KKR Financial Holdings LLC

Supplemental Operating and Financial Data
Quarter Ended September 30, 2009

This presentation contains, and our accompanying oral presentation and our responses to questions may contain, certain forward-looking statements. Forward-looking statements relate to expectations, beliefs, estimates, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance at the respective times those forward-looking statements were made, taking into account information available to us at those times, and are not guarantees of future performance, events or results. These beliefs, assumptions and expectations involve risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us or within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. As a result, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Such forward-looking statements include, but are not limited to, statements as to:

- general volatility of the capital markets and the market price of our common shares and potential volatility of the market price of any other securities we may issue;
- changes in our business strategy;
- limitations imposed on our business strategy by our exemption under the Investment Company Act of 1940, as amended ;
- limitations imposed on our business by the “qualifying income exception” applicable to publicly traded partnerships for U.S. federal income tax purposes;
- availability, terms and deployment of capital;
- availability of qualified personnel;
- our limited liability company and organizational structure, which may limit our ability to make distributions;
- our ability to service and comply with the terms of our indebtedness;
- the risk that we may be unable to refinance our indebtedness, particularly short-term indebtedness, as it comes due;
- our cash flow available for distribution and our ability to make distributions in the future to holders of our shares;
- the regulatory environment in which our businesses operate;
- costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- changes in our industry, interest rates or the general economy;
- increased rates of default and/or decreased recovery rates on our investments;
- material variances between the realized prepayment rates as compared to our projected prepayment rates on our residential real estate-related investments; and
- the degree and nature of our competition

Additional risk factors are identified in our filings with the U.S. Securities Exchange Commission (the “SEC”), including our Annual Report on Form 10-K for the fiscal year ending December 31, 2008 which is available on our website at http://www.kkr.com and the SEC’s website at http://www.sec.gov.

We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the events described by our forward-looking statements might not occur. We qualify any and all of our forward-looking statements by these cautionary factors. Please keep this cautionary note in mind as you assess the information given in this presentation.

Financial Highlights for the Three Months Ended September 30, 2009

- Net income for the quarter ended September 30, 2009 of $67.2 million ($0.42 per diluted common share), consisting of the following major components:
  - Operating income of $54.2 million, or $0.34 per share, consisting of net investment income of $72.7 million less non-investment expenses of $18.5 million
  - Net realized and unrealized gains on investments totaling $21.2 million (primarily consisting of mark-to-market gains on Masonite Worldwide Holdings totaling $22.3 million that are offset by realized losses on securities and loans sales)
  - Net realized and unrealized losses from investments in residential mortgage-backed securities, residential mortgage loans, and residential mortgage-backed securities issued totaling $17.7 million
  - Net realized and unrealized gains on derivatives totaling $19.9 million which primarily consists of mark-to-market gains on certain investments held through total rate of return swaps and single name credit default swaps where the Company has sold protection
  - Net loss on restructuring and extinguishment of debt totaling $10.6 million
    - Net loss on CLO 2009-1 unwind of $14.4 million
    - Gain on repurchase of $5.0 million of junior subordinated notes totaling $3.8 million
- Increase book value per common share from $5.69 as of June 30, 2009 to $7.01 per common share as of September 30, 2009
- Increase in GAAP shareholders' equity from $899.6 million as of June 30, 2009 to $1,110 million as of September 30, 2009
- Cash and cash equivalents increased $11.5 million from $114.4 million as of June 30, 2009 to $125.9 million as of September 30, 2009

Statements of Operations – Three and Nine Months Ended September 30, 2009 and 2008

