NB PRIVATE EQUITY PARTNERS LIMITED

2010 ANNUAL FINANCIAL REPORT

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COMPANY OVERVIEW

Our investment objective is to produce attractive returns on our capital from our private equity investments while managing investment risk through portfolio diversification. We pursue diversification for our private equity investments across asset class, vintage year, geography, industry and sponsor.

Our Company	**NB Private Equity Partners Limited ("NBPE")** ▪ Guernsey closed-end investment company ▪ 50,732,825 Class A ordinary shares outstanding ▪ 10,000 Class B ordinary shares outstanding ▪ 32,999,999 Zero Dividend Preference ("ZDP") shares outstanding
Investment Manager	**NB Alternatives Advisers** ▪ Over 23 years of private equity investing experience ▪ Investment Committee with an aggregate of approximately 190 years of experience in private equity investing ▪ Approximately 50 investment professionals ▪ Approximately 120 administrative and finance professionals ▪ Offices in New York, Dallas, London and Hong Kong

(USD in millions, except per share data)	**At 31 December 2010**	**At 31 December 2010 Pro Forma** [1]
Net Asset Value	$526.9	$526.9
Net Asset Value per Ordinary Share	$10.38	$10.38
Fund Investments	$475.2	$408.6
Direct / Co-investments	$116.2	$99.6
Total Private Equity Fair Value	$591.4	$508.2
Private Equity Investment Level [2]	112%	96%
Cash and Cash Equivalents	$47.6	$82.0

(GBP in millions, except per share data)	**At 31 December 2010**
ZDP Shares	£35.6
Net Asset Value per ZDP Share [3]	107.95p

1. *Pro forma for the closing of the Strategic Asset Sale, the up-front proceeds from the sale of Dresser and credit facility pay down.*
2. *Defined as total private equity fair value divided by net asset value.*
3. *Defined as the accreted value of the ZDP Shares.*

OVERVIEW OF THE INVESTMENT MANAGER

The NB Alternatives group of Neuberger Berman (the "Investment Manager") has over 23 years of investing experience specializing in private equity funds, co-investments and secondary investments and has built relationships with leading private equity fund managers over that time.

The Investment Manager makes all of our investment decisions, and we have delegated to the Investment Manager the day-to-day management and operations of our business. The Investment Manager's investment decisions are made by its Fund of Funds Investment Committee (the "Investment Committee"), which currently consists of members with an aggregate of approximately 190 years of experience in private equity investing. The sourcing and evaluation of our investments is conducted by the Investment Manager's team of approximately 50 investment professionals who specialize in private equity fund investments and co-investments. In addition, the Investment Manager's staff of approximately 120 administrative and finance professionals are responsible for our administrative, financial management and reporting needs. The Investment Manager currently maintains offices in New York, Dallas, London and Hong Kong.

About Neuberger Berman

Established in 1939, Neuberger Berman is one of the world's largest private, independent employee-controlled asset management companies, managing approximately $190 billion in assets as of 31 December 2010. Neuberger Berman is a leader in providing a broad range of global investment solutions to institutions and individuals through customized separately managed accounts, mutual funds and alternative investment products. For more information please visit Neuberger Berman's website at www.nb.com.

RECENT STRATEGIC ACTIONS

Strategic Asset Sale

In early October 2010, we agreed to sell our interest in eight large-cap buyout funds for an aggregate 5.1% discount to their carrying value of $108.6 million at 31 August 2010 (together, the "Strategic Asset Sale"). The sale transactions closed in December 2010 and January 2011, generating cash proceeds of approximately $100.5 million (net of fees and expenses) and releasing NBPE from approximately $22.5 million of related unfunded commitments. At the time of the announcement, the Strategic Asset Sale was dilutive to NAV per class A ordinary share (the "Shares") by approximately $0.13, or 1.4%. At 31 December 2010, the fund interests that were sold in January 2011 were valued at their respective sale value. We believe that, when combined with accretive Share repurchases, this transaction should enable NBPE to enhance its NAV per Share over time.

We believe the Strategic Asset Sale demonstrates the high quality of our private equity portfolio and its marketability in the secondary private equity market. The transaction provided an opportunity to take advantage of attractive pricing in the secondary private equity market, which continues to value our assets at significant premiums relative to the public market for NBPE's Shares. While we would potentially sell any of our investments at the right price, we do not currently intend to actively pursue additional strategic asset sales.

We intend to use the proceeds of the Strategic Asset Sale to continue the ongoing capital return policy and to target an increased allocation to direct private equity and yield-oriented investments.

Capital Return Policy

We also implemented a new long-term capital management policy (the "Capital Return Policy") of ongoing returns of capital to NBPE Shareholders. These ongoing returns of capital will be at the discretion of the Board of Directors. The Capital Return Policy was initiated immediately using available cash and a portion of the proceeds from the Strategic Asset Sale. On 22 October 2010, we launched a Share buy-back programme in order to begin implementing the Capital Return Policy.

Beginning with the half-year period commencing 1 January 2011, we intend to return 50% of the realized net increase in NAV attributable to the Shares for the preceding six-month period to Shareholders. This may be achieved by way of Share repurchases, dividends or such other means as the Directors consider most efficient. Future returns of capital under the Capital Return Policy will be announced at the time of reporting our financial results for each respective six-month period. The realized net increase in NAV will be measured from a starting point of 1 January 2011.

The Directors have discretion as to the manner in which capital is returned to Shareholders. However, at the prevailing discount level, we intend to use Share repurchases as the most appropriate means of returning capital to Shareholders. Share repurchases also have the benefit of enhancing our NAV per Share over time.

RECENT STRATEGIC ACTIONS

Increased Allocation to Direct Private Equity and Yield-Oriented Investments

In addition to the Capital Return Policy, we expect to use the proceeds from the Strategic Asset Sale to strategically target a higher allocation to direct private equity and yield-oriented investments while also maintaining a well diversified private equity portfolio.

Our Investment Manager is experienced in sourcing and completing such investments and has a global senior co-investment team with 75 years of combined experience which includes former lead investors at small and middle market private equity firms. This experience makes NB Alternatives a preferred partner and allows us to apply our unique strengths on each strategic investment. Our Investment Manager manages over $1.6 billion of capital dedicated to direct co-investments and has closed more than 50 co-investments over the last five years.

This increase in allocation to direct and yield-oriented investments is consistent with the investment strategy since our initial global offering. From inception through 9 March 2011, we have committed to 36 direct / co-investments, including six co-investments and three direct yield-oriented investments since the announcement of the Strategic Asset Sale.

Over time, we expect this strategy to reduce the duration of our private equity portfolio, increase transparency for Shareholders, reduce our overall expense ratio and continue our policy of maintaining a conservative over-commitment level.

SIGNIFICANT CO-INVESTMENT REALIZATION

On 1 February 2011, Dresser, Inc. ("Dresser"), one of our largest private co-investments and underlying holdings, announced the successful closing of its $3 billion acquisition by General Electric Co. ("GE").

Dresser is a global energy infrastructure technology and service provider that was majority-owned by funds managed by Riverstone Holdings LLC and First Reserve Corporation (in which our Investment Manager's entities including NBPE have meaningful direct co-investments). Based in Addison, Texas, Dresser has 6,300 employees worldwide and delivers compression, flow technology, measurement and distribution infrastructure and services to customers in more than 150 countries.

NBPE's ownership interest in Dresser was primarily from a direct co-investment alongside the lead sponsors in 2007, with additional exposure through investments in First Reserve Fund XI, NB Crossroads Fund XVII and NB Crossroads Fund XVIII Mid-cap Buyout. Prior to the announcement of the transaction, Dresser was the second largest company in our private equity portfolio based on fair value.

Subsequent to 31 December 2010, NBPE received aggregate up-front proceeds of $19.1 million from the sale of Dresser. As a result, certain figures in this Annual Financial Report are shown pro forma for the closing of the sale.

MARKET COMMENTARY

Although there was increased volatility in the markets during the second and third quarters of 2010, the fourth quarter saw an impressive market rally as investors embraced more positive news and sentiment. Improving manufacturing activity, new quantitative easing measures, and mid-term election results as well as strong corporate earnings all contributed to this increased optimism. In addition, the year finished strong with December as the sixth straight month with a gain in consumer spending, even in light of only a muted recovery in the labor markets. As a result of these factors, markets rebounded strongly, with the S&P 500 gaining 24% from the July 2 low through the end of the year and advancing 15.1% for the full year.[1]

The strength of the recovery in the U.S. markets during 2010 was largely a reflection of the strength of corporate America. S&P 500 companies hold roughly $1 trillion in cash reserves as of year end and as a result are in healthy positions. While these large cash reserves have resulted in delayed capital expenditures and reduced hiring, they have been used for strategic acquisitions and dividend increases. This has been viewed positively by the capital markets; however, over time, this capital will likely be re-deployed back into businesses as economic conditions continue to improve. Growth in emerging markets and the recovery in domestic U.S. markets are further strengthening the position of many companies and top-line growth continues to contribute to strong operating earnings. Nevertheless, housing continues to remain challenged, and the labor market has improved only modestly.[1]

On balance, the growth in the fourth quarter equity markets contributed to a strong year overall. While housing and labor markets are still challenged, we believe that the positives should help keep the economy on a below-trend but expanding track and that global economic growth is likely to remain mildly positive. Meanwhile, fluctuations in the market should provide good opportunities to complete new investments. [1]

In the fourth quarter of 2010, U.S. leveraged buyout volume decreased to $18.3 billion compared to $28.7 billion in the third quarter of 2010. In addition, leveraged loan volume increased to $8.5 billion in the fourth quarter, up $5.5 billion year-over-year compared to the fourth quarter of 2009. The average LBO transaction size was $762 million in the fourth quarter of 2010 compared to $1.4 billion in the third quarter. Although the average transaction size fell in the fourth quarter, the transaction size for the year 2010 was $1.0 billion. [2]

Over the next several years, we believe there will be a number of investment opportunities for experienced small- and mid-cap buyout sponsors. Broadly speaking, the operating performance of target companies has improved, and we believe this will continue to drive an increase in new transaction volume. We intend to capitalize on this opportunity by utilizing our proven co-investment platform and our capital resources to pursue attractive direct investments for NBPE's portfolio, while continuing to maintain a well-diversified portfolio.

Although economic conditions are improving, a large amount of leveraged debt remains outstanding and is in need of future refinancing. We believe this will lead to strong deal flow over the next several years for special situations / distressed investors. Dislocation continues to persist in certain areas of the market and during shifts in market sentiment. Therefore, as opportunities arise, we intend to allocate capital to attractive fund investments and direct yield-oriented investments that are suitable for NBPE's portfolio.

We continue to believe that our private equity portfolio is well-positioned to generate attractive returns over the long term. And with over $228 million of excess capital resources (pro forma for the Strategic Asset Sale and the sale of Dresser), we believe that we are in a strong position to take advantage of high quality investment opportunities during the next several years.

1. *Neuberger Berman IQ: Investment Quarterly, Edition 12, Winter 2011.*
2. *Standard & Poor's 4Q10 Leveraged Buyout Review.*

INVESTMENT RESULTS

As of 31 December 2010, NBPE's audited NAV per Share was $10.38, representing a 9.8% increase compared to the audited NAV per Share of $9.46 at 31 December 2009. During the year, the increase in NAV was primarily driven by net unrealized gains across the private equity portfolio, with the largest appreciation related to distressed debt funds and certain buyout funds and co-investments, including Dresser. These gains in value were offset by unrealized losses on certain other investments as well as dilution related to the Strategic Asset Sale.

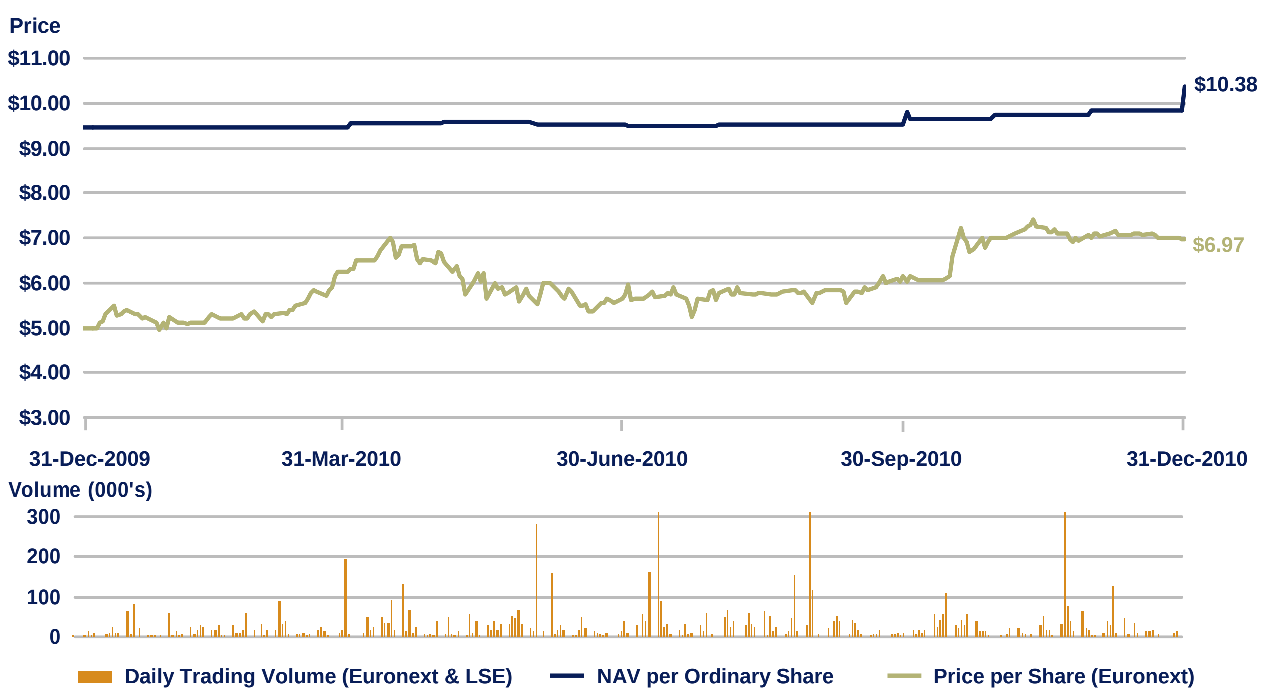
During 2010, our private equity portfolio had realized gains of $3.0 million. The portfolio also generated net unrealized gains of $37.7 million from privately held investments and $30.9 million from credit-related fund investments and public equity securities. These gains in value were offset by $6.8 million of net write-downs and expenses related to the Strategic Asset Sale. Investment performance during the year was offset by $18.7 million of net operating expenses (including credit facility interest and ZDP share accretion), foreign exchange translation and taxes. Share repurchases during Q4 2010 were accretive to NAV per Share by approximately $0.02.

For the year ending 31 December 2010, we invested approximately $77.0 million into private equity assets through capital calls and direct / co-investments. Approximately 55% of this capital was invested in buyout funds and co-investments, 35% in special situations funds and direct investments and 10% in growth equity and venture capital funds.

For the year, we received approximately $87.3 million of distributions and sales proceeds, including $37.6 million related to the Strategic Asset Sale. Excluding the Strategic Asset Sale, approximately 71% of the distributions were from buyout funds and co-investments, 24% from special situations funds and 5% from growth equity and venture capital funds.

The largest distributions in 2010 were attributable to Wayzata Opportunities Fund II, NB Crossroads Fund XVII, Apollo Investment Fund V, KKR 2006 Fund, Platinum Equity Capital Partners II, ArcLight Energy Partners Fund IV, KKR Millennium Fund, and Avista Capital Partners.

2010 SHARE PRICE PERFORMANCE AND NAV PER ORDINARY SHARE



Source: NYSE Euronext, Bloomberg and Oriel Securities. Past performance is not indicative of future results.
Note: Daily Trading Volume includes combined volume of ordinary shares traded on NYSE Euronext and London Stock Exchange as well as over-the-counter trades reported via Markit BOAT.

INVESTMENT PORTFOLIO ACTIVITY

As of 31 December 2010, our private equity investment portfolio consisted of 40 fund investments and 27 direct / co-investments. The fair value of our private equity portfolio was $591.4 million, and the total exposure, including unfunded commitments, was $707.0 million.

Pro forma for the closing of the Strategic Asset Sale and the up-front proceeds from the sale of Dresser, the fair value of our private equity portfolio was $508.2 million, and the total exposure was $611.5 million.

PRIVATE EQUITY INVESTMENT PORTFOLIO – 31 DECEMBER 2010

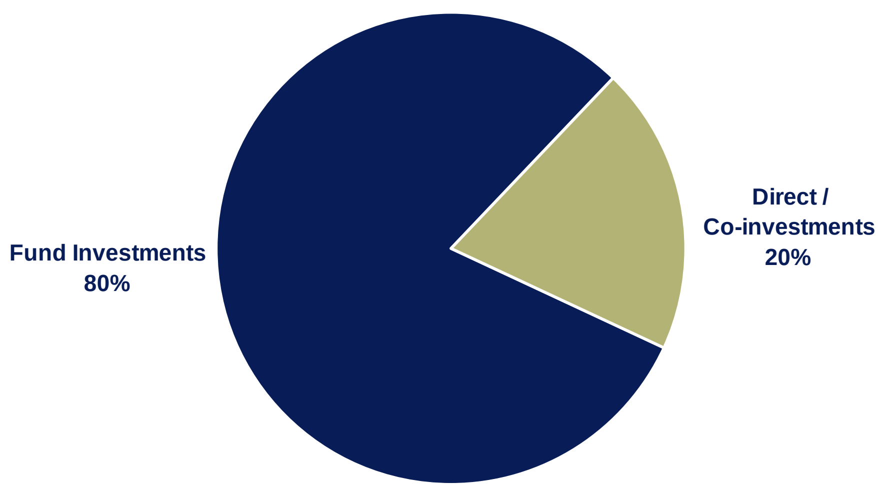
ACTUAL

($ in millions)	Number of Investments	Fair Value	Unfunded Commitments	Total Exposure
Fund Investments	40	$475.2	$111.8	$587.0
Direct / Co-investments	27	116.2	3.8	120.0
Total Private Equity Investments	**67**	**$591.4**	**$115.6**	**$707.0**

PRO FORMA

($ in millions)	Number of Investments	Fair Value	Unfunded Commitments	Total Exposure
Fund Investments	35	$408.6	$99.6	$508.2
Direct / Co-investments	27	99.6	3.8	103.4
Total Private Equity Investments	**62**	**$508.2**	**$103.3**	**$611.5**

PORTFOLIO ALLOCATION BASED ON PRO FORMA FAIR VALUE



INVESTMENT PORTFOLIO ACTIVITY

The investments in our private equity portfolio generated a significant amount of liquidity during 2010. Distributions were driven by sales of underlying portfolio companies to strategic and financial buyers, sales of public securities held by underlying sponsors and investment proceeds from distressed debt funds.

During the year, we received approximately $87.3 million of distributions and sales proceeds, including $37.6 million from the Strategic Asset Sale. Within our direct fund and co-investment portfolio, 73 companies completed liquidity events (sales and recapitalizations) that led to a distribution.

The five largest distributions totaled approximately $11.2 million and were attributable to investments in Unitymedia GmbH (Apollo Investment Fund V), East West Bancorp, Inc. (Corsair III Financial Services Capital Partners), East Resources, Inc. (KKR 2006 Fund), Terra-Gen Power, LLC (ArcLight Energy Partners Fund IV) and KEMET Corporation (Platinum Equity Capital Partners II).

