR Funds and the KAM Funds (as defined below).

Commodity Pool Operators and Commodity Trading Advisors

As a result of providing investment advisory services to certain KKR Funds that invest in commodity futures and other commodity interests, KKR and certain KKR GPs may from time to time constitute commodity trading advisors and/or commodity pool operators for the purpose of the rules and regulations issued by the U.S. Commodity Futures Trading Commission (“**CFTC**”) under the U.S. Commodity Exchange Act and as such, will rely on certain exemptions from registration with the CFTC under that Act. As such status is incidental to KKR’s investment management activities with respect to the relevant KKR Funds, KKR does not view such status as giving rise to a material conflict of interest in respect of such KKR Funds or any other KKR Funds.

Pooled Investment Vehicles and Regulated Subsidiaries

KKR primarily serves as investment adviser to KKR Funds that are pooled investment vehicles. In addition, its affiliate, KAM, also serves as investment adviser of investment vehicles and accounts (i.e., KAM Funds) that are, for the most part, pooled investment vehicles. While primarily unregulated, certain of such pooled vehicles may be registered with regulatory authorities in their home jurisdiction such as the Cayman Islands or Ireland or in jurisdictions in which interests in such pooled investment vehicles are marketed, such as Korea or Japan. As discussed more fully above and in response to Item 11, KKR Funds and KAM Funds may engage in transactions with or alongside each other that may give rise to material conflicts of interest. KKR has adopted policies and procedures designed to address conflicts of interest arising between KKR Funds and KAM Funds. Certain KKR Funds have established regulated subsidiaries as required under applicable law in order to permit such KKR Funds to make portfolio investments in certain jurisdictions, including, in particular, India.

Sponsors of Limited Partnerships

KKR, KAM and certain of their respective affiliates serve as sponsors or syndicators of a number of limited partnerships, including KKR Funds and KAM Funds. Please refer to Item 11 for a discussion of the potential conflicts that may be raised by KKR’s relationship with these affiliates and the policies and procedures KKR has adopted to address these conflicts.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

KKR has adopted a Code of Ethics (the “**Code**”) in accordance with Rule 204A-1 under the Advisers Act.

The policies and procedures set forth in the Code recognize that as an investment adviser, KKR is in a position of trust and confidence with respect to the KKR Funds and has a duty to place the interests of the KKR Funds before the interests of KKR and its Employees, which duty includes an obligation to address or mitigate both conflicts of interest and the appearance of any conflicts of interest. The Code sets out standards of business and personal conduct for each Employee and addresses conflicts that arise from personal trading by such persons and provides for disciplinary sanctions for Code violations. The Code also recognizes that as an investment adviser registered under the Advisers Act, KKR has a further

obligation to comply with the provisions of the Advisers Act as well as the other U.S. federal securities laws.

The Code includes a code of conduct adopted by KKR which requires Employees to (i) act with integrity, honesty, competence, and in an ethical manner when dealing with the public, regulators, clients, investors, prospective investors and their fellow Employees, (ii) adhere to the highest standards with respect to any potential material conflicts of interest with KKR Funds, and (iii) preserve the confidentiality of information that they may obtain in the course of KKR's business and use such information properly and not in any way adverse to the interests of any KKR Funds, subject to the legality of using such information.

Under the Code and firm policy, Employees are prohibited from trading in securities of any company while in possession of material, non-public information regarding the company. This prohibition applies to KKR-related securities as well as to the securities of KKR affiliates and other issuers. The Code also includes a personal securities investment and reporting policy. This policy, among other things, significantly restricts an Employee's ability to engage in any personal securities transactions without the prior consent of KKR's Chief Compliance Officer and requires reporting of any such transactions. Employees are required to disclose all brokerage or securities accounts in the individual's name or over which the Employee has any direct or indirect beneficial ownership, including accounts over which investment discretion is exercised either directly or indirectly.

The Code restricts Employees' ability to conduct activities outside the firm that may conflict with the interests of the KKR Funds, requires preapproval for gifts and entertainment in excess of certain values that may be received and/or provided by Employees, restricts Employees' ability to make political donations and provides for the imposition of sanctions for Code violations.

KKR's Chief Compliance Officer and Compliance Group receive and review all trading and other reports and Employee certifications submitted pursuant to the Code to determine that any personal trading conducted by Employees and other covered persons is consistent with requirements and restrictions set forth in the Code and does not otherwise indicate any improper trading activities.