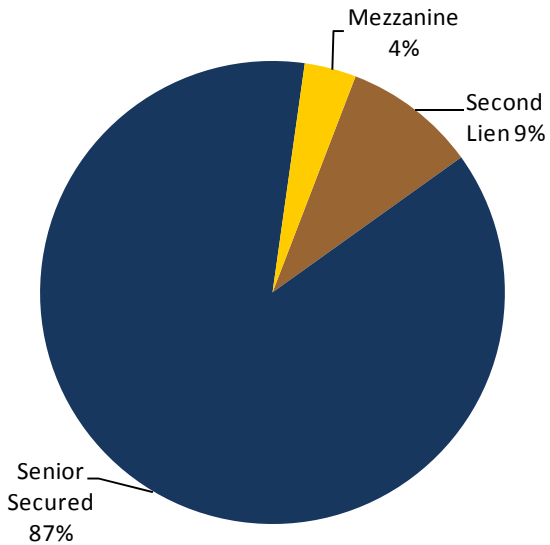
(amounts in thousands)	For the three months ended September 30, 2009	For the three months ended September 30, 2008	For the nine months ended September 30, 2009	For the nine months ended September 30, 2008
Net investment income:				
Securities interest income	$ 21,701	$ 34,507	$ 73,805	$ 109,104
Loan interest income	113,460	187,756	364,583	588,843
Dividend income	26	358	313	2,266
Other interest income	49	4,431	511	20,505
Total investment income	**135,236**	**227,052**	**439,212**	**720,718**
Interest expense	(57,340)	(118,105)	(219,625)	(400,207)
Interest expense from affiliates	(5,171)	(18,794)	(16,355)	(66,319)
Provision for loan losses	-	-	(39,795)	(10,000)
Net investment income	**72,725**	**90,153**	**163,437**	**244,192**
Other income (loss):				
Net realized and unrealized gain (loss) on derivatives and foreign exchange	19,930	(15,534)	58,831	(68,468)
Net realized and unrealized gain (loss) on investments	21,181	(28,278)	(85,576)	(59,254)
Net realized and unrealized loss on residential mortgage-backed securities, residential mortgage loans, and residential mortgage-backed securities issued, carried at estimated fair value	(17,681)	121	(44,545)	(14,651)
Net realized and unrealized (loss) gain on securities sold, not yet purchased	(996)	14,242	2,920	22,892
(Loss) gain on restructuring and extinguishment of debt	(10,627)	3,056	30,836	20,281
Other income	1,239	2,470	4,150	7,939
Total other income (loss)	**13,046**	**(23,923)**	**(33,384)**	**(91,261)**
Non-investment expenses:				
Related party management compensation	14,616	9,811	36,132	29,357
General, administrative, and directors expenses	1,539	3,820	6,917	14,094
Professional services	441	1,335	5,916	4,263
Loan servicing	1,925	2,274	6,117	7,234
Total non-investment expenses	**18,521**	**17,240**	**55,082**	**54,948**
Income from continuing operations before income tax expense	**67,250**	**48,990**	**74,971**	**97,983**
Income tax expense	(63)	-	(151)	(116)
Income from continuing operations	**67,187**	**48,990**	**74,820**	**97,867**
(Loss) income from discontinued operations	-	-	-	2,668
Net income	**$ 67,187**	**$ 48,990**	**$ 74,820**	**$ 100,535**
Diluted Net Income per Share	**$ 0.42**	**$ 0.32**	**$ 0.49**	**$ 0.73**