Within NB Crossroads Fund XVII and Fund XVIII, over 425 underlying companies completed liquidity events during the period, leading to $7.1 million of distributions to NBPE.

In addition, 46 portfolio companies completed initial public offerings ("IPOs") during the year. On a pro forma basis, these companies had an aggregate fair value of approximately $6.7 million as of 31 December 2010, with the largest and most significant IPO attributable to Higher One Inc. (NYSE:ONE), a portfolio company of Lightyear Capital Fund II.

During 2010, we committed an aggregate $49.4 million to the following investments which we believe are well-suited for NBPE's private equity portfolio (see pages 18 and 19 for a detailed description of each new investment):

- Special situations primary commitment to Oaktree Opportunities Fund VIII
- Growth equity primary commitment to Bertram Growth Capital II
- Special situations secondary purchase of interests in two funds managed by Strategic Value Partners
- Mid-cap buyout co-investment in BakerCorp
- Special situations direct investment in Suddenlink Communications
- Mid-cap buyout co-investment in Salient Federal Solutions
- Special situations direct investment in the second lien debt of SonicWALL
- Mid-cap buyout co-investment in the equity of SonicWALL
- Mid-cap buyout co-investment in Fairmount Minerals
- Mid-cap buyout co-investment in Bourland & Leverich Supply Co.
- Mid-cap buyout co-investment in The SI Organization
- Large-cap buyout co-investment in Univar
- Special situations direct investment in royalty notes backed by the sales of a leading HIV medication

INVESTMENT PORTFOLIO ACTIVITY

The aggregate portfolio and investment activity for the year ended 31 December 2010 was as follows:

($ in millions)	Fund Investments	Direct/Co-investments	Total
Investments Funded	$51.4	$25.6	$77.0
Distributions Received and Sales Proceeds	$86.9	$0.4	$87.3
Net Realized Gains	$3.1	$0.0	$3.1
Net Unrealized Appreciation	$48.4	$14.7	$63.1
New Primary Commitments New Direct / Co-investments	2	10	12
Amount Committed	$20.0	$24.9	$44.9
New Secondary Purchases	1	0	1
Amount Committed	$4.5	$0.0	$4.5

INVESTMENT STRATEGY AND CAPITAL DEPLOYMENT

We seek to generate attractive risk-adjusted returns by increasing our net asset value over the long term. We strive to implement our strategy by making investments into high quality private equity funds and direct / co-investments, while also maintaining a well-diversified portfolio.

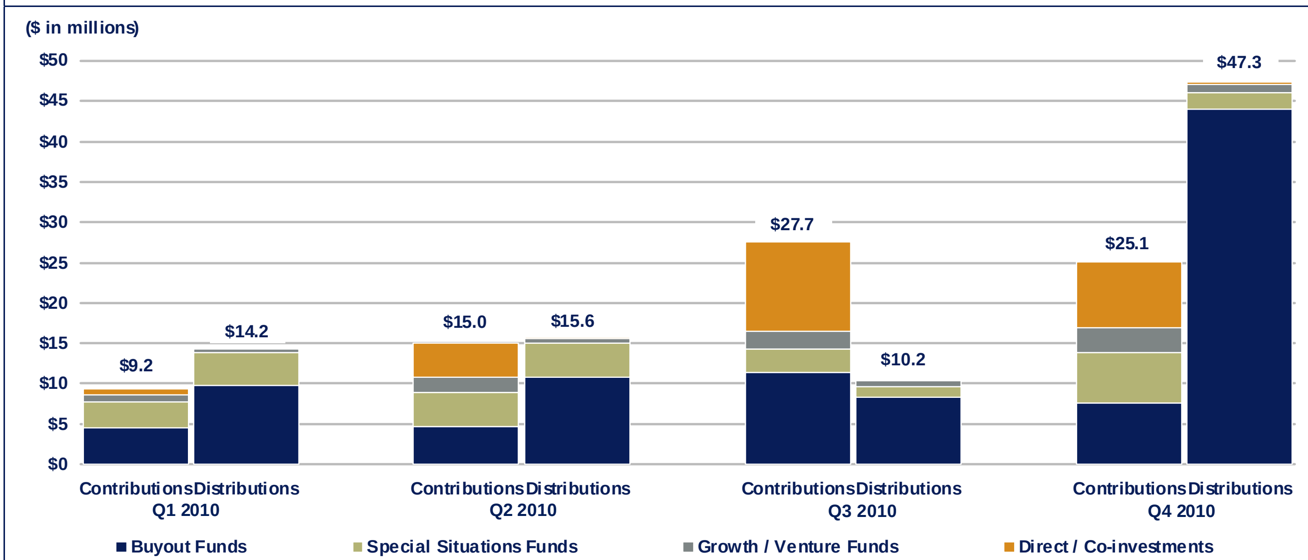
Since inception, we have tactically allocated a meaningful portion of our portfolio to the special situations asset class, including distressed funds. As a result, we have deployed over $165 million into special situations funds and direct investments since our initial global offering in July 2007. These investments provide exposure to undervalued credit securities, mezzanine debt, royalty-backed notes, financial restructurings and operational turnarounds of underperforming businesses.

As of 31 December 2010, special situations investments represented 39% of our private equity portfolio based on pro forma fair value. We continue to believe our special situations funds and direct investments are well-positioned to generate positive returns over the long term, and we believe that an attractive environment for making special situations investments will continue over the next several years.

In the near to medium-term we expect to target a higher allocation to direct private equity and yield-oriented investments in sectors that we believe are well-suited for NBPE's private equity portfolio. This investment strategy will act as an extension of our existing direct / co-investment program, and we expect new transactions to consist of equity co-investments as well as yield-oriented investments that have an appropriate risk-reward profile. In addition, we intend to make primary commitments to seasoned fund managers on an opportunistic basis, with a particular focus on capital efficient investment strategies.

Illustrated below is a summary of our capital deployment and distributions by quarter during 2010. For the year, our private equity portfolio generated positive cash flow of $10.3 million. In addition, subsequent to year end, we received an aggregate $64.2 million from the closing of the Strategic Asset Sale and an aggregate $19.1 million of up-front proceeds from the sale of Dresser. Over the next several years, we expect distributions to continue to increase as our portfolio matures.

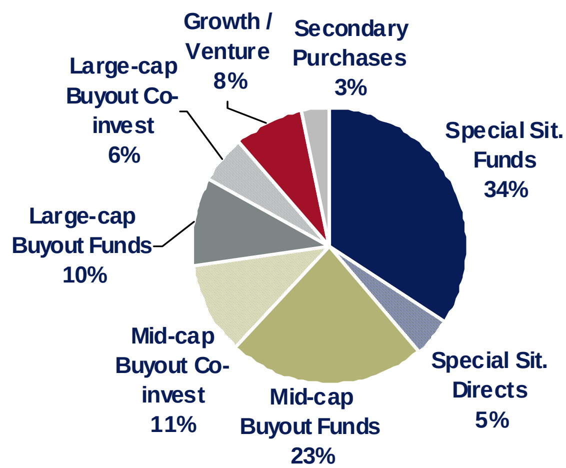
2010 CAPITAL DEPLOYMENT & DISTRIBUTIONS



DIVERSIFICATION BY ASSET CLASS AND INVESTMENT TYPE

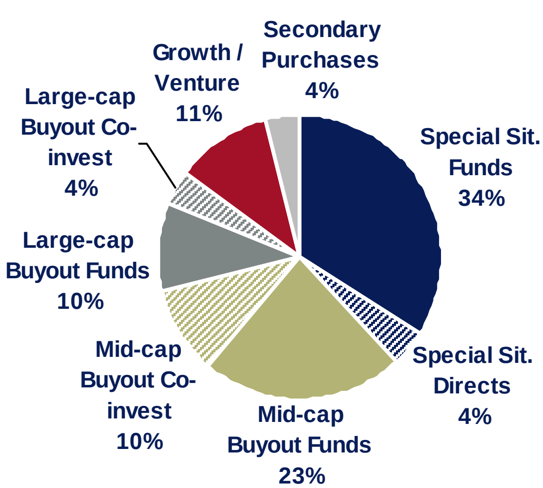
Consistent with our investment objective, we strive to manage investment risk through appropriate diversification within our private equity portfolio. The graphs below illustrate the breakdown of our private equity portfolio by asset class and investment type based on pro forma fair value, total exposure and unfunded commitments as of 31 December 2010.

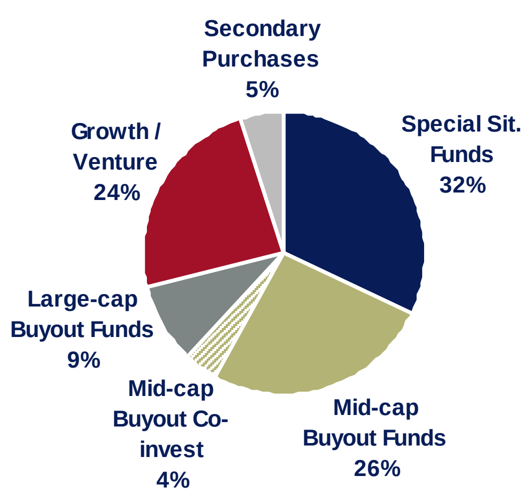
DIVERSIFICATION BY ASSET CLASS AND INVESTMENT TYPE BASED ON PRO FORMA FAIR VALUE [1]



DIVERSIFICATION BY ASSET CLASS AND INVESTMENT TYPE [1]

By Pro Forma Total Exposure	By Pro Forma Unfunded Commitments



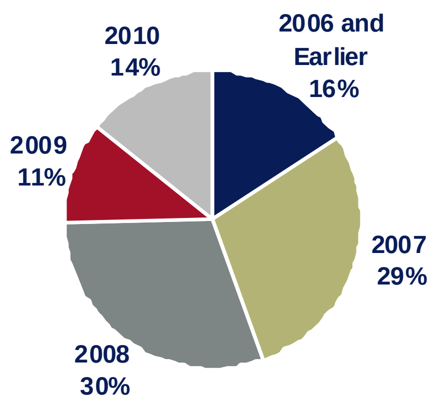


1. *The diversification analysis by asset class and investment type is based on the fair value of underlying fund investments and direct / co-investments, pro forma for the closing of the Strategic Asset Sale and the up-front proceeds from the sale of Dresser. Determinations regarding asset class and investment type represent the Investment Manager's estimates. Accordingly, the actual diversification of our investment portfolio and the diversification of our investment portfolio on an ongoing basis may vary from the foregoing information.*

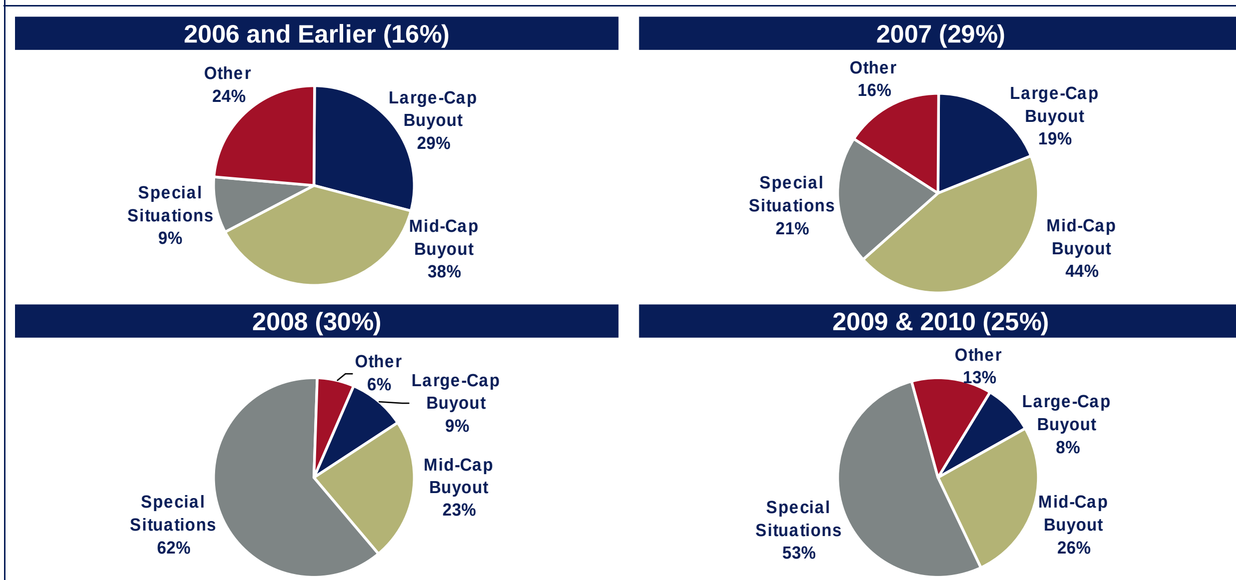
DIVERSIFICATION BY YEAR OF INVESTMENT [1]

The graphs below illustrate the diversification of our private equity portfolio by year of investment based on pro forma fair value as of 31 December 2010. Year of investment is calculated at the portfolio company level and is defined as the date of capital deployment into a particular underlying investment. This differs from the diversification by vintage year on page 15 as vintage year shows when a fund was formed rather than when the capital was deployed. As illustrated below, approximately 55% of pro forma fair value at 31 December 2010 was attributable to investments made during 2008, 2009 and 2010. NBPE's allocation to large-cap buyout investments has decreased over time, while the allocation to special situations and mid-cap buyout investments has increased as a result of our tactical allocation to the most attractive opportunities.

DIVERSIFICATION BY YEAR OF INVESTMENT BASED ON PRO FORMA FAIR VALUE



YEAR OF INVESTMENT: DIVERSIFICATION BY ASSET CLASS BASED ON PRO FORMA FAIR VALUE



Note: "Other" includes NB Crossroads Fund XVII, Growth / Venture and Secondaries.

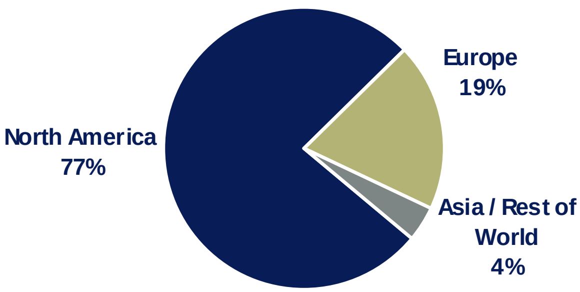
1. *Based on private equity fair value as of 31 December 2010, pro forma for the closing of the Strategic Asset Sale and the up-front proceeds from the sale of Dresser.*

DIVERSIFICATION BY GEOGRAPHY AND INDUSTRY

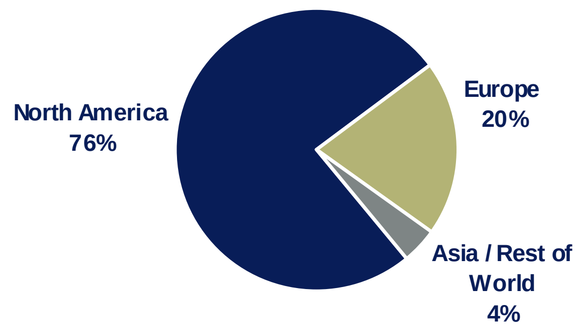
The graphs below illustrate the diversification of our private equity portfolio by geography and industry based on pro forma fair value and total exposure as of 31 December 2010.

GEOGRAPHIC DIVERSIFICATION [1]

By Pro Forma Fair Value

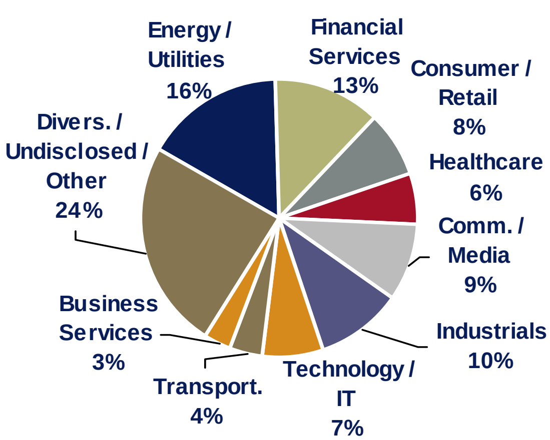


By Pro Forma Total Exposure

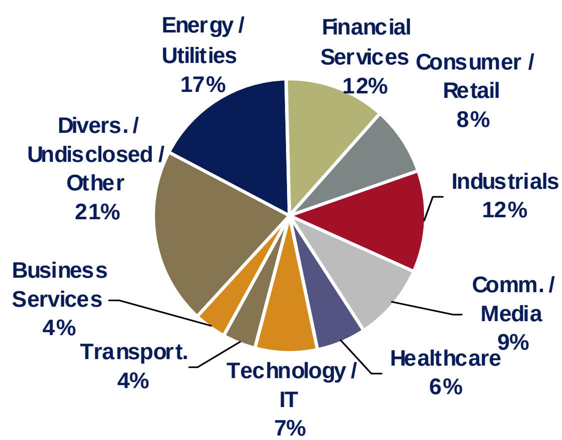


INDUSTRY DIVERSIFICATION [1]

By Pro Forma Fair Value



By Pro Forma Total Exposure



1. *The diversification analysis by geography and industry is based on the diversification of underlying portfolio company investments at fair value, pro forma for the closing of the Strategic Asset Sale and the up-front proceeds from the sale of Dresser, as estimated by the Investment Manager. Determinations regarding geography and industry also represent the Investment Manager's estimates. Accordingly, the actual diversification of our investment portfolio and the diversification of our investment portfolio on an ongoing basis may vary from the foregoing information.*

DIVERSIFICATION BY VINTAGE YEAR

The table below outlines the diversification of our private equity portfolio by vintage year and investment type based on pro forma fair value as of 31 December 2010. For the purposes of this analysis, and throughout this Annual Financial Report, vintage year is defined as the date of the first portfolio investment made by a private equity fund or the date of a direct / co-investment. This diversification by vintage year should be distinguished from the diversification by year of investment, which is shown on page 13.

