



KKR Financial Holdings LLC

Supplemental Operating and Financial Data for the Quarter Ended

March 31, 2008

KKR Financial Holdings LLC

First Quarter 2008

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;
- changes in our business strategy;
- availability, terms and deployment of capital;
- availability of qualified personnel;
- changes in our industry, interest rates or the general economy;
- increased rates of default and/or decreased recovery rates on our investments;
- increased prepayments of our mortgage loans; and
- degree and nature of our competition.

Additional risks and 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, 2007 which is available on our website at <http://www.kkrkfn.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.

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Summary of Results for the Quarter Ended March 31, 2008

GAAP Net Income:	\$14.0 million
Economic Net Income:	\$14.6 million
Adjusted Economic Earnings Per Common Share:	\$0.54
Distribution Per Common Share:	\$0.40

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Economic Consolidated Statement of Operations

<i>(dollar amounts in millions)</i>	Three Months Ended March 31, 2008
Net investment income	
Loan interest income	\$ 124.6
Securities interest income	28.9
Other interest and dividend income	10.5
Total investment income	164.0
Interest expense	(93.0)
Net investment income	71.0
Other (loss) income	
Net realized and unrealized loss on investments	(4.1)
Net realized and unrealized loss on derivatives and foreign exchange ¹	(47.0)
Other income	3.9
Total other loss	(47.2)
Non-investment expenses	
Related party management compensation	8.7
General, administrative, professional and directors expenses	5.7
Total non-investment expenses	14.4
Income from continuing operations	9.4
Income from discontinued operations	5.2
Net income	\$ 14.6

1. Includes investments financed under total rate of return swaps.

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Economic Continuing Operations – Leverage

Gross economic leverage as of March 31, 2008: 4.7x

Economic leverage, net of unrestricted cash and trust preferred securities treated as
shareholders' equity, as of March 31, 2008: 3.6x

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Economic Fair and Economic Value Consolidated Balance Sheets as of March 31, 2008

<i>(dollar amounts in millions)</i>	<u>Fair Value</u>	<u>Economic</u>
Assets		
Cash and cash equivalents	\$ 210.7	\$ 210.7
Restricted cash and cash equivalents	923.1	923.1
Securities available-for-sale	874.0	874.0
Loans, net of allowance for loan losses	5,941.8	6,574.8
Loans held for sale	61.5	61.5
Non-marketable equity securities	20.1	20.1
Derivative assets	32.6	32.6
Interest and principal receivable	90.7	90.7
Other assets	148.2	148.2
Net assets of discontinued operations	251.1	251.1
Total assets	<u>\$ 8,553.8</u>	<u>\$ 9,186.8</u>
Liabilities		
Repurchase agreements	\$ 1,751.2	\$ 1,751.2
Collateralized loan obligation senior secured notes	4,144.1	4,749.7
Collateralized loan obligation junior secured notes to affiliates	79.9	79.9
Secured revolving credit facility	129.3	129.3
Secured demand loan	16.2	16.2
Convertible senior notes	237.4	300.0
Junior subordinated notes	233.9	329.9
Securities sold, not yet purchased	30.7	30.7
Derivative liabilities	128.8	128.8
Accrued interest payable	85.5	85.5
Other payables and accrued liabilities	24.0	24.0
Total liabilities	<u>6,861.0</u>	<u>7,625.2</u>
Shareholders' Equity		
Paid-in-capital	2,167.9	2,167.9
Accumulated other comprehensive loss	(197.9)	(197.9)
Accumulated deficit	(277.2)	(408.4)
Total shareholders' equity	<u>1,692.8</u>	<u>1,561.6</u>
Total liabilities and shareholders' equity	<u>\$ 8,553.8</u>	<u>\$ 9,186.8</u>

***KKR Financial Holdings LLC
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Per Common Share Valuation Metrics

GAAP book value per common share as of March 31, 2008: \$12.96

Economic book value per common share as of March 31, 2008: \$13.42

Fair value per common share as of March 31, 2008: \$14.55

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Economic Continuing Operations – Investment Portfolio¹

As of March 31, 2008
(dollar amounts in millions)

	Amortized Cost	Estimated Fair Value	Portfolio Mix % by Fair Value
Corporate loans ²	\$ 6,661.3	\$ 6,003.3	87.0 %
Corporate debt securities	990.9	845.3	12.3
Marketable equity securities	49.0	28.7	0.4
Non-marketable equity securities	20.1	20.1	0.3
	<u>\$ 7,721.3</u>	<u>\$ 6,897.4</u>	<u>100.0 %</u>

¹ The table above excludes securities sold, not yet purchased with a cost of \$34.4 million and an estimated fair value of \$30.7 million, and residential mortgage-backed securities with an estimated fair value of \$324.4 million included in net assets of discontinued operations.