Additionally, KKR has adopted inside information barrier policies and procedures to provide for the proper handling of confidential information (i.e., nonpublic information received or created by KKR in connection with its activities) to prevent violations of laws and regulations prohibiting the misuse of such information and to avoid situations that might create an appearance of such misuse.

The Code is available upon written request of KKR Funds and their current or prospective investors.

Participation or Interest in Client Transactions

Principal Transactions

In accordance with the anti-fraud provisions of the Advisers Act and with KKR's internal compliance policies and procedures, KKR and its affiliates will not, as principal, sell a security to, or buy a security from, any KKR Fund, without obtaining the consent of such KKR Fund prior to the settlement of such transaction. In particular, KKR will not engage in such transactions without providing appropriate disclosure and obtaining the prior informed consent of the KKR Fund and the prior written authorization of KKR's Chief Compliance Officer.

Principal transactions may occur, for example, where KKR warehouses an investment in a portfolio company, in whole or in part, in one of its proprietary accounts for the benefit of one or more KKR Funds

or seeds the initial portfolio of a KKR Fund by making the initial commitment and capital contributions to the KKR Fund pending the contribution of committed capital by third party investors in such KKR Fund and the acquisition by the KKR Fund of the investment from the proprietary account or the participation by such other investors in such seed investments, as applicable. In these cases, a KKR Fund may, for example, require that (i) the transaction price be approved by an independent valuation expert or be calculated in accordance with a formula provided for in the governing documents of the KKR Fund and (ii) the consent of the KKR Fund's independent Advisory Committee, Independent Client Representative or limited partners be obtained prior to the completion of the relevant transaction. As indicated in Item 10, Affiliated Brokers may act as principal in underwriting or placing the securities of KKR Funds.

Cross Trades

Cross trades are transactions in which KKR arranges for a KKR Fund to buy a security from, or sell a security to, another KKR Fund. From time to time, KKR may determine that a cross trade between KKR Funds is in the best interests of the relevant KKR Funds. Accordingly, KKR has adopted policies and procedures designed to properly manage related conflicts. In addition, the governing documents of each such KKR Fund may impose certain restrictions on the ability of KKR or its affiliates to effect these transactions. These may include a requirement for the transaction price to be determined using independent valuation sources, approved by an independent valuation expert or otherwise calculated in accordance with such governing documents. KKR's Chief Compliance Officer must approve all proposed cross trades between KKR Funds.

Participation of Affiliated Broker-Dealers in KKR Fund Transactions

As described in response to Item 10, KKR is affiliated with several broker-dealers. As further noted, these Affiliated Brokers (including their subsidiaries) may from time to time participate in underwriting syndicates and/or selling groups with respect to securities issued by portfolio companies of KKR Funds or may otherwise be involved in the public or private placement of such securities and the syndication of portfolio company co-investment opportunities alongside or to certain KKR Funds and may provide or arrange financing or provide capital services to portfolio companies of KKR Funds (in which the KKR Fund will typically have a majority equity interest which would be junior to any such debt assumed by the portfolio company) or may arrange financing for third parties and will receive fees, commissions and other compensation in respect of such services. As discussed in Item 10, KKR has adopted a policy under which transactions involving a KKR Fund and an Affiliated Broker are reviewed by KKR's Global Conflicts Committee to ensure that the requirements of Section 206(3) of the Advisers Act in respect of principal transactions between any KKR Fund and KKR or its affiliates (including any Affiliated Broker) are complied within the context of such transactions. Affiliated Brokers may have access to confidential and/or material non-public information regarding KKR Funds or their portfolio companies and, subject to applicable law, may use such information in connection with financing and other services provided by the Affiliated Brokers.

Financial Interest in KKR Fund Transactions

As described above in response to Item 4, KKR and its affiliates may receive financial advisory and monitoring fees and other compensation for services provided to KKR Fund portfolio companies. Such parties may also receive "break-up" fees and other compensation with respect to KKR Fund portfolio company investments (including unconsummated investments). As noted above, such compensation may be shared with the relevant KKR Funds, as described in their offering materials, disclosure documents and/or governing documents.

KKR and its affiliates (including in particular, KAM) may invest on behalf of their proprietary and client accounts in a competitor company. In providing advice and recommendations to, or with respect to, a competitor company, and in dealing in its securities on behalf of the relevant proprietary or client accounts KKR and its affiliates will not take into consideration the interests of the relevant KKR Fund or its portfolio companies. Accordingly, such advice, recommendations and dealings may result in adverse consequences to such KKR Fund or its portfolio companies (see Item 10 for a discussion of services provided by Affiliated Brokers to competitor companies).

