



KKR Forms Maritime Finance Company

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\$580 Million Company to Fill Void Left by Exit of Traditional Lenders

NEW YORK--(BUSINESS WIRE)-- KKR today announced the formation of Maritime Finance Company ("Maritime Finance" or the "Company"), a new specialty finance company created to lend to the maritime industry.

Led by former Helios Advisors partners Kristan Bodden and Gabriel Tolchinsky, Maritime Finance is an asset-based lender focused on maritime assets in the offshore oil field services and traditional shipping sectors. The Company will originate, structure, underwrite, invest in and distribute debt financings secured by high-quality maritime assets, including drilling rigs, development and production assets, subsea construction vessels and other traditional shipping assets.

Maritime Finance will initially be capitalized with \$580 million of equity, over 45% of which has been provided by KKR, including through its balance sheet, KKR Financial Holdings LLC (NYSE: KFN) and MerchCap Solutions ("MCS"), KKR's recently established mid-market focused merchant banking venture with CPPIB and Stone Point Capital. The balance of the capital was arranged by MCS and included participation from various family offices, mutual funds, hedge funds and specialist financial services investors. Proceeds will be used by the Company to fund its establishment and operation, provide capital for newly originated maritime financings and potentially acquire a seed portfolio of outstanding loans.

Kristan Bodden, CEO of Maritime Finance and an investor in maritime assets for 13 years, stated: "This is an area that has historically been served by European banks. The current dislocation in the European banking sector has created a substantial funding gap in maritime asset financing. With Maritime Finance, we are capitalizing on an opportunity to fill an obvious void while at the same time aiming to provide compelling returns and attractive yields for our investors."

According to AMA Capital Partners, over \$220 billion of debt capital is required by the maritime sector through the end of 2014 and an enormous capital commitment is required to deliver the current maritime orderbook. Total offshore and shipping orderbooks are valued at \$238 billion at cost and the lack of financing is impacting orderbook growth beyond 2016.

"This transaction is a perfect example of how KKR is delivering tailored solutions to clients through our capital markets and asset management platforms," said Craig Farr, CEO of KFN and Global Head of KKR Capital Markets. "In this case, we are backing an investment team with a track record of strong performance to lend to an industry that is experiencing severe dislocation."

Farr added, "KFN was able to deploy \$150 million to Maritime Finance as a result of its flexible capital and access to the KKR platform, including MCS. With assistance from Stone Point in identifying and diligencing the Helios team, MCS delivered what we believe is a creative way to fill the void resulting from the ongoing deleveraging of European banks."

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.

About KKR Financial Holdings LLC

KKR Financial Holdings LLC is a specialty finance company with expertise in a range of asset classes. KFN's core business strategy is to leverage the proprietary resources of its manager with the objective of generating both current income and capital appreciation. KFN executes its core business strategy through its majority-owned subsidiaries. KFN is externally managed by KKR Financial Advisors LLC, a wholly-owned subsidiary of KKR Asset Management LLC, which is a wholly-owned subsidiary of Kohlberg Kravis Roberts & Co. L.P. Additional information regarding KFN is available at <http://www.kkr.com>.

About MCS

MerchCap Solutions ("MCS") is a merchant banking enterprise that provides a full range of principal and agency-based capital markets services to mid-market and sponsor-backed companies. The company offers debt and equity underwriting, syndication and advisory solutions to its clients across the capital structure. The company also makes certain principal investments to support client capital raising needs. MCS is a venture between the Canada Pension Plan Investment Board, Stone Point Capital (through its Trident V fund) and KKR Capital Markets Holdings. It

conducts securities activities through MCS Capital Markets LLC, its broker-dealer subsidiary.

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