Balance Sheets as of September 30, 2009 and December 31, 2008

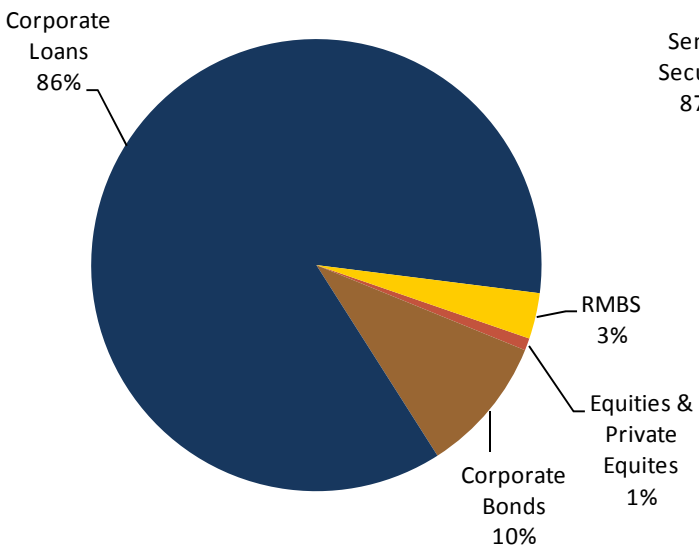
(amounts in thousands)	September 30, 2009	December 31, 2008
Assets		
Cash and cash equivalents	$ 125,862	$ 41,430
Restricted cash and equivalents	188,151	1,233,585
Securities available for sale	736,823	555,965
Corporate loans, at net amortized cost, net of allowance for loan losses	6,221,005	7,246,797
Residential mortgage-backed securities, at estimated fair value	70,256	102,814
Residential mortgage loans, at estimated fair value	2,274,585	2,620,021
Corporate loans held for sale	504,093	324,649
Private equity investments, at estimated fair value	76,310	5,287
Derivative assets	23,163	73,869
Interest and principal receivable	60,811	116,788
Reverse repurchase agreements	80,344	88,252
Other assets	98,062	105,625
Total assets	**$ 10,459,465**	**$ 12,515,082**
Liabilities		
Collateralized loan obligation senior secured notes	$ 5,706,882	$ 7,487,611
Collateralized loan obligation junior secured notes to affiliates	547,421	655,313
Senior secured credit facility	187,500	275,633
Convertible senior notes	275,800	291,500
Junior subordinated notes	283,671	288,671
Residential mortgage-backed securities issued, at estimated fair value	2,165,423	2,462,882
Accounts payable, accrued expenses and other liabilities	7,209	60,124
Accrued interest payable	23,840	61,119
Accrued interest payable to affiliates	2,981	3,987
Related party payable	12,893	2,876
Securities sold, not yet purchased	78,633	90,809
Derivative liabilities	57,091	171,212
Total liabilities	**9,349,344**	**11,851,737**
Shareholders' Equity		
Paid-in-capital	2,562,262	2,550,849
Accumulated other comprehensive income (loss)	91,761	(268,782)
Accumulated deficit	(1,543,902)	(1,618,722)
Total shareholders' equity	**1,110,121**	**663,345**
Total liabilities and shareholders' equity	**$ 10,459,465**	**$ 12,515,082**

Investment Portfolio Composition – Par Balances as of September 30, 2009

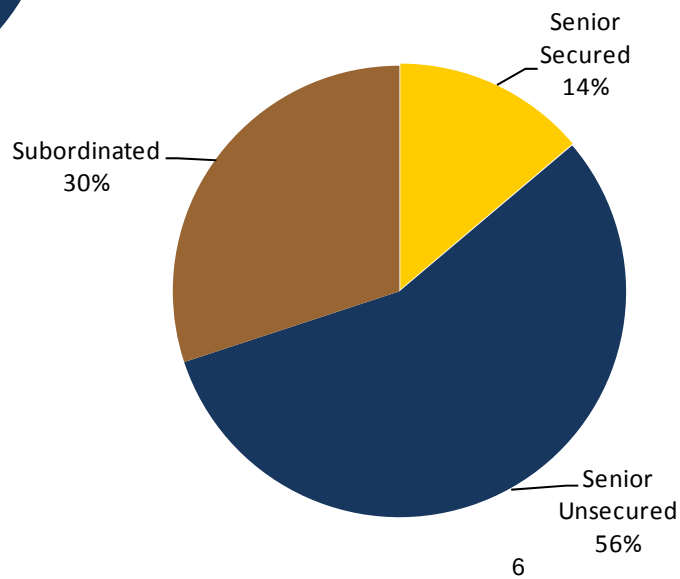
Corporate Loans



Investment Portfolio



Corporate Bonds



Investment Portfolio Summary – As of September 30, 2009

(dollar amounts in thousands)[1]	Amortized Cost	Estimated Fair Value	Portfolio Mix % by Fair Value
Corporate loans[2]	$ 7,195,322	$ 6,373,955	86.2 %
Corporate debt securities	592,571	735,629	9.9
Residential mortgage securities[3]	306,317	192,221	2.6
Marketable equity securities	713	1,194	0.0
Private equity investments, at cost	17,505	22,074	0.3
Private equity investments, at fair value	53,754	76,310	1.0
	$ 8,166,182	$ 7,401,383	100.0 %

- Carrying value of the investment portfolio based on the amounts presented above totals $8.2 billion as of September 30, 2009.
- The value at which investments are carried on the Company's balance sheet is described in the Significant Accounting Policies section of the Notes to Condensed Consolidated Financial Statements included in its Quarterly Report on Form 10-Q and generally is amortized cost, net of an allowance for loan losses, for loans and estimated fair value for securities. Loans designated as held for sale are carried at the lower of cost or estimated fair value.