As noted in response to Item 5, Employees of KKR may serve on the boards of KKR Fund portfolio companies. Serving in such capacity may give rise to conflicts to the extent that an Employee's fiduciary duties to a portfolio company as a director may conflict with the interests of KKR Funds, however, as the KKR Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned. Employees currently do and may in the future also receive directors' fees for serving on the board of directors of a portfolio company, which may be retained in whole or in part by the relevant Employee. In addition, portfolio companies of KKR Funds may, from time to time, make discounts and other benefits available to Employees in connection with products or services offered by such companies.

As discussed below under "KKR Purchases/Sales of Securities Recommended to KKR Clients", Employees and other persons associated with KKR and executives of KKR Fund portfolio companies may be permitted to invest in KKR Funds established as co-investment vehicles to facilitate participation by such persons in portfolio investments made by KKR Funds (which vehicles typically will not be charged management fees or performance related compensation or certain expenses). KKR and/or its affiliates in their proprietary capacity, may also make capital contributions to KKR Funds. The Public Company indirectly holds limited partnership interests in a number of KKR Funds, which it may transfer or sell (in whole or in part) to third parties (including other investors in KKR Funds) in negotiated transactions.

KKR may enter into strategic partnerships directly or indirectly with investors that commit significant capital to a range of KKR's platform of products, investment ideas and asset classes. Such arrangements may include KKR granting certain preferential terms to such investors, including blended management fee and carried interest rates that are lower than those applicable to KKR Funds in which such investors invest as part of such strategic partnership. Where such investors participate in KKR Funds through dedicated investment vehicles or accounts as part of such arrangements, such vehicles and accounts may be granted terms, including management fees or carried interest, that are more favorable than those applicable to other investors. Where management fees and carried interest are applicable at the level of such vehicles and accounts, such terms may include a waiver of management fees and carried interest on their investment in KKR Funds. Depending on the governing documents of any KKR Fund into which such vehicles and accounts invest, such preferential terms may not be subject to the "most favored nation" provisions of the KKR Fund and in any event, where any such vehicles or accounts invest in a KKR Fund on the same terms as other investors but at the level of such vehicles or accounts apply a lower blended management fee or carried interest rate to their portfolio as a whole, such indirect preferential terms will not be subject to "most favored nation" provisions. Similarly, KKR, in respect of certain KKR Funds, may enter into side letters and other arrangements with certain investors pursuant to which more favorable management fees and other economic terms may be granted to such investors.

Investments in which KKR, KKR Funds, KAM and/or KAM Funds Invest in Different Securities of the Same Issuer or Invest In the Same Issuer on Different Dates

Certain KAM Funds have, and KAM Funds established in the future may have, an investment focus that is, at least in part, similar to the focus of certain KKR Funds (including KKR Funds that are proprietary accounts of KKR and its affiliates). In particular, certain KAM Funds may co-invest in private equity and other investments made by KKR Funds along side such KKR Funds. The overlap of investment focus may be viewed as giving rise to conflicts of interest between clients of KAM and KKR Funds. See the allocation discussion below for further information on how such conflicts are addressed. The conflicts of interest discussed below are increased to the extent that the relevant KKR Funds include proprietary accounts of KKR and its affiliates.

Certain KAM Funds and KKR Funds (including KKR Funds that are proprietary accounts of KKR and its affiliates), and KKR affiliates, including an Affiliated Broker, may also invest in different parts of the capital structure of the same portfolio company. For example, KAM Funds or a KKR affiliate, including an Affiliated Broker, may invest in debt securities issued by a portfolio company in which a KKR Fund has a controlling or other equity interest. The interests of the KKR Fund and such KAM Funds or KKR affiliate, including any Affiliated Broker, may not always be aligned, which may give rise to actual or potential conflicts of interest, or the appearance of such conflicts of interest. Actions taken for a KAM Fund or KKR affiliate, including an Affiliated Broker, may be adverse to a KKR Fund, or vice versa.

With respect to private equity investments, a KKR Fund will typically seek to acquire controlling or other significant influence positions in its investments. As a result, it may have the ability to elect some or all of the members of the board of directors of its portfolio companies and thereby control their policies and operations, including the appointment of management, future issuances of common stock, or other securities, the payments of dividends, if any, on their common stock, the incurrence of debt, amendments to their certificates of incorporation and bylaws, and entering into extraordinary transactions. Certain actions of a portfolio company that KKR is in a position to control or influence by reason of a KKR Fund's interest in such company may be in the interests of the KKR Fund but adverse to the interests of a KAM Fund, or vice versa. For example, a KKR Fund could have an interest in pursuing an acquisition that would increase indebtedness, a divestiture of revenue-generating assets, or another transaction that, in KKR's judgment, could enhance the value of the KKR Fund's investment, but would subject debt investments made by a KAM Fund to additional or increased risk.