² Gross of allowance for loan losses of \$25.0 million.

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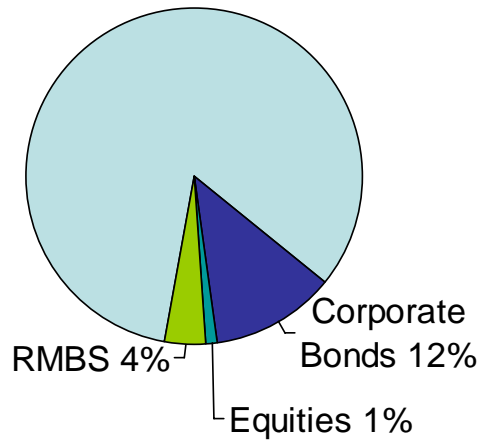
Economic Gross Investment Portfolio Composition – Par Balances as of March 31, 2008

Investment Portfolio

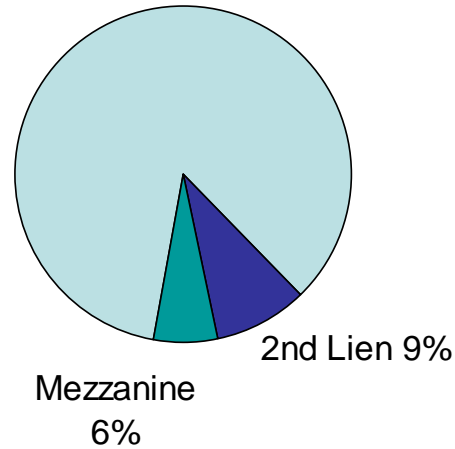
Corporate Loans

Corporate Debt Securities

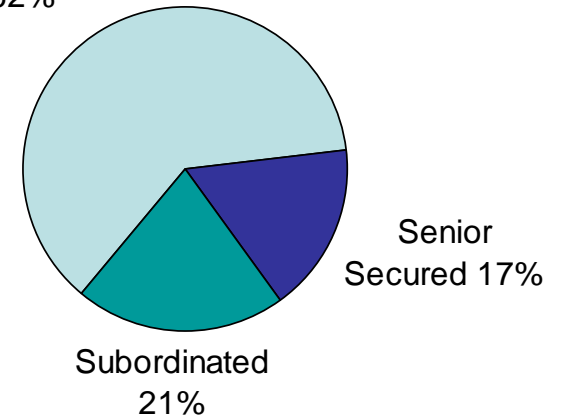
Corporate Loans 83%



1st Lien 85%



Senior Unsecured 62%



Weighted Average Investment Portfolio Metrics:

Leverage 4.6x

EBITDA \$1.1BN

Interest Coverage 2.5x

Revenue \$5.7BN

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Economic Continuing Operations Investment Portfolio – Corporate Credit Metrics

As of, or for the quarter ended, March 31, 2008
(dollar amounts in millions)

Total par balance of investments on non-accrual status	\$ -
Total par balance of investments paying default interest	\$ -
Total par balance of investments that are delinquent	\$ -
Total par balance of defaults since inception	\$ -
Total par balance of investments paying penalty interest	\$ -
Total impairments recorded	\$ -
Total provision for loan losses	\$ -
Total charge-offs against allowance for loan losses	\$ -

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Economic Continuing Operations – Debt Maturity Schedule

(dollar amounts in millions)

<u>Debt Maturity</u>	<u>As of 3/31/2008</u>
Less than 1 year	\$ 1,767.4
1 to 3 years	129.3
3 to 5 years	426.0
5 to 10 years	2,445.6
Greater than 10 years	<u>2,587.9</u>
Total	<u>\$ 7,356.2</u>

Weighted average years until maturity: 8.5

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Economic Continuing Operations – Debt Type Schedule

(dollar amounts in millions)

<u>Debt Type</u>	<u>As of 3/31/2008</u>
Non-Recourse Debt	<u>\$ 4,829.6</u>
Unsecured Debt	<u>\$ 629.9</u>
Secured Debt - Warehouse Facilities	<u>\$ 1,100.8</u>
Secured Debt - Other	<u>\$ 795.9</u>

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Economic Continuing Operations - Sources of Estimated Fair Value for Investments

As of March 31, 2008

(dollar amounts in millions)

	Level 1	Level 2	Level 3 External	Level 3 Internal
Corporate loans	\$ -	\$ 5,891.7	\$ 92.8	\$ 18.8
Corporate debt securities	-	774.6	63.6	7.1
Marketable equity securities	28.7	-	-	-
Total	<u>\$ 28.7</u>	<u>\$ 6,666.3</u>	<u>\$ 156.4</u>	<u>\$ 25.9</u>
Percentage of total	<u>0.4%</u>	<u>96.9%</u>	<u>2.3%</u>	<u>0.4%</u>