DIVERSIFICATION BY VINTAGE YEAR AND INVESTMENT TYPE BASED ON PRO FORMA FAIR VALUE [1]

($ in millions)	Vintage Year							
	<=2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Total**
Special Situations Funds	$0.2	$2.0	$20.7	$72.6	$73.5	$5.5	$0.6	$175.2
Special Situations Directs	-	-	-	-	9.8	-	13.7	23.5
Mid-cap Buyout Funds	9.1	11.3	57.6	36.4	2.3	-	-	116.9
Mid-cap Buyout Co-invest	-	1.0	9.5	25.7	3.2	-	16.0	55.3
Large-cap Buyout Funds	15.0	3.3	31.1	2.3	-	-	-	51.7
Large-cap Buyout Co-invest	-	-	4.6	21.9	-	0.1	1.2	27.7
Growth / Venture	2.8	5.3	10.1	19.3	1.7	-	2.4	41.5
Secondary Purchases	0.1	0.1	1.4	4.4	0.4	6.9	3.1	16.4
Total	$27.3	$23.0	$135.0	$182.5	$90.9	$12.5	$37.0	$508.2

	Vintage Year							
	<=2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Total**
Special Situations Funds	0%	0%	4%	14%	14%	1%	0%	34%
Special Situations Directs	-	-	-	-	2%	-	3%	5%
Mid-cap Buyout Funds	2%	2%	11%	7%	0%	-	-	23%
Mid-cap Buyout Co-invest	-	0%	2%	5%	1%	-	3%	11%
Large-cap Buyout Funds	3%	1%	6%	0%	-	-	-	10%
Large-cap Buyout Co-invest	-	-	1%	4%	-	0%	0%	5%
Growth / Venture	1%	1%	2%	4%	0%	-	0%	8%
Secondary Purchases	0%	0%	0%	1%	0%	1%	1%	3%
Total	5%	5%	27%	36%	18%	2%	7%	100%

1. *Pro forma for the closing of the Strategic Asset Sale and the up-front proceeds from the sale of Dresser. Totals may not sum due to rounding.*

PRIVATE EQUITY INVESTMENT PORTFOLIO [1]

The following is a list of our pro forma private equity fund investments as of 31 December 2010. [2]

($ in millions) **Fund Investments**	**Principal Geography**	**Vintage Year**	**Fair Value**	**Unfunded Commit.**	**Total Exposure**
Special Situations					
Centerbridge Credit Partners	U.S.	2008	$32.1	$0.0	$32.1
CVI Global Value Fund	Global	2006	15.1	0.8	15.9
OCM Opportunities Fund VIIb	U.S.	2008	41.3	3.0	44.3
Oaktree Opportunities Fund VIII	U.S.	2009	5.4	5.0	10.4
Platinum Equity Capital Partners II	U.S.	2007	11.9	7.0	18.9
Prospect Harbor Credit Partners	U.S.	2007	12.6	-	12.6
Sankaty Credit Opportunities III	U.S.	2007	25.4	-	25.4
Strategic Value Special Situations Fund	Global	2010	0.6	0.0	0.7
Strategic Value Global Opportunities Fund I-A	Global	2010	2.3	0.2	2.6
Sun Capital Partners V	U.S.	2007	3.9	4.6	8.5
Wayzata Opportunities Fund II	U.S.	2007	16.1	11.1	27.2
Mid-cap Buyout					
American Capital Equity II	U.S.	2007	$4.1	$1.4	$5.5
Aquiline Financial Services Fund	U.S.	2005	4.5	0.4	4.9
ArcLight Energy Partners Fund IV	U.S.	2007	15.2	6.2	21.4
Avista Capital Partners	U.S.	2006	14.2	1.7	15.9
Clessidra Capital Partners	Europe	2004	3.0	0.6	3.6
Corsair III Financial Services Capital Partners	Global	2007	6.8	1.8	8.5
Highstar Capital II	U.S.	2004	3.7	0.0	3.7
Investitori Associati III	Europe	2000	1.7	0.4	2.1
Lightyear Fund II	U.S.	2006	10.0	1.4	11.4
OCM Principal Opportunities Fund IV	U.S.	2006	20.8	2.0	22.8
Trident IV	U.S.	2007	4.3	1.0	5.3
Large-cap Buyout					
Carlyle Europe Partners II	Europe	2003	7.6	0.8	8.4
Doughty Hanson & Co IV	Europe	2003	5.5	0.2	5.7
First Reserve Fund XI	U.S.	2006	19.0	5.5	24.5
J.C. Flowers II	Global	2006	2.6	0.4	2.9
Growth Equity					
Bertram Growth Capital I	U.S.	2007	$16.0	$3.7	$19.7
Bertram Growth Capital II	U.S.	2010	1.1	8.8	10.0
Summit Partners Europe Private Equity Fund	Europe	2010	1.2	4.7	6.0
Fund of Funds Investments					
NB Crossroads Fund XVII	U.S.	2002-06	$36.3	$5.6	$41.9
NB Crossroads Fund XVIII Large-cap Buyout	Global	2005-09	10.3	3.0	13.3
NB Crossroads Fund XVIII Mid-cap Buyout	Global	2005-09	29.4	10.7	40.1
NB Crossroads Fund XVIII Special Situations	Global	2005-09	9.2	2.0	11.2
NB Crossroads Fund XVIII Venture Capital	U.S.	2006-09	8.4	2.5	10.9
NB Fund of Funds Secondary 2009	Global	2009-10	6.7	3.2	9.9
Total Fund Investments			**$408.6**	**$99.6**	**$508.2**

1. *Pro forma for the closing of the Strategic Asset Sale.*
2. *Totals may not sum due to rounding.*

PRIVATE EQUITY INVESTMENT PORTFOLIO [1]

The following is a list of our direct / co-investments as of 31 December 2010. [2]

($ in millions) Direct / Co-investments [3]	Principal Geography	Vintage Year	Fair Value	Unfunded Commit.	Total Exposure
Mid-cap Buyout					
BakerCorp	U.S.	2010			
Bourland & Leverich Supply Co. LLC	U.S.	2010			
Edgen Murray Corporation	U.S.	2007			
Fairmount Minerals, Ltd.	U.S.	2010			
Firth Rixson, plc	Europe	2007-09			
GazTransport & Technigaz S.A.S.	Europe	2008			
Group Ark Insurance Holdings Limited	Global	2007			
Kyobo Life Insurance Co., Ltd.	Asia	2007			
Press Ganey Associates, Inc.	U.S.	2008			
Salient Federal Solutions, LLC	U.S.	2010			
SonicWall, Inc.	U.S.	2010			
The SI Organization, Inc.	U.S.	2010			
TPF Genco Holdings, LLC	U.S.	2006			
Large-cap Buyout					
Avaya, Inc.	U.S.	2007			
Energy Future Holdings Corp.	U.S.	2007			
First Data Corporation	U.S.	2007			
Freescale Semiconductor, Inc.	U.S.	2006			
Sabre Holdings Corporation	U.S.	2007			
Univar Inc.	Global	2010			
Special Situations					
Firth Rixson, plc (Mezzanine Debt)	Europe	2008			
Royalty Notes (HIV Medication)	Global	2010			
SonicWall, Inc. (Second Lien Debt)	U.S.	2010			
Suddenlink Communications (PIK Preferred)	U.S.	2010			
Growth Equity					
Seventh Generation, Inc.	U.S.	2008			
Total Direct / Co-investments			**$99.6**	**$3.8**	**$103.4**
Total Private Equity Investment Portfolio			**$508.2**	**$103.3**	**$611.5**

1. Pro forma for the closing of the Strategic Asset Sale.
2. Totals may not sum due to rounding.
3. Direct / co-investment values are disclosed on an aggregate-only basis. No single direct / co-investment comprises more than 3.5% of total net asset value.

NEW INVESTMENTS

During 2010, we committed an aggregate $49.4 million to the following private equity investments:

BakerCorp

Mid-cap Buyout Co-investment

In February 2010, we completed a co-investment in BakerCorp alongside Lightyear Capital and Neuberger Berman's Co-Investment Fund. BakerCorp is a rental services provider of liquid and solid containment, pumping, filtration and shoring equipment.

Oaktree Opportunities Fund VIII

Primary Fund Investment

In March 2010, we made a $10 million commitment to Oaktree Opportunities Fund VIII, a distressed debt fund managed by Oaktree Capital Management ("Oaktree"), which has over $33 billion of distressed debt assets under management. The Oaktree team has a record of highly successful investing in the debt of financially distressed companies. Oaktree's approach seeks to combine protection against loss, which comes from buying claims on assets at bargain prices, with the substantial gains to be achieved by returning companies to financial viability through restructuring.

Bertram Growth Capital II

Primary Fund Investment

In May 2010, we made a $10 million commitment to Bertram Growth Capital II, a growth equity fund focused on the expansion of lower middle market companies. Bertram Capital has over $800 million in capital under management and strives to catalyze growth in middle market companies through active operational involvement and a strong alignment of management and shareholder interests.

Suddenlink Communications

Special Situations Direct Investment

In May 2010, we completed a direct investment in the PIK preferred shares of Suddenlink Communications. The preferred shares accrue interest at a rate of 12% and were purchased at a discount to accreted value. Suddenlink Communications is a cable broadband company that serves approximately 1.3 million residential customers and thousands of commercial customers in the United States.

Strategic Value Global Opportunities Fund I and Special Situations Fund

Secondary Fund Investments

In May and June 2010, we purchased interests in Strategic Value Global Opportunities Fund I and Strategic Value Special Situations Fund at a discount to net asset value. The aggregate total exposure (purchase price plus unfunded commitments) of the investments was $2.4 million. The two funds are managed by Strategic Value Partners, a global alternative investment firm focused on distressed, deep value, and turnaround opportunities.

Salient Federal Solutions

Mid-cap Buyout Co-investment

In June 2010, we committed to a co-investment in Salient Federal Solutions, LLC alongside Frontenac Company and Neuberger Berman's Co-Investment Fund. Salient Federal Solutions is building a major federal IT and engineering services company through organic growth and supplemental acquisitions.

NEW INVESTMENTS

SonicWALL, Inc.

Special Situations Direct Investment and Mid-cap Buyout Co-investment

In July 2010, we completed a direct investment in the second lien debt of SonicWALL, Inc. and a mid-cap buyout co-investment in the equity of SonicWALL, Inc. The second lien debt was issued at a 3% discount to par and pays cash interest at LIBOR plus 1,000 basis points with a LIBOR floor of 2.00%. The equity co-investment was made alongside Thoma Bravo, LLC and Neuberger Berman's Co-Investment Fund. SonicWALL is a provider of advanced intelligent network security and data protection solutions.

Fairmount Minerals, Ltd.

Mid-cap Buyout Co-investment

In August 2010, we completed a co-investment in Fairmount Minerals, Ltd. alongside American Securities. Fairmount Minerals is a leading producer of high purity sand for a broad range of industrial applications including sand-based proppants for the oil and gas industry.

Bourland & Leverich Supply Co. LLC

Mid-cap Buyout Co-investment

In August 2010, we completed a co-investment in Bourland & Leverich Supply Co. LLC alongside Jefferies Capital Partners. Bourland & Leverich Supply Co. is a leading distributor of oil country tubular goods to the domestic oil and gas industry.

The SI Organization, Inc.

Mid-cap Buyout Co-investment

In November 2010, we completed a co-investment in The SI Organization, Inc. alongside Veritas Capital. The SI Organization is a leading provider of high-end systems engineering, integration, modeling simulation analysis and risk mitigation to the U.S. intelligence community.

Univar Inc.

Large-cap Buyout Co-investment

In November 2010, we completed a co-investment in Univar Inc. alongside Clayton, Dubilier & Rice and Neuberger Berman's Co-Investment Fund. Univar is a leading global distributor of commodity and specialty chemicals to a broad array of end markets.

Royalty Notes

Special Situations Direct Investment

In December 2010, we completed a direct investment in a tranche of 15.5% royalty notes backed by the worldwide sales of a leading HIV medication that is marketed globally by a premier pharmaceutical company. The notes amortize based on royalty income in excess of the 15.5% coupon and other royalty trust expenses.

VALUATION METHODOLOGY

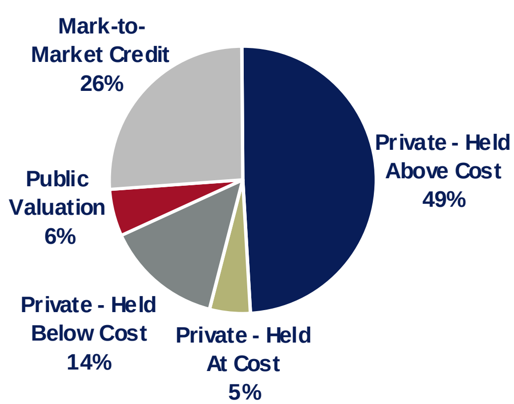
We carry our private equity investments on our books at fair value using the best information we have reasonably available to determine or estimate fair value. Publicly traded securities are valued based on quoted prices as of the last day of the relevant period less discounts to reflect legal restrictions associated with the securities, if any, that affect marketability. We determine such values for publicly traded securities held directly as well as known public positions held in the underlying private equity investments on a look-through basis. We estimate fair value for private interests based on a methodology that begins with the most recent information available from the general partner of the underlying fund or the lead investor of a direct co-investment, and considers subsequent transactions, such as drawdowns or distributions, as well as other information judged to be reliable that reports or indicates valuation changes, including realizations and other portfolio company events. We proactively re-value our investments before we have received updated information from the fund manager or lead sponsor if we become aware of material events that justify a change in valuation. If we conclude that it is probable that we will sell an investment, we adjust our carrying value to the amount we expect to realize from the sale, exclusive of transaction costs.

Our NAV per Share of $10.38 as of 31 December 2010 was $0.41 higher than previously reported in our December 2010 Monthly Report principally due to the receipt of additional portfolio valuation information. Between the release date of our December 2010 Monthly Report and the release date of this Annual Financial Report, our Investment Manager received fourth quarter 2010 financial statements and other valuation estimates that resulted in net unrealized gains within our private equity portfolio.

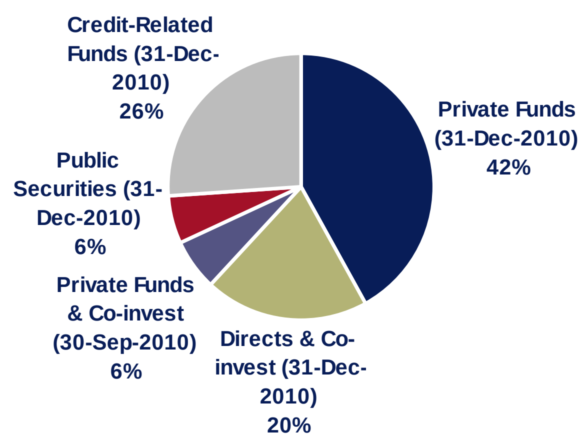
The graphs below illustrate the diversification of our private equity investments by valuation type and the date of most recent available information on a pro forma basis as of 31 December 2010.

VALUATION METHODOLOGY

Pro Forma Fair Value by Valuation Type



Pro Forma Fair Value by Date of Most Recent Available Information



PERFORMANCE BY ASSET CLASS

Based on the multiple of total value to paid-in capital ("TVPI") since inception, our private equity portfolio increased in fair value by approximately 10% from 0.95x at 31 December 2009 to 1.05x at 31 December 2010.

The increase in value during the year was driven by realized and unrealized gains across the portfolio, including an increase of approximately 18% in the special situations portfolio from 0.99x at 31 December 2009 to 1.17x at 31 December 2010. This positive performance was largely attributable to higher mark-to-market valuations and realizations within the trading and restructuring funds in our special situations portfolio.

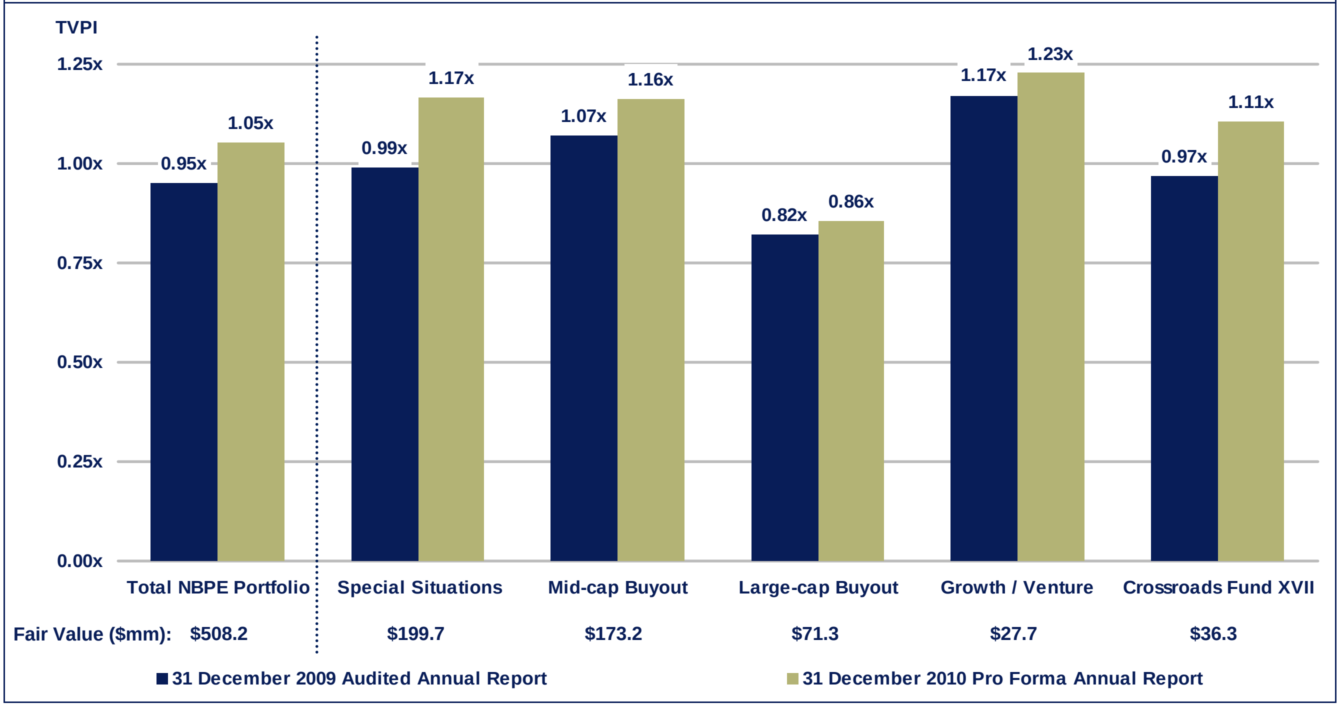
The valuation of the mid-cap buyout portfolio increased approximately 8% to 1.16x at the end of the year due to the announced sale of Dresser as well as net unrealized gains related to other fund investments and co-investments.

The valuation of the large-cap buyout portfolio increased modestly during the year. However, it is important to note that a significant portion of the large-cap buyout fund portfolio was sold through the Strategic Asset Sale and was therefore valued based on the amount of respective sale proceeds.

The investment in NB Crossroads Fund XVII increased in value by approximately 14% during the year, while the growth equity and venture capital portfolio experienced an increase in value of approximately 5%.

The graph below illustrates a summary of our portfolio performance by asset class during 2010. The estimated fair values at the bottom of the chart are pro forma for the closing of the Strategic Asset Sale and the up-front proceeds from the sale of Dresser.

2010 PORTFOLIO PERFORMANCE BY ASSET CLASS



PORTFOLIO INVESTMENT PERFORMANCE

The table below outlines the performance of our unrealized underlying investments on a pro forma basis by asset class and valuation range as of 31 December 2010. The following analysis totals approximately $461.7 million in fair value, or 91% of pro forma private equity fair value, and is based on the most recent information available at the underlying company level. Across the portfolio, 79% of unrealized fair value and 61% of unrealized cost basis is held at or above cost on a company by company basis.