In addition, to the extent that a KKR Fund is the controlling shareholder of a portfolio company, KKR is likely to have the ability to determine the outcome of all matters requiring stockholder approval and to cause or prevent a change of control of such company or a change in the composition of its board of directors and could preclude any unsolicited acquisition of that company. A KKR Fund's interests with respect to the management, investment decisions, or operations of a portfolio company may at times be in direct conflict with those of KAM Funds that do not have the same level of control or influence over the company. As a result, KKR may face actual or apparent conflicts of interest, in particular in exercising powers of control over KKR Fund portfolio companies.

Where KAM Funds and KKR Funds invest in different parts of the capital structure of a portfolio company, their respective interests may diverge significantly in the case of financial distress of the company. For example, a KKR Fund may hold equity interests in a portfolio company in which a KAM Fund holds debt securities or of which it is otherwise a creditor. In a bankruptcy proceeding, the KKR Fund's interest may be subordinated or otherwise adversely affected by virtue of KAM's and/or such KAM Funds' involvement and actions relating to their debt investment. This may result in loss or substantial dilution of the KKR Fund's investment, while the KAM Fund recovers all or part of the amount due to it. In addition, where a KAM Fund is a creditor of a portfolio company in which a KKR

Fund holds more junior securities, KAM or such KAM Fund may take actions in its own interests with respect to its rights as a creditor (*e.g.*, with respect to breaches of covenants) that may be adverse to the interests of the KKR Fund as an equity holder.

KKR may also cause different KKR Funds to invest at different times in a single portfolio company, for example where a KKR Fund that made an initial investment in a portfolio company does not, when an opportunity to make a follow-on investment in the company subsequently arises, have sufficient capital for such investment.

KKR has established policies and procedures intended to address conflicts of interest inherent in investments by KKR Funds and KAM Funds in portfolio companies of other KKR Funds. These policies and procedures, which include limitations on both the maximum amounts and types of such investment and procedures relating to corporate actions in the event of a bankruptcy, are intended to supplement such restrictions and other requirements relating to such investments as may be disclosed in the offering materials, disclosure documents and/or governing documents of any KKR Fund.

To the extent KKR Funds or KAM Funds (including dedicated single or multiple asset co-investment vehicles) co-invest in the same securities of the same issuer, KKR also will generally seek to ensure that all participants in such co-investments participate on comparable terms. This may not be practicable or appropriate in all circumstances, however, and, subject to applicable law, a KKR Fund may participate in such investments on different and potentially less favorable terms than other participants if KKR deems such participation as being otherwise in the best interests of such KKR Fund. This may have an adverse impact on the relevant KKR Fund.

KKR Purchases/Sales of Securities Recommended to KKR Clients

As noted above in response to Item 4, KKR sponsors and manages a number of KKR Funds that are dedicated co-investment vehicles that invest in single or multiple portfolio companies alongside other KKR Funds. These include investment vehicles that are only open to investment by Employees and other persons associated with KKR or KKR Fund portfolio companies. These vehicles will typically invest in portfolio companies at the same time and price and on the same terms as the other participating KKR Funds to the extent practicable. KKR does not generally charge management or performance related compensation for its services to co-investment vehicles established for Employees and other persons associated with KKR or KKR Fund portfolio companies. KKR may also bear any allocable share of expenses on behalf of these vehicles.

Allocation of Investments

KKR has adopted policies and procedures that seek to allocate investment opportunities and related co-investment opportunities among KKR Funds, including KKR Funds that are co-investment vehicles or proprietary KKR accounts, and KAM Funds in a fair and equitable manner. From time to time, certain allocation determinations may also be referred to KKR's Global Conflicts Committee for review. KKR's Global Conflicts Committee is responsible for analyzing and addressing new or potential conflicts of interest that may arise in KKR's business, including conflicts relating to specific transactions and circumstances as well as those implicit in the overall activities of KKR and its various businesses. This Committee includes, among others, KKR's General Counsel and Chief Compliance Officer.

