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KKR Agrees to Provide Comprehensive Capital Structure Solution to Preferred Sands

NEW YORK--(BUSINESS WIRE)-- KKR, a leading global investment firm, and Preferred Sands, one of North America's largest producers of sand and resin coated proppants, today announced the signing of definitive agreements under which KKR, in conjunction with Jefferies LLC, has committed to provide a comprehensive financing solution to refinance the company's entire capital structure. The transaction, which is subject to customary closing conditions, is expected to close on July 31, 2014.

"This is a long-term plan that enables us to further grow our industry-leading platform of products and services," said Michael O'Neill, CEO of Preferred Sands. "We deeply appreciate that KKR worked with us in an expedited time frame to create a tailored solution to meet our immediate needs, with the flexibility to focus on our future growth plans and other opportunities."

Headquartered in Radnor, Pennsylvania, Preferred Sands is a leading supplier of frac sand in Canada and one of the largest suppliers in North America. The Company's sand is used to stimulate and maintain the flow of hydrocarbons in vertically and horizontally drilled oil and natural gas wells. Preferred Sands is also leading industry change through its offering of environmentally friendly resin-coated sand through its Garnet™ and Pearl™ products.

Harlan Cherniak, a member of KKR's Special Situations team, said: "We believe Preferred Sands has an enviable position in the marketplace, and this is an investment in the team, the technology, and the future of a growing platform. We are pleased to partner with management and provide them with a long-term, flexible capital structure which will allow them to meet the needs of their customers."

Over the last seven years, Preferred Sands has built a network of sand mines, processing locations and innovative products to support oil and gas development. Today, its network of mines in Arizona, Minnesota, Nebraska, and Wisconsin has the capacity to produce more than 9 billion pounds of sand annually and currently distributes sand to all of the major basins in the United States and Canada. Earlier this month, Preferred Sands announced plans to open an additional Northern White sand plant that will expand its frac sand production capacity by more than four billion pounds annually.

Jamison Ely, also a member of KKR's Special Situations team, added: "The energy industry in North America has undergone immense change and we believe Preferred Sands is poised to benefit from the current positively trending fundamentals. KKR has been a significant participant in this industry transformation having made a number of investments throughout the energy value chain. We have followed Preferred Sands for a long time and we think it is well positioned to capitalize on growing demand for frac sand."

Under the agreement, KKR is providing a comprehensive capital solution including debt and equity of more than \$680 million. KKR is making a significant investment primarily from the Firm's global Special Situations fund, and KKR Capital Markets and an affiliate of Jefferies LLC jointly underwrote a new first lien credit facility.

About Preferred Sands

Preferred Sands, headquartered in Radnor, Pennsylvania, is one of North America's largest frac sand and resin technology companies servicing the oil and gas industry. Preferred Sands is dedicated to delivering innovative and sustainable solutions through an entrepreneurial culture with superior customer service. In June 2013, Preferred Sands opened its Houston location, where the company continues to develop and grow innovative technology solutions, including its environmentally-sensitive line of resin-coated frac sand for both high and low temperature wells. With the company's continued dedication to sustainable product development, Preferred Sands is not only committed to the protection of the environment but also the health and safety of the communities it serves

About KKR

With nearly \$100 billion in assets under management, KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation at the asset level. KKR invests its own capital alongside its partners' capital and brings opportunities to others through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. L.P. (NYSE:KKR), please visit KKR's website at www.kkr.com.

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