AGGREGATE PORTFOLIO COMPANY ANALYSIS BY ASSET CLASS AND VALUATION RANGE [1]

Total Unrealized Portfolio Multiple Range	31-Dec-10 % of Cost	31-Dec-10 % of Value
2.0x +	6%	17%
1.0x - 2.0x	50%	57%
Held at Cost	5%	5%
0.5x - 1.0x	24%	18%
0.25x - 0.5x	10%	3%
< 0.25x	5%	1%
Total Unrealized ($m)	**$420.7**	**$461.7**

Special Situations Multiple Range	31-Dec-10 % of Cost	31-Dec-10 % of Value
2.0x +	0%	2%
1.0x - 2.0x	68%	75%
Held at Cost	0%	0%
0.5x - 1.0x	26%	21%
0.25x - 0.5x	5%	2%
< 0.25x	1%	0%
Total Unrealized ($m)	**$155.7**	**$165.7**

Mid-cap Buyout Multiple Range	31-Dec-10 % of Cost	31-Dec-10 % of Value
2.0x +	8%	20%
1.0x - 2.0x	49%	55%
Held at Cost	9%	8%
0.5x - 1.0x	20%	14%
0.25x - 0.5x	11%	3%
< 0.25x	3%	0%
Total Unrealized ($m)	**$145.7**	**$170.7**

Large-cap Buyout Multiple Range	31-Dec-10 % of Cost	31-Dec-10 % of Value
2.0x +	8%	24%
1.0x - 2.0x	29%	41%
Held at Cost	2%	2%
0.5x - 1.0x	29%	24%
0.25x - 0.5x	18%	7%
< 0.25x	14%	3%
Total Unrealized ($m)	**$89.1**	**$82.4**

Growth / Venture Multiple Range	31-Dec-10 % of Cost	31-Dec-10 % of Value
2.0x +	24%	46%
1.0x - 2.0x	26%	27%
Held at Cost	20%	14%
0.5x - 1.0x	21%	12%
0.25x - 0.5x	4%	1%
< 0.25x	6%	0%
Total Unrealized ($m)	**$30.3**	**$42.9**

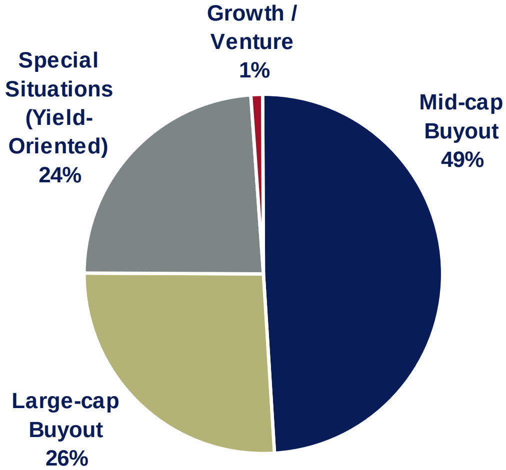
1. *Pro forma for the closing of the Strategic Asset Sale and the up-front proceeds from the sale of Dresser. Assets not included consist primarily of cash held by underlying private equity funds and investments not yet identified.*

DIRECT / CO-INVESTMENT PORTFOLIO SUMMARY

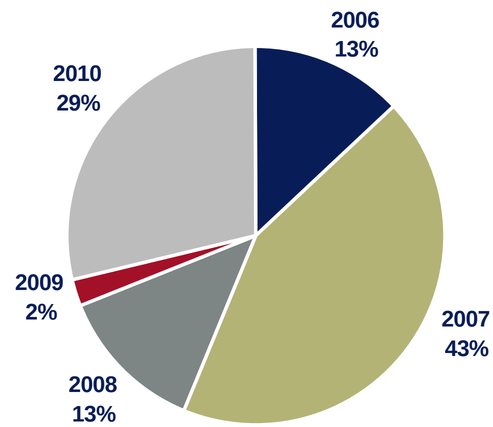
Our direct / co-investment portfolio consisted of 27 distinct investments as of 31 December 2010. Illustrated below is the diversification of our direct / co-investment portfolio by asset class and year of investment based on pro forma fair value.

DIRECT / CO-INVESTMENT PORTFOLIO OVERVIEW

Pro Forma Fair Value by Asset Class



Pro Forma Fair Value by Year of Investment



DIRECT / CO-INVESTMENT PORTFOLIO SUMMARY

Listed below is a description of the unrealized companies in our direct / co-investment portfolio as of 31 December 2010.

Company Name	Asset Class	Business Description
Avaya, Inc.	Large-cap Buyout	Provider of communication systems, applications and services for enterprises, including businesses, government agencies and other organizations
BakerCorp	Mid-cap Buyout	Leasing and rental provider of liquid and solid containment, pumping, filtration and shoring equipment
Bourland & Leverich Supply Co. LLC	Mid-cap Buyout	Distributor of oil country tubular goods to the domestic oil and gas industry
Dresser Holdings, Inc.	Mid-cap Buyout	Global manufacturer and marketer of highly engineered energy infrastructure and oilfield equipment for mission-critical applications
Edgen Murray Corporation	Mid-cap Buyout	Global distributor and marketer of high performance steel and alloy products used primarily in energy infrastructure applications
Energy Future Holdings Corp.	Large-cap Buyout	Energy company that manages a portfolio of competitive and regulated energy businesses located in Texas, including unregulated power generation, retail electric supply, and regulated electric utilities
Fairmount Minerals, Ltd.	Mid-cap Buyout	Producer of high purity sand for a broad range of industrial applications, including sand-based proppants for the oil and gas industry
First Data Corporation	Large-cap Buyout	Provider of electronic commerce and payment solutions for merchants, financial institutions, and card issuers globally, with operations in 36 countries, serving over 6 million merchant locations and thousands of card issuers
Firth Rixson, plc	Mid-cap Buyout / Special Situations	Supplier of highly engineered rings, forgings and specialist metal products primarily to global aerospace engine manufacturers
Freescale Semiconductor, Inc.	Large-cap Buyout	Designer and manufacturer of semiconductors for a variety of end-markets including the automotive, consumer, industrial, networking and wireless industries
GazTransport & Technigaz S.A.S.	Mid-cap Buyout	Designer and installer of cryogenic containment systems for liquefied natural gas carriers
Group Ark Insurance Holdings Limited	Mid-cap Buyout	Lloyd's market underwriter of a geographically diverse book of global specialty insurance and reinsurance risks
Kyobo Life Insurance Co., Ltd.	Mid-cap Buyout	Life insurance company based in Korea that offers a broad range of savings and protection products targeted at middle- and upper-income consumers
Press Ganey Associates, Inc.	Mid-cap Buyout	Provider of patient satisfaction measurement and quality and performance improvement solutions to healthcare institutions
Royalty Notes (HIV Medication)	Special Situations	Royalty notes backed by the worldwide sales of a leading HIV medication that is marketed globally by a premier pharmaceutical company
Sabre Holdings Corporation	Large-cap Buyout	World leader in travel commerce, providing a broad portfolio of transaction processing, distribution, and technology solutions to the global travel industry
Salient Federal Solutions, LLC	Mid-cap Buyout	Provider of technology and engineering services to government agencies, primarily within the intelligence community and the Department of Defense
Seventh Generation, Inc.	Growth / Venture	Manufacturer of authentic, safe, and environmentally-responsible household products for a healthy home
SonicWall, Inc.	Mid-cap Buyout / Special Situations	Developer of advanced intelligent network security and data protection solutions for small and large enterprises worldwide
Suddenlink Communications	Special Situations	Provider of cable broadband solutions for residential and commercial customers in the United States
The SI Organization, Inc.	Mid-cap Buyout	Provider of high-end systems engineering and integration solutions and modeling, simulation, analysis and risk mitigation services to the U.S. Intelligence Community
TPF Genco Holdings, LLC	Mid-cap Buyout	Five natural gas-fired power plants located in California, Texas, Illinois, Virginia and West Virginia, representing 2,480 megawatts of generating capacity
Univar Inc.	Large-cap Buyout	Global distributor and marketer of commodity and specialty chemicals to a broad array of end markets

DIRECT / CO-INVESTMENT PORTFOLIO SUMMARY

Our direct / co-investment portfolio has generated a 1.08x TVPI multiple from inception through 31 December 2010. In aggregate, the valuation of our direct / co-investment portfolio increased by approximately 16% during 2010, driven by stronger operating performance, higher comparable public market valuations, and the announced sale of Dresser.

The table below outlines the performance of our direct / co-investment portfolio from inception through 31 December 2010 by asset class and current valuation range. The number of investments and the TVPI multiples are based on all realized and unrealized direct / co-investments, while the current fair values are based on unrealized direct / co-investments as of 31 December 2010 (pro forma for the up-front proceeds from the sale of Dresser).

DIRECT / CO-INVESTMENT PERFORMANCE BY ASSET CLASS & VALUATION RANGE

($ in millions) **Asset Class**	**# of Direct / Co-investments**	**Realized Proceeds**	**31-Dec-2010 Fair Value**	**Total Value to Paid-in Capital**	**% of Fair Value**
Mid-cap Buyout & Growth Equity	20	$44.3	$49.6	1.26x	49.8%
Large-cap Buyout	6	0.2	26.4	0.70x	26.6%
Special Situations	4	2.1	23.5	1.12x	23.6%
Total Direct / Co-investments	**30**	**$46.5**	**$99.6**	**1.08x**	**100.0%**

($ in millions) **Multiple Range**	**# of Direct / Co-investments**	**Realized Proceeds**	**31-Dec-2010 Fair Value**	**Total Value to Paid-in Capital**	**% of Fair Value**
Greater than 2.0x	4	$18.1	$9.4	2.69x	9.4%
1.0x to 2.0x	17	19.3	73.7	1.18x	74.0%
0.5x to 1.0x	4	9.0	8.3	0.82x	8.3%
Less than 0.5x	5	0.1	8.3	0.33x	8.3%
Total Direct / Co-investments	**30**	**$46.5**	**$99.6**	**1.08x**	**100.0%**

LARGEST UNDERLYING INVESTMENTS

As of 31 December 2010, pro forma for the closing of the Strategic Asset Sale and the up-front proceeds from the sale of Dresser, our private equity portfolio included exposure to over 2,600 separate companies, with our allocable portion of approximately 1,000 companies valued at greater than $20,000. Our 10 largest portfolio company investments totaled approximately $80 million in fair value, or 16% of pro forma private equity fair value. Our 20 largest portfolio company investments totaled approximately $118 million in fair value, or 23% of pro forma fair value. No individual company accounted for more than 3.5% of total NAV at year end. Listed below are the 20 largest underlying investments on a pro forma basis in alphabetical order.

Company Name	Status	Asset Class	Partnership(s)
Author Solutions	Private	Growth / Venture	Bertram Growth Capital I, Fund XVIII
Avaya	Private	Large-cap Buyout	Co-investment, Fund XVIII
Bahamas Oil Refining Company	Private	Large-cap Buyout	First Reserve Fund XI
Bourland & Leverich Supply Co.	Private	Mid-cap Buyout	Co-investment, Fund XVII, Fund XVIII
Caesars Entertainment (Debt)	Private	Special Situations	Oaktree Opps VIII, OCM Opps VIIb, OCM Principal Opps IV, Fund XVIII
Clear Channel Communications (Debt)	Private	Special Situations	Oaktree Opps VIII, OCM Opps VIIb, Fund XVIII
Edgen Murray	Private	Mid-cap Buyout	Co-investment, Fund XVII, Fund XVIII
Firth Rixson (Mezzanine Debt)	Private	Special Situations	Direct Investment
Freescale Semiconductor	Private	Large-cap Buyout	Co-investment, Carlyle Europe II, Fund XVII, Fund XVIII
Group Ark Insurance	Private	Mid-cap Buyout	Co-investment, Aquiline, Fund XVIII
Kyobo Life Insurance	Private	Mid-cap Buyout	Co-investment, Corsair III, Fund XVIII
Power Distribution	Private	Growth / Venture	Bertram Growth Capital I, Fund XVIII
Royalty Notes (HIV Medication)	Private	Special Situations	Direct Investment
Sabre	Private	Large-cap Buyout	Co-investment, Fund XVII, Fund XVIII
SonicWall (Second Lien Debt)	Private	Special Situations	Direct Investment
Suddenlink Communications (PIK Preferred Shares)	Private	Special Situations	Direct Investment
Terra-Gen Power	Private	Mid-cap Buyout	ArcLight Energy Partners IV, Fund XVIII
The SI Organization	Private	Mid-cap Buyout	Co-investment, Fund XVIII
TPF Genco	Private	Mid-cap Buyout	Co-investment, Fund XVII, Fund XVIII
TydenBrooks	Private	Growth / Venture	Bertram Growth Capital I, Fund XVIII

On a pro forma basis at 31 December 2010, approximately $34 million of our private equity portfolio was comprised of investments directly or indirectly in publicly-traded securities. This amount represented approximately 7% of pro forma private equity fair value.

BUYOUT PORTFOLIO ANALYSIS

Listed below is a description of the 50 largest buyout investments as of 31 December 2010, pro forma for the closing of the Strategic Asset Sale.

Company Name	Business Description
Advance Pierre Foods	Supplier of value-added protein and handheld convenience products to the foodservice, school, retail, club, vending, and convenience store markets
AL Gulf Coast Terminals	Largest provider of crude and residual fuel oil storage in the Gulf of Mexico with over 13 million barrels of storage capacity and an additional 540,000 barrels of storage capacity currently under construction
AMCI Capital	Financial venture providing a platform for investments in coal, coal-related infrastructure and raw material supply projects globally
Antares	Lloyd's syndicate that underwrites a globally-diversified portfolio of specialty insurance and reinsurance business including property, casualty, marine, and aviation
Avaya	Provider of communication systems, applications and services for enterprises, including businesses, government agencies and other organizations
Bahamas Oil Refining Company	Largest storage terminal facility in the Caribbean with the ability to store, blend, transship, and bunker fuel oil, crude oil, and various petroleum products
BakerCorp	Leasing and rental provider of liquid and solid containment, pumping, filtration and shoring equipment
Balta Industries	European manufacturer of wall-to-wall carpets and a global leader in the manufacture of area rugs
Bourland & Leverich Supply Co.	Distributor of oil country tubular goods to the domestic oil and gas industry
Britax Childcare	Designer, assembler and marketer of a range of premium children's car seats and wheeled goods
Buckeye Partners	Publicly traded partnership that owns and operates one of the largest independent refined petroleum products pipeline systems in the U.S. in terms of volumes delivered, with 5,400 miles of pipeline
Cetera Financial Group	Independent broker-dealer comprised of three distinct broker-dealers, serving approximately 5,000 financial advisors throughout the U.S. and with over $70 billion of assets under administration
CHC Helicopter	Largest global commercial helicopter operator, providing helicopter transportation services primarily to the offshore oil and gas industry for exploration and production
Cobalt International Energy	Independent global exploration and production company with a portfolio in the deepwater U.S. Gulf of Mexico and offshore West Africa
Com Hem	Largest cable television operator in Sweden, providing analog and digital television, broadband Internet and telephony services to landlords and residential customers
Community & Southern Bank	Commercial bank offering products and services in Georgia
ConvaTec	Developer, manufacturer, marketer and distributor of medical devices for advanced wound care, ostomy and acute fecal incontinence markets
Dresser	Global manufacturer and marketer of highly engineered energy infrastructure and oilfield equipment for mission-critical applications
Edgen Murray	Global distributor and marketer of high performance steel and alloy products used primarily in energy infrastructure applications
Energy Future Holdings (TXU)	Energy company that manages a portfolio of competitive and regulated energy businesses located in Texas, including unregulated power generation, retail electric supply, and regulated electric utilities
EXCO Resources	Natural gas and oil company engaged in the exploration, exploitation, development and production of North American onshore natural gas and oil properties
Fairmount Minerals	Producer of high purity sand for a broad range of industrial applications, including sand-based proppants for the oil and gas industry
First Data	Provider of electronic commerce and payment solutions for merchants, financial institutions, and card issuers globally, with operations in 36 countries, serving over 6 million merchant locations and thousands of card issuers
Firth Rixson	Supplier of highly engineered rings, forgings and specialist metal products primarily to global aerospace engine manufacturers
Flagstone Reinsurance	Global reinsurance and insurance company that focuses on specialty, property, property catastrophe and short-tail casualty reinsurance and insurance

BUYOUT PORTFOLIO ANALYSIS

Listed below is a description of the 50 largest buyout investments as of 31 December 2010, pro forma for the closing of the Strategic Asset Sale (continued from previous page).

Company Name	Business Description
Freescale Semiconductor	Designer and manufacturer of semiconductors for a variety of end-markets including the automotive, consumer, industrial, networking and wireless industries
Great Point Power	Owner of interests in a fully contracted portfolio of four power generation facilities and one transmission facility, with approximately 695 megawatts of net generation and 440 megawatts of net transmission capacity with assets located in New York, New Jersey, Texas, California, and Hawaii
Group Ark Insurance	Lloyd's market underwriter of a geographically diverse book of global specialty insurance and reinsurance risks
HellermannTyton	Global manufacturer and distributor of high-performance cable management products, with operations in 34 countries and 11 production facilities in nine countries
Higher One	Provider of electronic refund management services and other financial services to universities and their students in the United States
Kyobo Life Insurance	Life insurance company based in Korea that offers a broad range of savings and protection products targeted at middle- and upper-income consumers
Lantheus Medical Imaging	Supplier of radiopharmaceuticals and contrast agents for nuclear and ultrasound-based cardiovascular diagnostic imaging procedures
Navilyst Medical	Manufacturer and distributor of single use fluid management and venous access medical devices
NFR Energy	North American onshore exploration and production company acquiring producing gas properties and developing the Haynesville gas shale
Nielsen	Global information and media company providing essential marketing information analytics and industry expertise to customers around the world
Norit International	Supplier of clean technologies and components for purification and filtration systems, primarily focused on the water and beverage markets
Nycomed	Mid-sized pharmaceutical company focused on the sale of branded prescription and over-the-counter drugs in the Nordic, continental Europe, and CIS regions
OneWest Bank	Regional savings and loan bank based in Southern California (formerly known as IndyMac Federal Bank FSB)
Press Ganey Associates	Provider of patient satisfaction measurement and quality and performance improvement solutions to healthcare institutions
Sabre	World leader in travel commerce, providing a broad portfolio of transaction processing, distribution, and technology solutions to the global travel industry
Star Atlantic Waste Holdings	Vertically integrated waste management companies along the East Coast of the U.S., owning and/or operating 10 landfills, one greenfield landfill, 18 transfer stations, and numerous collection operations
Stock Spirits	One of the fastest growing spirits companies in Europe and the owner of many of Central Europe's premier drinks brands
Terra-Gen Power	Renewable energy company focused on owning, operating, and developing utility-scale wind, geothermal, and solar generation, with 831 megawatts in 21 operating renewable energy projects
The SI Organization	Provider of high-end systems engineering and integration solutions and modeling, simulation, analysis and risk mitigation services to the U.S. Intelligence Community
Torus Insurance	Energy-focused insurance vehicle underwriting large, complex technical lines worldwide
TPF Genco	Five natural gas-fired power plants located in California, Texas, Illinois, Virginia and West Virginia, representing 2,480 megawatts of generating capacity
Tumi	High-end luggage and business accessory brand, designing and marketing its products to professionals and brand-conscious frequent travelers
Validus	Provider of reinsurance and insurance, conducting its operations worldwide through two wholly-owned subsidiaries, Validus Reinsurance, Ltd. and Talbot Holdings Ltd.
VWR International	Global distributor of equipment and consumable supplies to the global research laboratory industry, offering products and supplies from more than 3,000 manufacturers to over 250,000 customers
WideOpenWest	Cable company in the United States with over 1.4 million homes passed and over 350,000 subscribers, providing cable television, high-speed data and digital telephony services

BUYOUT PORTFOLIO ANALYSIS

In connection with our portfolio monitoring process, our Investment Manager analyzed the operational performance and valuation metrics for the 50 largest buyout investments based upon pro forma fair value at 31 December 2010. [1]

BUYOUT PERFORMANCE AND VALUATION ANALYSIS [2]