[1] The table above excludes securities sold, not yet purchased with a cost of $75.3 million and an estimated fair value of $78.6 million.

[2] Gross of allowance for loan losses of $470.2 million and includes corporate loans held for sale with a cost of $533.6 million and an estimated fair value of $504.1 million.

[3] Includes real estate owned by the Company as a result of foreclosure on delinquent loans of $12.8 million.

Corporate Debt Portfolio – Top 50 Holdings by Estimated Fair Value as of September 30, 2009

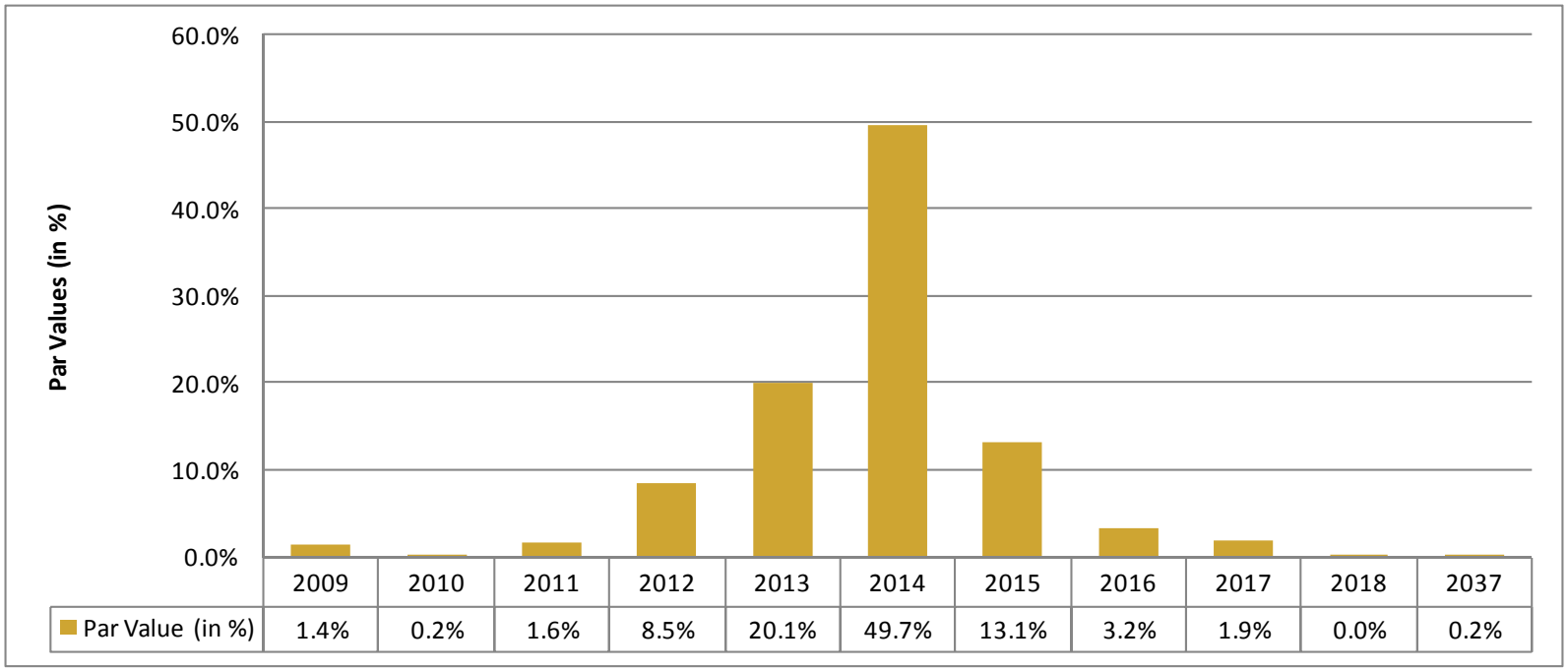
	Issuer
1	Texas Competitive Electric Holdings Company LLC
2	First Data Corporation
3	Univision Communications Inc.
4	Modular Space Corporation
5	U.S. Foodservice
6	Infor Global Solutions Intermediate Holdings Limited
7	Nielsen Finance LLC
8	Dollar General Corporation
9	HCA Inc.
10	Laureate Education, Inc.
11	Las Vegas Sands, LLC
12	Lyondell Chemical Company
13	Biomet, Inc.
14	Express, LLC
15	Tribune Company
16	NXP BV
17	Adesa, Inc.
18	TL Acquisitions, Inc.
19	NYCO Holdings 3 ApS
20	Calpine Corporation
21	BNY ConvergEX Group, LLC
22	Manitowoc Company Inc., The
23	CDW Corporation
24	Realogy Corporation
25	Michaels Stores, Inc.
26	Accellent Inc.
27	Toys R Us - Delaware, Inc.
28	N.E.W. Holdings I, LLC
29	Dealer Computer Services, Inc.
30	ProSiebenSat1 Media
31	SandRidge Energy, Inc.
32	IPC Systems, Inc.
33	SunGard Data Systems Inc
34	Navistar International Corporation
35	Grosvenor Capital Management Holdings, LLLP
36	Charter Communications Operating, LLC
37	Marsico Parent Company, LLC
38	LPL Holdings, Inc.
39	Health Management Associates, Inc
40	Neiman Marcus Group Inc., The
41	Freescale Semiconductor, Inc.
42	Allison Transmission, Inc.
43	Lear Corporation
44	CHS/ Community Health Systems, Inc.
45	Celanese US Holdings LLC
46	Goodman Global, Inc.
47	CSC Holdings, Inc.
48	Univar Inc
49	Harbor Freight Tools USA, Inc
50	Avago Technologies Finance SARL