Allocations of Investment Opportunities

Private Equity, Infrastructure, Natural Resources and Real Estate Investments

Generally, the terms of each KKR Fund (other than certain co-investment vehicles) include provisions setting out the rights of:

- the KKR Fund to receive allocations of suitable investment opportunities in priority to, or together with or subject to, as applicable, the participation of other KKR Funds within the relevant strategy (“**Defined Allocation Rights**”); and
- KKR to permit third parties (including through co-investment vehicles established by KKR or KAM for third parties, Employees and associated persons or its principal investment activities) to co-invest in such opportunities.

These provisions, if applicable, are set out in the offering materials, disclosure documents and/or governing documents for each such KKR Fund.

Where the Defined Allocation Rights of a KKR Fund that may invest in an investment opportunity include a contractual minimum investment amount, such KKR Fund will generally receive at least that minimum amount before other KKR Funds participate (except for co-investment vehicles established primarily for the benefit of Employees and associated persons which are generally provided co-investment rights). Where more than one KKR Fund may participate in an investment opportunity at the same level of priority pursuant to their Defined Allocation Rights, the relevant opportunity will generally be allocated among such KKR Funds on the basis of (i) the suitability of the investment opportunity for each such KKR Fund and (ii) other relevant considerations, including, but not limited to, available capital (as defined for each KKR Fund), concentration limits, exposure targets, fixed investment amounts, client liquidity, investment committee criteria and other portfolio construction criteria applicable to each KKR Fund. These criteria may apply differently to different KKR Funds with respect to a single investment.

As a result of taking into account relevant KKR Fund portfolio construction criteria (such as industry weightings, company weightings, geographic weightings, liquidity, yield targets and risk/return weightings) and other relevant considerations described above in an allocation decision, a KKR Fund may not participate in an investment opportunity that would otherwise be appropriate for it, or may receive an allocation that is smaller or larger than a strict application of available capital might otherwise indicate. In addition, certain KKR Funds may opt-out of an investment opportunity that is otherwise appropriate in accordance with the terms of the relevant KKR Fund. If a KKR Fund cannot or does not participate in an investment opportunity, other KKR Funds may receive all or a portion of its allocation or its allocation may be offered to eligible investors (including co-investment vehicles established by KKR for third parties, Employees and associated persons or its principal investment activities) in accordance with applicable fund agreements, investment management agreements and/or investment guidelines for participating KKR Funds.

Investments in Marketable Securities

As noted above in response to Item 5, the trading program of certain KKR Funds may include a strategy that permits such KKR Funds to invest in Marketable Securities. All investments made on behalf of KKR Funds in Marketable Securities are made in accordance with the investment objectives and policies of the relevant KKR Funds as set forth in their KKR Fund’s offering materials, disclosure documents and/or governing documents. It is expected that the investment policies of such KKR Funds would be

implemented by the relevant investment professionals or team of investment professionals on a segregated and stand-alone basis.

From time to time KKR Funds that are proprietary investment accounts may invest in Marketable Securities for the purpose of achieving returns on the firm's own capital. Investment professionals who participate in investment decisions made on behalf of other KKR Funds as described above may be involved in the investment activities of these proprietary accounts. In addition, such accounts may invest in the same Marketable Securities or other investments as such other KKR Funds and may co-invest with such other KKR Funds. To avoid potential conflicts of interest and to manage the accurate allocation between all accounts, the investment professionals maintain allocation guidelines to ensure trades between all accounts are done on a consistent basis, rather than being subject to the decision of the investment professionals at the time of the trade.

Seed Investments

From time to time, KKR or its affiliates may make and hold, through various entities and subject to specific criteria relating to, among other things, capacity and holding period, proprietary investments for the purpose of developing, evaluating and testing potential KKR client strategies ("**Seed Investments**"). In order to maintain the integrity of the investment strategy and track record of any Seed Investment, Seed Investments will not be considered proprietary accounts for purposes of KKR's allocation policy, and will instead be allocated investments consistent with KKR client allocations.

Co-Investments

As indicated above, certain KAM Funds and KKR Funds that facilitate co-investments alongside other KKR Funds may co-invest in the same securities of a portfolio company along side KKR Funds to the extent KKR has determined such co-investment opportunities are available. KKR and KAM have adopted policies and procedures that seek to allocate such investment opportunities among the relevant KKR Funds in a fair and equitable manner or otherwise in accordance with related disclosure provided to the relevant KKR Funds and their underlying investors or as may otherwise have been agreed in the limited partnership agreements or other documents governing such KKR Funds.