Traditional Buyout Investments

- Traditional buyout investments that were valued based on a multiple of cash flow (total enterprise value as a multiple of EBITDA)
  - 33 companies with approximately $108 million of fair value, representing 20% of private equity fair value and 38% of buyout fair value
- Summary metrics for the traditional buyout investments:
  - Weighted average valuation multiple of 10.0x LTM EBITDA
  - Weighted average leverage multiple of 5.3x LTM EBITDA
  - Weighted average LTM revenue growth of 12%
  - Weighted average LTM EBITDA growth of 19%

Other Buyout Investments

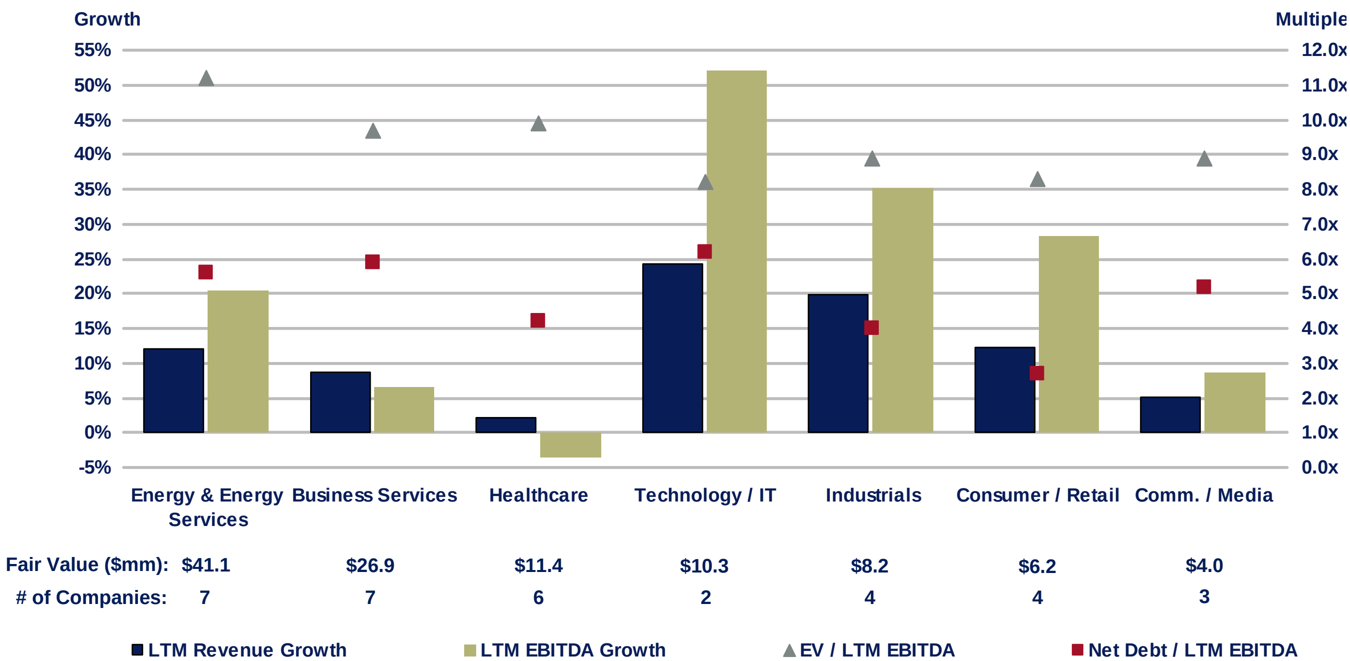
- Power generation and utility companies, financial institutions and publicly traded companies
  - 17 companies with approximately $57 million of fair value, representing 11% of private equity fair value and 20% of buyout fair value
- Seven privately held financial institutions ($25 million of fair value) grew book value by 16% over the last twelve months and were valued at 1.27x book value on a weighted average basis
- Four power generation and utility companies ($18 million of fair value) were valued based on a variety of metrics, including price per kilowatt hour of generation capacity
- Six publicly traded companies ($13 million of fair value) generated a weighted average total return of 20% during the calendar year 2010

1. *Pro forma for the closing of the Strategic Asset Sale.*
2. *Portfolio company operating and valuation metrics are based on most recently available information (unaudited). Private equity fair value as of 31 December 2010.*

BUYOUT PORTFOLIO ANALYSIS

The figure below illustrates the key operating, valuation, and leverage statistics for the largest traditional buyout investments by industry sector. In conducting the analysis, our Investment Manager utilized the most recently available information (principally as of 31 December 2010 but also as of 30 September 2010) to evaluate the year-over-year growth in revenue and EBITDA for each company. In addition, our Investment Manager analyzed the most recently available valuation multiple (enterprise value to LTM EBITDA) and leverage multiple (net debt to LTM EBITDA) for each company. The aggregate metrics by industry sector represent weighted averages based on the pro forma fair value of each underlying company at 31 December 2010. [1]

WEIGHTED AVERAGE LTM PERFORMANCE AND VALUATION METRICS BY INDUSTRY SECTOR: LARGEST TRADITIONAL BUYOUT INVESTMENTS



	Energy & Energy Services	Business Services	Healthcare	Technology / IT	Industrials	Consumer / Retail	Comm. / Media
Fair Value ($mm):	$41.1	$26.9	$11.4	$10.3	$8.2	$6.2	$4.0
# of Companies:	7	7	6	2	4	4	3

1. Pro forma for the closing of the Strategic Asset Sale.

SPECIAL SITUATIONS PORTFOLIO ANALYSIS

Listed below is a description of the 25 largest special situations investments as of 31 December 2010.

Company Name	Business Description
3B The Fibreglass Company	European manufacturer and seller of glass fiber composite material solutions for the automotive, wind energy, electrical, electronic, and construction markets
Aleris International	Production of aluminum rolled and extruded products as well as aluminum recycling and the production of specification alloys
Caesars Entertainment Corp.	Diversified gaming company that provides casino entertainment principally in the United States and England
Charter Communications	Provider of cable services to residential and commercial customers in the United States
CIT Group	Provider of commercial financing, leasing products, and other services to small and middle market businesses
Claire's Stores	Specialty retailer of fashion accessories and jewelry for kids, teenagers, and young women
Clear Channel Communications	Diversified media company that provides mobile and on-demand entertainment and information services, including radio broadcasting and outdoor advertising services
Delta Air Lines	Provider of scheduled air transportation for passengers and cargo in the United States and internationally
Energy Future Holdings	Energy company that manages a portfolio of competitive and regulated energy businesses located in Texas, including unregulated power generation, retail electric supply, and regulated electric utilities
Firth Rixson	Supplier of highly engineered rings, forgings and specialist metal products primarily to global aerospace engine manufacturers
Grede Foundries	Designer and manufacturer of cast, machined, and assembled metal components for transportation and industrial markets
HD Supply	Industrial distributor in North America serving over 500,000 professional customers, including contractors, government entities, maintenance professionals, home builders and industrial businesses
Intrawest	Developer and manager of mountain and beach destination resorts in North America and Europe
KEMET Corporation	Manufacturer of capacitors used in a broad range of electronics
MGM Resorts International	Owner and operater of casino resorts in the United States
Neff	Provider of construction and industrial equipment rental services in the United States
NXP Semiconductors	Semiconductor company providing high-performance mixed-signal and standard product solutions used in automotive, industrial, consumer, lighting, medical, computing, and identification applications
Owens Corning	Global producer of residential and commercial building materials, glass fiber reinforcements, and engineered materials for composite systems
ProSiebenSat	Media company in Europe that primarily operates as a free TV broadcaster with 26 TV stations and 22 radio networks in 14 countries
Royalty Notes (HIV Medication)	Royalty notes backed by the worldwide sales of a leading HIV medication that is marketed globally by a premier pharmaceutical company
Ryerson	Distribution and processing of metals for a broad geographic market with service centers in North America and China
SonicWALL	Developer of advanced intelligent network security and data protection solutions for small and large enterprises worldwide
Suddenlink Communications	Provider of cable broadband solutions for residential and commercial customers in the United States
Tribune Company	Media company that engages in publishing, interactive, and broadcasting businesses in the U.S.
Univision Communications	Spanish-language media company that owns and operates broadcast television network, cable network, television stations, radio stations, and an Internet destination in the U.S. and Puerto Rico

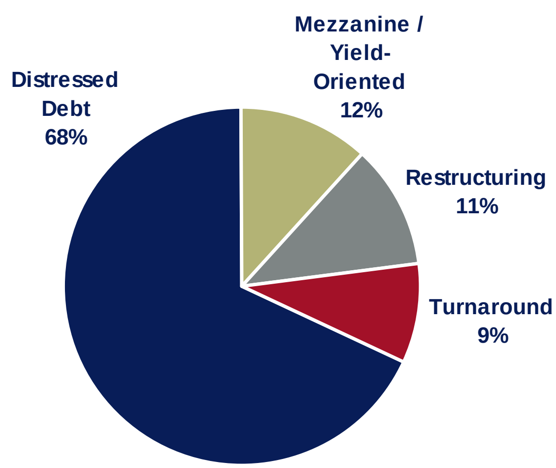
SPECIAL SITUATIONS PORTFOLIO ANALYSIS

The fair value of our special situations portfolio was approximately $200 million as of 31 December 2010, or 39% of pro forma private equity fair value. Within this 39% of the portfolio, 31% of total private equity fair value was held in direct yield-oriented investments or credit related funds that provide a monthly estimate of the mark-to-market fair value of their debt investments.

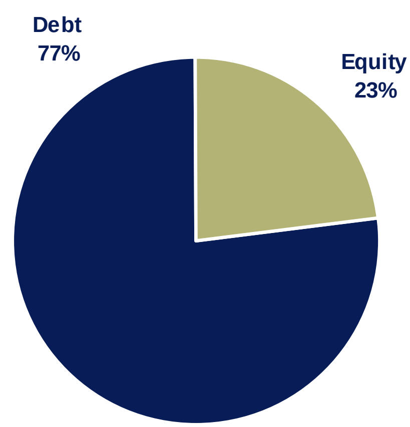
Our special situations portfolio consists of a combination of distressed debt, restructuring, turnaround and mezzanine strategies. As of year end, the special situations portfolio was primarily comprised of debt securities, but over time we expect the equity component to increase as restructuring activity progresses.

SPECIAL SITUATIONS PORTFOLIO OVERVIEW [1]

Strategy Diversification by Fair Value



Estimated Security Type by Fair Value



1. *Special situations diversification statistics are based on most recently available quarterly information and the Investment Manager's estimates as of 31 December 2010.*

SPECIAL SITUATIONS PORTFOLIO ANALYSIS

For competitive reasons, a number of our special situations funds, particularly the distressed debt and restructuring funds, do not disclose their specific company positions until they have built a control position in a company's debt securities or until a restructuring has taken place. As a result, a large portion of our special situations portfolio is invested in an undisclosed yet diversified portfolio of distressed debt securities. Notwithstanding this fact, our Investment Manager conducted an analysis of the 25 largest identifiable companies in the special situations portfolio.

As of 31 December 2010, the 25 largest special situations investments had an aggregate fair value of approximately $62.7 million, representing 31% of the special situations fair value and 12% of pro forma private equity fair value. There were four direct yield-oriented investments in our special situations portfolio with an aggregate fair value of approximately $23.5 million.

Each of our special situations direct investments is in a mezzanine or debt security that is senior to the common equity and generates a meaningful amount of current income through either cash or PIK interest. At year end, the special situations direct investment portfolio generated annualized income of approximately $3.0 million through cash and PIK interest, had a weighted average yield to maturity of approximately 14%, and had a weighted average senior leverage multiple of 4.0x.[1]

Investment Stage	# of Companies	Fair Value ($mm)	Commentary
Direct Investments	4	$23.5	Yield-oriented investments including mezzanine debt securities, PIK preferred shares, and royalty-backed notes
Firth Rixson			Mezzanine debt with LIBOR plus 1,050 basis point coupon (450 cash, 600 PIK); Denominated 2/3 in USD and 1/3 in GBP
Royalty Notes (HIV Medication)			Royalty notes with 15.5% coupon that amortizes based on excess drug royalty income
SonicWALL			Second lien debt with LIBOR plus 1,000 basis point (cash) coupon and a LIBOR floor of 2.0%; issued at a 3% discount to par
Suddenlink Communications			Preferred equity with 12.0% (PIK) coupon; purchased at a discount to accreted value
Undervalued / Distressed Debt	9	$21.0	Debt securities purchased at a discount to par that generate a meaningful current yield within the sponsor's portfolio
Influential Restructuring	5	$7.0	Companies that are currently undergoing or are expected to undergo a financial restructuring; exposure to an influential portion of the capital structure where the manager is in position to lead the restructuring process
Post-Restructuring	4	$6.8	Targeted distressed positions where the special situations manager led the restructuring process; investments now have exposure to new debt securities as well as equity that was acquired during the restructuring process
Operational Turnaround	3	$4.4	Acquisition of underperforming businesses at a low valuation to enhance value and improve operations; predominantly invested in equity securities but also some downside protection with debt securities and warrants
Total	**25**	**$62.7**	

1. *Based on net leverage that is senior to the security held by NBPE.*

NB CROSSROADS FUND OF FUNDS INVESTMENTS

NB Crossroads Fund XVII ("Fund XVII") and NB Crossroads Fund XVIII ("Fund XVIII") are diversified private equity funds of funds comprised of private equity fund investments, secondary investments and co-investments. Our exposure to Fund XVII is through a single commitment to Fund XVII's asset allocation fund while our exposure to Fund XVIII is through separate commitments to each of the asset class funds within Fund XVIII: Large-cap Buyout; Mid-cap Buyout; Special Situations / Distressed; and Growth Equity / Venture Capital.

As of 31 December 2010, the pro forma fair value of our investment in Fund XVII was $36.3 million, representing 7% of pro forma private equity fair value. The asset class diversification of our investment in Fund XVII based on private equity fair value at year end was as follows[1]: Mid-cap Buyout – 27%; Large-cap Buyout – 24%; Growth / Venture – 45%; and Special Situations – 4%. As of 31 December 2010, Fund XVII consisted of 62 primary fund investments, seven co-investments and five secondary purchases and included exposure to over 1,300 separate companies, with the ten largest companies totaling approximately $4.9 million in fair value to NBPE, or 1% of pro forma private equity fair value. At 31 December 2010, we had unfunded commitments of $5.6 million to Fund XVII.

As of 31 December 2010, the aggregate pro forma fair value of our investments in Fund XVIII was $57.4 million, representing 11% of pro forma private equity fair value. The asset class diversification of our investments in Fund XVIII based on private equity fair value at year end was as follows[1]: Mid-cap Buyout – 51%; Large-cap Buyout – 18%; Special Situations – 16%; and Growth / Venture – 15%. As of 31 December 2010, Fund XVIII consisted of 73 primary fund investments, 35 co-investments and 13 secondary purchases and included exposure to over 1,600 separate companies, with the ten largest companies totaling approximately $7.2 million in fair value to NBPE, or 1% of pro forma private equity fair value. At 31 December 2010, we had unfunded commitments of $18.2 million to Fund XVIII.

The table below lists our ten largest investments in Fund XVII and Fund XVIII in alphabetical order as of 31 December 2010. The ten largest investments in Fund XVII had a fair value of approximately $11.4 million, or 2% of pro forma private equity fair value. The ten largest investments in Fund XVIII had a fair value of approximately $16.1 million, or 3% of pro forma private equity fair value.

Ten Largest Investments in Fund XVII

Partnership	Asset Class
Apollo Investment Fund VI	Large-cap Buyout
Canaan VII	Growth / Venture
Carlyle/Riverstone Global E&P Fund III	Large-cap Buyout
CVC European Equity Partners IV	Large-cap Buyout
Jefferies Capital Partners IV	Mid-cap Buyout
Meritech Capital Partners III	Growth / Venture
Sun Capital IV	Mid-cap Buyout
Thoma Cressey Fund VIII	Mid-cap Buyout
Trinity Ventures IX	Growth / Venture
Warburg Pincus Private Equity IX	Special Situations

Ten Largest Investments in Fund XVIII

Partnership	Asset Class
3i Eurofund V	Mid-cap Buyout
American Securities Partners V	Mid-cap Buyout
Aquiline Financial Services Fund	Mid-cap Buyout
Court Square Capital Partners II	Mid-cap Buyout
Doughty Hanson & Co V	Mid-cap Buyout
KKR 2006 Fund	Large-cap Buyout
LS Power Equity Partners II	Mid-cap Buyout
Tenaska Power Fund II	Mid-cap Buyout
TowerBrook Investors II	Mid-cap Buyout
Veritas Capital Fund III	Mid-cap Buyout

1. *The asset class diversification analysis is based on our allocable portion of the net asset value of the underlying fund investments and direct co-investments held by Fund XVII and Fund XVIII, respectively.*

LIQUIDITY AND CAPITAL RESOURCES

The principal sources of our liquidity consist of the net cash proceeds of cash distributions from investments, sales of investments, interest and dividends earned on invested cash and investments and borrowings under the credit facility (further detail provided below).

As of 31 December 2010, we had outstanding borrowings of $47.5 million from our $250.0 million credit facility in order to fund ongoing investment activities. We had cash and cash equivalents of $47.6 million and $202.5 million of undrawn capacity on the credit facility, resulting in total capital resources of $250.1 million. With unfunded private equity commitments of $115.6 million at year end, we continued to maintain a conservative capital structure with over 100% of unfunded commitments backstopped by cash and the undrawn credit facility.

Pro forma for the closing of the Strategic Asset Sale, the up-front proceeds from the sale of Dresser, and the subsequent pay-down of outstanding borrowings, we had cash and cash equivalents of approximately $82.0 million along with the full $250.0 million of undrawn capacity on the credit facility. Moreover, our unfunded commitments decreased to approximately $103.3 million on a pro forma basis as of 31 December 2010.

The table below outlines our liquidity and capital commitment position as of 31 December 2010.

CAPITAL COMMITMENT POSITION AT 31 DECEMBER 2010

($ in millions)	Actual	Pro Forma [1]
Net Asset Value	$526.9	$526.9
Total Private Equity Investments	$591.4	$508.2
Private Equity Investment Level	112%	96%
Unfunded Private Equity Commitments	$115.6	$103.3
Total Private Equity Exposure	$707.0	$611.5
Over-commitment Level	34%	16%
Cash and Cash Equivalents	$47.6	$82.0
Undrawn Credit Facility	$202.5	$250.0
Total Capital Resources	$250.1	$332.0
Excess of Capital Resources Over Unfunded Commitments	**$134.5**	**$228.7**

In August 2007, we entered into an agreement with Bank of Scotland regarding a senior secured revolving credit facility of up to $250.0 million. Under the terms of the agreement, we may borrow, repay and re-borrow to fund private equity contributions and working capital requirements throughout the seven year term expiring in August 2014. All borrowings under the credit facility bear interest at a floating rate, calculated as LIBOR or Euribor, as appropriate, plus 1.35% per annum. As of 31 December 2010, the interest rate on outstanding borrowings ranged from approximately 1.61% to 1.64%. We are also required to pay a non-utilization fee calculated as 40 basis points per annum on the daily balance of the unused amount of the credit facility. Although we do not presently pay dividends, we have the ability to pay dividends subject to compliance with the terms of the credit facility agreement.

1. *Pro forma for the closing of the Strategic Asset Sale, the up-front proceeds from the sale of Dresser and credit facility pay down.*

LIQUIDITY AND CAPITAL RESOURCES

The key financial covenant for our credit facility is a maximum debt to value ratio of 50.0%. The debt to value ratio is calculated as total debt and current liabilities divided by Restricted NAV, with Restricted NAV defined as the fair value of all private equity investments (less any excluded value) plus cash and cash equivalents. At 31 December 2010, the debt to value ratio was 10.0%.

