



## **FOR IMMEDIATE RELEASE**

Business Inquiries:  
KPS Capital Partners 212.338.5100

Media Relations:  
Mark Semer/Joseph Kuo 212.521.4800

### **KPS CAPITAL PARTNERS CLOSSES \$1.2 BILLION KPS SPECIAL SITUATIONS FUND III**

**New York, NY** (May 21, 2007) -- KPS Capital Partners, LP ("KPS"), a leading special situations private equity firm, announced today the first and final closing of KPS Special Situations Fund III ("KPS Fund III" or the "Fund"), a \$1.2 billion fund focused on controlling investments in turnarounds, restructurings, bankruptcies and other special situations. KPS received commitment requests of over four times the Fund's target of \$1.0 billion.

KPS Fund III is the third oversubscribed institutional private equity fund raised by KPS over the past ten years. Investors in the Fund include leading public and private sector pension funds, best-in-class fund of funds, major financial institutions, endowments and foundations, and family offices from North America, Europe and Asia.

Michael Psaros, Co-Founder and Managing Partner of KPS said, "We are delighted by the positive reception KPS Fund III received from the global investment community. The demand for our new fund reflects the success of our investment strategy, differentiated deal flow and the long-term continuity and depth of our investment team. Our entire team is gratified by the support we received from such a prestigious group of returning and new limited partners."

The KPS Fund III investment team will be led by Co-Founders and Managing Partners Michael Psaros and David Shapiro, Partners Raquel Palmer and Jay Bernstein, and an expanding group of experienced investment turnaround professionals. Stephen Hoey will serve as Partner, Administration and Chief Financial Officer. Messrs. Psaros and Shapiro have worked together as a team for almost sixteen years, with Ms. Palmer for over twelve years, and Mr. Bernstein for eight years.

The investment period for Fund III will commence following the conclusion of KPS Fund II's investment campaign.

Mac Hofeditz of Probitas Partners, which acted as placement agent for KPS Fund III, added, "The strong demand for the Fund is a testament to KPS' proven turnaround expertise, top-decile results, unique deal flow and the continuity of its core investment team. Limiting the Fund's size in the face of such extraordinary demand is rare, if not unprecedented, in my experience and is indicative of KPS' disciplined approach to investing capital and managing its franchise."

Paul, Weiss, Rifkind, Wharton & Garrison LLP served as legal counsel in the formation of Fund III.

## **About KPS Capital Partners**

KPS Capital Partners, LP is the manager of the KPS Special Situations Funds, a family of private equity funds with over \$1.8 billion of committed capital focused on constructive investing in restructurings, turnarounds and other special situations. KPS has created new companies to purchase operating assets out of bankruptcy; established stand-alone entities to operate divested assets; and recapitalized highly leveraged public and private companies. The KPS investment strategy targets companies with strong franchises that are experiencing operating and financial problems. KPS invests its capital concurrently with a turnaround plan predicated on cost reduction, capital investment and capital availability. Typically, the KPS turnaround plan is accompanied by a financial restructuring of the company's liabilities. The KPS investment strategy and portfolio companies are described in detail at the firm's website: [www.kpsfund.com](http://www.kpsfund.com).