Item 12 Brokerage Practices

Selecting or Recommending Broker-Dealers

To the extent required by applicable law, it is KKR's policy to seek to obtain best execution of trades (if any) in public equity and debt securities and other Marketable Securities traded on behalf of the KKR Funds by a selected broker-dealer. In seeking best execution, the determinative factor is not always the lowest possible per security price or commission but whether, in KKR's view, the transaction represents the best overall qualitative and quantitative execution for the KKR Fund. KKR's process of determining best execution involves not only an assessment of brokerage commissions or bid/offer spreads, but also an evaluation of broker-dealer ancillary services. KKR may consider the full range of a broker-dealer's services in assessing best execution, including:

- competitiveness of commission rates and spreads;
- promptness of execution;
- past history in executing orders;
- clearance and settlement capabilities;
- research capabilities and quality;

- access to markets, investments (including access to new issues) and distribution network;
- trade error rate and ability or willingness to correct errors;
- anonymity;
- liquidity;
- speed of execution;
- expertise with complex investments;
- trading style and strategy; and
- geographic location.

Although KKR will seek competitive commissions and spreads, it may not necessarily obtain the lowest possible rates for KKR Fund transactions. The commissions, spreads, or other transaction or financial advisory fees charged by an executing broker-dealer may be higher or lower than those charged by other broker-dealers.

Research and Other Soft Dollar Benefits

Pursuant to KKR's current policy, it does not enter into soft dollar or comparable commission sharing arrangements with broker-dealers relating to transactions executed for the benefit of KKR Funds, despite the incentive to receive research or other products or services without paying. It should be noted however that various broker-dealers may provide KKR or its affiliates with proprietary research and other products and services, which KKR may use to equally service all KKR Funds. KKR is of the view that it would receive such research, products and services regardless of the volume of transactions executed through such broker-dealers or the level of commissions or spreads generated by such transactions and that, accordingly, it is not causing any KKR Fund to "pay up" for such research, services or products and such research, products and services are not a factor considered by KKR in directing client transactions to such broker-dealers. KKR does not cause KKR Funds to pay commissions higher than those charged by other broker-dealers in return for soft-dollar benefits or direct client transactions to a particular broker-dealer in return for soft dollar benefits. Acquisitions of portfolio companies will typically be executed by KKR on behalf of KKR Funds on terms specifically negotiated by KKR with such companies or the seller of such companies.

Brokerage for Client Referrals

KKR does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or a third party.

Directed Brokerage

KKR does not recommend, request or require that a client direct KKR to execute transactions through a specific broker-dealer.

Aggregation of Client Orders (Bunched Trades)

In order to minimize execution costs and obtain best execution for KKR Fund transactions in Marketable Securities, KKR may bunch orders for KKR Funds (subject to KKR's obligation to obtain best execution and otherwise treat KKR Funds in a fair and equitable manner). Allocations of bunched trades are made consistent with KKR's allocation policies and procedures described above in Item 11.

Item 13 **Review of Accounts**

KKR has an internal structure which allocates responsibility for oversight of KKR Fund portfolios and/or specific KKR Fund portfolio investments to appropriate investment professionals and investment committees. Investments of KKR Funds (other than any KKR Funds within its customized platform) are ultimately overseen by four investment committees with primary responsibility for oversight of infrastructure investments (the “**KKR Infrastructure Investment Committee**”), energy-related investments (the “**KKR Oil and Gas Investment Committee**”), China growth investments (the “**KKR China Growth Investment Committee**”) and all other investments by KKR Funds (the “**KKR Private Equity Investment Committees**”) (collectively, the “**Investment Committees**”), unless otherwise specifically agreed with or disclosed to the relevant KKR Fund and the underlying investors or client. Unless otherwise indicated, each committee member is a member of KKR. The KKR Private Equity Investment Committees include the KKR North America Private Equity Investment Committee, the KKR European Private Equity Investment Committee and the KKR Asian Private Equity Investment Committee. The members of KKR’s North America Private Equity Investment Committee are Henry R. Kravis, George R. Roberts, Paul E. Raether, Michael W. Michelson, Todd A. Fisher, Alexander Navab (Global Co-Chair), Johannes P. Huth (Global Co-Chair), and Michael Calbert. The members of KKR’s European Private Equity Investment Committee are Henry R. Kravis, George R. Roberts, Michael W. Michelson, Alexander Navab (Global Co-Chair), Johannes P. Huth (Global Co-Chair), Michael Calbert, Brian Carroll and Dominic Murphy. The members of KKR’s Asian Private Equity Investment Committee are Henry R. Kravis, George R. Roberts, Michael W. Michelson, Alexander Navab (Global Co-Chair), Johannes P. Huth (Global Co-Chair), Michael Calbert, Joseph Y. Bae, David H. Liu and Ming Lu. The members of KKR’s Infrastructure Investment Committee are Henry R. Kravis, George R. Roberts, Johannes P. Huth, Marc Lipschultz and Reinhard Gorenflos. The members of KKR’s Oil and Gas Investment Committee are Henry R. Kravis, George R. Roberts, Marc Lipschultz and Jonathan Smidt. The members of KKR’s China Growth Investment Committee are Henry R. Kravis, George R. Roberts, Joseph Y. Bae, David H. Liu, and Ming Lu.

