



**KKR Income Opportunities Fund Declares Special Distribution of \$0.149 Per Share
and Monthly Distributions of \$0.125 Per Share**

New York, NY, December 19, 2014—KKR Income Opportunities Fund (the “Fund”) (NYSE: KIO) today announced additional cash distributions with the record, ex-dividend and payable dates outlined below. A special distribution of \$0.149 per common share (\$0.051 relating to net investment income and \$0.098 relating to short-term capital gains), will be payable January 30, 2015 to shareholders of record on December 30, 2014.

The special distribution schedule is as follows:

Ex-Date: December 26, 2014
Record Date: December 30, 2014
Payable Date: January 30, 2015
Amount: \$0.149 per share

The Fund also announced additional monthly distributions of \$0.125 per common share, payable on the dates below. Based on the Fund’s initial public offering price of \$20.00 per share and current share price of \$16.17 (as of its close on December 18, 2014), the distributions represent an annualized distribution rate of 7.5% and 9.3% respectively (calculated by annualizing the distribution amount and dividing it by the IPO share price or current price, as the case may be).

The monthly distribution schedule is as follows for the months of February, March and April:

Ex-Date: February 5, 2015
Record Date: February 9, 2015
Payable Date: February 23, 2015
Amount: \$0.125 per share

Ex-Date: March 12, 2015
Record Date: March 16, 2015
Payable Date: March 30, 2015
Amount: \$0.125 per share

Ex-Date: April 16, 2015
Record Date: April 20, 2015
Payable Date: April 27, 2015
Amount: \$0.125 per share

Information regarding the distribution rate is included for informational purposes only and is not necessarily indicative of future results, the achievement of which cannot be assured. The distribution rate should not be considered the yield or total return on an investment in the Fund.

In compliance with Section 19 of the Investment Company Act of 1940, a notice will be provided to shareholders for any distribution that does not consist solely of net investment income.

The amounts and sources of distributions reported in this notice are only estimates and are not being provided for tax reporting purposes. The final determination of the source of all distributions in 2014 will be made after year-end. The Fund will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes.

The Fund is a non-diversified, closed-end fund. Investors should consider the Fund's investment objectives, risks, charges and expenses carefully before investing.

The investment return, price, yields, market value and net asset value (NAV) of a fund's shares will fluctuate with market conditions. Closed-end funds frequently trade at a discount to their NAV, which may increase an investor's risk of loss. There is no assurance that the Fund will meet its investment objective.

An investment in the Fund is not appropriate for all investors and is not intended to be a complete investment program. The Fund is designed as a long-term investment and not as a trading vehicle. Investors should carefully review and consider the Fund's investment objective, risk, charges and expenses before investing.

Investment return and principal value will fluctuate, and it is possible to lose money by investing in the Fund. Past performance is not a guarantee of future results. Please see the Fund's prospectus for more risk information.

Forward Looking Statements

This press release contains certain statements that may include "forward-looking statements" within the meaning of the federal securities laws. All statements, other than statements of historical fact, included herein are "forward-looking statements." The forward-looking statements are based on the Fund's and KKR's beliefs, assumptions and expectations of its future performance, taking into account all information currently available to it. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to the Fund or KKR or are within their control. The Fund and KKR do not undertake any obligation to update any forward-looking statements to reflect circumstances or events that occur after the date on which such statements were made except as required by law.

This document is not an offer to sell securities and is not soliciting an offer to buy securities in any jurisdiction where the offer or sale is not permitted. Investors should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus, which contains this and other important information about the Fund, should be read carefully before investing. A copy of the prospectus can be obtained on the Fund website. An investment in the Fund should not constitute a complete investment program.

KKR Income Opportunities Fund

KKR Income Opportunities Fund is a non-diversified, closed-end fund that trades on the New York Stock Exchange under the symbol “KIO.” The Fund’s primary investment objective is to seek a high level of current income with a secondary objective of capital appreciation. The Fund seeks to achieve its investment objectives by employing a dynamic strategy of investing in a targeted portfolio of loans and fixed-income instruments (including derivatives) of U.S. and non-U.S. issuers and implementing hedging strategies in order to achieve attractive risk-adjusted returns.

About KKR

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.

Contact the Fund at (855) 330-3927 or visit the Fund’s website at www.kkrfunds.com/kio for additional information.

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The Fund will invest in loans and other types of fixed-income instruments and securities. Such investments may be secured, partially secured or unsecured and may be unrated, and whether or not rated, may have speculative characteristics. The market price of the Fund’s investments will change in response to changes in interest rates and other factors. Generally, when interest rates rise, the values of fixed-income instruments fall, and vice versa.

Use of leverage creates an opportunity for increased income and return for Common Shareholders but, at the same time, creates risks, including the likelihood of greater volatility in the NAV and market price of, and distributions on, the Common Shares. In particular, leverage may magnify interest rate risk, which is the risk that the prices of portfolio securities will fall (or rise) if market interest rates for those types of securities rise (or fall). As a result, leverage may cause greater changes in the Fund’s NAV, which will be borne entirely by the Fund’s Common Shareholders.

Derivative investments have risks, including the imperfect correlation between the value of such instruments and the underlying assets of the Fund. The risk of loss from a short sale is unlimited because the Fund must purchase the shorted security at a higher price to complete the transaction and there is no upper limit for the security price. The use of options, swaps, and derivatives by the Fund has the potential to significantly increase the Fund’s volatility.

Investments in ETFs are subject to a variety of risks, including all of the risks of a direct investment in the underlying securities that the ETF holds. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. ETF shares may trade at a premium or discount to their NAV because the supply and demand in the market for ETF shares at any point in time may not be identical to the supply and demand in the market for the underlying securities.

In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from social, economic or political instability in

other nations. The Fund's investments in securities or other instruments of non-U.S. issuers or borrowers may be traded in undeveloped, inefficient and less liquid markets and may experience greater price volatility and changes in value.