



KKR Forms Partnership to Develop Acreage Within Eagle Ford Shale

Houston, TX, June 14, 2010 –Kohlberg Kravis Roberts & Co. (together with its affiliates, "KKR") and Hilcorp Energy Company ("Hilcorp"), a privately owned oil and gas exploration and development company based in Houston, Texas, today announced the signing of a definitive agreement for KKR to invest up to \$400 million in Hilcorp Resources, LLC (the "Company"), a newly formed partnership created to own and develop Hilcorp's oil and gas properties located in the Eagle Ford Shale trend of South Texas (the "Eagle Ford").

The Company will develop certain acreage within the Eagle Ford, located in an approximately two hundred mile long area in South Central Texas, southeast of San Antonio. The partnership combines a capital commitment from both parties as well as the contribution of a 100,000 net acre Eagle Ford position from Hilcorp. Upon close, Hilcorp will hold 60% and KKR will hold 40% of the Company, with Hilcorp's management and employees running the day-to-day operations. "With more than two decades of history, Hilcorp is a known leader when it comes to exploring for, developing and producing oil and gas, and Hilcorp's management is unparalleled in terms of its experience in the South Texas region. This partnership is an endorsement of the founding vision of Hilcorp Energy and the strength and experience of its management team," John Bookout, Managing Director of KKR, said.

The Eagle Ford represents a promising energy development in North America. Comprised of a layer of rock found at depths of 7,000 feet to 14,000 feet, with a thickness of approximately 250 feet, the Eagle Ford is richly deposited with hydrocarbons and is estimated to contain over 80 billion barrels equivalent (BBoe) of original oil in place. One of the newest shale plays in the country, the Eagle Ford has become an increasingly attractive area of interest for oil and gas companies given that it benefits from a favorable (oil-weighted) commodity profile and is located proximate to existing oil and gas infrastructure and liquids product markets. Over the past year, Hilcorp has assembled approximately 100,000 net acres in the Eagle Ford, in some of the most attractive areas of the play, substantially all of which is operated by Hilcorp. Hilcorp is in the process of commencing its Eagle Ford development program and is currently running two horizontal drilling rigs in the play. In addition to the development program, the Company will actively look for opportunities to increase its acreage position in the Eagle Ford through leasing, joint ventures and acquisitions. Going forward, the Company intends to be creative in structuring future transactions as it expands its Eagle Ford position and believes that it can offer a strong value proposition to landowners and operators in the trend.

"We are thrilled to partner with such an impressive management team on an investment that will develop much needed oil and natural gas reserves in Texas. We believe in the long-term potential of the Eagle Ford and see a tremendous opportunity to drive job creation and related economic benefits for a variety of stakeholders in connection with the development of the Eagle Ford," Marc Lipschultz, Member of KKR and Global Head of KKR's Energy and Infrastructure business, said.

KKR has been investing in the energy sector for more than twenty years, starting with the United Texas Petroleum transaction in 1985. Today, KKR's global energy and infrastructure team is comprised of 24 people in New York, Menlo Park, Houston and London. Recent transactions in the energy sector include Energy Future Holdings (Texas), Texas Genco (Texas), ITC Transmission (Michigan) and, most recently, East Resources (Pennsylvania).

Jefferies & Company, Inc. served as sole financial advisor to Hilcorp in connection with the transaction.

About Hilcorp

Hilcorp Energy Company was founded in 1988 by current President and CEO, Jeff Hildebrand. Hilcorp is currently one of the largest privately-owned independent oil and natural gas companies in the United States. Headquartered in Houston, TX, Hilcorp has five offices and approximately 600 employees. Hilcorp has operated in South Texas since 1998 and is the largest producer of conventional oil in the region.

About KKR

Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global alternative asset manager with \$54.7 billion in assets under management as of March 31, 2010. With over 600 people and 14 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 investors through its client relationships and capital markets platforms. KKR is publicly traded through KKR & Co. (Guernsey) L.P. (Euronext Amsterdam: KKR). For additional information, please visit KKR's website at www.kkr.com.

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