Potential investments (other than third party fund investments) are canvassed and preliminarily discussed at regular meetings of the relevant Investment Committee. Teams of KKR’s investment professionals (“**Investment Teams**”) responsible for identifying and conducting due diligence on each investment will present the investment to the Investment Committee, which will make the final investment decision in respect of the investment opportunity. Following the acquisition of an investment, it is monitored on an ongoing basis by the relevant Investment Teams and the appropriate portfolio management committee. KKR has established a dedicated portfolio management committee to monitor the performance of investments in portfolio companies in North America (the “**North American PMC**”). The North American PMC meets periodically, designating a number of investment teams on a rotating basis for presentation of their respective portfolio companies. Unless otherwise indicated, each committee member is a member of KKR. The current members of the North American PMC include Henry R. Kravis, George R. Roberts, Paul E. Raether, Michael W. Michelson, Alexander Navab, Dean Nelson, a member of KKR Capstone, and certain Senior Advisors of KKR. In addition, KKR has established a dedicated portfolio management committee to monitor the performance of investments in portfolio companies in Asia (the “**Asia PMC**”). The Asia PMC meets periodically, and designates the investment teams to present the respective portfolio companies by each region in Asia. Unless otherwise indicated, each committee member is a member of KKR. The current members of the Asia PMC include Paul E. Raether, Joseph Y. Bae, Ming Lu, Scott Bookmyer, member of KKR Capstone, and certain Senior Advisors of KKR. KKR has also established a dedicated portfolio management committee to monitor the performance of China growth investments (the “**CGF PMC**”). The CGF PMC meets quarterly. Unless otherwise indicated, each committee member is a member of KKR. The current members of the CGF PMC include Paul E. Raether, Joseph Y. Bae, David H. Liu, Ming Lu, Scott Bookmyer, member of KKR Capstone, and

Xiaoyu Xia, director at KKR Capstone. KKR has established a dedicated portfolio management committee to monitor the performance of investments in portfolio companies in Europe (the “**Europe PMC**”). The Europe PMC meets periodically. Unless otherwise indicated, each committee member is a member of KKR. The current members of the Europe PMC include Henry R. Kravis, George R. Roberts, Paul E. Raether, John Empson, Reinhard Gorenflos, Johannes P. Huth, Dominic P. Murphy, William Cornog, member of KKR Capstone, and certain Senior Advisors of KKR.

Investments by KKR’s customized platform are supervised on an ongoing basis by KKR’s customized portfolio solutions (CPS) group, which is managed on a day-to-day basis by Saleena R. Goel under the strategic oversight of Scott C. Nuttall.

The nature and frequency of regular reports to KKR Funds and to investors in KKR Funds depends on the terms of the governing documents of such KKR Funds and/or the requirements of any exchange or market on which their securities are admitted to trade. Typically investors in KKR Funds are provided with written quarterly unaudited financial reports and annual audited financial statements.

Item 14 Client Referrals and Other Compensation

Economic Benefits from Non-Clients

As noted above in response to Item 5 and Item 11, KKR and its affiliates may receive monitoring and financial advisory fees and other compensation with respect to services provided to KKR Fund portfolio companies and KKR may receive “break up” or similar fees in connection with unconsummated transactions. This compensation may be shared with the KKR Funds through reductions or off-sets against management fees that would otherwise be applicable as described in the offering materials, disclosure documents and/or governing documents of the relevant KKR Funds. As also noted, Employees (and employees of KKR’s affiliates) currently do and may in the future also receive directors’ fees for serving on the boards of such portfolio companies. These fees are generally not offset against KKR Fund management fees and may be retained in whole or in part by the Employees. Serving on such boards may give rise to conflicts to the extent that an Employee’s fiduciary duties to a portfolio company as a director may conflict with the interests of KKR Funds, however, as the KKR Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned.