- Top 50 holdings represent approximately 77% of total corporate debt investment portfolio
- Top 20 holdings represent approximately 52% of total corporate debt investment portfolio

Corporate Debt Portfolio – Industry Composition as of September 30, 2009

Industry	% of Estimated Fair Value
Retail Stores	10.4%
Healthcare, Education and Childcare	10.1%
Broadcasting and Entertainment	9.1%
Utilities	8.0%
Diversified/Conglomerate Service	6.9%
Banking	5.1%
Finance	4.8%
Diversified/Conglomerate Manufacturing	4.4%
Electronics	4.4%
Chemicals, Plastics and Rubber	4.2%
Automobile	4.1%
Printing and Publishing	3.7%
Beverage, Food and Tobacco	3.6%
Oil and Gas	3.4%
Hotels, Motels, Inns, and Gaming	2.7%
Telecommunications	2.4%
Personal and Non Durable Consumer Products (Mfg. Only)	2.2%
Other Industries (<2.0% individually)	10.5%
Grand Total	100.0%

Corporate Debt Portfolio Stratified by Contractual Maturity as of September 30, 2009



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2037
Par Value (in %)	1.4%	0.2%	1.6%	8.5%	20.1%	49.7%	13.1%	3.2%	1.9%	0.0%	0.2%

Less than 15% of the Company's corporate debt investment portfolio matures prior to 2013

Summary of CLO Holdings at Par as of September 30, 2009

(amounts in thousands)

Total par holdings of cash flow CLO mezzanine notes	$	435,150
Total par holdings of cash flow CLO subordinated notes		572,704
Total par amount of CLO notes	$	1,007,854

Amounts reflect the Company's direct holdings in its five cash flow CLO transactions that are consolidated in the Company's financial statements

CLO Holdings at Par Detail as of September 30, 2009

(amounts in thousands)

CLO 2005-1		Moody's	Total Notes	KFN Owned
Class A-1	Senior	Aaa	$ 615,000	$ -
Class A-2	Senior	Aaa	100,000	-
Class B	Senior	Aa2	58,000	-
Class C	Mezzanine	A2	64,000	-
Class D	Mezzanine	Baa3	52,000	-
Class E	Mezzanine	Ba2	15,000	-
Class F	Mezzanine	B2	5,000	-
Subordinated	Subordinated	NR	85,500	85,500
			$ 994,500	$ 85,500