The two other covenants are a secured asset ratio and a commitment ratio. The secured asset ratio is not to exceed 80.0% and is defined as total debt and current liabilities divided by Secured Assets, with Secured Assets defined as the value of secured private equity investments plus cash and cash equivalents. At 31 December 2010, the secured asset ratio was 13.4%.

The commitment ratio is defined as Restricted Total Exposure divided by the aggregate of Shareholder's equity and the total amount of the credit facility, with Restricted Total Exposure defined as the value of private equity investments (less any excluded value) plus unfunded private equity commitments. If the debt to value ratio is greater than 25.0% and the commitment ratio is greater than 130.0%, then we become restricted from making new private equity investments. At 31 December 2010, the commitment ratio was 81.6%.

SHARE REPURCHASES

From July 2008 through May 2009, we repurchased 3,150,408 Shares, or 5.8% of the originally issued Shares, pursuant to a liquidity enhancement program on Euronext Amsterdam.

On 22 October 2010, we launched a new Share buy-back program in order to begin implementing the Capital Return Policy. The buy-back program commenced immediately and, subject to extension, will end on 31 August 2011. Under the terms of the new program, we appointed The Royal Bank of Scotland N.V. (London Branch) ("RBS") to manage the program and authorized RBS to effect on-market repurchases of Shares on behalf of NBPE on Euronext Amsterdam and/or the Specialist Fund Market of the London Stock Exchange. Shares bought back under the buy-back program will be cancelled. The operation of our liquidity enhancement program on Euronext Amsterdam has been suspended for the duration of the buy-back program.

In November and December 2010, we repurchased a total of 326,767 Shares at a weighted average share price of $7.03. As of 31 December 2010, we have repurchased an aggregate 3,477,175 Shares, or 6.4% of the originally issued Shares, at a weighted average share price of $3.32.

LIQUIDITY ENHANCEMENT PROGRAM AND BUY-BACK PROGRAM ACTIVITY

Time Period	Number of Shares Repurchased	Weighted Average Repurchase Price per Share
July 2008 - May 2009	3,150,408	$2.93
November 2010	123,482	$7.01
December 2010	203,285	$7.05
Total / Weighted Average	**3,477,175**	**$3.32**

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements. Forward-looking statements speak only as of the date of the document in which they are made and relate to expectations, beliefs, projections (including anticipated economic performance and financial condition), future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts and are subject to risks and uncertainties including, but not limited to, statements as to:

- Our future operating results;
- Our business prospects and the prospects of our investments;
- The impact of investments that we expect to make;
- The dependence of our future success on the general economy and its impact on the industries in which we invest;
- The ability of our investments to achieve their objectives;
- Differences between our investment objective and the investment objectives of the private equity funds in which we invest;
- The rate at which we deploy our capital in private equity investments, co-investments and opportunistic investments;
- Our expected financings and investments;
- The continuation of the Investment Manager as our service provider and the continued affiliation with the Investment Manager of its key investment professionals;
- The adequacy of our cash resources and working capital; and
- The timing of cash flows, if any, from the operations of our underlying private equity funds and our underlying portfolio companies.

In some cases, forward-looking statements may be identified by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will," and "would," or the negative of those terms or other comparable terminology.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Factors and events that could cause our business, financial condition, liquidity and results of operations to vary materially include, among other things, general economic conditions, securities market conditions, private equity market conditions, the level and volatility of interest rates and equity prices, competitive conditions, liquidity of global markets, international and regional political conditions, regulatory and legislative developments, monetary and fiscal policy, investor sentiment, availability and cost of capital, technological changes and events, outcome of legal proceedings, changes in currency values, inflation, credit ratings and the size, volume and timing of transactions, as well as other risks described elsewhere in this report and our prospectus relating to our IPO and our prospectus relating to our ZDP Shares.

The foregoing is not a comprehensive list of the risks and uncertainties to which we are subject. Except as required by applicable law, we undertake no obligation to update or revise any forward-looking statements to reflect any change in our expectations, or any changes in events, conditions or circumstances on which the forward-looking statement is based. In light of these risks, uncertainties and assumptions, the events described by our forward-looking statements might not occur. We qualify any and all of our forward-looking statements by these cautionary factors.

RISK FACTORS

Our company is subject to, and an investment in our company's shares involves, substantial risks, which may adversely impact our business, financial condition, results of operations and/or the value of your investment. Investors in our company's class A shares ("Class A Shares") and zero dividend preference shares ("ZDP Shares") should carefully consider such risks, which include, without limitation, those set out below. If any such risks occur, our business, financial condition, results of operations and the value of your investment would likely suffer.

Our company may experience fluctuations in its monthly net asset value.

Our company may experience fluctuations in our net asset value from month to month due to a number of factors, including changes in the values of investments, which in turn could be due to changes in values of portfolio companies, changes in the amount of distributions, dividends or interest paid in respect of investments, changes in operating expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition and general economic and market conditions. Such variability may lead to volatility in the trading price of the shares and cause our company's results for a particular period not to be indicative of our company's performance in a future period.

On liquidation of our assets on any given day, the reported NAV may not match the liquidated cash value of such assets.

Where we are required or deem it necessary to liquidate some or all of our assets on any given day, the liquidated cash value of such assets may not match the reported NAV or portion of the reported NAV (in the case that not all of our assets are liquidated) attributable to such assets. Liquidation of our assets will be subject to a number of factors, including the availability of purchasers of our assets, liquidity and market conditions and, as such, the actual cash value of some or all of our assets may differ from the latest reported NAV (or portion of the reported NAV (in the case that not all of our assets are liquidated)).

The shares could continue to trade at a discount to net asset value.

The shares could continue to trade at a discount to net asset value for a variety of reasons, including, without limitation, due to market conditions or to the extent investors undervalue the Investment Manager's investment management activities. Also, since there is generally a period of years before a new private equity fund has completed making its investments, return on our investments in such funds is not likely to be realized for a substantial time period, if at all, which could negatively impact the value of the shares. Additionally, unlike traditional private equity funds, we intend to continuously reinvest the cash we receive, except in limited circumstances (including in connection with our company's capital return policy and share buy back programme). Therefore, the only way for investors to realize their investment is to sell their shares for cash. Accordingly, in the event that a holder of shares requires immediate liquidity, or otherwise seeks to realize the value of its investment in our company, through a sale of shares, the amount received by the holder upon such sale may be less than the underlying net asset value of the relevant shares sold.

The trading markets that the Class A Shares and ZDP Shares are admitted to are less liquid than certain other major exchanges, which could affect the price of our shares.

The principal trading markets are Euronext Amsterdam and the SFM for the Class A Shares and the SFM and the CISX for the ZDP Shares, and these markets are less liquid than certain other major exchanges in the United States and certain other parts of Europe. Because these markets are less liquid than major exchanges in the United States and certain other parts of Europe, our shareholders may face difficulty when disposing of their shares, especially in large blocks. To date the company's shares have actively traded, but with generally low daily volumes. Our company cannot predict the effects on the price of the shares if a more liquid trading market for them does not develop. In addition, if such a market does not develop, relatively small sales may have a significant negative impact on the price of the shares. For example, sales of a significant number of shares may be difficult to execute at a stable price.

The availability of our credit facility and failure to continue to meet the financial covenants in our credit facility could have an adverse impact on our liquidity.

The availability of our credit facility is dependent on our continuing compliance with the covenants of our credit facility. We are currently in compliance with all of the covenants of our credit facility. However, certain events, including reductions in the net asset value of our investment portfolio, could result in an event of default under the credit facility agreement. Where an event of default occurs, the lender may cancel the undrawn portion of our credit facility and declare the entire outstanding principal and interest immediately due. As a result, we may not have access to sufficient capital to meet our obligations (including unfunded commitments) and we could be forced to sell assets in order to cure the event of default or to repay our credit facility. Where we are obliged to sell assets from our investment portfolio to meet our obligations under our credit facility, such sale may be at an undervalue and may not reflect the estimated unaudited fair value that we have assigned to such asset(s). Further, where our credit facility is unavailable, our ability to make new investments or to honor funding obligations to which we are already committed may be severely restricted. We may be unable, or it may not be prudent or in our best interests, to enter into further agreements to borrow money or to refinance our credit facility.

The price attributed to the Class A Shares on Euronext Amsterdam and the SFM may vary significantly and the price attributed to the ZDP Shares on the SFM and the CISX may vary significantly.

The Class A Shares are admitted to trading on Euronext Amsterdam and the SFM and the ZDP Shares are admitted to trading on the SFM and the CISX. The price attributed to the Class A Shares or ZDP Shares, as the case may be, may vary significantly on one exchange versus the other. As such, no guarantee is given that investors will receive best pricing and execution on one market over another. We and our company accept no responsibility whatsoever with regards to the pricing of the Class A Shares and execution of trades therein on Euronext Amsterdam and the SFM, the pricing of the ZDP Shares and execution of trades therein on the SFM and the CISX, nor do we accept any responsibility for any pricing and/or execution variation between any of these exchanges. Investors are responsible for informing themselves as to the best pricing and execution available, in the case of the Class A Shares, on both Euronext Amsterdam and the SFM, and, in the case of the ZDP Shares, on both the SFM and the CISX.

The holders of ZDP Shares may not receive the final capital entitlement.

The holders of ZDP Shares may not receive the final capital entitlement and no guarantee is made by us or our company in relation to the payment thereof. The ZDP Shares, whilst ranking prior to the Class A Shares and the Class B Shares in respect of the repayment of up to 169.73 pence per ZDP Share from the assets of the investment portfolio, rank behind any borrowings of our company that remain outstanding. In addition, upon the occurrence of significant loss in value of the assets held in the investment portfolio, our company may be unable to pay the final capital entitlement or any part thereof to the holders of ZDP Shares.

Payment of the final capital entitlement to the holders of ZDP Shares may be dilutive to the NAV per Class A Share.

Payment of the final capital entitlement to the holders of the ZDP Shares may be dilutive to the NAV per Class A Share. Where our company does not generate investment returns in excess of the forecast gross redemption yield of 7.30% (in relation to which, no guarantee has been given) per annum (based on the issue price of the ZDP Shares), the NAV per Class A Share may be significantly diluted.

STATEMENT OF RESPONSIBILITY AND CERTAIN INFORMATION

Statement of Responsibility

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. The Companies (Guernsey) Law, 2008, as amended (the "Law") requires the Directors to prepare financial statements for each financial year. These consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss and are in accordance with and are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as allowed by rules published in The Netherlands to effect implementation of the EU Transparency Directive, and are presented in United States dollars. The Company prepares its financial statements in compliance with the Law. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;

- Make judgments and estimates that are reasonable and prudent;

- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Material Contracts

NB Private Equity Partners Limited ("NBPE"), NB PEP Investments LP (Incorporated) and the Investment Manager entered into that certain Investment Management and Services Agreement on 25 July 2007 (as amended and restated on 25 January 2008), whereby the Investment Manager, subject to the overall supervision of the Directors, was appointed as NBPE's investment manager. NBPE and Heritage International Fund Managers Limited entered into that certain Administration Agreement on 3 July 2007 (as amended by side letter on 22 June 2009), whereby NBPE appointed Heritage International Fund Managers Limited to act as administrator and company secretary to NBPE. NBPE, as general partner, and NB PEP Associates LP (Incorporated), as special limited partner, entered into that certain limited partnership agreement of NB PEP Investments LP (Incorporated) on 25 July 2007, as amended and restated on 16 July 2008. NBPE and The Royal Bank of Scotland N.V. (London Branch) ("RBS") entered into a Share Buy Back Agreement on 21 October 2010, whereby NBPE appointed RBS to effect on market share repurchases of class A shares on behalf of NBPE.

STATEMENT OF RESPONSIBILITY AND CERTAIN INFORMATION

Shareholdings of the Directors

Talmai Morgan (Chairman):	10,000 Class A Shares
John Buser:	10,000 Class A Shares
John Hallam:	10,000 Class A Shares
Christopher Sherwell:	9,150 Class A Shares
Peter Von Lehe:	7,500 Class A Shares

Major Shareholders

As at 31 December 2010, insofar as is known to NBPE, the following persons were interested, directly or indirectly, in 5% or more of the Class A Shares in issue (excluding Class A Shares held in treasury):

Class A Shareholder:	Lehman Brothers Offshore Partners Ltd.
Number of Class A Shares:	15,302,319

List of NBPE Subsidiaries

Name	Place of Incorporation (or Registration) and Operation	Proportion of Ownership Interest %
Directly Owned		
NB PEP Investments, LP (Incorporated)	Guernsey	99.9%
Indirectly Owned		
NB PEP Investments Limited	Guernsey	100.0%
NB PEP Investments DE, LP	United States	100.0%
NB PEP Investments LP Limited	Guernsey	100.0%
NB PEP Investments I, LP (Incorporated)	Guernsey	100.0%
NB PEP Holdings Limited	Guernsey	100.0%
Various holding entities for specific investments	United States	100.0%

STATEMENT OF RESPONSIBILITY AND CERTAIN INFORMATION

We also confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole as required by the EU Transparency Directive, Disclosure and Transparency Rules ("DTR") 4.1 12R and by the Wft Decree; and
- The annual report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face as required by the EU Transparency Directive, Disclosure and Transparency Rules ("DTR") 4.1 12R and by the Wft Decree.

By order of the Board

Talmai Morgan
Director

John Hallam
Director

Date: 9 March 2011

Certain Information

We are subject to The Netherlands Financial Supervision Act (*Wet op het financieel toezicht,* "Wft"), and we are registered with The Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, "AFM") as a collective investment scheme as meant in section 1:107 of the Wft. We are subject to certain ongoing requirements under the Netherlands Financial Supervision Act, the Decree on Supervision of Conduct by Financial Enterprises (*Besluit Gedragstoezicht financiële ondernemingen* Wft) and the Decree on the Implementation Directive Transparency Issuing Entities (*Besluit uitvoeringsrichtlijn transparantie uitgevende instellingen Wft*, the "Wft Decree") relating to the disclosure of certain information to investors, including the publication of our financial statements.

DIRECTORS, ADVISORS AND CONTACT INFORMATION

Ordinary Share Information
Trading Symbol: NBPE
Exchanges: Euronext Amsterdam by NYSE Euronext and the Specialist Fund Market of the London Stock Exchange
Euronext Amsterdam Listing Date: 25 July 2007
Specialist Fund Market Admission: 30 June 2009
Base Currency: USD
Bloomberg: NBPE NA, NBPE LN
Reuters: NBPE.AS, NBPE.L
ISIN: GG00B1ZBD492
COMMON: 030991001
Amsterdam Security Code: 600737

ZDP Share Information
Trading Symbol: NBPZ
Exchanges: Specialist Fund Market of the London Stock Exchange and the Daily Official List of the Channel Islands Stock Exchange
Admission Date: 1 December 2009
Base Currency: GBP
Bloomberg: NBPEGBP LN
Reuters: NBPEO.L
ISIN: GG00B4ZXGJ22
SEDOL: B4ZXGJ2

Board of Directors
Talmai Morgan (Chairman)
John Buser
John Hallam
Christopher Sherwell
Peter Von Lehe

Registered Office
NB Private Equity Partners Limited
P.O. Box 225
Heritage Hall, Le Marchant Street
St. Peter Port, Guernsey GY1 4HY
Channel Islands
Tel: +44-(0)1481-716000
Fax: +44 (0) 1481 730617

Investment Manager
NB Alternatives Advisers LLC
325 North St. Paul Street, Suite 4900
Dallas, TX 75201
United States of America
Tel: +1-214-647-9593
Fax: +1-214-647-9501
Email: pe_fundoffunds@nbalternatives.com

Guernsey Administrator
Heritage International Fund Managers Limited
Heritage Hall, Le Marchant Street
St. Peter Port, Guernsey GY1 4HY
Channel Islands
Tel: +44-(0)1481-716000
Fax: +44 (0) 1481 730617

Fund Service and Recordkeeping Agent
Capital Analytics II LLC
325 North St. Paul Street, Suite 4700
Dallas, TX 75201
United States of America

Independent Auditors and Accountants
KPMG Channel Islands Limited
P.O. Box 20
20 New Street
St. Peter Port, Guernsey GY1 4AN
Tel: +44 (0) 1481 721000
Fax: +44 (0) 1481 722373

Depositary Bank
The Bank of New York
101 Barclay Street, 22nd Floor
New York, NY 10286
United States of America
Tel: +1-212-815-2715
Fax: +1-212-571-3050

Paying Agent
The Royal Bank of Scotland N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands
Tel: +31-20-383-6778
Fax: +31-20-628-000

Joint Corporate Brokers
Oriel Securities Limited
125 Wood Street
London, EC2V 7AN
Tel: +44 (0) 20 7710 7600

RBS Hoare Govett Limited
250 Bishopsgate
London, EC2M 4AA
Tel: +44 (0) 20 7678 1670

For general questions about NB Private Equity Partners Limited, please contact us at IR_NBPE@nb.com or at +1-214-647-9593.

The website address for NB Private Equity Partners Limited is www.nbprivateequitypartners.com.

NB PRIVATE EQUITY PARTNERS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended 31 December 2010 and 2009

KPMG Channel Islands Limited
P.O. Box 20
20 New Street
St Peter Port
Guernsey
Channel Islands
GY1 4AN

Independent Auditor's Report

The Members of NB Private Equity Partners Limited

We have audited the accompanying consolidated balance sheet, including the consolidated condensed schedule of private equity investments of NB Private Equity Partners Limited ('the Company') and subsidiaries as of 31 December 2010, and the related consolidated statement of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We also report to you if, in our opinion, the Company has not kept proper accounting records, or if the financial statements are not in agreement with the accounting records or if we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

In our opinion, the 2010 consolidated financial statements referred to above give a true and fair view, in all material respects, of the financial position of NB Private Equity Partners Limited and subsidiaries as of 31 December 2010, and of the results of their operations and changes in net assets and their cash flows for the year then ended and are in accordance with accounting principles generally accepted in the United States of America.

In our opinion the financial statements comply with the Companies (Guernsey) Law, 2008.

Independent Auditor's Report – continued

This report is made solely to the company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Robert A Hutchinson

For and on behalf of
KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey

Date: 09 March 2011

NB Private Equity Partners Limited

Consolidated Balance Sheets

31 December 2010 and 2009

Assets		2010		2009
Private equity investments				
(cost of $537,626,591 for 2010 and $544,064,097 for 2009)	$	591,438,896	$	534,812,439
Cash and cash equivalents		47,556,616		63,911,521
Other assets		3,299,379		4,428,391
Total assets	**$**	**642,294,891**	**$**	**603,152,351**

Liabilities				
Liabilities:				
Credit facility loans	$	47,500,000	$	65,847,760
Zero dividend preference share liability		55,726,333		48,871,677
Payables to Investment Manager and affiliates		2,055,588		1,851,432
Accrued expenses and other liabilities		6,649,502		2,139,053
Net deferred tax liability		2,908,248		800,385
Total liabilities	**$**	**114,839,671**	**$**	**119,510,307**
Net assets				
Class A shares, $0.01 par value, 500,000,000 shares authorized,				
53,883,233 shares issued, and 50,732,825 shares outstanding for 2010				
(54,210,000 shares issued, and 51,059,592 shares outstanding for 2009)	$	538,832	$	542,100
Class B shares, $0.01 par value, 100,000 shares authorized,				
10,000 shares issued and outstanding		100		100
Additional paid-in capital		539,358,974		541,657,800
Retained earnings (deficit)		(3,713,018)		(49,782,128)
Less cost of treasury stock purchased (3,150,408 shares)		(9,248,460)		(9,248,460)
Total net assets of the controlling interest		526,936,428		483,169,412
Net assets of the non-controlling interest		518,792		472,632
Total net assets	**$**	**527,455,220**	**$**	**483,642,044**
Total liabilities and net assets	**$**	**642,294,891**	**$**	**603,152,351**
Net asset value per share for Class A and Class B shares	**$**	**10.38**	**$**	**9.46**
Net asset value per zero dividend preference share (Pence)		**107.95**		**100.79**

The accounts were approved by the board of directors on 9 March 2011 and signed on its behalf by

Talmai Morgan **John Hallam**

The accompanying notes are an integral part of the consolidated financial statements.