In addition, as noted above in response to Item 10, Affiliated Brokers may receive placement fees, syndication fees, arranging fees and other compensation from participating in underwriting syndicates and/or selling groups in relation to securities issued by KKR Fund portfolio companies and engaging in other transactions and providing other services in respect of KKR Funds and portfolio companies. Such compensation is not shared with the relevant KKR Fund.

Compensation to Non-Supervised Persons for Client Referrals

KKR may enter into solicitation agreements pursuant to which it compensates a third-party intermediary for client referrals that result in the provision of investment advisory services by KKR. Any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to KKR may receive compensation from KKR, such as a retainer and/or a percentage of introduced capital. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. The cost of any such fees will be borne entirely by KKR and not by any affected client.

Item 15 Custody

KKR generally has custody of the assets of KKR Funds. Such KKR Funds and their investors receive annual audited financial statements from the KKR Funds' auditor.

Item 16 Investment Discretion

KKR, through the KKR GPs, has discretionary authority based on its management agreements with each KKR Fund and the limited partnership agreements that govern each KKR Fund to buy and sell securities or other investments on behalf of the KKR Funds and to determine the amount of such investments to be bought and sold. The terms upon which KKR serves as investment manager of a KKR Fund are established at the time each KKR Fund is established and are generally set out in the management agreement and/or limited partnership agreement or other governing document entered into by KKR with respect to the relevant KKR Fund, and disclosed in the offering documents for the relevant KKR Fund, as applicable. These terms, which vary as among each KKR Fund, potentially restrict KKR's advice concerning investment in certain securities or types of securities, geographies and leverage. Typically, the governing documents of the KKR Funds (other than certain co-investment vehicles) contain only limited investment restrictions and requirements as to diversification of fund investments, either by geographic region or asset type.

Item 17 Voting Client Securities

KKR has adopted policies with respect to public equity securities held by the KKR Funds (i.e., for passive investments in Marketable Securities). Voting decisions with respect to client investments in fixed income securities and the securities of privately held issuers generally will be made by the relevant investment professionals. It is the general policy of KKR to vote client proxies in the interest of maximizing shareholder value. To that end, KKR will vote in a way that it believes is consistent with its obligations to the KKR Funds, and will cause the value of the relevant investment to increase the most or decrease the least. KKR recognizes that there may be a potential conflict of interest when voting a proxy solicited by an issuer that is an investor in a KKR Fund or with whom KKR has another business relationship that may affect how it votes the issuer's proxy. KKR has adopted policies to address these and other issues that could give rise to a conflict, including referring the matter to an internal body or committee who can help resolve the conflict. KKR maintains documentation to support its proxy voting position on such other proxy matters. KKR may depart from these guidelines in order to avoid voting decisions believed to be contrary to the best interests of the KKR Funds or if it has agreed otherwise with the relevant client.

A KKR Fund or investor in a KKR Fund may obtain a copy of KKR's proxy voting policies and procedures and information on how KKR voted proxies on behalf of such party on written request to KKR.

Item 18 Financial Information

A copy of KKR's Balance Sheet for 2011 is included in this Brochure. There exists no financial condition of which KKR is currently aware that would impair KKR's ability to meet contractual commitments to its clients.

Item 19 Requirements for State-Registered Advisers

KKR is not registered with any state securities authorities.

APPENDIX

This Appendix includes the audited consolidated statement of financial condition of Kohlberg Kravis Roberts & Co. L.P. and its subsidiaries as of December 31, 2011, prepared in accordance with U.S. generally accepted accounting principles.

KOHLBERG KRAVIS ROBERTS & CO. L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2011
(DOLLARS IN THOUSANDS)

Assets

Cash and Cash Equivalents	\$	546,437
Cash and Cash Equivalents Held at Consolidated Entities		9,993
Investments		595,187
Due from Affiliates		160,701
Other Assets		363,039
Total Assets	\$	1,675,357

Liabilities

Due to Affiliates	\$	275,339
Accounts Payable, Accrued Expenses and Other Liabilities		255,350
Total Liabilities		530,689

Commitments and Contingencies

Redeemable Noncontrolling Interests		91,572
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Equity

Partners' Capital		938,547
Accumulated Other Comprehensive Income		(8,253)
Total Partners' Capital		930,294
Noncontrolling Interests		122,802
Total Equity		1,053,096
Total Liabilities and Equity	\$	1,675,357