

KKR Financial Holdings LLC Declares Regular Cash Distribution and Reaches Agreement With Holders of Senior Notes Issued by KKR Financial CLO 2005-2

SAN FRANCISCO, Nov 29, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- KKR Financial Holdings LLC ("KFN" or the "Company") announced today that its Board of Directors has declared a regular cash distribution of \$0.05 per common share. The cash distribution will be payable on December 21, 2009 to holders of the Company's common shares of record as of the close of business on December 7, 2009.

"We established clear objectives for KFN in 2009. One of those was to put the Company in the position to begin to return some of our profits to our shareholders through regular distributions. With this action by our Board of Directors, we are restarting a regular cash distribution to shareholders. We are continuing to look forward and evaluate opportunities to increase shareholder value," said Bill Sonneborn, Chief Executive Officer.

The Company also announced today that it has reached an agreement with a majority of the holders of the controlling class of notes of KKR Financial CLO 2005-2, Ltd. ("CLO 2005-2"), pursuant to which the note holders have agreed, subject to the terms and conditions of the agreement, not to challenge the July 2009 surrender for cancellation, without consideration, of \$64 million of mezzanine notes issued to the Company by CLO 2005-2. In exchange, the Company has agreed to certain arrangements, including, among other things, to refrain from undertaking a comparable surrender for cancellation of any other mezzanine notes or junior notes issued to it by CLO 2005-2. In addition, the Company has agreed with these note holders that, for so long as no challenge is brought to the Company's prior surrender of notes in any of its collateralized loan obligation transactions, the Company will not undertake a comparable surrender for cancellation, without consideration, of any mezzanine notes or junior notes issued to it by KKR Financial CLO 2005-1, Ltd., KKR Financial CLO 2006-1, Ltd., KKR Financial CLO 2007-1, Ltd. or KKR Financial 2007-A, Ltd.

About KKR Financial Holdings LLC

KKR Financial Holdings LLC is a publicly traded specialty finance company that invests in multiple asset classes. KKR Financial Holdings LLC is externally managed by KKR Financial Advisors LLC, a wholly-owned subsidiary of Kohlberg Kravis Roberts & Co. (Fixed Income) LLC, which is a wholly-owned subsidiary of Kohlberg Kravis Roberts & Co. L.P. Additional information regarding KKR Financial Holdings LLC is available at <http://www.kkr.com>.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include, but are not limited to, statements related to the Company's ability to make future cash distributions to the holders of its common shares. These forward-looking statements are based on information available to the Company as of the date of this Current Report. Factors that could cause actual results to differ materially from the Company's expectations include completion of pending investments, continued ability to source new investments, the availability and cost of capital for future investments, competition within the specialty finance sector, economic conditions, credit loss experience, availability of financing, maintenance of sufficient liquidity and other risks disclosed from time to time in the Company's filings with the Securities and Exchange Commission. These forward-looking statements should not be relied upon as representing the Company's views as of any subsequent date and the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made.

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