NB Private Equity Partners Limited

Consolidated Condensed Schedules of Private Equity Investments

31 December 2010 and 2009

Private equity investments		Cost		Fair Value		Unfunded Commitment		Private Equity Exposure
2010								
Fund investments	$	426,600,243	$	475,202,891	$	111,790,734	$	586,993,625
Direct co-investments-equity		92,657,233		99,446,914		3,767,504		103,214,418
Direct co-investments-debt		18,369,115		16,789,091		N/A		16,789,091
	$	**537,626,591**	**$**	**591,438,896**	**$**	**115,558,238**	**$**	**706,997,134**
2009								
Fund investments	$	457,065,010	$	457,239,481	$	152,654,027	$	609,893,508
Direct co-investments-equity		75,962,038		69,209,357		6,361,771		75,571,128
Direct co-investments-debt		11,037,049		8,363,601		N/A		8,363,601
	$	**544,064,097**	**$**	**534,812,439**	**$**	**159,015,798**	**$**	**693,828,237**

Private equity investments in excess of 5% of net asset value		Fair Value
2010		
NB Crossroads Fund XVII	$	36,478,342
NB Crossroads Fund XVIII		
Large-cap Buyout		10,278,437
Mid-cap Buyout		30,197,181
Special Situations		9,233,511
Venture		8,399,985
		58,109,114
Centerbridge Credit Partners Fund, L.P.		32,116,316
OCM Opportunities Fund VIIb, L.P.		41,345,065
2009		
NB Crossroads Fund XVII	$	31,833,592
NB Crossroads Fund XVIII		
Large-cap Buyout		7,752,211
Mid-cap Buyout		22,263,134
Special Situations		8,257,608
Venture		6,644,819
		44,917,772
Centerbridge Credit Partners Fund, L.P.		26,624,770
OCM Opportunities Fund VIIb, L.P.		34,542,536

The accompanying notes are an integral part of the consolidated financial statements.

NB Private Equity Partners Limited

Consolidated Condensed Schedules of Private Equity Investments

31 December 2010 and 2009

Geographic diversity of private equity investments [1]		Fair Value 2010		Fair Value 2009
North America	$	429,877,666	$	406,766,427
Europe		86,424,281		79,435,478
Asia / Rest of World		13,198,409		12,900,478
Not classified		61,938,540		35,710,056
	$	**591,438,896**	**$**	**534,812,439**

Industry diversity of private equity investments [2]	Fair Value 2010	Fair Value 2009
Diversified / Undisclosed / Other	21.1%	23.6%
Energy / Utilities	18.0%	17.6%
Financial Services	11.9%	13.3%
Consumer / Retail	11.4%	9.4%
Industrials	10.0%	7.3%
Communications / Media	8.1%	7.2%
Technology / IT	6.0%	5.8%
Healthcare	5.9%	7.4%
Transportation	4.1%	4.5%
Business Services	3.2%	3.9%
	100.0%	**100.0%**

Asset class diversification of private equity investments [3]	Fair Value 2010	Fair Value 2009
Large-Cap Buyout	21.4%	30.3%
Large-Cap Buyout Co-Invest	4.6%	4.1%
Mid-cap Buyout	19.5%	19.6%
Mid-cap Buyout Co-Invest	11.8%	9.6%
Special Situation	29.0%	27.0%
Special Situation Co-Invest	4.1%	1.6%
Growth/Venture	6.9%	5.7%
Secondary Purchases	2.7%	2.1%
	100.0%	**100.0%**

(1): Geography is determined by location of the headquarters of the underlying portfolio companies in funds and direct co-investments. A portion of our fund investments may relate to cash, or other assets or liabilities that they hold and for which we do not have adequate information to assign a geographic location.

(2): Industry diversity is based on underlying portfolio companies and direct co-investments.

(3): Asset class diversification is based on the net asset value of underlying fund investments and co-investments.

The accompanying notes are an integral part of the consolidated financial statements.

NB Private Equity Partners Limited
Consolidated Statements of Operations and Changes in Net Assets
For the years ended 31 December 2010 and 2009

		2010		2009
Interest and dividend income	$	2,195,535	$	2,594,264
Expenses				
Carried interest		44,535		-
Investment management and services		7,754,688		6,660,363
Administration and professional		4,236,405		3,810,273
Finance costs				
Zero dividend preference shares		3,882,092		409,325
Credit facility		1,934,167		3,605,488
		17,851,887		14,485,449
Net investment income (loss)	**$**	**(15,656,352)**	**$**	**(11,891,185)**
Realized and unrealized gains (losses)				
Net realized gain (loss) on investments, net of tax expense of $1,015,800 for 2010 and $132,035 for 2009	$	2,012,393	$	(11,637,080)
Net change in unrealized gain (loss) on investments, net of tax expense (benefit) of $2,112,471 for 2010 and ($2,781,148) for 2009		59,759,229		79,720,661
Net realized and unrealized gain (loss)		61,771,622		68,083,581
Net increase (decrease) in net assets resulting from operations	$	46,115,270	$	56,192,396
Less net increase (decrease) in net assets resulting from operations attributable to the non-controlling interest		46,160		56,192
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	**$**	**46,069,110**	**$**	**56,136,204**
Net assets at beginning of year attributable to the controlling interest		483,169,412		430,484,266
Less cost of treasury stock purchased (1,438,271 shares for 2009)		-		3,451,058
Less cost of stock repurchased and cancelled (326,767 shares for 2010)		2,302,094		-
Net assets at end of year attributable to the controlling interest	**$**	**526,936,428**	**$**	**483,169,412**
Earnings (loss) per share for Class A and Class B shares of the controlling interest	***$***	***0.90***	***$***	***1.10***

The accompanying notes are an integral part of the consolidated financial statements.

NB Private Equity Partners Limited

Consolidated Statements of Cash Flows

For the years ended 31 December 2010 and 2009

		2010		2009
Cash flows from operating activities:				
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$	46,069,110	$	56,136,204
Net increase (decrease) in net assets resulting from operations attributable to the non-controlling interest		46,160		56,192
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:				
Net realized (gain) loss on investments		(2,012,393)		11,637,080
Net change in unrealized (gain) loss on investments		(59,759,229)		(79,720,661)
In-kind payment of interest income		(873,914)		(512,959)
Amortization of finance costs		464,366		(1,451,893)
Change in other assets		319,922		(19,383)
Change in payables to Investment Manager and affiliates		(409,409)		580,194
Change in current tax liabilities		883,395		(649,654)
Change in accrued expenses and other liabilities		4,425,342		966,693
Net cash provided by (used in) operating activities		(10,846,650)		(12,978,187)
Cash flows from investing activities:				
Distributions from private equity investments		46,801,173		27,479,462
Proceeds from sale of private equity investments		40,505,400		8,105,442
Contributions to private equity investments		(51,395,276)		(50,837,350)
Purchases of private equity investments		(25,639,175)		(5,698,083)
Net cash provided by (used in) investing activities		10,272,122		(20,950,529)
Cash flows from financing activities:				
Credit facility loan borrowing		22,504,673		462,910
Proceeds from zero dividend preference shares		4,904,286		49,858,156
Credit facility loan payments		(40,852,433)		(86,017,188)
Stock repurchased and cancelled		(2,302,094)		-
Treasury stock purchased		-		(3,487,112)
Net cash provided by (used in) financing activities		(15,745,568)		(39,183,234)
Effect of exchange rates on cash balances		(34,809)		(2,180,548)
Net increase (decrease) in cash and cash equivalents		**(16,354,905)**		**(75,292,498)**
Cash and cash equivalents at beginning of year		63,911,521		139,204,019
Cash and cash equivalents at end of year	**$**	**47,556,616**	**$**	**63,911,521**
Supplemental cash flow information				
Interest paid	**$**	**653,205**	**$**	**2,389,527**
Net taxes paid	**$**	**72,013**	**$**	**966,242**

The accompanying notes are an integral part of the consolidated financial statements.

Note 1 – Organization

NB Private Equity Partners Limited and its subsidiaries (the "Company", "We", or "Our") is a closed-end investment company registered in Guernsey. Our registered office is Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY. We invest in private equity through private equity funds and co-investments. We may also make opportunistic investments. Our Class A shares are listed and admitted to trading on Euronext Amsterdam by NYSE Euronext and on the Specialist Fund Market of the London Stock Exchange plc under the symbol "NBPE". Our zero dividend preference shares (see note 6) are listed and admitted to trading on the Daily Official List of the Channel Islands Stock Exchange and the Specialist Fund Market of the London Stock Exchange under the symbol "NBPZ".

Our Class B shares were contributed at the time of our initial public offering to a Guernsey charitable trust whose trustee is Heritage Corporate Services Limited ("Trustee"). Class B shares have the right to elect all of our directors and make most other decisions usually made by shareholders. The voting rights of Class A shares are limited to special consent rights involving specified events including merger, change in investment manager or investment policy, certain additional share issuances and certain material related party transactions as well as other events as described in our memorandum and articles of incorporation. Each Class A and B share participates equally in profits and losses.

The Company is managed by NB Alternatives Advisers LLC ("NB Alternatives" or "Investment Manager") pursuant to an investment management and services agreement. NB Alternatives is a subsidiary of Neuberger Berman Group LLC ("NBG"). NBG was formed by certain members of the senior management team at Lehman Brothers Investment Management Division to acquire a majority interest in certain asset management businesses from the bankruptcy estate of Lehman Brothers Holdings, Inc. ("LBHI"). The investment management and services agreement with the Company was included in the assets acquired by NB Alternatives. The same key individuals are providing services to the Company before and after the NBG transaction, which was effective as of 4 May 2009.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

These consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss and are in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as allowed by rules published in the Netherlands to effect implementation of the EU Transparency Directive, and are in compliance with the Companies (Guernsey) Law, 2008. These financial statements are presented in United States dollars.

Principles of Consolidation

The consolidated financial statements include accounts of the Company consolidated with the accounts of all its subsidiaries in which we hold a controlling financial interest as of the financial statement date. All material inter-company balances have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents are valued at cost plus accrued interest, which approximates fair value. These balances represent amounts held with financial institutions that are readily accessible to pay expenses or fund investments as well as money market mutual funds. As of 31 December 2010 and 2009, $47,556,616 and $63,911,521 are held with JPMorgan Chase, respectively.

Valuation of Investments

The Company carries private equity investments on its books at fair value in accordance with U.S. GAAP. We use the best information we have reasonably available to determine or estimate fair value. Publicly traded securities are valued based on quoted prices as of the last day of the relevant period less discounts to reflect legal restrictions associated with the securities, if any, that affect marketability. We determine such values for publicly traded securities held directly as well as known public positions held in the underlying private equity investments on a look-through basis. We estimate fair value for private interests based on a methodology that begins with the most recent information available from the general partner of the underlying fund or the lead investor of a direct co-investment, and considers subsequent transactions, such as drawdowns or distributions, as well as other information judged to be reliable that reports or indicates valuation changes, including realizations and other portfolio company events. If we conclude that it is probable that we will sell an investment, we adjust our carrying value to the amount we expect to realize from the sale, exclusive of transaction costs.

In January 2010, the FASB issued ASU No. 2010-06, Fair Value Measurements and Disclosures (Topic 820) - Improvements to Disclosures about Fair Value Measurements, which requires additional disclosures about fair value measurements including transfers in and out of Levels 1 and 2 and a higher disaggregation for the different types of financial instruments. For the reconciliation of Level 3 fair value measurements, information about purchases, sales, issuances and settlements should be presented separately. We have adopted this guidance in these financial statements.

Because of their inherent uncertainty, the fair values we use may differ significantly from the values that would have been used had a ready market for these investments existed, and such differences could be material to the consolidated financial statements.

Market Risk

The Company's exposure to financial risks is both direct (through its holdings of assets and liabilities directly subject to these risks) and indirect (through the impact of these risks on the overall valuation of its investments). The Company's investments are generally not traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The partnership investments of the Company each hold a portfolio of investments in underlying companies. These portfolio company investments vary as to type of security held by the underlying partnership (debt or equity, publicly traded or privately held), stage of operations, industry, geographic location, and geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to market price risk.

Market conditions for publicly traded and privately held investments in portfolio companies held by the partnerships may affect their value in a manner similar to the potential impact on direct co-investments made by the Company in publicly traded and privately held securities. The partnership investments of the Company may also hold financial instruments (including debt and derivative instruments) in addition to their investments in portfolio companies that are susceptible to market price risk and therefore may also affect the value of the Company's investment in the partnerships. As with any individual investment, market prices may vary from composite index movements.

Investment Income

We earn interest and dividends from our direct investments in private equity, from the underlying portfolio companies of investments in private equity funds, and from our cash and cash equivalents. We record dividends when they are declared and interest when earned, provided we know the information or are able to reliably estimate it. Otherwise, we record the investment income when it is reported to us by the private equity investments.

Operating Expenses

Operating expenses are recognized when incurred. Operating expenses include amounts directly incurred by the Company as part of its operations, and do not include amounts incurred from the operations of our investments.

Realized Gains and Losses on Investments

For investments in private equity funds, we record our share of realized gains and losses incurred when we know that the private equity fund has realized its interest in a portfolio company and we have sufficient information to quantify the amount. For all other investments, we record realized gains and losses when the asset is realized and on the trade date. For all investments, realized gains and losses are recorded on a specific identification cost basis.

Net Change in Unrealized Appreciation and Depreciation of Investments

Gains and losses arising from changes in value are recorded as an increase or decrease in the unrealized appreciation or depreciation of investments based on the methodology described above.

Carried Interest

Carried interest amounts due the Investment Manager (see note 3) are computed and accrued at each period end based on period-to-date results in accordance with the terms of the agreements.

Currency Translation

Investments denominated in a currency other than U.S. dollars are translated into U.S. dollar equivalents using spot rates as of the valuation date. The Company does not separate the changes relating to currency exchange rates from those relating to changes in the fair value of the investments held. These fluctuations are combined and included in the net change in unrealized gain (loss) on investments and transactions in currencies other than U.S. dollars in the Consolidated Statements of Operations and Changes in Net Assets. For the year ended 31 December 2010, the effect of translation to U.S. dollars decreased valuations of foreign investments by approximately $1,016,947. For the year ended 31 December 2009, the effect of translation to U.S. dollars increased valuations of foreign investments by approximately $549,222.

The Company has unfunded commitments denominated in a currency other than U.S. dollars. These unfunded commitments are in Euro and amounted to €7,387,103 at 31 December 2010 and €16,103,530 at 31 December 2009; they have been included in the Consolidated Condensed Schedules of Private Equity Investments at the U.S. dollar exchange rate in effect at 31 December 2010 and 2009. The effect on the unfunded commitment of the change in the exchange rate between Euros and U.S. dollars was a decrease in the U.S. dollar obligation of $1,827,354 and $225,403, for 2010 and 2009 respectively.

Income Taxes

The Company is registered in Guernsey as an exempt company. The States of Guernsey Income Tax Authority has granted the Company an exemption from Guernsey income tax under the provision of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and the Company has been charged an annual exemption fee of £600.

Generally, income that we derive from our investments may be subject to, taxes imposed by the U.S. or other countries and will impact our effective tax rate.

Investments made in entities that generate U.S. source investment income may subject the Company to certain U.S. federal and state income tax consequences. A U.S. withholding tax at the rate of 30 percent may be applied on the Company’s distributive share of any U.S. source dividends and interest (subject to certain exemptions) and certain other income that we receive directly or through one or more entities treated as either partnerships or disregarded entities for U.S. federal income tax purposes.

Investments made in entities that generate business income that is effectively connected with a U.S. trade or business may subject the Company to certain U.S. federal and state income tax consequences. Generally the U.S. imposes withholding tax on effectively connected income at the highest U.S. rate (generally 35 percent). In addition, we may also be subject to a branch profits tax which can be imposed at a rate of up to 30 percent of the after-tax profits treated as effectively connected income associated with a U.S. trade or business. As such, the aggregate U.S. tax liability on effectively connected income may approximate 54.5 percent given the two levels of tax.

We recognize a tax benefit in the financial statements only when it is more likely than not that the position will be sustained upon examination by the relevant taxing authority based on the technical merits of the position. To date, we have not provided any reserves for taxes as all related tax benefits have been fully recognized. Although we believe we have adequately assessed for our uncertain tax positions, the Company acknowledges that these matters require significant judgment and no assurance can be given that the final tax outcome of these matters will not be different.

Deferred taxes are recorded to reflect the tax benefit and consequences of future years' differences between the tax basis of assets and liabilities and their financial reporting basis. We record a valuation allowance to reduce deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. We record the tax associated with any transactions with U.S. or other tax consequences when we recognize the related income.

Shareholders in certain jurisdictions may have individual income tax consequences from ownership of our shares. We have not accounted for any such tax consequences in these financial statements. For example, we expect the Company and certain of its non-U.S. corporate subsidiaries to be treated as passive foreign investment corporations ("PFICs)" under U.S. tax rules. For this purpose, the PFIC regime should not give rise to additional tax at the level of the Company or its subsidiaries. Instead, certain U.S. investors in the Company may need to make tax elections and comply with certain U.S. reporting requirements related to their investments in the PFICs in order to potentially manage the adverse tax consequences associated with the regime.

Forward Foreign Exchange Contracts

Forward foreign exchange contracts are reported at fair value. See note 7.

Forward foreign exchange contracts involve elements of market risk in excess of the amounts reflected on the consolidated financial statements. We bear the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign exchange contract as well as risks from the potential inability of the counterparties to meet the terms of their contracts.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Because of the inherent uncertainty of such estimates, including estimates of values of investments as described above, amounts ultimately determined may differ from our current estimates and such differences may be significant.

Reclassifications

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

Note 3 – Agreements, including related party transactions

Management and Administration

We pay the Investment Manager a management fee calculated at the end of each calendar quarter equal to 37.5 basis points (150 basis points per annum) of the net asset value of our private equity and opportunistic investments. For purposes of this computation, the net asset value is reduced by the net asset value of any investment for which the Investment Manager is separately compensated as investment manager. For the years ended 31 December 2010 and 2009, the management fee expenses were $7,192,204 and $6,178,648, respectively.

We also pay the Investment Manager for certain accounting and administrative services at the rate of 2.5 basis points per quarter (10 basis points per annum) applied to the net asset value of our private equity and opportunistic investments at the end of each calendar quarter, computed as described above. The amount incurred by the Company for the years ended 31 December 2010 and 2009 for these services were $562,484 and $481,715, respectively.

We pay to Heritage International Fund Managers Limited ("Heritage"), an affiliate of the Trustee, a fee for providing certain administrative functions relating to certain corporate services and Guernsey regulatory matters affecting the Company. Fees for these services are paid as invoiced by Heritage. We paid Heritage $153,080 and $165,403 for the years ended 31 December 2010 and 2009, respectively, for such services.