CLO 2005-2		Moody's	Total Notes	KFN Owned
Class A-1	Senior	Aaa	$ 537,930	$ -
Class A-2	Senior	Aaa	148,054	-
Class B	Senior	Aa2	57,000	-
Class C	Mezzanine	A2	64,000	-
Class E	Mezzanine	Ba2	30,000	-
Class F	Mezzanine	B2	10,000	-
Subordinated	Subordinated	NR	98,500	98,500
			$ 945,484	$ 98,500

CLO 2006-1		Moody's	Total Notes	KFN Owned
Class A-1	Senior	Aaa	$ 309,780	$ -
Class A-2a	Senior	Aaa	186,986	-
Class A-2b	Senior	Aa1	69,000	-
Class B	Senior	Aa2	43,000	-
Class C	Mezzanine	A2	74,500	-
Class E	Mezzanine	Ba3	30,000	-
Subordinated	Subordinated	NR	48,000	48,000
			$ 761,266	$ 48,000

CLO 2007-1		Moody's	Total Notes	KFN Owned
Class A	Senior	Aaa	$ 1,686,717	$ -
Class B	Senior	Aa2	220,250	-
Class C	Mezzanine	A2	309,213	-
Class D	Mezzanine	Baa3	354,690	213,038
Class E	Mezzanine	Ba3	143,498	23,474
Class F	Mezzanine	B3	69,160	43,571
Class G	Mezzanine	NR	70,000	44,100
Class H	Mezzanine	NR	70,000	44,100
Subordinated	Subordinated	NR	500,000	315,000
			$ 3,423,528	$ 683,283

CLO 2007-A		Moody's	Total Notes	KFN Owned
Class A	Senior	Aaa	$ 1,087,400	$ -
Class B	Senior	Aa2	30,000	-
Class C	Mezzanine	A2	70,000	-
Class D	Mezzanine	Baa2	60,006	-
Class E	Mezzanine	Ba2	48,083	-
Class F	Mezzanine	B2	18,300	11,529
Class G	Mezzanine	NR	43,919	27,669
Class H	Mezzanine	NR	43,919	27,669
Subordinated	Subordinated	NR	40,800	25,704
			$ 1,442,427	$ 92,571

Summary of CLO Status based on the September 2009 reports

(dollar amounts in thousands)	CLO 2005-1	CLO 2005-2	CLO 2006-1	CLO 2007-1	CLO 2007-A
Investments	$ 1,053,339	$ 998,792	$ 1,023,013	$ 3,485,182	$ 1,541,049
Senior IC ratio minimum	115.0%	125.0%	115.0%	115.0%	120.0%
Acutal senior IC ratio	575.9%	567.0%	392.4%	471.1%	357.4%
CCC amount	$ 65,840	$ 92,810	$ 160,639	$ 759,050	$ 316,496
CCC percentage of portfolio	6.3%	9.3%	15.7%	21.8%	20.5%
CCC threshold percentage	5.0%	7.5%	7.5%	7.5%	7.5%
Senior OC Test minimum	119.4%	123.0%	143.1%	159.1%	119.7%
Actual Senior OC Test	127.1%	128.8%	151.0%	153.2%	122.2%
Cushion/(Excess)	$ 59,598	$ 43,316	$ 48,159	$ (112,511)	$ 28,136
Subordinate OC Test minimum	106.2%	106.9%	114.0%	120.1%	109.9%
Actual OC Test	108.7%	114.4%	128.9%	107.6%	105.4%
Cushion/(Excess)	$ 22,510	$ 62,439	$ 106,177	$ (338,482)	$ (58,077)

Based on the September 2009 reports:

- All CLOs were in compliance with their respective interest coverage tests
- CLO 2005-1, CLO 2005-2, CLO 2006-1 and CLO 2007-A were in compliance with their senior OC tests
- CLO 2005-1, CLO 2005-2 and CLO 2006-1 were in compliance with their subordinate OC tests