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HOUSTON--(BUSINESS WIRE)-- KKR today announced the closing of its Eagle Ford Shale drilling partnership with EXCO Resources, an oil and natural gas exploration and production company headquartered in Dallas, Texas. The partnership marks KKR's seventh investment in the Eagle Ford Shale and the Firm's fourth investment within its oil and gas drilling and development strategy. KKR's development drilling strategy provides capital to strong operators by investing in oil and gas working interests at the asset level.

Marc Lipschultz, Global Head of KKR's Energy & Infrastructure business stated: "We are excited to be EXCO's acquisition and development partner in the Eagle Ford Shale, a basin where we have substantial prior experience. Led by EXCO's strong operating capabilities, we look forward to developing the drilling locations which hold significant resource potential and attractive economics."

As part of a Participation Agreement with EXCO, entities advised by or affiliated with Kohlberg Kravis Roberts & Co. L.P., including KKR Financial Holdings LLC (NYSE: KFN), acquired an undivided 50% interest in certain undeveloped Eagle Ford acreage for approximately \$131 million in cash after preliminary closing adjustments. EXCO and KKR will jointly fund future development of the undeveloped acreage. KKR will fund and own 75% of each well drilled and EXCO will fund and own 25% of each well drilled. When each quarterly tranche of wells drilled has been on production for one year, EXCO has the right to offer to purchase KKR's 75% working interest at fair market value, subject to specific well criteria and return hurdles. EXCO would make its first offer for wells that have been online for one year during the fourth quarter of 2014.

KKR's development drilling strategy is part of an effort to support the large capital needs of oil and gas companies in attractive unconventional resource basins. With the announcement of the EXCO transaction, the firm has now invested in four drilling partnerships over the past 12 months, providing capital to strong operators by investing in oil and gas working interests at the asset level. As an asset class, real asset investments in oil and gas can provide meaningful current yield, inflation protection and low correlation with many other asset classes.

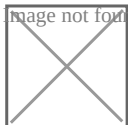
KKR's Global Energy & Infrastructure business invests across the entire energy supply chain and multiple asset classes around the world in its mission to serve as a flexible solutions provider to the energy sector. Since 2009, KKR, through its investment funds and vehicles, has invested or committed approximately \$4.0 billion to oil and gas investments spanning buy-outs, minority equity investments, joint-ventures, and various asset-level and structured investments, making KKR one of the more active private-market investors in the

oil and gas space across this period.

About KKR

Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global investment firm with \$83.5 billion in assets under management as of June 30, 2013. With offices around the world, KKR manages assets through a variety of investment funds and accounts covering multiple asset classes. KKR seeks to create value by bringing operational expertise to its portfolio companies and through active oversight and monitoring of its investments. KKR complements its investment expertise and strengthens interactions with fund investors through its client relationships and capital markets platform. KKR & Co. L.P. is publicly traded on the New York Stock Exchange (NYSE: KKR), and "KKR," as used in this release, includes its subsidiaries, their managed investment funds and accounts, and/or their affiliated investment vehicles, as appropriate.

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