For the years ended 31 December 2010 and 2009, we paid our independent directors a total of $219,444 and $195,000 respectively.

Special Limited Partner's Noncontrolling Interest in Subsidiary

An affiliate of the Investment Manager is a Special Limited Partner in a consolidated partnership subsidiary. At 31 December 2010 and 2009, the noncontrolling interest of $518,792 and $472,632 represented the Special Limited Partner's capital contribution to the partnership subsidiary and income allocation, respectively. The amount of the noncontrolling ownership interest in the subsidiary was agreed between the General Partner and Special Limited Partner of the subsidiary.

The following table reconciles the carrying amount of net assets, net assets attributable to the controlling interest and net assets attributable to the noncontrolling interest at 31 December 2010 and 2009.

	Controlling Interest	Noncontrolling Interest	Total
Net assets balance, 31 December 2008	$ 430,484,266	$ 416,440	$ 430,900,706
Net increase (decrease) in net assets resulting from operations	56,136,204	56,192	56,192,396
Treasury stock purchased	(3,451,058)	-	(3,451,058)
Net assets balance, 31 December 2009	**$ 483,169,412**	**$ 472,632**	**$ 483,642,044**
Net increase (decrease) in net assets resulting from operations	46,069,110	46,160	46,115,270
Stock repurchased and cancelled	(2,302,094)	-	(2,302,094)
Net assets balance, 31 December 2010	**$ 526,936,428**	**$ 518,792**	**$ 527,455,220**

Carried Interest

The Special Limited Partner is entitled to a carried interest in an amount that is, in general, equal to 7.5 percent of our consolidated net increase in net assets resulting from operations for a fiscal year in the event that our internal rate of return for such period, based on our net asset value, exceeds 7.5 percent. If losses are incurred for a period, no carried interest is earned and such loss amounts are carried forward to be included in the calculations for future periods. Carried interest is reduced by the amount of carried interest that we paid during the period to any investment for which the Investment Manager serves as investment manager. Carried interest is also accrued and paid on any economic gain that we realize on treasury stock transactions. (See note 10). Carried interest is accrued periodically and paid at the conclusion of the fiscal year. As of 31 December 2010 and 2009, $44,535 and $0 carried interest were accrued, respectively.

Shares Owned by Lehman Brothers

Simultaneously with the closing of the initial offering of the Company and related transactions, affiliates of Lehman Brothers, which are not party to the bankruptcy filing of LBHI, purchased 14,500,000 Class A shares, in the form of restricted depositary shares applicable to investors in the United States, at the offering price. The restriction on re-sale of these shares expired on 18 July 2010.

Investments in NB Crossroads Funds

The Company holds limited partner interests in private equity funds of funds managed and sponsored by the Investment Manager. These investments are excluded from the calculation of management fees. For the years ended 31 December 2010 and 2009, the aggregate net asset value of these funds was approximately $94.6 million and $76.8 million, respectively, and associated unfunded commitments were $23.8 million and $33.3 million, respectively.

In 2009, we invested in a secondary transaction alongside other funds managed by the Investment Manager. Together with certain of the other funds, we formed NB Fund of Funds Secondary 2009 LLC (“NBFOFS”) to hold our interests in the acquired portfolio. NBFOFS pays no fees or carry to the Investment Manager or affiliates. We bear our share of any direct expenses of NBFOFS.

Note 4 – Fair Value of Financial Instruments

We categorize our investments and other financial instruments as follows based on inputs to valuation techniques.

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).

The following tables detail the Company's financial assets and liabilities that were accounted for at fair value as of 31 December 2010 and 2009 by level. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Assets (Liabilities) Accounted for at Fair Value			
As of 31 December 2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 47,556,616	$ -	$ -	$ 47,556,616
Private equity investments	-	-	591,438,896	591,438,896
Forward foreign exchange contract	-	-	(2,548,502)	(2,548,502)
Totals	**$ 47,556,616**	**$ -**	**$ 588,890,394**	**$ 636,447,010**
As of 31 December 2009				
Cash and cash equivalents	$ 63,911,521	$ -	$ -	$ 63,911,521
Private equity investments	-	-	534,812,439	534,812,439
Forward foreign exchange contract	-	-	310,010	310,010
Totals	**$ 63,911,521**	**$ -**	**$ 535,122,449**	**$ 599,033,970**

As of 31 December 2010 and 2009, the Company has assessed its positions and concluded that all of its private equity investments are classified as level 3.

The following table summarizes the changes in the fair value of the Company's level 3 private equity investments for the year ended 31 December 2010.

(dollars in thousands)

	For the Year Ended 31 December 2010						
	Large-cap Buyout	**Mid-cap Buyout**	**Special Situation**	**Growth/ Venture**	**Diversified**	**Secondary Purchases**	**Private Equity Investments**
Balance, 31 December 2009	$ 176,739	$ 170,557	$ 143,327	$ 7,644	$ 31,833	$ 4,713	$ 534,813
Purchases of investments and/or contributions to investments	7,977	37,345	18,777	3,528	3,887	1,784	73,298
Realized gain (loss) on investments	(8,843)	(1,418)	13,883	(569)	543	13	3,609
Changes in unrealized appreciation (depreciation) of investments (including charges related to investments still held at the reporting date)	15,803	23,962	14,675	1,055	5,771	843	62,109
Changes in unrealized appreciation (depreciation) of investments sold during the year	1,202	-	-	-	-	-	1,202
Distributions from investments	(56,798)	(9,563)	(10,998)	-	(5,556)	(677)	(83,592)
Transfers in and/or (out) of level 3	-	-	-	-	-	-	-
Balance, 31 December 2010	**$ 136,080**	**$ 220,883**	**$ 179,664**	**$ 11,658**	**$ 36,478**	**$ 6,676**	**$ 591,439**

The following table summarizes the changes in the fair value of the Company's level 3 private equity investments for the year ended 31 December 2009.

(dollars in thousands)

For the Year Ended 31 December 2009	Large-cap Buyout	Mid-cap Buyout	Special Situation	Growth/ Venture	Diversified	Secondary Purchases	Private Equity Investments
Balance, 31 December 2008	$ 150,592	$ 161,972	$ 95,675	$ 6,543	$ 28,708	$ -	$ 443,490
Purchases of investments and/or contributions to investments	13,020	19,020	6,538	1,044	3,399	2,463	45,484
Realized gain (loss) on investments	(4,328)	(716)	(558)	(83)	(2,822)	(492)	(8,999)
Changes in unrealized appreciation (depreciation) of investments (including charges related to investments still held at the reporting date)	19,511	2,671	42,701	140	3,956	2,863	71,842
Distributions from investments	(2,056)	(12,390)	(1,029)	-	(1,408)	(121)	(17,004)
Transfers in and/or (out) of level 3	-	-	-	-	-	-	-
Balance, 31 December 2009	**$ 176,739**	**$ 170,557**	**$ 143,327**	**$ 7,644**	**$ 31,833**	**$ 4,713**	**$ 534,813**

Generally, our private equity investments have a defined term and no right to withdraw. We receive distributions as the underlying investments are liquidated. The pace of liquidation depends on a number of factors. We estimate that the liquidation of our current portfolio will continue for another 10-15 years.

Our special situations investments include hedge funds valued at approximately $44.7 million and $37.2 million at 31 December 2010 and 2009 respectively. As of 31 December 2010, one hedge fund amounting to $12.6 million is redeemable quarterly with a 60 day advance notice. Another hedge fund amounting to $32.1 million is not redeemable for the first two to three years following investment, and has rolling two year lock-up periods thereafter. Hedge funds generally have a right to restrict redemptions in order to avoid a forced sale of underlying assets.

The 2010 fair value for large-cap buyout investments includes five funds that we expect to sell, valued at approximately $64.2 million. We believe that sales of these investments are probable and, accordingly, have determined their carrying values based on the amounts we expect to realize from the sales, exclusive of transaction costs. Our unfunded commitments at 31 December 2010 included approximately $12.2 million associated with these investments.

Note 5 – Credit Facility

A subsidiary of the Company has entered into an agreement with Lloyds Banking Group (Bank of Scotland) regarding a senior secured revolving credit facility ("Facility") of up to $250 million. The term of the Facility is seven years and expires in August 2014. At 31 December 2010 and 2009, $47.5 million and $65.8 million were outstanding and substantially all assets are pledged pursuant to the following:

- a security interest in the Company's interest in substantially all eligible funds or co-investments
- an undertaking to dispose of the Company's assets in the event of continued default
- a security interest in the Company's bank accounts
- a pledge over the share capital of any current or future subsidiary of the Company, provided such an arrangement would not violate the terms of the investment
- an assignment by the Company over future cash flows of its private equity investments
- a negative pledge by the Company in respect of the general partnership interests held
- an assignment of the Company's rights under any key transactional documents entered into by the Company

The Company is required to meet certain portfolio diversification tests, a minimum fund/co-investment threshold, maximum exposure limitations, a maximum debt to value ratio, a maximum debt to secured assets ratio and a maximum over-commitment test. In addition, the Facility limits the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers, repurchase of shares, liens or other matters customarily restricted in such agreements. The zero dividend preference shares (note 6) and the forward foreign exchange contract (note 7) are compliant with the credit facility agreement. At 31 December 2010 and 2009, the Company met all requirements under the Facility.

All borrowings under the Facility bear interest at a floating rate, calculated as LIBOR or Euribor, as appropriate, plus 1.35% per annum. At 31 December 2010, interest rates on the outstanding balance range from 1.61828% to 1.6325% per annum. At 31 December 2009, interest rates on the outstanding balance range from 1.60338% to 1.63406% per annum.

In addition, we are required to pay a non-utilization fee calculated as 40 basis points per annum on the daily balance of the unused Facility amount. For the year ended 31 December 2010, we incurred and expensed $616,302 for interest and $871,122 for non-utilization fees related to the Facility. For the year ended 31 December 2009, we incurred and expensed $2,608,381 for interest and $520,370 for non-utilization fees related to the Facility. As of 31 December 2010 and 2009, unamortized capitalized debt issuance costs (included in other assets) were $1,397,725 and $1,794,745 respectively. Capitalized amounts are being amortized on a straight-line basis over the term of the Facility. Such amortization amounted to $397,019 and $397,019 for the years ended 31 December 2010 and 2009, respectively.

An active market for debt that is similar to that of the Facility does not exist. Management estimates the fair value of the Facility based on comparison to debt instruments with comparable characteristics. Management has estimated that the fair values of the Facility, based on the balance outstanding, are approximately $44.5 million and $62.2 million at 31 December 2010 and 2009 respectively. However, these estimates are affected by and are subject to significant variability due to the disruptions in the current market for such debt.

In the first quarter of 2009, the Company amended the terms of the Facility to ensure that the change in ownership of the Investment Manager (see note 1) did not cause an event of default. Likewise, we amended the terms of the Facility in the fourth quarter of 2009 to facilitate the offering of the zero dividend preference shares (see note 6) and the forward foreign exchange contract (see note 7).

Note 6 – Zero Dividend Preference Shares

On 30 November 2009 the Company issued 30,000,000 zero dividend preference shares ("ZDP Shares"). On 16 April 2010 the Company issued additional 2,999,999 ZDP Shares. The additional ZDP Shares rank pari passu with the first ZDP Shares. The holders of the ZDP Shares are entitled to a redemption amount of 100.0 pence per ZDP Share as increased daily at such a daily compound rate as would give a final entitlement of 169.73 pence on 31 May 2017, resulting in an effective interest rate of 7.3% annually. The ZDP shares rank prior to the class A and B shares in respect of repayment of the final entitlement. However, they rank behind any borrowings that remain outstanding. They carry no entitlement to income and their entire return takes the form of capital.

The following table reconciles the liability for ZDP shares for the years ended 31 December 2010 and 2009.

Zero dividend preference shares	**Pounds Sterling**		**U.S. Dollars**	
Offering proceeds, 30 November 2009	£	30,000,000	$	48,489,000
Accrued interest	£	236,761	$	388,075
Currency conversion	£	-	$	(5,398)
Liability, 31 December 2009	£	30,236,761	$	48,871,677
Offering proceeds, 16 April 2010	£	3,080,443	$	4,904,286
Accrued interest	£	2,305,923	$	3,625,736
Unamortized premium	£	101,171	$	155,600
Currency conversion	£	-	$	(1,830,966)
Liability, 31December 2010	£	35,724,298	$	55,726,333

Capitalized offering costs amounted to $2,036,441 and $1,876,452 (included in other assets) as of 31 December 2010 and 2009 and are being amortized using the effective interest rate method. The unamortized balance at 31 December 2010 and 2009 is $1,749,720 and $1,855,202, respectively.

Note 7 – Forward Foreign Exchange Contract

The Company entered into a forward foreign exchange contract to hedge, in part, the currency risk associated with the pounds sterling contractual liability for the ZDP shares.

The contract provides that we will purchase £40,000,000 on 17 May 2017 for $64,820,000 from the Lloyds Banking Group (Bank of Scotland). The contract further provides that the security interests granted to the bank under the credit facility as described in note 5 also apply to any amounts we may owe the bank pursuant to this contract. As of 31 December 2010 and 2009, the fair value of the forward foreign exchange contract was ($2,548,502) (included in accrued expenses and other liabilities) and $310,010 (included in other assets), respectively, in the consolidated balance sheets.

Note 8 – Income Taxes

The Company is exempt from Guernsey tax on income derived from non-Guernsey sources. However, certain of its underlying investments generate income that is subject to tax in other jurisdictions, principally the United States. The Company has recorded the following amounts related to such taxes:

	31 December 2010		31 December 2009	
Current tax expense	$	1,015,800	$	132,035
Deferred tax expense (benefit)		2,112,471		(2,781,148)
Total tax expense (benefit)	$	3,128,271	$	(2,649,113)

	31 December 2010		31 December 2009	
Gross deferred tax assets	$	4,866,958	$	4,566,984
Less valuation allowance		4,785,468		3,114,218
Net deferred tax assets		81,490		1,452,766
Gross deferred tax liabilities		2,989,738		2,253,151
Net deferred tax liabilities	**$**	**2,908,248**	**$**	**800,385**

Current tax expense is reflected in net realized gains and deferred tax expense (benefit) is reflected in net changes in unrealized gains on the consolidated statements of operations. Net deferred tax liabilities are related to net unrealized gains and gross deferred tax assets, offset by a valuation allowance, are related to unrealized losses on investments held in entities that file separate tax returns.

The Company has no gross unrecognized tax benefits. The Company has been audited by the IRS for the tax year ended 30 November 2007; the audit resulted in no change to the tax the Company reported. The years subsequent to 2007 remain subject to examination.

Note 9 – Earnings (Loss) per Share

The computations for earnings (loss) per share for the years ended 31 December 2010 and 2009 are as follows:

	For the Years Ended 31 December			
	2010		2009	
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$	46,069,110	$	56,136,204
Divided by weighted average shares outstanding for Class A and Class B shares of the controlling interest		51,048,666		51,219,046
Earnings (loss) per share for Class A and Class B shares of the controlling interest	**$**	**0.90**	**$**	**1.10**

Note 10 – Treasury Stock

The Company has adopted a liquidity enhancement policy that is intended to enhance and strengthen the liquidity in the trading of the Company's class A shares. The Company previously entered into a liquidity enhancement agreement on 21 July 2008 with ABN AMRO Bank N.V. London Branch ("ABN") which was amended on 9 January 2009, 14 April 2009 and 29 June 2009. The company has extended that program through a renewal of the contract with The Royal Bank of Scotland N.V. ("RBS") on 29 June 2010. Such agreement provides the parameters and requirements for the Company's liquidity enhancement policy.

Under the agreement, RBS has sole discretion, in the name and for the account of the Company and subject to all applicable legal and regulatory requirements, to effect class A share repurchases and sales of class A shares held in treasury on Euronext Amsterdam within the parameters set out in the agreement. Shares repurchased by the Company will either be cancelled or held in treasury (provided that the Company shall not at any time hold class A shares in treasury representing more than 10 percent of its issued class A shares). Shares will not be sold out of treasury at a price which is lower than the last published net asset value per share.

The aggregate number of class A shares which may be purchased in accordance with the agreement is subject to a maximum of 12.5 percent of the total number of class A shares outstanding as of 21 July 2008, or 6,776,250 shares, unless the Company elects to increase such maximum, subject to any limits to the authority granted to the Company by its shareholders to effect share repurchases. The Company currently has shareholder authority to repurchase in the market up to 14.99 percent of its issued shares.

The maximum price which may be paid for a share is an amount equal to the higher of (i) the price of the last independent trade and (ii) the highest current independent bid price for shares on Euronext Amsterdam.

The agreement shall remain in force until 28 June 2011 subject to extension at the election of the Company. The agreement may, however, be terminated at any time by either the Company or RBS.

Further to the liquidity enhancement policy and subject to any limitations set forth therein, the Company and RBS entered into a Share Buy Back Agreement on 21 October 2010, whereby NBPE appointed RBS to effect on market share repurchases of class A shares on behalf of NBPE. Pursuant to and during the term of the Share Buy Back Agreement, RBS may independently of, and without influence by the Company, purchase Shares from time to time at its absolute discretion provided that such purchases comply with the maximum price parameters described above and certain other parameters set forth in the Share Buy Back Agreement. The Share Buy Back Agreement is set to expire on August 31, 2011, subject to extension.

The following table summarizes the Company's issued shares at 31 December 2010 and 2009.

	31 December 2010	31 December 2009
Class A shares outstanding	50,732,825	51,059,592
Class B shares outstanding	10,000	10,000
	50,742,825	51,069,592
Class A shares held in treasury - number of shares	3,150,408	3,150,408
Class A shares held in treasury - cost	$ 9,248,460	$ 9,248,460
Class A shares repurchased and cancelled - number of shares	326,767	-
Class A shares repurchased and cancelled - cost	$ 2,302,094	$ -

Note 11 – Financial Highlights

Per share operating performance (based on average shares outstanding during the year)		**2010**		**2009**
Beginning net asset value 1 January	$	9.46	$	8.20
Stock repurchased and cancelled		0.02		-
Treasury stock purchased		-		0.18
Net increase in net assets resulting from operations:				
Net investment income (loss)		(0.31)		(0.23)
Net realized and unrealized gain (loss)		1.21		1.31
Ending net asset value 31 December	**$**	**10.38**	**$**	**9.46**

Total return (based on change in net asset value per share)	**2010**	**2009**
Total return before carried interest	9.83%	15.38%
Carried interest	0.06%	-
Total return after carried interest	**9.77%**	**15.38%**

Net investment income (loss) and expense ratios (based on weighted average net assets)	**2010**	**2009**
Net investment income (loss)	(3.20%)	(2.77%)
Expense ratios:		
Expenses before interest and carried interest	3.53%	2.77%
Interest expense	0.13%	0.61%
Carried interest	0.01%	-
Total	**3.67%**	**3.38%**

Individual shareholder returns may differ from the ratios presented based on differing entry dates into the Company.

Note 12 – Commitments and Contingencies

In the normal course of business, the Company enters into a variety of undertakings containing a variety of warranties and indemnifications that may expose the Company to some risk of loss. The amount of future loss, arising from such undertakings, while not quantifiable, is not expected to be significant.

Note 13 – Subsequent Events

There have been no subsequent events through 9 March 2011, the date of the independent auditor's report that requires recognition or disclosure in the consolidated financial statements.