



# NEWS RELEASE

Jan 5, 2012

## R&I Downgrades, Removes from Rating Monitor: KKR CLOs

Rating and Investment Information, Inc. (R&I) has announced the following. Please see below for details of the rated instruments.

### **RATIONALE:**

Following the downgrade of Japan's sovereign rating to AA+ from AAA (Rating Outlook: Stable), R&I has downgraded the Long-term Issue Ratings for the 15 KKR (Kokkakoumuin Kyousaikumiai Rengoukai) CLO instruments listed below to AA+ and removed them from the Rating Monitor. The effective underlying assets common to these instruments are loans to National Public Service Personnel Mutual Aid Associations (Kyousaikumiai), and R&I considers the creditworthiness of Kyousaikumiai to be on par with that of Japan's sovereign. In response to the downgrade of Japan's sovereign rating, R&I has reviewed its evaluation of the creditworthiness of Kyousaikumiai and downgraded the ratings for these instruments.

### **R&I RATINGS:**

**ISSUER:** KKR CLO Series 1 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Specified Bonds Series 1 Tranche C  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 1 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Specified Bonds Series 1 Tranche D  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 1 Mezzanine Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Mezzanine Specified Bonds Series 1  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 2 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Specified Bonds Series 1 Tranche C  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 2 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Specified Bonds Series 1 Tranche D  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 2 Mezzanine Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Mezzanine Specified Bonds Series 1  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 3 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Specified Bonds Series 1 Tranche B  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 3 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Specified Bonds Series 1 Tranche C  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 3 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Specified Bonds Series 1 Tranche D  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 4 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Specified Bonds Series 1 Tranche C  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

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**ISSUER:** KKR CLO Series 4 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Specified Bonds Series 1 Tranche D  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 4 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Specified Bonds Series 1 Tranche E  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 5 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Specified Bonds Series 1 Tranche A  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 5 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Specified Bonds Series 1 Tranche B  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**ISSUER:** KKR CLO Series 6 Senior Tokutei Mokuteki Kaisya  
**INSTRUMENT NAME:** Senior Specified Bonds Series 1  
**R&I RATING:** AA+ (Downgraded from (AAA); Removed from the Rating Monitor)

**RATING METHODOLOGY:**  
The primary rating methodologies applied to this rating are:

September 2010  
Chapter 1: General

October 2010  
Chapter 2: Particulars: Risks regarding structure

September 2010  
Chapter 3: Particulars: Risks regarding underlying assets  
Subchapter 6: Corporate loan receivables

September 2010  
Chapter 4: Particulars: Cash flow risk  
Subchapter 7: Analysis method based on credit ratings of underlying assets and parties involved in the structure

September 2010  
Chapter 5: Particulars: Monitoring  
Subchapter 1: Monitoring of credit ratings of parties involved in the structure and portfolio constituents

The above rating methodologies are available at R&I's website:

<http://www.r-i.co.jp/eng/sf/about/methodology/index.html>  
<http://www.r-i.co.jp/jpn/sf/about/methodology/index.html>

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