

KKR Financial Corp. Announces Filing of Form 10-K and Trading Black-out

SAN FRANCISCO, March 29, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- KKR Financial Corp. (NYSE: KFN) (the "Company") today announced that it has filed its 2005 Annual Report on Form 10-K with the Securities and Exchange Commission ("SEC"). This Annual Report on Form 10-K includes audited financial statements for the year ended December 31, 2005. There are no differences in respect of the audited financial statements contained in the Annual Report on Form 10-K as compared to the previously announced financial results in summary form on February 28, 2006.

The Company announced it also filed with the SEC a Post-Effective Amendment to its Registration Statement on Form S-11 (the "Registration Statement") relating to the resale of 43,509,002 shares of its common stock. The Company filed this Amendment No. 1 to update certain of the information contained in the Registration Statement, including financial information for the year ended December 31, 2005 and selling stockholder information. The Company will issue a press release once Amendment No. 1 has been declared effective by the SEC, a copy of which will be available in the Newsroom section of the Company's website at <http://www.kkrfinancial.com>.

Following the filing of Amendment No. 1 and until Amendment No. 1 is declared effective by the SEC, the securities may not be sold nor may offers to buy be accepted pursuant to the Registration Statement.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor any sale of these securities in any state in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

The statements contained in this press release may include forward-looking statements within the meaning of the federal securities laws. Although the Company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be achieved. As forward-looking statements, these statements involve risks, uncertainties and other factors that could cause actual factors to differ materially from the expected results. These factors are detailed in the Company's filing with the SEC. The Company assumes no obligation to update or supplement forward-looking statements to reflect subsequent events or circumstances.

KKR Financial Corp. is a specialty finance company that invests in multiple asset classes and uses leverage to generate competitive leveraged risk-adjusted returns. KKR Financial Corp. currently makes investments in the following asset classes: (i) residential mortgage loans and mortgage-backed securities; (ii) corporate loans and debt securities; (iii) commercial real estate loans and debt securities; (iv) asset-backed securities; and (v) marketable and non-marketable equity securities. KKR Financial Corp. also makes opportunistic investments in other asset classes from time to time. KKR Financial Corp. was organized as a Maryland corporation on July 7, 2004, and commenced operations on August 12, 2004. KKR Financial Corp. is structured as a real estate investment trust and KKR Financial Advisors LLC manages KKR Financial Corp. pursuant to a management agreement. KKR Financial Corp. and KKR Financial Advisors LLC are affiliates of Kohlberg Kravis Roberts & Co. L.P.

For more information about KKR Financial Corp. or a copy of this press release visit its website at www.kkrfinancial.com.

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